

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Unaudited Balance Sheet As At 30 September 2008**

	The Group		The Bank		
	Note	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>ASSETS</b>					
Cash and short-term funds		17,532,517	22,264,674	16,208,946	20,392,853
Deposits and placements with financial institutions		6,741,234	2,137,640	6,641,234	2,137,640
Securities purchased under resale agreements		-	972,742	-	972,742
Securities held at fair value through profit and loss	8	5,833,132	4,856,645	4,220,780	3,976,030
Securities available-for-sale	9	3,517,940	5,829,084	3,016,943	5,004,554
Securities held-to-maturity	10	4,313,463	3,002,401	4,186,587	2,875,444
Loans, advances and financing	11	34,927,864	34,534,024	30,728,354	30,306,207
Other assets	12	1,127,330	1,881,660	1,275,384	2,098,308
Statutory deposits with Bank Negara Malaysia		1,201,864	1,315,464	1,027,100	1,170,500
Investment in subsidiary companies		-	-	611,650	592,041
Investment in a associated company		974,057	-	946,560	-
Prepaid land lease payments		6,265	6,286	5,385	5,403
Property, plant and equipment		319,415	290,301	303,448	274,222
Intangible assets		30,895	33,262	29,258	31,509
Deferred tax assets		179,826	173,153	161,625	155,303
General and Family Takaful fund assets		168,379	163,869	-	-
<b>Total Assets</b>		<b>76,874,181</b>	<b>77,461,205</b>	<b>69,363,254</b>	<b>69,992,756</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>					
Deposits from customers	13	64,250,588	62,547,947	57,391,997	56,466,660
Deposits and placements of banks and other financial institutions	14	3,765,716	6,372,576	3,755,716	5,593,576
Obligations on securities sold under repurchase agreements		-	-	-	-
Bills and acceptance payable		429,466	411,183	369,829	300,703
Other liabilities	15	2,128,498	2,090,609	2,043,659	2,010,521
Subordinated Bonds		715,972	671,750	715,972	671,750
Provision for taxation		50,123	70,033	(861)	26,413
General and Family Takaful fund liabilities		4,716	3,232	-	-
General and Family Takaful policyholders' fund		163,663	160,637	-	-
<b>Total Liabilities</b>		<b>71,508,742</b>	<b>72,327,967</b>	<b>64,276,312</b>	<b>65,069,623</b>
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		4,440,839	4,208,474	4,205,876	4,042,067
Less: Treasury Shares		(699,041)	(699,041)	(699,041)	(699,041)
<b>Total Shareholders' Equity</b>		<b>5,321,905</b>	<b>5,089,540</b>	<b>5,086,942</b>	<b>4,923,133</b>
Minority interest		43,534	43,698	-	-
<b>Total Equity</b>		<b>5,365,439</b>	<b>5,133,238</b>	<b>5,086,942</b>	<b>4,923,133</b>
<b>Total Liabilities and Equity</b>		<b>76,874,181</b>	<b>77,461,205</b>	<b>69,363,254</b>	<b>69,992,756</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	25	<b>84,629,943</b>	<b>81,641,545</b>	<b>83,823,472</b>	<b>80,675,167</b>
<b>CAPITAL ADEQUACY</b>					
<b>Before deducting proposed dividends</b>					
Core capital ratio	21	13.77%	13.30%	14.82%	14.29%
Risk-weighted capital ratio	21	14.09%	16.36%	13.17%	15.76%
<b>After deducting proposed dividends</b>					
Core capital ratio	21	13.30%	12.84%	14.30%	13.78%
Risk-weighted capital ratio	21	13.62%	15.91%	12.65%	15.25%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.67	3.51	3.51	3.40

\* 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 2008**

**The Group**

	Note	Current Quarter Ended 30/09/2008 RM'000	Corresponding Quarter Ended 30/09/2007 RM'000	Current Period Ended 30/09/2008 RM'000	Corresponding Period Ended 30/09/2007 RM'000
Interest income	16	816,969	751,484	816,969	751,484
Interest expense	17	(459,927)	(418,961)	(459,927)	(418,961)
Net interest income		357,042	332,523	357,042	332,523
Net income from Islamic Banking business		43,457	39,228	43,457	39,228
Other operating income	18	149,632	103,095	149,632	103,095
Net Income		550,131	474,846	550,131	474,846
Other operating expenses	19	(217,307)	(198,650)	(217,307)	(198,650)
Operating profit before provision Allowance for losses on loans, advances and financing	20	332,824 (11,233)	276,196 (19,485)	332,824 (11,233)	276,196 (19,485)
Impairment loss		(33,209)	(1,009)	(33,209)	(1,009)
		288,382	255,702	288,382	255,702
Share of profit after tax of equity accounted associated company		27,497	-	27,497	-
Profit before taxation (and zakat)		315,879	255,702	315,879	255,702
Taxation		(73,984)	(67,596)	(73,984)	(67,596)
Zakat		(16)	-	(16)	-
Net profit for the period		241,879	188,106	241,879	188,106
<b>Attributable to:</b>					
Equity holders of the parent		242,043	188,266	242,043	188,266
Minority Interest		(164)	(160)	(164)	(160)
Net profit for the period		241,879	188,106	241,879	188,106
Earnings per share - basic (sen)		16.7	13.0	16.7	13.0
Earnings per share - fully diluted (sen)		16.7	13.0	16.7	13.0

**Hong Leong Bank Berhad**  
**Condensed Financial Statements**  
**Unaudited Income Statement**  
**For The Financial Quarter Ended 30 September 2008**

	Note	<b>The Bank</b>			
		Current Quarter Ended 30/09/2008 RM'000	Corresponding Quarter Ended 30/09/2007 RM'000	Current Period Ended 30/09/2008 RM'000	Corresponding Period Ended 30/09/2007 RM'000
Interest income	16	820,975	752,216	820,975	752,216
Interest expense	17	(461,290)	(419,942)	(461,290)	(419,942)
Net interest income		359,685	332,274	359,685	332,274
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	121,310	106,474	121,310	106,474
Net Income		480,995	438,748	480,995	438,748
Other operating expenses	19	(200,455)	(184,091)	(200,455)	(184,091)
Operating profit before provision Allowances for losses on loans and financing	20	280,540	254,657	280,540	254,657
Impairment loss		(33,209)	(1,009)	(33,209)	(1,009)
Share of profit after tax of equity accounted associated companies		235,778	239,396	235,778	239,396
		-	-	-	-
Profit before taxation (and zakat)		235,778	239,396	235,778	239,396
Taxation		(60,238)	(62,032)	(60,238)	(62,032)
Zakat		-	-	-	-
Profit after taxation		175,540	177,364	175,540	177,364
Profit attributable to shareholders		175,540	177,364	175,540	177,364
Earnings per share - basic (sen)		12.1	12.2	12.1	12.2
Earnings per share - fully diluted (sen)		12.1	12.2	12.1	12.2

Condensed Financial Statements  
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 2008

	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	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000			
<u>The Group</u>											
As at 1 July 2008	1,580,107	539,664	1,823,644	(14,701)	2,720	35,529	1,821,618	(699,041)	43,698	5,133,238	
As previously stated											
As at 1 July 2008, as restated	1,580,107	539,664	1,823,644	(14,701)	2,720	35,529	1,821,618	(699,041)	43,698	5,133,238	
<i>Currency translation differences</i>	-	-	-	-	-	(73)	-	-	(73)	(73)	
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(73)	-	-	(73)	(73)	
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	
Net profit for the period	-	-	-	-	-	-	242,043	-	(164)	241,879	
Transfer to statutory reserve	-	-	10,491	-	-	-	(10,491)	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	
less: Treasury shares	-	-	-	-	-	-	-	-	-	-	
Net fair value changes in available for sale securities	-	-	-	(12,180)	-	-	-	-	-	(12,180)	
Options charge arising from ESOS granted	-	-	-	-	2,575	-	-	-	-	2,575	
<b>Closing Balance @30 Sept 08</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,834,135</b>	<b>(26,881)</b>	<b>5,295</b>	<b>35,456</b>	<b>2,053,170</b>	<b>(699,041)</b>	<b>43,534</b>	<b>5,365,439</b>	
As at 1 July 2007	1,580,107	539,664	1,791,566	(9,508)	-	39,111	1,369,223	(695,111)	43,655	4,658,707	
As previously stated											
Prior Year Adjustment											
As at 1 July 2007, as restated	1,580,107	539,664	1,791,566	(9,508)	-	39,111	1,369,223	(695,111)	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	-	(160)	188,106	
Transfer to statutory reserve	-	-	7,613	-	-	-	(7,613)	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	
less: Treasury shares	-	-	-	-	-	-	-	(3,923)	-	(3,923)	
Net fair value changes in available for sale securities	-	-	-	(17)	-	-	-	-	(17)	(17)	
Shares in subsidiary issued to minority interest	-	-	-	-	-	-	-	-	-	-	
<b>Closing Balance @ 30 Sept 07</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,799,179</b>	<b>(9,525)</b>	<b>-</b>	<b>35,531</b>	<b>1,549,876</b>	<b>(699,034)</b>	<b>43,495</b>	<b>4,839,293</b>	

