

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Balance Sheet As At 31 March 2009

	Note	The Group		The Bank	
		Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
ASSETS					
Cash and short-term funds		24,715,343	22,264,674	22,784,001	20,392,853
Deposits and placements with financial institutions		4,096,031	2,137,640	4,019,057	2,137,640
Securities purchased under resale agreements		-	972,742	-	972,742
Securities held at fair value through profit and loss	8	6,154,166	4,856,645	4,751,137	3,976,030
Securities available-for-sale	9	2,748,555	5,829,084	2,419,112	5,004,554
Securities held-to-maturity	10	4,761,009	3,002,401	4,634,293	2,875,444
Loans, advances and financing	11	33,805,126	34,534,024	29,944,114	30,306,207
Other assets	12	1,552,119	1,881,660	1,716,806	2,098,308
Statutory deposits with Bank Negara Malaysia		370,264	1,315,464	325,900	1,170,500
Investment in subsidiary companies		-	-	575,746	592,041
Investment in an associated company		1,152,465	-	946,505	-
Prepaid land lease payments		6,223	6,286	5,347	5,403
Property, plant and equipment		312,029	290,301	296,160	274,222
Intangible assets		26,299	33,262	24,845	31,509
Deferred tax assets		185,655	173,153	167,457	155,303
General and Family Takaful fund assets		193,455	163,869	-	-
Total Assets		80,078,739	77,461,205	72,610,480	69,992,756
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	66,911,802	62,547,947	60,371,033	56,466,660
Deposits and placements of banks and other financial institutions	14	3,522,276	6,372,576	3,502,276	5,593,576
Obligations on securities sold under repurchase agreements		-	-	-	-
Bills and acceptance payable		201,831	411,183	186,897	300,703
Other liabilities	15	2,711,161	2,090,609	2,586,671	2,010,521
Subordinated Bonds		761,002	671,750	761,002	671,750
Provision for taxation		93,964	70,033	33,319	26,413
General and Family Takaful fund liabilities		8,164	3,232	-	-
General and Family Takaful policyholders' fund		185,291	160,637	-	-
Total Liabilities		74,395,491	72,327,967	67,441,198	65,069,623
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		4,758,746	4,208,474	4,288,221	4,042,067
Less: Treasury Shares		(699,046)	(699,041)	(699,046)	(699,041)
Total Shareholders' Equity		5,639,807	5,089,540	5,169,282	4,923,133
Minority interest		43,441	43,698	-	-
Total Equity		5,683,248	5,133,238	5,169,282	4,923,133
Total Liabilities and Equity		80,078,739	77,461,205	72,610,480	69,992,756
COMMITMENTS AND CONTINGENCIES	25	82,054,875	81,641,545	81,094,627	80,675,167
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	15.20%	13.30%	14.68%	14.29%
Risk-weighted capital ratio	21	15.26%	16.36%	14.68%	15.76%
After deducting proposed dividends					
Core capital ratio	21	15.20%	12.84%	14.68%	13.78%
Risk-weighted capital ratio	21	15.26%	15.91%	14.68%	15.25%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.89	3.51	3.57	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 31 March 2009

The Group

	Note	Current Quarter Ended 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Current Period Ended 31/03/2009 RM'000	Corresponding Period Ended 31/03/2008 RM'000
Interest income	16	702,770	767,498	2,310,272	2,273,099
Interest expense	17	(374,773)	(419,829)	(1,261,997)	(1,245,625)
Net interest income		327,997	347,669	1,048,275	1,027,474
Net income from Islamic Banking business		34,470	40,194	116,265	119,834
Other operating income	18	128,557	145,035	440,822	384,657
Net Income		491,024	532,898	1,605,362	1,531,965
Other operating expenses	19	(218,099)	(214,268)	(652,802)	(619,000)
Operating profit before provision Allowance for losses on loans, advances and financing	20	272,925	318,630	952,560	912,965
Impairment loss		-	-	(33,209)	(1,009)
Share of profit after tax of equity accounted associated company		244,619	276,940	854,181	825,730
Profit before taxation (and zakat)		24,131	-	70,545	-
Taxation		268,750	276,940	924,726	825,730
Zakat		(62,139)	(71,537)	(218,972)	(217,934)
Net profit for the period		(12)	-	(41)	-
Attributable to:					
Equity holders of the parent		206,599	205,403	705,713	607,796
Minority Interest		99	(318)	(257)	(35)
Net profit for the period		206,599	205,403	705,713	607,796
Earnings per share - basic (sen)		14.3	14.2	48.7	41.9
Earnings per share - fully diluted (sen)		14.3	14.2	48.7	41.9

Hong Leong Bank Berhad

Condensed Financial Statements Unaudited Income Statement For The Financial Quarter Ended 31 March 2009

The Bank

	Note	Current Quarter Ended 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Current Period Ended 31/03/2009 RM'000	Corresponding Period Ended 31/03/2008 RM'000
Interest income	16	704,088	767,515	2,316,637	2,273,755
Interest expense	17	(374,542)	(420,626)	(1,264,009)	(1,248,474)
Net interest income		329,546	346,889	1,052,628	1,025,281
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	113,968	139,485	380,182	381,763
Net Income		443,514	486,374	1,432,810	1,407,044
Other operating expenses	19	(202,254)	(198,155)	(602,475)	(572,118)
Operating profit before provision Allowances for losses on loans and financing	20	241,260	288,219	830,335	834,926
Impairment loss		-	-	(33,209)	(1,009)
		210,386	250,511	728,522	761,465
Share of profit after tax of equity accounted associated companies		-	-	-	-
Profit before taxation (and zakat)		210,386	250,511	728,522	761,465
Taxation		(53,434)	(65,634)	(185,169)	(200,893)
Zakat		-	-	-	-
Profit after taxation		156,952	184,877	543,353	560,572
Profit attributable to shareholders		156,952	184,877	543,353	560,572
Earnings per share - basic (sen)		10.8	12.8	37.5	38.7
Earnings per share - fully diluted (sen)		10.8	12.8	37.5	38.7

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2009

The Group	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			
As at 1 July 2008	1,580,107	539,664	1,823,844	(14,701)	2,720	35,529	1,821,618	(699,041)	43,698	5,133,238
As previously stated	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 at 1 July 2008, as restated										
<i>Currency translation differences</i>	-	-	-	-	-	135,342	-	-	-	135,342
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	135,342	-	-	-	135,342
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	705,970	705,970	-	(257)	705,713
Transfer to statutory reserve	-	-	27,489	-	-	(27,489)	-	-	-	-
Dividend paid	-	-	-	-	-	(260,823)	-	-	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	(5)	(5)	-	(5)
Net fair value changes in available for sale securities	-	-	-	(37,943)	-	-	-	-	-	(37,943)
Options charge arising from ESOS granted	-	-	-	-	7,726	-	-	-	-	7,726
Closing Balance @31 March 09	1,580,107	539,664	1,851,133	(52,644)	10,446	170,871	2,239,276	(699,046)	43,441	5,683,248
As at 1 July 2007	1,580,107	539,664	1,791,566	(9,506)	-	39,111	1,369,223	(695,111)	43,655	4,658,707
As previously stated	1,580,107	539,664	1,791,566	(9,506)	-	39,111	1,369,223	(695,111)	43,655	4,658,707
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
As at 1 July 2007, as restated										
<i>Currency translation differences</i>	-	-	-	-	-	(3,582)	-	-	-	(3,582)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(3,582)	-	-	-	(3,582)
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	607,831	607,831	-	(35)	607,796
Transfer to statutory reserve	-	-	23,874	-	-	(23,874)	-	-	-	-
Dividend paid	-	-	-	-	-	(257,345)	-	-	-	(257,345)
less: Treasury shares	-	-	-	-	-	-	(3,923)	(3,923)	-	(3,923)
Net fair value changes in available for sale securities	-	-	-	(4,673)	-	-	-	-	-	(4,673)
Options charge arising from ESOS granted	-	-	-	-	707	-	-	-	-	707
Closing Balance @ 31 March 08	1,580,107	539,664	1,815,440	(14,181)	707	35,529	1,695,835	(699,034)	43,620	4,997,687

Condensed Financial Statements

Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2009

	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 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)	2,720	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	-	-	-	-	-	-	543,353	-	543,353
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)
less: Purchase of Treasury Shares	-	-	-	-	-	-	-	(5)	(5)
Net fair value changes in available for sale securities	-	-	-	(44,101)	-	-	-	-	(44,101)
Options charge arising from ESOS granted	-	-	-	-	7,726	-	-	-	7,726
Closing Balance @ 31 March 09	1,580,107	539,664	1,741,612	(59,764)	10,446	35,528	2,019,735	(699,046)	5,169,282
As at 1 July 2007									
As previously stated	1,580,107	539,664	1,741,612	(9,720)	-	39,111	1,298,020	(695,111)	4,493,683
Prior Year Adjustment	-	-	-	-	-	-	-	-	-
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>	-	-	-	-	-	(3,582)	-	-	(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	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(257,345)	-	(257,345)
less: Purchase of Treasury Shares	-	-	-	-	-	-	-	(3,923)	(3,923)
Net fair value changes in available for sale securities	-	-	-	(4,419)	-	-	-	-	(4,419)
Options Balance @ 31 March 2008	-	-	-	-	707	-	-	-	707
Closing Balance @ 31 March 08	1,580,107	539,664	1,741,612	(14,139)	707	35,529	1,601,247	(699,034)	4,785,693

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Period Ended 31 March 2009

	The Group		The Bank	
	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000
Operating activities				
Profit before taxation	924,726	825,730	728,522	761,465
Adjustments for non-cash items	29,416	64,876	89,689	45,710
Operating profit before working capital changes	954,142	890,606	818,211	807,175
Income taxes and zakat paid	(195,659)	(182,228)	(176,787)	(168,507)
Net changes in working capital	1,473,223	1,807,660	1,528,074	927,025
Net cash flow from operating activities	2,231,706	2,516,038	2,169,498	1,565,693
Net cash flow from investing activities	246,512	881,166	249,199	769,660
Net cash flow from financing activities	(27,463)	(181,887)	(27,463)	(181,887)
Changes in cash and cash equivalents	2,450,755	3,215,316	2,391,234	2,153,466
Currency translation differences	(86)	862	(86)	862
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	24,715,343	19,206,094	22,784,001	17,035,177

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 31 MARCH 2009

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 31 March 2009 other than as mentioned below:-

a) Share Buy-back

During the financial period ended 31 March 2009, the Bank purchased a total of 1,000 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 2009 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-08	-	-	-	-	-
Aug-08	-	-	-	-	-
Sep-08	-	-	-	-	-
Oct-08	-	-	-	-	-
Nov-08	1,000	5.05	5.05	5.05	5,098
Dec-08	-	-	-	-	-
Jan-09	-	-	-	-	-
Feb-09	-	-	-	-	-
Mar-09	-	-	-	-	-
For the period	1,000	5.05	5.05	5.05	5,098

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2009 amounted to 81,091,700 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 2009, the trust did not purchase any new shares. As at 31 March 2009, 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

An interim dividend of 9.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2009 amounting to RM97.8 million was paid on 16 March 2009.