Condensed Financial Statements  
Hong Leong Bank Berhad  
Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 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	
<b>The Bank</b>									
As at 1 July 2008	1,580,107	539,664	1,741,612	(14,663)	2,720	35,529	1,737,205	(699,041)	4,923,133
As previously stated Prior Year Adjustment									
As at 1 July 2008, as restated	1,580,107	539,664	1,741,612	(14,663)	-	35,529	1,737,205	(699,041)	4,923,133
<i>Currency translation differences</i>	-	-	-	-	(1)	-	-	-	(1)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(1)	-	-	-	(1)
Net profit for the period	-	-	-	-	-	175,540	175,540	-	175,540
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
less: Purchase of Treasury Shares	-	-	-	-	-	-	-	-	-
Net fair value changes in available for sale securities	-	-	-	(14,305)	-	-	-	-	(14,305)
Options charge arising from ESOS granted	-	-	-	-	5,295	-	-	-	5,295
<b>Closing Balance@30 September 2008</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,741,612</b>	<b>(28,968)</b>	<b>5,295</b>	<b>35,528</b>	<b>1,912,745</b>	<b>(699,041)</b>	<b>5,086,942</b>
<b>As at 1 July 2007</b>									
As previously stated Prior Year Adjustment	1,580,107	539,664	1,741,612	(9,720)	-	39,111	1,298,020	(695,111)	4,493,683
As at 1 July 2007, as restated	1,580,107	539,664	1,741,612	(9,720)	-	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)	-	-	(3,580)
Net profit for the period	-	-	-	-	-	177,364	177,364	-	177,364
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	(3,923)	(3,923)
Net fair value changes in available for sale securities	-	-	-	80	-	-	-	-	80
<b>Closing Balance @30 September 2007</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,741,612</b>	<b>(9,640)</b>	<b>-</b>	<b>35,531</b>	<b>1,475,384</b>	<b>(699,034)</b>	<b>4,663,624</b>

**Hong Leong Bank Berhad**  
**Condensed Financial Statements**  
**Unaudited Condensed Cash Flow Statement**  
**For The Financial Period Ended 30 September 2008**

	The Group		The Bank	
	Financial Period Ended 30/09/2008 RM'000	Financial Period Ended 30/09/2007 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Period Ended 30/09/2007 RM'000
<b>Operating activities</b>				
Profit before taxation	315,879	255,702	235,778	239,396
Adjustments for non-cash items	(30,484)	26,463	(9,755)	15,135
Operating profit before working capital changes	285,395	282,165	226,023	254,531
Income taxes and zakat paid	(95,180)	(64,363)	(88,375)	(59,712)
Net changes in working capital	(3,783,719)	(3,308,712)	(3,507,405)	(3,813,535)
Net cash flow from operating activities	(3,593,505)	(3,090,910)	(3,369,757)	(3,618,716)
Net cash flow from investing activities	(1,130,183)	(709,164)	(805,681)	(453,097)
Net cash flow from financing activities	(8,588)	(20,163)	(8,588)	(20,163)
<b>Changes in cash and cash equivalents</b>	(4,732,276)	(3,820,237)	(4,184,026)	(4,091,976)
Currency translation differences	119	868	119	868
Cash and cash equivalents at the beginning of year	22,264,674	15,989,916	20,392,853	14,880,849
Cash and cash equivalents at the end of period	17,532,517	12,170,547	16,208,946	10,789,741

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

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2008.

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 2008 except for the first time adoption of FRS 128, 'Investment in Associates'.

### 2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2008

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2008.

### 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 2008 other than as mentioned below:-

#### a) Share Buy-back

During the financial period ended 30 September 2008, the Bank did not purchased any of its issued share capital from the open market.

The total number of shares bought back, all of which were held as treasury shares as at 30 September 2008 amounted to 81,090,700 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 2008, the trust did not purchase any new shares. As at 30 September 2008, the total number of Treasury Shares for ESOS was 50,000,000 at an average carrying value of RM5.35 per share.

The Bank has granted the following conditional incentive share options to eligible executives of the Bank pursuant to the ESOS of HLB:

- (a) 4,500,000 share options at an exercise price of RM5.72;
- (b) 21,800,000 share options at an exercise price of RM6.05;
- (c) 12,835,000 share options at an exercise price of RM5.99; and
- (d) 250,000 share options at an exercise price of RM5.75

subject to the achievement of certain performance criteria during the performance period. The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust established for the ESOS.

### 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>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b>Held-for-trading</b>				
Money market instruments:				
Malaysian Government Treasury				
Bills	429,998	129,937	54,253	129,937
Malaysian Government Securities	5,734	195,689	5,734	195,689
Malaysian Government Investment				
Certificates	5,029	55,188	-	-
Bank Negara Malaysia (BNM)				
Bills	2,479,617	1,170,850	1,772,888	793,682
Cagamas Bonds	-	-	-	-
Bankers' Acceptance and Islamic				
Accepted bills	2,634,374	2,862,379	2,085,974	2,503,847
Negotiable Instruments of Deposit	185,585	306,353	234,256	265,676
Khazanah Bond	23,821	47,334	-	-
	<u>5,764,158</u>	<u>4,767,730</u>	<u>4,153,105</u>	<u>3,888,831</u>
Quoted securities:				
Shares in Malaysia	66,502	74,052	65,203	72,336
Unquoted securities:				
Private Debt Securities	2,472	14,863	2,472	14,863
<b>Total securities held-for-trading</b>	<u><u>5,833,132</u></u>	<u><u>4,856,645</u></u>	<u><u>4,220,780</u></u>	<u><u>3,976,030</u></u>

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Money market instruments:				
Malaysian Government Investment Certificates	810,966	1,505,134	439,589	852,909
Negotiable Instruments of Deposit	-	16,760	-	16,760
Other Government Securities	8,852	8,343	8,852	8,343
Khazanah Bonds	9,653	9,531	-	-
Government Treasury Bills	445,785	432,902	445,785	432,902
Malaysian Government Securities	436,537	1,880,380	436,537	1,880,380
Cagamas Bonds	373,667	972,495	338,881	873,474
	<u>2,085,460</u>	<u>4,825,545</u>	<u>1,669,644</u>	<u>4,064,768</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	7,995	3,039	7,995	3,039
Shares Outside Malaysia	-	-	-	-
Foreign Currency Bonds	1,186,909	769,054	1,177,257	769,054
Unquoted securities:				
Private Debt Securities	237,575	231,446	162,046	167,693
Total securities available-for-sale	<u>3,517,940</u>	<u>5,829,084</u>	<u>3,016,943</u>	<u>5,004,554</u>

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Money market instruments:				
Malaysian Government Securities	1,937,534	752,186	1,937,534	752,186
Malaysian Government Investment Certificates	105,695	60,305	45,414	-
Cagamas bonds	309,981	230,314	309,981	230,314
Negotiable Instruments of Deposit	1,728,883	1,718,179	1,728,883	1,718,179
Khazanah Bonds	-	-	-	-
	<u>4,082,093</u>	<u>2,760,984</u>	<u>4,021,812</u>	<u>2,700,679</u>
Quoted securities:				
Foreign currency bonds	-	-	-	-
Unquoted securities:				
Shares	27,053	27,054	26,478	26,479
Private debt securities	201,472	211,518	135,452	145,441
Loan Stocks	2,845	2,845	2,845	2,845
	<u>231,370</u>	<u>241,417</u>	<u>164,775</u>	<u>174,765</u>
Total securities held-to-maturity	<u>4,313,463</u>	<u>3,002,401</u>	<u>4,186,587</u>	<u>2,875,444</u>