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury				
Bills	376,522	129,937	203,675	129,937
Malaysian Government Securities	355,654	195,689	355,654	195,689
Malaysian Government Investment				
Certificates	20,088	55,188	-	-
Bank Negara Malaysia (BNM)				
Bills	2,000,604	1,170,850	1,373,855	793,682
Bankers' Acceptance and Islamic				
Accepted bills	2,742,390	2,862,379	2,300,075	2,503,847
Negotiable Instruments of Deposit	658,908	306,353	517,878	265,676
Khazanah Bond	-	47,334	-	-
	<u>6,154,166</u>	<u>4,767,730</u>	<u>4,751,137</u>	<u>3,888,831</u>
Quoted securities:				
Shares in Malaysia *	-	74,052	-	72,336
Unquoted securities:				
Private Debt Securities	-	14,863	-	14,863
Total securities held-for-trading	<u><u>6,154,166</u></u>	<u><u>4,856,645</u></u>	<u><u>4,751,137</u></u>	<u><u>3,976,030</u></u>

* During the 2nd Quarter December 08, amount of RM58 million (Group) RM57 million (Bank) was reclassified to available-for-sale portfolio

9 **Securities available-for-sale**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Money market instruments:				
Malaysian Government Investment Certificates				
	228,607	1,505,134	10,433	852,909
Negotiable Instruments of Deposit				
	-	16,760	-	16,760
Other Government Securities				
	9,407	8,343	9,407	8,343
Khazanah Bonds				
	9,909	9,531	-	-
Government Treasury Bills				
	407,501	432,902	407,501	432,902
Malaysian Government Securities				
	550,883	1,880,380	550,883	1,880,380
Singapore Government securities				
	24,211	-	24,211	-
Cagamas Bonds				
	162,124	972,495	126,601	873,474
	<u>1,392,642</u>	<u>4,825,545</u>	<u>1,129,036</u>	<u>4,064,768</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks *				
	58,175	3,039	57,218	3,039
Foreign Currency Bonds				
	1,076,289	769,054	1,066,698	769,054
Unquoted securities:				
Private Debt Securities				
	221,450	231,446	166,161	167,693
Total securities available-for-sale	<u><u>2,748,555</u></u>	<u><u>5,829,084</u></u>	<u><u>2,419,112</u></u>	<u><u>5,004,554</u></u>

* Includes amount transferred from Held-for-trading Group (RM53.0 million) and Bank (RM52.1 million)

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Money market instruments:				
Malaysian Government Securities	1,669,154	752,186	1,669,154	752,186
Malaysian Government Investment Certificates	105,578	60,305	45,344	-
Cagamas bonds	309,901	230,314	309,901	230,314
Negotiable Instruments of Deposit	2,449,991	1,718,179	2,449,991	1,718,179
Khazanah Bonds	-	-	-	-
	<u>4,534,624</u>	<u>2,760,984</u>	<u>4,474,390</u>	<u>2,700,679</u>
Quoted securities:				
Foreign currency bonds	-	-	-	-
Unquoted securities:				
Shares	27,578	27,054	27,003	26,479
Private debt securities	196,427	211,518	130,520	145,441
Loan Stocks	2,380	2,845	2,380	2,845
	<u>226,385</u>	<u>241,417</u>	<u>159,903</u>	<u>174,765</u>
Total securities held-to-maturity	<u>4,761,009</u>	<u>3,002,401</u>	<u>4,634,293</u>	<u>2,875,444</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Overdrafts	2,091,023	2,435,782	2,085,741	2,425,797
Term loans:				
- Housing and shop loans/financing	20,221,983	19,445,381	16,677,609	16,252,857
- Syndicated term loan/financing	1,498,039	1,422,294	1,308,730	1,206,734
- Hire purchase receivables	5,966,691	6,167,037	3,401,501	3,195,623
- Lease receivables	19,265	22,602	-	-
- Other term loans/financing	1,744,685	2,512,094	1,617,621	2,370,894
Credit/charge card receivables	1,990,133	1,925,986	1,990,133	1,925,986
Bills receivables	262,147	357,255	262,147	354,769
Trust receipts	98,679	139,725	98,679	139,725
Claims on customers under acceptance credits	2,491,870	3,057,364	2,454,980	2,861,952
Block discounting	8,214	8,422	8,214	8,396
Revolving credits	1,283,740	799,314	1,283,740	799,314
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	100,110	102,020	100,086	101,979
Other loans/financing	46,891	48,339	46,230	47,561
	<u>37,823,470</u>	<u>38,443,615</u>	<u>31,335,411</u>	<u>31,691,587</u>
Unearned interest and income	(3,200,956)	(3,001,136)	(622,365)	(581,463)
Gross loans, advances and financing	<u>34,622,514</u>	<u>35,442,479</u>	<u>30,713,046</u>	<u>31,110,124</u>
Fair value changes arising from fair value hedges	84,418	(35,717)	43,014	(21,063)
Allowance for bad and doubtful debts and financing:				
- General	(514,390)	(526,957)	(456,187)	(461,900)
- Specific	(387,416)	(345,781)	(355,759)	(320,954)
Net loans, advances and financing	<u><u>33,805,126</u></u>	<u><u>34,534,024</u></u>	<u><u>29,944,114</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>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Domestic non-bank financial institutions	109,734	122,659	89,450	102,211
Domestic business enterprises				
- Small and medium enterprises	3,177,729	3,505,565	2,946,926	3,160,983
- Others	6,351,875	7,200,936	5,867,127	6,590,822
Government and statutory bodies	392	1,592	342	1,533
Individuals	23,875,059	23,477,491	20,755,245	20,163,640
Other domestic entities	17,851	25,976	16,282	23,997
Foreign entities	1,089,874	1,108,260	1,037,674	1,066,938
Gross loans, advances and financing	34,622,514	35,442,479	30,713,046	31,110,124

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Fixed rate				
- Housing and shop loans/financing	671,211	1,634,343	243,375	1,125,875
- Hire purchase receivables	4,285,693	5,395,285	2,020,186	2,771,276
- Other fixed rate loan/financing	2,453,717	3,025,201	2,312,443	2,822,549
Variable rate				
- Base lending rate plus	23,735,041	22,468,590	22,697,080	21,471,366
- Cost plus	3,464,740	2,800,269	3,427,850	2,800,267
- Other variables rates	12,112	118,791	12,112	118,791
Gross loans, advances and financing	34,622,514	35,442,479	30,713,046	31,110,124

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Purchase of securities	336,422	517,205	336,070	516,773
Purchase of transport vehicles	4,923,144	5,017,181	2,791,336	2,584,272
Purchase of landed properties				
- residential	13,819,079	13,275,941	12,706,575	12,278,962
- non-residential	4,321,065	4,232,178	4,127,437	4,037,636
Personal use	2,562,017	2,363,560	2,504,797	2,303,164
Credit card	1,986,059	1,925,986	1,986,059	1,925,986
Purchase of consumer durables	87	128	87	126
Construction	433,961	541,258	400,582	506,570
Working capital	6,237,238	7,564,139	5,856,682	6,951,781
Others	3,442	4,903	3,421	4,854
Gross loans, advances and financing	<u>34,622,514</u>	<u>35,442,479</u>	<u>30,713,046</u>	<u>31,110,124</u>

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Purchase of securities	11,192	13,793	10,972	13,551
Purchase of transport vehicles	72,553	56,043	41,395	32,267
Purchase of landed properties				
- residential	248,258	229,221	228,559	212,736
- non-residential	67,737	79,537	67,127	78,597
Personal use	44,383	40,969	44,170	40,843
Credit card	34,836	28,751	34,836	28,751
Construction	34,224	38,592	33,837	38,430
Working capital	351,827	353,493	346,072	349,377
Others	2	3	2	3
	<u>865,012</u>	<u>840,402</u>	<u>806,970</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>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
At beginning	840,402	1,033,380	794,555	970,373
Non-performing during the period/year	2,020,407	2,594,538	1,871,193	2,408,810
Reclassified as performing	(1,681,178)	(2,195,316)	(1,561,906)	(2,041,874)
Amount written back in respect of recoveries	(192,865)	(332,256)	(175,218)	(302,442)
Amount written off	(121,685)	(261,664)	(121,585)	(242,032)
Exchange differences	(69)	1,720	(69)	1,720
Closing balance	865,012	840,402	806,970	794,555
Specific allowance	(387,416)	(345,781)	(355,759)	(320,954)
Net non-performing loans, advances and financing	<u>477,596</u>	<u>494,621</u>	<u>451,211</u>	<u>473,601</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.4%</u>	<u>1.4%</u>	<u>1.5%</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>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>General Allowance</u>				
At beginning	526,957	481,746	461,900	425,782
Net provisions made during the year	(12,520)	44,443	(5,666)	35,350
Exchange differences	(47)	768	(47)	768
Closing balance	<u>514,390</u>	<u>526,957</u>	<u>456,187</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	220,626	298,603	209,333	276,805
Amount written back in respect of recoveries	(57,241)	(105,139)	(52,878)	(95,820)
Amount written off	(121,685)	(261,663)	(121,585)	(242,031)
Exchange differences	(65)	1,220	(65)	1,220
Closing balance	<u>387,416</u>	<u>345,781</u>	<u>355,759</u>	<u>320,954</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Interest/Income receivable	90,222	140,316	84,948	134,075
* Other debtors, deposits and prepayments	1,459,452	1,738,749	1,629,413	1,961,638
Foreclosed properties	2,445	2,595	2,445	2,595
	<u>1,552,119</u>	<u>1,881,660</u>	<u>1,716,806</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 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>By type of customer</u>				
Government and statutory bodies	1,096,723	985,187	790,027	380,161
Business enterprises	32,351,012	30,087,451	27,808,302	25,997,556
Individuals	32,525,506	30,877,001	31,065,721	29,592,888
Others	938,561	598,308	706,983	496,055
	<u>66,911,802</u>	<u>62,547,947</u>	<u>60,371,033</u>	<u>56,466,660</u>

14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Licensed banks	3,484,336	5,891,409	3,484,336	5,302,409
Other financial institutions	37,940	481,167	17,940	291,167
	<u>3,522,276</u>	<u>6,372,576</u>	<u>3,502,276</u>	<u>5,593,576</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Interest/Profit payable	266,377	202,400	227,794	170,809
Zakat	43	79	-	-
Post employment benefits obligation				
- defined contribution plan	3,236	3,385	3,236	3,385
Loan advance payment	736,370	525,480	704,268	503,663
Amount due to subsidiary companies	-	-	42,611	42,593
Others	1,705,135	1,359,265	1,608,762	1,290,071
	<u>2,711,161</u>	<u>2,090,609</u>	<u>2,586,671</u>	<u>2,010,521</u>

16 Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	410,181	403,680	1,315,815	1,243,158
- Recoveries from NPLs	29,724	44,885	82,843	91,197
Money at call and deposit placements with financial institutions	159,156	192,557	566,083	585,481
Securities purchased under resale agreements	-	18,927	1,088	55,500
Securities held-for-trading	53,434	68,943	166,291	185,439
Securities available-for-sale	16,053	24,287	69,022	80,397
Securities held-to-maturity	35,399	8,602	108,571	26,337
Others	3	1,839	1,184	6,076
	<u>703,950</u>	<u>763,720</u>	<u>2,310,897</u>	<u>2,273,585</u>
Amortisation of premium less accretion of discount	2,905	4,320	11,170	5,169
Interest suspended	(4,085)	(542)	(11,795)	(5,655)
	<u><u>702,770</u></u>	<u><u>767,498</u></u>	<u><u>2,310,272</u></u>	<u><u>2,273,099</u></u>