## 11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Overdrafts	2,349,873	2,435,782	2,343,456	2,425,797
Term loans:				
- Housing and shop loans/financing	19,917,399	19,445,381	16,506,270	16,252,857
- Syndicated term loan/financing	1,555,948	1,422,294	1,360,926	1,206,734
- Hire purchase receivables	6,200,382	6,167,037	3,329,902	3,195,623
- Lease receivables	21,203	22,602	-	-
- Other term loans/financing	2,452,297	2,512,094	2,319,589	2,370,894
Credit/charge card receivables	1,953,248	1,925,986	1,953,248	1,925,986
Bills receivables	319,075	357,255	309,315	354,769
Trust receipts	126,577	139,725	126,577	139,725
Claims on customers under acceptance credits	3,023,980	3,057,364	2,844,262	2,861,952
Block discounting	8,401	8,422	8,401	8,396
Revolving credits	900,269	799,314	900,269	799,314
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	102,759	102,020	102,722	101,979
Other loans/financing	51,185	48,339	50,446	47,561
	<u>38,982,596</u>	<u>38,443,615</u>	<u>32,155,383</u>	<u>31,691,587</u>
Unearned interest and income	(3,165,897)	(3,001,136)	(620,177)	(581,463)
Gross loans, advances and financing	<u>35,816,699</u>	<u>35,442,479</u>	<u>31,535,206</u>	<u>31,110,124</u>
Fair value changes arising from fair value hedges	15,466	(35,717)	6,786	(21,063)
Allowance for bad and doubtful debts and financing:				
- General	(531,974)	(526,957)	(468,112)	(461,900)
- Specific	(372,327)	(345,781)	(345,526)	(320,954)
Net loans, advances and financing	<u><u>34,927,864</u></u>	<u><u>34,534,024</u></u>	<u><u>30,728,354</u></u>	<u><u>30,306,207</u></u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Domestic banking institutions	-	-	-	-
Domestic non-bank financial institutions	89,633	122,659	69,284	102,211
Domestic business enterprises				
- Small and medium enterprises	3,328,422	3,505,565	3,046,476	3,160,983
- Others	7,316,484	7,200,936	6,685,522	6,590,822
Government and statutory bodies	43,332	1,592	43,164	1,533
Individuals	23,813,099	23,477,491	20,515,731	20,163,640
Other domestic entities	24,447	25,976	22,596	23,997
Foreign entities	1,201,282	1,108,260	1,152,433	1,066,938
Gross loans, advances and financing	<u>35,816,699</u>	<u>35,442,479</u>	<u>31,535,206</u>	<u>31,110,124</u>

11 Loans, advances and financing (continued)

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Fixed rate				
- Housing and shop loans/financing	1,133,709	1,634,343	635,920	1,125,875
- Hire purchase receivables	5,418,979	5,395,285	2,884,611	2,771,276
- Other fixed rate loan/financing	3,043,910	3,025,201	2,882,676	2,822,549
Variable rate				
- Base lending rate plus	23,347,572	22,468,590	22,259,843	21,471,366
- Cost plus	2,696,698	2,800,269	2,696,325	2,800,267
- Other variables rates	175,831	118,791	175,831	118,791
Gross loans, advances and financing	<u>35,816,699</u>	<u>35,442,479</u>	<u>31,535,206</u>	<u>31,110,124</u>

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
Purchase of securities	474,638	517,205	474,273	516,773
Purchase of transport vehicles	5,072,379	5,017,181	2,711,238	2,584,272
Purchase of landed properties				
- residential	13,623,455	13,275,941	12,562,269	12,278,962
- non-residential	4,289,575	4,232,178	4,090,041	4,037,636
Personal use	2,508,875	2,363,560	2,449,124	2,303,164
Credit card	1,953,248	1,925,986	1,953,248	1,925,986
Purchase of consumer durables	49	128	48	126
Construction	494,680	541,258	462,530	506,570
Working capital	7,353,363	7,564,139	6,786,039	6,951,781
Others	46,437	4,903	46,396	4,854
Gross loans, advances and financing	<u>35,816,699</u>	<u>35,442,479</u>	<u>31,535,206</u>	<u>31,110,124</u>

11 Loans, advances and financing (continued)

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Purchase of securities	12,044	13,793	11,824	13,551
Purchase of transport vehicles	59,529	56,043	33,742	32,267
Purchase of landed properties				
- residential	227,101	229,221	210,381	212,736
- non-residential	71,518	79,537	70,576	78,597
Personal use	41,032	40,969	40,852	40,843
Credit card	28,586	28,751	28,586	28,751
Purchase of consumer durables	-	-	-	-
Construction	33,271	38,592	32,885	38,430
Working capital	356,742	353,493	352,127	349,377
Others	3	3	3	3
	<u>829,826</u>	<u>840,402</u>	<u>780,976</u>	<u>794,555</u>



11 Loans, advances and financing (continued)

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

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
At beginning	840,402	1,033,380	794,555	970,373
Non-performing during the period/year	617,610	2,594,538	573,048	2,408,810
Reclassified as performing	(529,935)	(2,195,316)	(493,809)	(2,041,874)
Amount written back in respect of recoveries	(74,427)	(332,256)	(69,095)	(302,442)
Amount written off	(23,888)	(261,664)	(23,787)	(242,032)
Exchange differences	64	1,720	64	1,720
Closing balance	829,826	840,402	780,976	794,555
Specific allowance	(372,327)	(345,781)	(345,526)	(320,954)
Net non-performing loans, advances and financing	<u>457,499</u>	<u>494,621</u>	<u>435,450</u>	<u>473,601</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.3%</u>	<u>1.4%</u>	<u>1.4%</u>	<u>1.5%</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>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<u>General Allowance</u>				
At beginning	526,957	481,746	461,900	425,782
Net provisions made during the year	4,978	44,443	6,173	35,350
Exchange differences	39	768	39	768
Closing balance	<u>531,974</u>	<u>526,957</u>	<u>468,112</u>	<u>461,900</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	345,781	412,760	320,954	380,780
Allowance made during the period/year	69,939	298,603	66,485	276,805
Amount written back in respect of recoveries	(19,560)	(105,139)	(18,181)	(95,820)
Amount written off	(23,887)	(261,663)	(23,786)	(242,031)
Amount transferred to provision for diminution in value	-	-	-	-
Exchange differences	54	1,220	54	1,220
Closing balance	<u>372,327</u>	<u>345,781</u>	<u>345,526</u>	<u>320,954</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
Interest/Income receivable	121,449	140,316	112,748	134,075
* Other debtors, deposits and prepayments	1,003,286	1,738,749	1,160,041	1,961,638
Foreclosed properties	2,595	2,595	2,595	2,595
	<u>1,127,330</u>	<u>1,881,660</u>	<u>1,275,384</u>	<u>2,098,308</u>

\* During the period , the partial payment for the subscription of shares in Chengdu Bank of RM738M in June 08 was reclassified to Investment in associate upon completion of the Proposed subscription of 20% Equity Interest in Chengdu on 21 July 2008

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>By type of customer</u>				
Government and statutory bodies	1,193,084	985,187	575,022	380,161
Business enterprises	30,730,154	30,087,451	25,949,442	25,997,556
Individuals	31,656,921	30,877,001	30,295,364	29,592,888
Others	670,429	598,308	572,169	496,055
	<u>64,250,588</u>	<u>62,547,947</u>	<u>57,391,997</u>	<u>56,466,660</u>

**14 Deposits and placements of banks and other financial institution**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Licensed banks	3,745,186	5,891,409	3,735,186	5,302,409
Other financial institutions	20,530	481,167	20,530	291,167
	<u>3,765,716</u>	<u>6,372,576</u>	<u>3,755,716</u>	<u>5,593,576</u>