16 Interest income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	411,747	403,697	1,321,574	1,242,916
- Recoveries from NPLs	29,724	44,885	82,843	91,197
Money at call and deposit placements with financial institutions	158,693	192,557	566,768	586,166
Securities purchased under resale agreements	-	18,927	1,088	55,500
Securities held-for-trading	53,436	68,943	166,518	185,652
Securities available-for-sale	16,279	24,287	68,789	80,397
Securities held-to-maturity	35,399	8,602	108,571	26,337
Others	(10)	1,839	1,111	6,076
	<u>705,268</u>	<u>763,737</u>	<u>2,317,262</u>	<u>2,274,241</u>
Amortisation of premium less accretion of discount	2,905	4,320	11,170	5,169
Interest suspended	(4,085)	(542)	(11,795)	(5,655)
	<u>704,088</u>	<u>767,515</u>	<u>2,316,637</u>	<u>2,273,755</u>

17 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	11,956	36,446	71,090	97,759
Deposits from customers	276,818	273,403	873,879	803,435
Short term corporate placements	76,408	100,943	288,848	304,858
Subordinated bonds	9,411	8,345	27,463	25,898
Others	180	692	717	13,675
	<u>374,773</u>	<u>419,829</u>	<u>1,261,997</u>	<u>1,245,625</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	11,480	36,446	71,775	98,445
Deposits from customers	277,063	274,200	875,206	805,598
Short term corporate placements	76,408	100,943	288,848	304,858
Subordinated bonds	9,411	8,345	27,463	25,898
Others	180	692	717	13,675
	<u>374,542</u>	<u>420,626</u>	<u>1,264,009</u>	<u>1,248,474</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	14,028	18,477	49,326	69,148
Service charges and fees	5,051	6,969	15,893	26,056
Guarantee fees	1,203	1,316	4,029	4,308
Other fee income	60,174	40,732	155,593	140,083
	<u>80,456</u>	<u>67,494</u>	<u>224,841</u>	<u>239,595</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	(14,832)	4,637	(10,985)	15,448
Net gain from sale of securities available-for-sale	(1,276)	3,164	25,441	5,744
Net gain from redemption of securities held-to-maturity	186	(354)	316	(352)
	<u>(15,922)</u>	<u>7,447</u>	<u>14,772</u>	<u>20,840</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	280	2,268	1,880	5,233
Securities available-for-sale	859	-	871	12
Securities held to maturity	-	70	3,423	2,723
	<u>1,139</u>	<u>2,338</u>	<u>6,174</u>	<u>7,968</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	12,234	13,085	31,295	17,439
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(1,778)	3,988	(4,057)	(11,234)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	12,493	(385)	8,206	(6,030)
(g) <u>Other income:</u>				
Foreign exchange gain	33,354	45,987	143,191	97,720
Rental income	88	47	168	267
Gain on disposal of property and equipment (net)	487	712	840	1,385
Profit from Takaful investments	2,232	1,939	4,868	7,643
Gain from disposal of subsidiary	-	-	-	-
Others	3,774	2,383	10,523	9,064
	<u>39,935</u>	<u>51,068</u>	<u>159,590</u>	<u>116,079</u>
Total other operating income	<u>128,557</u>	<u>145,035</u>	<u>440,822</u>	<u>384,657</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
(a) Fee income:				
Commissions	14,021	18,402	49,264	69,072
Service charges and fees	5,051	6,969	15,893	26,056
Guarantee fees	1,203	1,316	4,029	4,308
Other fee income	60,191	40,743	155,645	140,126
	<u>80,466</u>	<u>67,430</u>	<u>224,831</u>	<u>239,562</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading and derivatives	(14,832)	4,637	(10,985)	15,448
Net gain from sale of securities available-for-sale	(1,276)	3,164	25,441	5,744
Net gain from redemption of securities held-to-maturity	186	(354)	316	(352)
	<u>(15,922)</u>	<u>7,447</u>	<u>14,772</u>	<u>20,840</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	280	2,268	1,880	5,233
Securities available-for-sale	859	-	871	12
Securities held to maturity	-	70	3,423	2,723
	<u>1,139</u>	<u>2,338</u>	<u>6,174</u>	<u>7,968</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	4,432	13,086	(30,287)	17,440
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(1,778)	3,988	(4,057)	(11,234)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	8,420	(4,577)	7,963	(2,370)
(g) <u>Other income:</u>				
Foreign exchange gain	33,378	45,987	143,171	97,720
Rental income	88	47	168	267
Gain on disposal of property and equipment (net)	487	712	840	1,385
Gain from disposal of subsidiary	-	-	6,447	-
Others	3,258	3,027	10,159	10,185
	<u>37,211</u>	<u>49,773</u>	<u>160,785</u>	<u>109,557</u>
Total other operating income	<u>113,968</u>	<u>139,485</u>	<u>380,182</u>	<u>381,763</u>

19 Other operating expenses

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	100,541	96,677	295,664	281,440
- Others	8,828	8,389	27,871	24,283
<u>Establishment costs</u>				
- Depreciation equipment equipment	11,455	11,711	34,710	33,093
- Depreciation of Prepaid Lease	21	7	63	59
- Amortisation of intangible assets	3,375	3,320	10,371	9,560
- Rental	9,760	10,878	31,373	31,979
- Information technology expenses	10,945	11,359	34,918	31,701
- Others	10,226	9,973	28,897	30,879
<u>Marketing expenses</u>				
- Advertisement and publicity	21,962	14,845	51,851	38,681
- Handling fees	2,361	4,261	8,704	12,345
- Others	11,113	11,966	37,058	34,535
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,107	2,568	7,284	7,486
- Stationery & printing	2,217	4,074	9,045	11,116
- Others	23,188	24,240	74,993	71,843
	<u>218,099</u>	<u>214,268</u>	<u>652,802</u>	<u>619,000</u>

19 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	90,540	88,786	263,651	258,434
- Others	7,916	7,539	24,858	21,723
<u>Establishment costs</u>				
- Depreciation equipment	11,179	11,459	33,921	32,368
- Depreciation of Prepaid Lease	19	14	56	52
- Amortisation of intangible assets	3,254	3,217	10,012	9,270
- Rental	9,165	10,256	29,593	30,261
- Information technology expenses	10,740	10,894	34,230	30,438
- Others	8,418	8,734	24,210	26,933
<u>Marketing expenses</u>				
- Advertisement and publicity	21,843	14,738	51,514	38,317
- Handling fees	1,820	2,168	6,473	5,874
- Others	10,226	10,764	35,293	31,191
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,087	2,548	7,217	7,427
- Stationery & printing	2,169	4,002	8,881	10,987
- Others	22,878	23,036	72,566	68,843
	<u>202,254</u>	<u>198,155</u>	<u>602,475</u>	<u>572,118</u>

20 Allowance for losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	(11,696)	12,450	(12,521)	33,015
- specific allowance	77,748	69,666	220,626	194,378
- specific allowance written back	(18,368)	(23,492)	(57,241)	(78,340)
Bad debts and financing written off	1,681	1,297	6,185	4,928
Bad debts and financing recovery	(21,059)	(18,231)	(91,879)	(67,755)
	<u>28,306</u>	<u>41,690</u>	<u>65,170</u>	<u>86,226</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	(7,636)	9,121	(5,667)	24,560
- specific allowance	73,897	65,885	209,333	178,971
- specific allowance written back	(17,127)	(21,008)	(52,878)	(71,695)
Bad debts and financing written off	1,577	1,248	5,875	4,726
Bad debts and financing recovery	(19,837)	(17,538)	(88,059)	(64,110)
	<u>30,874</u>	<u>37,708</u>	<u>68,604</u>	<u>72,452</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 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	2,041,327	1,821,618	1,862,783	1,737,205
Other reserves	1,888,482	1,861,893	1,787,584	1,779,861
Less: Treasury shares	(699,046)	(699,041)	(699,046)	(699,041)
Less: Deferred tax	(184,292)	(173,153)	(165,877)	(155,303)
Add: Minority interest	43,441	43,698	-	-
Total tier-1 capital	5,209,684	4,974,786	4,905,215	4,782,493
Tier-2 capital				
General provision	514,390	526,957	456,187	461,900
Subordinated bonds	729,100	653,500	729,100	653,500
Total tier-2 capital	1,243,490	1,180,457	1,185,287	1,115,400
Total capital	6,453,174	6,155,243	6,090,502	5,897,893
Less: Investment in subsidiary companies	-	-	(575,746)	(592,041)
Less: Investment in associated company	(1,152,465)	-	(946,505)	-
Less: Holdings of other banking institution's capital instruments	(69,265)	(31,858)	(69,265)	(31,858)
Total capital base	5,231,444	6,123,385	4,498,986	5,273,994
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	15.20%	13.30%	14.68% *	14.29%
Risk-weighted Capital Ratio	15.26%	16.36%	14.68%	15.76%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	15.20%	12.84%	14.68% *	13.78%
Risk-weighted Capital Ratio	15.26%	15.91%	14.68%	15.25%

*As stipulated under Bank Negara Guidelines, the Bank's Core Capital Ratio is equal to the Risk-weighted Capital Ratio as the deduction from Total Capital is more than Eligible Tier 2 Capital.

The profit after tax of the Group and the Bank for the half year ended 31 December 2008, had been subjected to a limited review by our external auditors. As such the Group's and the Bank's profit after tax for the nine months period ended 31 March 2009 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively

21 Capital adequacy (continued)

a) The capital adequacy ratios of the banking subsidiary company of the Group are as follows:

	Hong Leong Islamic Bank Berhad *
As at 31 March 2009	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.40%
Risk-weighted capital ratio	<u>21.14%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.40%
Risk-weighted capital ratio	<u>21.14%</u>
As at 30 June 2008	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	16.33%
Risk-weighted capital ratio	<u>17.97%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	16.33%
Risk-weighted capital ratio	<u>17.97%</u>

*

The capital adequacy ratios of Hong Leong Islamic Berhad is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Hong Leong Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy approach requirement is 8% for the risk-weighted capital ratio.

22 Group segmental reporting on revenue, profit and assets

Financial Quarter ended 31/03/2009

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
By business segment					
External revenue	302,116	3,137	183,540	2,232	491,024
Inter-segment revenue	47,199	43,256	(90,456)	-	(0)
Segment revenue	349,315	46,393	93,084	2,232	491,024
Segment profit before taxation	157,310	20,664	66,417	228	244,619
Share of profit after tax of equity accounted associated company					24,131
Profit before taxation					268,750
Taxation and zakat					(62,151)
Profit after taxation					206,599

Financial Period ended 31/03/2009

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
By business segment					
External revenue	928,233	31,530	640,732	4,868	1,605,362
Inter-segment revenue	146,888	150,360	(297,249)	-	(0)
Segment revenue	1,075,121	181,890	343,483	4,868	1,605,362
Segment profit before taxation	501,131	113,082	240,693	(725)	854,181
Share of profit after tax of equity accounted associated company					70,545
Profit before taxation					924,726
Taxation and zakat					(219,013)
Profit after taxation					705,713
Segment assets	27,476,139	6,557,187	42,802,997	291,566	77,127,889
Unallocated assets					2,950,850
Total assets					80,078,739

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

	Corresponding Quarter Ended 31/03/2008				
	Personal	Wholesale Banking			Total RM'000
	Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	
<u>By business segment</u>					
External revenue	264,422	60,730	205,972	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			Total RM'000
	Financial Services RM'000	Corporate & Commercial RM'000	Treasury RM'000	Takaful Business 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)	-	(0)
Segment revenue	<u>1,032,109</u>	<u>225,674</u>	<u>266,540</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>

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 8 April 2009, Hong Leong Bank Berhad ("HLB") announced that it had entered into a sale and purchase agreement ("SPA") with HLA Holdings Sdn Bhd ("HLAH") for the disposal of its entire shareholding of 55,000,000 ordinary shares of RM1.00 each in Hong Leong Tokio Marine Takaful Berhad ("HLTMT"), representing 55% of the issued and paid-up share capital of HLTMT to HLAH for cash.