**15 Other liabilities**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Interest/Profit payable	302,869	202,400	260,701	170,809
Zakat	95	79	-	-
Post employment benefits obligation				
- defined contribution plan	3,315	3,385	3,315	3,385
Loan advance payment	591,842	525,480	565,312	503,663
Amount due to subsidiary companies	-	-	42,591	42,593
Others	1,230,377	1,359,265	1,171,740	1,290,071
	<u>2,128,498</u>	<u>2,090,609</u>	<u>2,043,659</u>	<u>2,010,521</u>

16 Interest income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	449,467	406,239	449,467	406,239
- Recoveries from NPLs	27,227	31,427	27,227	31,427
Money at call and deposit placements with financial institutions	215,343	206,622	215,343	206,622
Securities purchased under resale agreements	1,088	17,427	1,088	17,427
Securities held-for-trading	53,892	54,688	53,892	54,688
Securities available-for-sale	31,896	26,286	31,896	26,286
Securities held-to-maturity	36,592	9,262	36,592	9,262
Others	674	2,241	674	2,241
	<u>816,179</u>	<u>754,192</u>	<u>816,179</u>	<u>754,192</u>
Amortisation of premium less accretion of discount	3,922	(454)	3,922	(454)
Interest suspended	(3,132)	(2,254)	(3,132)	(2,254)
	<u>816,969</u>	<u>751,484</u>	<u>816,969</u>	<u>751,484</u>

16 Interest income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	452,834	406,075	452,834	406,075
- Recoveries from NPLs	27,227	31,427	27,227	31,427
Money at call and deposit placements with financial institutions	216,028	207,307	216,028	207,307
Securities purchased under resale agreements	1,088	17,427	1,088	17,427
Securities held-for-trading	54,105	54,899	54,105	54,899
Securities available-for-sale	31,672	26,286	31,672	26,286
Securities held-to-maturity	36,592	9,262	36,592	9,262
Others	639	2,241	639	2,241
	<u>820,185</u>	<u>754,924</u>	<u>820,185</u>	<u>754,924</u>
Amortisation of premium less accretion of discount	3,922	(454)	3,922	(454)
Interest suspended	(3,132)	(2,254)	(3,132)	(2,254)
	<u>820,975</u>	<u>752,216</u>	<u>820,975</u>	<u>752,216</u>

17 Interest expense

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	38,731	33,014	38,731	33,014
Deposits from customers	293,468	263,034	293,468	263,034
Short term corporate placements	118,796	105,970	118,796	105,970
Subordinated bonds	8,588	8,872	8,588	8,872
Others	344	8,071	344	8,071
	<u>459,927</u>	<u>418,961</u>	<u>459,927</u>	<u>418,961</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	39,416	33,700	39,416	33,700
Deposits from customers	294,146	263,329	294,146	263,329
Short term corporate placements	118,796	105,970	118,796	105,970
Subordinated bonds	8,588	8,872	8,588	8,872
Others	344	8,071	344	8,071
	<u>461,290</u>	<u>419,942</u>	<u>461,290</u>	<u>419,942</u>

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
(a) <u>Fee income:</u>				
Commissions	19,781	25,134	19,781	25,134
Service charges and fees	5,795	8,983	5,795	8,983
Guarantee fees	1,456	1,543	1,456	1,543
Other fee income	47,601	41,906	47,601	41,906
	<u>74,633</u>	<u>77,566</u>	<u>74,633</u>	<u>77,566</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	11,269	19,497	11,269	19,497
Net gain from sale of securities available-for-sale	17,320	2,439	17,320	2,439
Net gain from redemption of securities held-to-maturity	78	2	78	2
	<u>28,667</u>	<u>21,938</u>	<u>28,667</u>	<u>21,938</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	1,063	1,992	1,063	1,992
Securities available-for-sale	12	-	12	-
Securities held to maturity	3,183	2,340	3,183	2,340
	<u>4,258</u>	<u>4,332</u>	<u>4,258</u>	<u>4,332</u>



18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008 RM'000	9/30/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	6,669	(3,161)	6,669	(3,161)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	1,230	(8,954)	1,230	(8,954)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(12,961)	(6,226)	(12,961)	(6,226)
(g) <u>Other income:</u>				
Foreign exchange gain	41,779	12,198	41,779	12,198
Rental income	24	168	24	168
Gain on disposal of property and equipment (net)	244	555	244	555
Profit from Takaful investments	1,383	1,278	1,383	1,278
Others	3,706	3,401	3,706	3,401
	<u>47,136</u>	<u>17,600</u>	<u>47,136</u>	<u>17,600</u>
Total other operating income	<u>149,632</u>	<u>103,095</u>	<u>149,632</u>	<u>103,095</u>

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>(a) Fee income:</b>				
Commissions	19,750	25,133	19,750	25,133
Service charges and fees	5,795	8,983	5,795	8,983
Guarantee fees	1,456	1,543	1,456	1,543
Other fee income	47,618	41,921	47,618	41,921
	<u>74,619</u>	<u>77,580</u>	<u>74,619</u>	<u>77,580</u>
<b>(b) Gain/loss arising from sale of securities:</b>				
Net gain from sale of securities held-for-trading and derivatives	11,269	19,497	11,269	19,497
Net gain from sale of securities available-for-sale	17,320	2,439	17,320	2,439
Net gain from redemption of securities held-to-maturity	78	2	78	2
	<u>28,667</u>	<u>21,938</u>	<u>28,667</u>	<u>21,938</u>
<b>(c) Gross dividend income from:</b>				
Subsidiary companies	-	-	-	-
Securities held-for-trading	1,063	1,992	1,063	1,992
Securities available-for-sale	12	-	12	-
Securities held to maturity	3,183	2,340	3,183	2,340
	<u>4,258</u>	<u>4,332</u>	<u>4,258</u>	<u>4,332</u>

18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	700	(3,161)	700	(3,161)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(797)	(8,954)	(797)	(8,954)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(31,661)	(1,205)	(31,661)	(1,205)
(g) <u>Other income:</u>				
Foreign exchange gain	41,697	12,198	41,697	12,198
Rental income	24	168	24	168
Gain on disposal of property and equipment (net)	244	555	244	555
Others	3,559	3,023	3,559	3,023
	45,524	15,944	45,524	15,944
Total other operating income	121,310	106,474	121,310	106,474

19 Other operating expenses

<u>Group</u>	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	96,880	91,532	96,880	91,532
- Others	9,575	7,477	9,575	7,477
<u>Establishment costs</u>				
- Depreciation equipment	11,635	10,005	11,635	10,005
- Depreciation of Prepaid Lease	21	25	21	25
- Amortisation of intangible assets	3,497	3,029	3,497	3,029
- Rental	10,521	10,555	10,521	10,555
- Information technology expenses	10,515	10,213	10,515	10,213
- Others	9,663	9,820	9,663	9,820
<u>Marketing expenses</u>				
- Advertisement and publicity	16,518	10,645	16,518	10,645
- Handling fees	3,643	3,919	3,643	3,919
- Others	13,378	10,057	13,378	10,057
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,789	2,184	2,789	2,184
- Stationery & printing	3,111	3,638	3,111	3,638
- Others	25,561	25,551	25,561	25,551
	<u>217,307</u>	<u>198,650</u>	<u>217,307</u>	<u>198,650</u>

19 Other operating expenses (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	86,167	83,929	86,167	83,929
- Others	8,653	6,641	8,653	6,641
<b><u>Establishment costs</u></b>				
- Depreciation equipment	11,383	9,766	11,383	9,766
- Depreciation of Prepaid Lease	19	23	19	23
- Amortisation of intangible assets	3,380	2,937	3,380	2,937
- Rental	9,934	9,994	9,934	9,994
- Information technology expenses	10,320	9,796	10,320	9,796
- Others	8,149	8,610	8,149	8,610
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	16,463	10,552	16,463	10,552
- Handling fees	2,594	1,594	2,594	1,594
- Others	13,142	9,926	13,142	9,926
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	2,766	2,164	2,766	2,164
- Stationery & printing	3,073	3,602	3,073	3,602
- Others	24,412	24,558	24,412	24,558
	<u>200,455</u>	<u>184,091</u>	<u>200,455</u>	<u>184,091</u>

20 Allowance for losses on loans, advances and financing

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	4,978	5,728	4,978	5,728
- specific allowance	69,939	59,985	69,939	59,985
- specific allowance written back	(19,560)	(26,203)	(19,560)	(26,203)
Bad debts and financing written off	2,404	1,389	2,404	1,389
Bad debts and financing recovery	(46,528)	(21,414)	(46,528)	(21,414)
	<u>11,233</u>	<u>19,485</u>	<u>11,233</u>	<u>19,485</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008	9/30/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	6,173	3,382	6,173	3,382
- specific allowance	66,485	54,179	66,485	54,179
- specific allowance written back	(18,181)	(23,936)	(18,181)	(23,936)
Bad debts and financing written off	2,311	1,300	2,311	1,300
Bad debts and financing recovery	(45,235)	(20,673)	(45,235)	(20,673)
	<u>11,553</u>	<u>14,252</u>	<u>11,553</u>	<u>14,252</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b><u>Components of Tier-1 and Tier-2 Capital</u></b>				
<b>Tier-1 capital</b>				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,664	539,664	539,664	539,664
Retained profit	1,821,618	1,821,618	1,737,205	1,737,205
Other reserves	1,864,468	1,861,893	1,782,436	1,779,861
Less: Treasury shares	(699,041)	(699,041)	(699,041)	(699,041)
Less: Deferred tax	(173,153)	(173,153)	(155,303)	(155,303)
Add: Minority interest	43,534	43,698	-	-
<b>Total tier-1 capital</b>	<b>4,977,197</b>	<b>4,974,786</b>	<b>4,785,068</b>	<b>4,782,493</b>
<b>Tier-2 capital</b>				
General provision	531,974	526,957	468,112	461,900
Subordinated bonds	688,150	653,500	688,150	653,500
<b>Total tier-2 capital</b>	<b>1,220,124</b>	<b>1,180,457</b>	<b>1,156,262</b>	<b>1,115,400</b>
<b>Total capital</b>	<b>6,197,321</b>	<b>6,155,243</b>	<b>5,941,330</b>	<b>5,897,893</b>
Less: Investment in subsidiary companies	-	-	(611,650)	(592,041)
Less: Investment in associated company	(974,057)	-	(946,560)	-
Less: Holdings of other banking institution's capital instruments	(131,265)	(31,858)	(131,265)	(31,858)
<b>Total capital base</b>	<b>5,091,999</b>	<b>6,123,385</b>	<b>4,251,855</b>	<b>5,273,994</b>
<b><u>Before deducting proposed dividends</u></b>				
Core Capital Ratio	13.77%	13.30%	14.82%	14.29%
Risk-weighted Capital Ratio	14.09%	16.36%	13.17%	15.76%
<b><u>After deducting proposed dividends</u></b>				
Core Capital Ratio	13.30%	12.84%	14.30%	13.78%
Risk-weighted Capital Ratio	13.62%	15.91%	12.65%	15.25%

22 **Group segmental reporting on revenue, profit and assets**

**Financial Quarter ended 30/09/2008**

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	275,752	53,496	219,500	1,383	550,131
Inter-segment revenue	54,475	44,316	(98,791)	-	-
Segment revenue	<u>330,227</u>	<u>97,812</u>	<u>120,709</u>	<u>1,383</u>	<u>550,131</u>
Segment profit before taxation	140,108	82,078	66,544	(348)	288,382
Share of profit after tax of equity accounted associated company					<u>27,497</u>
Profit before taxation					<u>315,879</u>
Taxation and zakat					<u>(74,000)</u>
Profit after taxation					<u><u>241,879</u></u>

**Financial Period ended 30/09/2008**

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	275,752	53,496	219,500	1,383	550,131
Inter-segment revenue	54,475	44,316	(98,791)	-	-
Segment revenue	<u>330,227</u>	<u>97,812</u>	<u>120,709</u>	<u>1,383</u>	<u>550,131</u>
Segment profit before taxation	140,108	82,078	66,544	(348)	288,382
Share of profit after tax of equity accounted associated company					<u>27,497</u>
Profit before taxation					<u>315,879</u>
Taxation and zakat					<u>(74,000)</u>
Profit after taxation					<u><u>241,879</u></u>
Segment assets	27,535,204	7,625,887	38,339,991	266,359	73,767,441
Unallocated assets					<u>3,106,740</u>
Total assets					<u><u>76,874,181</u></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.

On 21 July 2008, HLB announced that the proposed subscription of 20% equity interest in Chengdu Bank has completed.

## (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 2008 except for the following :-

(i) 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.

(ii) On 28 August 2008, HLB announced that it will be carrying out an internal reorganisation of certain of its direct and indirect wholly-owned subsidiaries to streamline the corporate structure of HLB for better efficiency ("Internal Reorganisation").

Pursuant to the Internal Reorganisation, HLF Credit (Perak) Bhd ("HLF Credit"), currently an indirect wholly-owned subsidiary of HLB, will be transferred to become a direct wholly-owned subsidiary of HLB. Thereafter, certain wholly-owned subsidiaries of HLB, namely Gensource Sdn Bhd, Hong Leong Leasing Sdn Bhd, HLB Realty Sdn Bhd, HL Leasing Sdn Bhd and WTB Corporation Sdn Bhd will be transferred to become direct wholly-owned subsidiaries of HLF Credit. In addition, Chew Geok Lin Finance Sdn Bhd, a direct wholly-owned subsidiary of WTB Corporation Sdn Bhd, will be transferred to also become a direct wholly-owned subsidiary of HLF Credit. The considerations for the transfer of all the companies concerned will be calculated based on the net assets of the companies as at 30 June 2008 and satisfied by way of intercompany loans.

## 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 30/09/2008			Financial Year Ended 30/06/2008		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
<b>The Group</b>						
Direct credit substitutes	208,016	208,016	194,949	207,396	207,396	193,849
Transaction-related contingent items	301,892	150,946	138,256	287,933	143,966	129,875
Short-term self liquidating trade-related contingencies	608,227	121,646	116,790	741,691	148,338	142,375
Other assets sold with recourse and commitment	-	-	-	-	-	-
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	4,143,831	2,071,915	1,678,022	4,279,447	2,139,724	1,743,385
- maturity less than 1 year	13,542,649	2,708,530	2,235,394	13,458,683	2,691,736	2,189,391
Foreign exchange related contracts	29,835,141	1,239,569	738,888	24,024,375	1,016,617	601,625
Interest rate related contracts	35,770,452	717,712	354,679	38,339,797	411,764	165,943
Equity related contracts	219,735	15,886	7,779	302,223	22,243	12,583
Miscellaneous	-	-	-	-	-	-
<b>Total</b>	<b>84,629,943</b>	<b>7,234,220</b>	<b>5,464,757</b>	<b>81,641,545</b>	<b>6,781,784</b>	<b>5,179,026</b>

25 Commitments and contingencies (continued)

	Financial Period Ended 30/09/2008			Financial Year Ended 30/06/2008		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
<b>The Bank</b>						
Direct credit substitutes	208,016	208,016	194,949	207,396	207,396	193,849
Transaction-related contingent items	254,400	127,200	114,580	253,585	126,792	112,744
Short-term self liquidating trade-related contingencies	607,294	121,459	116,613	737,476	147,495	141,583
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	3,598,075	1,799,037	1,452,509	3,554,073	1,777,037	1,440,859
- maturity less than 1 year	13,330,359	2,666,072	2,194,265	13,256,242	2,651,248	2,149,575
Foreign exchange related contracts	29,835,141	1,239,569	738,888	24,024,375	1,016,617	601,625
Interest rate related contracts	35,770,452	717,712	354,679	38,339,797	411,764	165,943
Equity related contracts	219,735	15,886	7,779	302,223	22,243	12,583
Miscellaneous	-	-	-	-	-	-
<b>Total</b>	<b>83,823,472</b>	<b>6,894,951</b>	<b>5,174,262</b>	<b>80,675,167</b>	<b>6,360,592</b>	<b>4,818,761</b>