The consideration for the Proposed Disposal will be based on the net assets of HLTMT as at the last day of the calendar month on which all the conditions precedent under the SPA have been fulfilled and/or waived or such other date as may be agreed by the parties thereto. The proceeds from the Proposed Disposal will be utilised by HLB for working capital purposes.

(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 December 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 and WTP was dissolved on 10 March 2009.

(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. The Internal Reorganisation was completed on 20 October 2008.

(iii) On 9 January 2009, HLB announced that The State Bank of Vietnam has granted a license to HLB to incorporate and operate a 100% wholly owned commercial bank in Vietnam. The 100% wholly owned commercial bank shall be known as Hong Leong Bank Vietnam Limited (HLBVN). The charter capital of HLBVN is 1,000,000,000,000 (one trillion) Vietnamese Dong which is approximately equivalent to RM205 million at current exchange rates. HLB is required to incorporate HLBVN and commence operations in Vietnam within 12 months from the date of issuance of the aforesaid license.

With the establishment of a bank in Vietnam, HLB will be able to tap into the promising and expanding market of Vietnam, which has a population of over 85 million people. This is part of HLB's long term goal of establishing a bigger presence in Asia.

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 31/03/2009			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
The Group						
Direct credit substitutes	207,204	207,204	194,326	207,396	207,396	193,849
Transaction-related contingent items	273,716	136,858	122,211	287,933	143,966	129,875
Short-term self liquidating trade-related contingencies	407,727	81,545	76,809	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	-	-	-	4,279,447	2,139,724	1,743,385
- maturity less than 1 year	-	-	-	13,458,683	2,691,736	2,189,391
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,614,664	-	-	-	-	-
Foreign exchange related contracts	21,978,381	1,059,255	642,424	24,024,375	1,016,617	601,625
Interest rate related contracts	40,287,960	1,379,504	756,649	38,339,797	411,764	165,943
Equity related contracts	285,223	20,704	10,428	302,223	22,243	12,583
Miscellaneous	-	-	-	-	-	-
Total	82,054,875	2,885,070	1,802,847	81,641,545	6,781,784	5,179,026

25 Commitments and contingencies (continued)

	Financial Period Ended 31/03/2009			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
The Bank						
Direct credit substitutes	207,204	207,204	194,326	207,396	207,396	193,849
Transaction-related contingent items	239,474	119,737	105,156	253,585	126,792	112,744
Short-term self liquidating trade-related contingencies	407,211	81,442	76,732	737,476	147,495	141,583
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	-	-	-	3,554,073	1,777,037	1,440,859
- maturity less than 1 year	-	-	-	13,256,242	2,651,248	2,149,575
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	17,689,174	-	-	-	-	-
Foreign exchange related contracts	21,978,381	1,059,255	642,424	24,024,375	1,016,617	601,625
Interest rate related contracts	40,287,960	1,379,504	756,649	38,339,797	411,764	165,943
Equity related contracts	285,223	20,704	10,428	302,223	22,243	12,583
Miscellaneous	-	-	-	-	-	-
Total	81,094,627	2,867,846	1,785,715	80,675,167	6,360,592	4,818,761

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 2009	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	23,753,621					961,722		24,715,343	2.1
Deposits & placement with banks & other financial institution		3,910,090	185,941					4,096,031	2.1
Securities purchased under resale agreement	-	-						-	
Securities held at fair value through profit and loss							6,154,166	6,154,166	2.6
Securities available-for-sale	180,146	528,128	211,081	1,255,678	515,347	58,175	-	2,748,555	4.3
Securities held-to-maturity	299,800	1,160,020	1,329,052	1,816,037	126,141	29,959		4,761,009	3.3
Loans, advances and financing									
- performing	27,591,529	102,505	279,917	3,113,501	2,754,468	(507,226)		33,334,694	6.0
- non-performing						470,432		470,432	
Other assets						1,552,119		1,552,119	
Statutory deposits with BNM						370,264		370,264	
Investment in subsidiary						-		-	
Investment in associated companies						1,152,465		1,152,465	
Prepaid land lease payments						6,223		6,223	
Property, plant and equipment						312,029		312,029	
Intangible assets						26,299		26,299	
Deferred tax assets						185,655		185,655	
General and Family Takaful fund assets						193,455		193,455	
Total assets	51,825,096	5,700,743	2,005,991	6,185,216	3,395,956	4,811,571	6,154,166	80,078,739	
Liabilities									
Deposits from customers	37,272,039	7,717,481	14,777,973	795,497	-	6,348,812	-	66,911,802	2.3
Deposits & placement of banks & other financial institutions	2,908,527	610,583	-	-	-	3,166		3,522,276	2.0
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	18,585	64,379	41,627	-	-	77,240		201,831	2.8
Other liabilities						2,711,161		2,711,161	-
Subordinated obligations				761,002				761,002	5.2
Short term syndicated loan								-	
Provision for taxation						93,964		93,964	
General and Family Takaful fund liabilities						8,164		8,164	
General and Family Takaful fund policyholders' fund						185,291		185,291	
Total liabilities	40,199,151	8,392,443	14,819,600	1,556,499	-	9,427,798	-	74,395,491	
Shareholders funds						5,683,248	-	5,683,248	
Total liabilities and Shareholders' funds	40,199,151	8,392,443	14,819,600	1,556,499	-	15,111,046	-	80,078,739	
On-balance sheet profit sensitivity gap	11,625,944	(2,691,700)	(12,813,609)	4,628,717	3,395,956				