26 Related party transactions

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

## 27 a) Interest/Profit rate risk

Group As at 30 September 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				
<b>Assets</b>									
Cash and short term funds	17,053,877					478,640		17,532,517	3.5
Deposits & placement with banks & other financial institution		6,262,916	478,318					6,741,234	3.5
Securities purchased under resale agreement	-	-						-	3.1
Securities held at fair value through profit and loss							5,833,132	5,833,132	3.7
Securities available-for-sale	255,222	330,823	773,197	1,938,838	211,865	7,995	-	3,517,940	4.0
Securities held-to-maturity	499,993	1,150,003	688,520	1,945,048	-	29,898		4,313,463	3.5
Loans, advances and financing									
- performing	24,513,882	1,124,860	671,008	3,732,185	4,960,404	(525,112)		34,477,227	6.8
- non-performing						450,637		450,637	
Other assets							1,127,330	1,127,330	
Statutory deposits with BNM							1,201,864	1,201,864	
Investment in subsidiary							-	-	
Investment in associated companies							974,057	974,057	
Prepaid land lease payments							6,265	6,265	
Property, plant and equipment							319,415	319,415	
Intangible assets							30,895	30,895	
Deferred tax assets							179,826	179,826	
General and Family Takaful fund assets							168,379	168,379	
<b>Total assets</b>	<b>42,322,973</b>	<b>8,868,602</b>	<b>2,611,043</b>	<b>7,616,072</b>	<b>5,172,269</b>	<b>4,450,089</b>	<b>5,833,132</b>	<b>76,874,181</b>	
<b>Liabilities</b>									
Deposits from customers	36,065,373	4,223,958	16,401,676	1,286,740	-	6,272,843	-	64,250,589	2.7
Deposits & placement of banks & other financial institutions	2,845,354	739,665	177,189	-	-	3,508		3,765,716	3.0
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	18,585	64,379	41,627	-	-	304,875		429,466	3.5
Other liabilities							2,128,498	2,128,498	-
Subordinated obligations				715,972				715,972	5.2
Short term syndicated loan								-	
Provision for taxation							50,123	50,123	
General and Family Takaful fund liabilities							4,716	4,716	
General and Family Takaful fund policyholders' fund							163,663	163,663	
<b>Total liabilities</b>	<b>38,929,313</b>	<b>5,028,001</b>	<b>16,620,491</b>	<b>2,002,712</b>	<b>-</b>	<b>8,928,226</b>	<b>-</b>	<b>71,508,743</b>	
Shareholders funds							5,365,439	5,365,439	
<b>Total liabilities and Shareholders' funds</b>	<b>38,929,313</b>	<b>5,028,001</b>	<b>16,620,491</b>	<b>2,002,712</b>	<b>-</b>	<b>14,293,664</b>	<b>-</b>	<b>76,874,181</b>	
On-balance sheet profit sensitivity gap	3,393,661	3,840,601	(14,009,448)	5,613,360	5,172,269				

## 27 b) Interest/Profit rate risk

Group As at 30 June 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				
<b>Assets</b>									
Cash and short term funds	21,849,177					415,497		22,264,674	3.5
Deposits & placement with banks & other financial institution		1,473,170	664,470					2,137,640	3.5
Securities purchased under resale agreement	972,742	-						972,742	3.1
Securities held at fair value through profit and loss							4,856,645	4,856,645	3.7
Securities available-for-sale	435,141	778,552	728,744	2,963,533	914,508	8,606	-	5,829,084	4.1
Securities held-to-maturity	500,511	1,150,026	83,180	1,067,298	171,488	29,898		3,002,401	3.5
Loans, advances and financing									
- performing	27,046,861	495,560	1,032,041	3,461,817	2,544,703	(519,506)		34,061,476	6.4
- non-performing						472,548		472,548	
Other assets						1,881,660		1,881,660	
Statutory deposits with BNM						1,315,464		1,315,464	
Investment in subsidiary						-		-	
								6,286	
Property, plant and equipment						290,301		290,301	
Intangible assets						33,262		33,262	
Deferred tax assets						173,153		173,153	
General and Family Takaful fund assets						163,869		163,869	
<b>Total assets</b>	<b>50,804,432</b>	<b>3,897,308</b>	<b>2,508,435</b>	<b>7,492,648</b>	<b>3,630,699</b>	<b>4,271,038</b>	<b>4,856,645</b>	<b>77,461,205</b>	
<b>Liabilities</b>									
Deposits from customers	35,833,479	6,602,222	13,749,194	939,145	-	5,423,907	-	62,547,947	2.7
Deposits & placement of banks & other financial institutions	5,530,305	776,830	58,107	-	-	7,334		6,372,576	3.0
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	17,794	61,638	39,855	-	-	291,896		411,183	3.5
Short Term Corporate Placements	-	-	-					-	
Other liabilities						2,090,609		2,090,609	-
Subordinated obligations				671,750				671,750	5.2
Short term syndicated loan								-	
Provision for taxation						70,033		70,033	
General and Family Takaful fund liabilities						3,232		3,232	
General and Family Takaful fund policyholders' fund						160,637		160,637	
<b>Total liabilities</b>	<b>41,381,578</b>	<b>7,440,690</b>	<b>13,847,156</b>	<b>1,610,895</b>	<b>-</b>	<b>8,047,648</b>	<b>-</b>	<b>72,327,967</b>	
Shareholders funds						5,133,238	-	5,133,238	
Minority interest							-	-	
<b>Total liabilities and Shareholders' funds</b>	<b>41,381,578</b>	<b>7,440,690</b>	<b>13,847,156</b>	<b>1,610,895</b>	<b>-</b>	<b>13,180,886</b>	<b>-</b>	<b>77,461,205</b>	
On-balance sheet profit sensitivity gap	9,422,854	(3,543,382)	(11,338,721)	5,881,753	3,630,699				

## 27 c) Interest/Profit rate risk

<b>Bank</b> <b>As at 30 September 2008</b>	← Non-trading book →					<b>Non Interest Sensitive</b> <b>RM'000</b>	<b>Trading book</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective interest rate</b> <b>%</b>
	<b>Up to 1 month</b> <b>RM'000</b>	<b>&gt;1-3 months</b> <b>RM'000</b>	<b>&gt;3-12 months</b> <b>RM'000</b>	<b>1-5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>				
<b>Assets</b>									
Cash and short term funds	15,765,247					443,699		16,208,946	3.5
Deposits & placement with banks & other financial instrument		6,162,916	478,318					6,641,234	3.5
Securities purchased under resale agreement	-	-	-	-	-	-	-	-	3.1
Securities held at fair value through profit and loss							4,220,780	4,220,780	3.4
Securities available-for-sale	196,696	330,823	753,891	1,517,673	209,865	7,995	-	3,016,943	4.2
Securities held-to-maturity	499,994	1,150,003	688,520	1,818,747	-	29,323	-	4,186,587	3.5
Loans, advances and financing									
- performing	23,470,697	1,098,708	543,646	2,156,821	3,497,676	(468,112)		30,299,435	6.5
- non-performing						428,918		428,918	
Other assets						1,275,384		1,275,384	
Statutory deposits with BNM						1,027,100		1,027,100	
Investment in subsidiary						611,650		611,650	
Investment in associated companies						946,560		946,560	
Prepaid land lease payments						5,385		5,385	
Property, plant and equipment						303,448		303,448	
Intangible assets						29,258		29,258	
Deferred tax assets						161,625		161,625	
<b>Total assets</b>	<b>39,932,634</b>	<b>8,742,451</b>	<b>2,464,375</b>	<b>5,493,240</b>	<b>3,707,541</b>	<b>4,802,233</b>	<b>4,220,780</b>	<b>69,363,254</b>	
<b>Liabilities</b>									
Deposits from customers	31,893,784	5,953,121	12,593,898	1,033,019	-	5,918,176	-	57,391,997	2.6
Deposits & placement of banks & other financial institutions	2,835,354	739,665	177,189	-	-	3,508		3,755,716	2.8
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-
Bills and acceptance payable	5,423	11,937	6,857	-	-	345,613		369,829	2.8
Short Term Corporate Placements	-	-	-	-	-	-	-	-	-
Other liabilities						2,043,659		2,043,659	
Subordinated obligations				715,972				715,972	5.2
Short term syndicated loan									
Provision for taxation						(861)		(861)	
General and Family Takaful fund liabilities						-		-	
General and Family Takaful fund policyholders' fund						-		-	
<b>Total liabilities</b>	<b>34,734,561</b>	<b>6,704,723</b>	<b>12,777,943</b>	<b>1,748,991</b>	<b>-</b>	<b>8,310,094</b>	<b>-</b>	<b>64,276,312</b>	
Shareholders funds						5,086,942		5,086,942	
<b>Total liabilities and Shareholders' funds</b>	<b>34,734,561</b>	<b>6,704,723</b>	<b>12,777,943</b>	<b>1,748,991</b>	<b>-</b>	<b>13,397,036</b>	<b>-</b>	<b>69,363,254</b>	
On-balance sheet profit sensitivity gap	5,198,073	2,037,728	(10,313,568)	3,744,250	3,707,541				

## 27 d) Interest/Profit rate risk

<u>Bank</u> <u>As at 30 June 2008</u>	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000			
<b>Assets</b>									
Cash and short term funds	19,963,838					429,015		20,392,853	3.5
Deposits & placement with banks & other financial instrument		1,473,170	664,470					2,137,640	3.5
Securities purchased under resale agreement	972,742	-						972,742	3.1
Securities held at fair value through profit and loss							3,976,030	3,976,030	3.4
Securities available-for-sale	435,141	738,580	713,663	2,237,774	870,790	8,606	-	5,004,554	4.2
Securities held-to-maturity	500,511	1,150,026	83,180	971,741	140,663	29,323		2,875,444	3.5
Loans, advances and financing									
- performing	25,885,400	483,978	919,348	1,958,214	1,047,566	(454,796)		29,839,710	6.5
- non-performing						466,497		466,497	
Other assets						2,098,308		2,098,308	
Statutory deposits with BNM						1,170,500		1,170,500	
Investment in subsidiary						592,041		592,041	
Prepaid land lease payments						5,403		5,403	
Property, plant and equipment						274,222		274,222	
Intangible assets						31,509		31,509	
Deferred tax assets						155,303		155,303	
<b>Total assets</b>	<b>47,757,632</b>	<b>3,845,754</b>	<b>2,380,661</b>	<b>5,167,729</b>	<b>2,059,019</b>	<b>4,805,931</b>	<b>3,976,030</b>	<b>69,992,756</b>	
<b>Liabilities</b>									
Deposits from customers	31,558,807	6,140,216	12,615,696	728,034	-	5,423,907	-	56,466,660	2.6
Deposits & placement of banks & other financial institutions	5,230,305	297,830	58,107	-	-	7,334		5,593,576	2.8
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	4,409	9,706	5,575	-	-	281,013		300,703	2.8
Short Term Corporate Placements	-	-	-					-	
Other liabilities						2,010,521		2,010,521	
Subordinated obligations				671,750				671,750	5.2
Short term syndicated loan			-					-	-
Provision for taxation						26,413		26,413	
General and Family Takaful fund liabilities						-		-	
General and Family Takaful fund policyholders' fund						-		-	
<b>Total liabilities</b>	<b>36,793,521</b>	<b>6,447,752</b>	<b>12,679,378</b>	<b>1,399,784</b>	<b>-</b>	<b>7,749,188</b>	<b>-</b>	<b>65,069,623</b>	
Shareholders funds						4,923,133		4,923,133	
<b>Total liabilities and Shareholders' funds</b>	<b>36,793,521</b>	<b>6,447,752</b>	<b>12,679,378</b>	<b>1,399,784</b>	<b>-</b>	<b>12,672,321</b>	<b>-</b>	<b>69,992,756</b>	
On-balance sheet profit sensitivity gap	10,964,111	(2,601,998)	(10,298,717)	3,767,945	2,059,019				



## 28 Operations of Islamic Banking

### 28a Unaudited Balance Sheet as at 30 September 2008

	<u>The Group</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	1,313,571	1,871,430
Deposits and placements with bank and other financial institutions	100,000	-
Securities - Held-for-trading	1,659,724	927,570
Securities - Available-for-trading	435,816	780,812
Securities - Held-to-maturity	126,876	126,957
Financing, advances and other financing	4,190,587	4,242,329
Other assets	15,422	7,054
Statutory deposits with Bank Negara Malaysia	174,764	144,964
Property, plant and equipment	1,786	1,854
Deferred tax assets	18,201	17,850
<b>Total Assets</b>	<b>8,036,747</b>	<b>8,120,820</b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUNDS</u></b>		
Deposits from customers	6,971,789	6,208,081
Deposits and placements of banks and other financial institutions	10,000	779,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	59,637	110,480
Other liabilities	299,413	351,119
Provision for taxation	8,107	7,408
<b>Total Liabilities</b>	<b>7,348,946</b>	<b>7,456,088</b>
Islamic banking capital fund	500,000	500,000
Reserves	187,801	164,732
<b>Islamic Banking Funds</b>	<b>687,801</b>	<b>664,732</b>
<b>Total Liabilities and Islamic Banking Funds</b>	<b>8,036,747</b>	<b>8,120,820</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>806,471</b>	<b>966,378</b>

Note: The Bank does not have any Islamic business since 1 July 2005 after vesting of the Islamic business to HLISB 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 2008

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
<b>Group</b>				
Income derive from investment of deposits' funds and others	93,621	71,660	93,621	71,660
Income derive from investment of shareholders' funds	12,083	7,963	12,083	7,963
Allowance for losses on financing	(199)	(5,507)	(199)	(5,507)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	(4,177)	1,043	(4,177)	1,043
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
<b>Total distributable income</b>	<b>101,328</b>	<b>75,159</b>	<b>101,328</b>	<b>75,159</b>
Income attributable to deposits	(58,070)	(41,436)	(58,070)	(41,436)
<b>Total net income</b>	<b>43,258</b>	<b>33,723</b>	<b>43,258</b>	<b>33,723</b>
Other operating expenses	(15,261)	(13,092)	(15,261)	(13,092)
<b>Profit before taxation and zakat</b>	<b>27,997</b>	<b>20,631</b>	<b>27,997</b>	<b>20,631</b>
Zakat	(16)	-	(16)	-
Taxation	(7,000)	(5,405)	(7,000)	(5,405)
<b>Profit after taxation and zakat</b>	<b>20,981</b>	<b>15,226</b>	<b>20,981</b>	<b>15,226</b>
Profit attributable to shareholders	20,981	15,226	20,981	15,226
Earning per share - basic (sen)	4.20	3.05	4.20	3.05
Earning per share - fully diluted (sen)	4.20	3.05	4.20	3.05

Note: The Bank does not have any Islamic business since 1 July 2005 after vesting of the Islamic business to HLISB 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 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
Cash line	7,567	11,230
Term financing		
- Housing financing	3,411,129	3,192,524
- Hire purchase receivable	2,870,480	2,971,414
- Lease receivable	19,770	21,080
- Other term financing	327,730	356,760
Claims on customers under acceptance credit	189,476	197,898
Staff financing	37	41
Revolving credit	-	26
Others	739	778
	<u>6,826,928</u>	<u>6,751,751</u>
Less: Unearned income	(2,545,710)	(2,419,663)
	<u>4,281,218</u>	<u>4,332,088</u>
Less: Allowance for bad and doubtful financing		
- General	(63,830)	(65,025)
- Specific	(26,801)	(24,734)
	<u>(90,631)</u>	<u>(89,759)</u>
Total net financing, advances and other financing	<u>4,190,587</u>	<u>4,242,329</u>

(ii) By contract

	<u>The Group</u>	
	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,532,031	1,484,449
Ijarah (lease)	18,888	20,028
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,540,820	2,629,727
Murabahah (cost-plus)	189,479	197,884
	<u>4,281,218</u>	<u>4,332,088</u>

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

28c Financing, advances and other financing (continued)

**Non-performing financing**

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

	<u>The Group</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
At beginning	45,754	61,070
Classified as non-performing during the period	44,562	185,715
Reclassified as performing	(36,126)	(153,442)
Amount recovered	(5,332)	(29,708)
Amount written off	(8)	(17,881)
At end	<u>48,850</u>	<u>45,754</u>
Net non-performing financing, advances and other financing	<u>22,049</u>	<u>21,020</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.5%</u>	<u>0.5%</u>

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

28c Financing, advances and other financing (continued)

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

	<b><u>The Group</u></b>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b>General allowance</b>		
At beginning	65,025	55,932
Allowance made / (written back)	(1,195)	9,093
At end	<u>63,830</u>	<u>65,025</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
<b>Specific allowance</b>		
At beginning	24,734	29,917
Allowance made / (written back)	3,454	21,780
Amount recovered	(1,379)	(9,082)
Amount written off	(8)	(17,881)
At end	<u>26,801</u>	<u>24,734</u>

28 Operations of Islamic Banking (continued)

28d Deposits from customer

By type of deposit

	<u>The Group</u>	
	Financial Period Ended 30/09/2008 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>Non-Mudharabah</b>		
Demand deposits	368,262	362,557
Saving deposits	576,756	555,853
Negotiable Islamic Debt Certificate	949,611	529,911
Others	-	-
	<u>1,894,629</u>	<u>1,448,321</u>
<b>Mudharabah</b>		
Demand deposits	-	-
Saving deposits	509,972	478,049
General investment deposits	1,589,962	1,635,080
Specific investment deposits	2,977,226	2,646,631
Others	-	-
	<u>5,077,160</u>	<u>4,759,760</u>
	<u>6,971,789</u>	<u>6,208,081</u>

**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 RM315.9 million for the current financial quarter ended 30 September 2008, an increase of RM60.2 million or 24% as compared to previous corresponding quarter. The increase in profitability was due to increase in net-income of RM75.3 million as well as lower loan loss provision of RM8.3 million. However the above increases was mitigated by higher impairment loss of RM33.2M and higher operating expenses.

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

For the current financial quarter, the Group recorded a pre-tax profit of RM315.9 million as compared to RM184.3 million in the preceding quarter, an increase of RM131.6 million mainly from higher non interest income and lower of allowance for losses on loans.

**3 Current year prospect**

The Group continue to be cautiously optimistic on the outlook for the Bank despite the external headwinds from the US financial crisis and continuously slumping in commodity price. The Group will remain sensible on the business growth, while maintaining continued vigilance on risk, growth and sustainability.

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

This note is not applicable to the Group.

**5 Taxation**

	<b>Current Quarter Ended 30/09/2008 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2007 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Period Ended 30/09/2007 RM'000</b>
<b>The Group</b>				
Malaysian income tax	76,294	69,136	76,294	69,136
Oversea tax	-	-	-	-
	<u>76,294</u>	<u>69,136</u>	<u>76,294</u>	<u>69,136</u>
Transfer from/(to) deferred taxation	(2,310)	(1,540)	(2,310)	(1,540)
	<u><u>73,984</u></u>	<u><u>67,596</u></u>	<u><u>73,984</u></u>	<u><u>67,596</u></u>

5 **Taxation (continued)**

	<b>Current Quarter Ended 30/09/2008 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2007 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Period Ended 30/09/2007 RM'000</b>
<b>The Bank</b>				
Malaysian income tax	61,791	62,962	61,791	62,962
Oversea tax	-	-	-	-
	<u>61,791</u>	<u>62,962</u>	<u>61,791</u>	<u>62,962</u>
Transfer from/(to) deferred taxation	(1,553)	(930)	(1,553)	(930)
	<u><u>60,238</u></u>	<u><u>62,032</u></u>	<u><u>60,238</u></u>	<u><u>62,032</u></u>

The Bank's effective tax rate for the financial period approximates the statutory tax rate while the Group effective tax rate is lower than the statutory tax rate as certain income was not subject to tax

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 outstandings 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>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b>Deposits from customers</b>				
Fixed deposits	34,352,696	33,984,323	29,836,441	29,766,590
Negotiable instruments of deposit	2,521,455	1,697,204	1,620,515	1,215,964
Demand deposits	6,272,844	6,000,146	5,918,176	5,651,734
Saving deposits	7,502,509	7,491,714	6,415,781	6,457,812
Short term corporate placement	13,371,668	13,159,163	13,371,668	13,159,163
Other	229,416	215,397	229,416	215,397
	<u>64,250,588</u>	<u>62,547,947</u>	<u>57,391,997</u>	<u>56,466,660</u>

The maturity structure of fixed  
deposits and negotiable  
instruments:

One year or less (short term)	35,636,082	34,737,382	30,423,937	30,254,520
More than one year (medium/long term)	1,238,069	944,145	1,033,019	728,034
	<u>36,874,151</u>	<u>35,681,527</u>	<u>31,456,956</u>	<u>30,982,554</u>

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
<b>Deposits and placements of banks and other financial institutions</b>				
Licensed banks	3,745,186	5,891,409	3,735,186	5,302,409
Other financial institutions	20,530	481,167	20,530	291,167
	<u>3,765,716</u>	<u>6,372,576</u>	<u>3,755,716</u>	<u>5,593,576</u>

The maturity structure of  
deposits and placements of  
banks and other financial  
institutions:

One year or less (short term)	3,765,716	6,372,576	3,755,716	5,593,576
More than one year (medium/long term)	-	-	-	-
	<u>3,765,716</u>	<u>6,372,576</u>	<u>3,755,716</u>	<u>5,593,576</u>

## 11 Subordinated bonds

	<u>The Group and The Bank</u>	
	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Year Ended 30/06/2008 RM'000</b>
Subordinated bonds		
- USD200 million	<u>715,972</u>	<u>671,750</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 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 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	18,818,057	8,747,773	4,773,389	4,020,568	1,276,327	-	-
- swaps	8,436,900	2,255,367	1,304,438	295,320	783,138	3,286,708	511,929
- options	2,580,184	1,383,681	811,507	371,563	13,433	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	10,711,276	-	1,775,788	1,587,238	2,508,250	4,840,000	-
- swaps	25,059,176	57,800	480,880	2,341,000	2,346,038	19,030,946	802,512
Total	65,605,593	12,444,621	9,146,002	8,615,689	6,927,186	27,157,654	1,314,441

### 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	18,818,057	8,747,773	4,773,389	4,020,568	1,276,327	-	-
- swaps	8,436,900	2,255,367	1,304,438	295,320	783,138	3,286,708	511,929
- options	2,580,184	1,383,681	811,507	371,563	13,433	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	10,711,276	-	1,775,788	1,587,238	2,508,250	4,840,000	-
- swaps	25,059,176	57,800	480,880	2,341,000	2,346,038	19,030,946	802,512
Total	65,605,593	12,444,621	9,146,002	8,615,689	6,927,186	27,157,654	1,314,441

## 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 RM183,157,062 (FYE June 2008: RM881,960,520) and RM33,288,915,580 (FYE June 2008: RM30,084,196,890) 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 RM474,262,144 (FYE June 2008: RM640,117,890 ). 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.

	<b>Current Quarter Ended 30/09/2008 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2007 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Period Ended 30/09/2007 RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	242,043	188,266	242,043	188,266
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	(131,091)	(130,534)	(131,091)	(130,534)
	<u>1,449,016</u>	<u>1,449,573</u>	<u>1,449,016</u>	<u>1,449,573</u>
<b>Basic earnings per share (sen)</b>	<b>16.7</b>	<b>13.0</b>	<b>16.7</b>	<b>13.0</b>
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	175,540	177,364	175,540	177,364
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	(131,091)	(130,534)	(131,091)	(130,534)
	<u>1,449,016</u>	<u>1,449,573</u>	<u>1,449,016</u>	<u>1,449,573</u>
<b>Basic earnings per share (sen)</b>	<b>12.1</b>	<b>12.2</b>	<b>12.1</b>	<b>12.2</b>

**Earnings per share (continued)****b) Fully diluted earnings per share**

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

	<b>Current Quarter Ended 30/09/2008 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2007 RM'000</b>	<b>Financial Period Ended 30/09/2008 RM'000</b>	<b>Financial Period Ended 30/09/2007 RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	242,043	188,266	242,043	188,266
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,016	1,449,573	1,449,016	1,449,573
- adjustment for ESOS	-	-	-	-
	<u>1,449,016</u>	<u>1,449,573</u>	<u>1,449,016</u>	<u>1,449,573</u>
<b>Fully diluted earnings per share (sen)</b>	16.7	13.0	16.7	13.0
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	175,540	177,364	175,540	177,364
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,016	1,449,573	1,449,016	1,449,573
- adjustment for ESOS	-	-	-	-
	<u>1,449,016</u>	<u>1,449,573</u>	<u>1,449,016</u>	<u>1,449,573</u>
<b>Fully diluted earnings per share (sen)</b>	12.1	12.2	12.1	12.2