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				
Assets									
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						-		-	
Prepaid and lease payments						6,286		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	
Total assets	50,804,432	3,897,308	2,508,435	7,492,648	3,630,699	4,271,038	4,856,645	77,461,205	
Liabilities									
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	
Total liabilities	41,381,578	7,440,690	13,847,156	1,610,895	-	8,047,648	-	72,327,967	
Shareholders funds						5,133,238	-	5,133,238	
Minority interest							-	-	
Total liabilities and Shareholders' funds	41,381,578	7,440,690	13,847,156	1,610,895	-	13,180,886	-	77,461,205	
On-balance sheet profit sensitivity gap	9,422,854	(3,543,382)	(11,338,721)	5,881,753	3,630,699				

27 e) Interest/Profit rate risk

Bank As at 31 March 2009	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	22,074,303					709,698		22,784,001	2.2
Deposits & placement with banks & other financial instrument		3,860,090	158,967					4,019,057	2.2
Securities purchased under resale agreement	-	-						-	
Securities held at fair value through profit and loss							4,751,137	4,751,137	3.5
Securities available-for-sale	180,146	528,128	191,581	1,017,458	444,581	57,218		2,419,112	4.4
Securities held-to-maturity	299,800	1,160,020	1,329,052	1,816,037	-	29,384		4,634,293	3.3
Loans, advances and financing									
- performing	26,530,186	85,234	190,176	1,772,509	1,370,986	(449,419)		29,499,671	6.1
- non-performing						444,443		444,443	
Other assets						1,716,806		1,716,806	
Statutory deposits with BNM						325,900		325,900	
Investment in subsidiary						575,746		575,746	
Investment in associated companies						946,505		946,505	
Prepaid land lease payments						5,347		5,347	
Property, plant and equipment						296,160		296,160	
Intangible assets						24,845		24,845	
Deferred tax assets						167,457		167,457	
Total assets	49,084,435	5,633,472	1,869,776	4,606,004	1,815,567	4,850,090	4,751,137	72,610,480	
Liabilities									
Deposits from customers	33,072,944	6,604,038	14,109,704	572,307	-	6,012,039	-	60,371,033	2.3
Deposits & placement of banks & other financial institutions	2,888,528	610,583	-	-	-	3,166		3,502,276	2.1
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	5,423	11,937	6,857	-	-	162,681		186,897	2.8
Short Term Corporate Placements	-	-	-	-	-	-		-	-
Other liabilities						2,586,671		2,586,671	
Subordinated obligations				761,002				761,002	5.2
Short term syndicated loan								-	-
Provision for taxation						33,319		33,319	
General and Family Takaful fund liabilities						-		-	
General and Family Takaful fund policyholders' fund						-		-	
Total liabilities	35,966,895	7,226,558	14,116,561	1,333,309	-	8,797,875	-	67,441,198	
Shareholders funds						5,169,282		5,169,282	
Total liabilities and Shareholders' funds	35,966,895	7,226,558	14,116,561	1,333,309	-	13,967,157	-	72,610,480	
On-balance sheet profit sensitivity gap	13,117,540	(1,593,086)	(12,246,785)	3,272,695	1,815,567				

27 d) Interest/Profit rate risk

Bank 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				
Assets									
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	
Total assets	47,757,632	3,845,754	2,380,661	5,167,729	2,059,019	4,805,931	3,976,030	69,992,756	
Liabilities									
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						-		-	
Total liabilities	36,793,521	6,447,752	12,679,378	1,399,784	-	7,749,188	-	65,069,623	
Shareholders funds						4,923,133		4,923,133	
Total liabilities and Shareholders' funds	36,793,521	6,447,752	12,679,378	1,399,784	-	12,672,321	-	69,992,756	
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 31 March 2009

	The Group	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
ASSETS		
Cash and short-term funds	1,921,217	1,871,430
Deposits and placements with bank and other financial institutions	76,974	-
Securities - Held-for-trading	1,451,700	927,570
Securities - Available-for-trading	263,605	780,812
Securities - Held-to-maturity	126,716	126,957
Financing, advances and other financing	3,819,101	4,242,329
Other assets	75,181	7,054
Statutory deposits with Bank Negara Malaysia	44,364	144,964
Property, plant and equipment	1,859	1,854
Deferred tax assets	18,198	17,850
Total Assets	7,798,915	8,120,820
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	6,655,037	6,208,081
Deposits and placements of banks and other financial institutions	20,000	779,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	14,934	110,480
Other liabilities	375,450	351,119
Provision for taxation	9,017	7,408
Total Liabilities	7,074,438	7,456,088
Islamic banking capital fund	500,000	500,000
Reserves	224,477	164,732
Islamic Banking Funds	724,477	664,732
Total Liabilities and Islamic Banking Funds	7,798,915	8,120,820
COMMITMENTS AND CONTINGENCIES	960,248	966,378

28 Operations of Islamic Banking (continued)

28b Unaudited Income Statements for the 3rd Quarter and Cumulative 9 Months Ended 31 March 2009

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Income derive from investment of deposits' funds and others	71,392	70,007	255,410	213,224
Income derive from investment of shareholders' funds	9,848	10,671	29,398	26,585
Allowance for losses on financing	2,220	(4,156)	2,075	(15,892)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	(6,658)	(1,939)	(17,885)	(1,145)
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
Total distributable income	76,802	74,583	268,998	222,772
Income attributable to deposits	(40,115)	(38,545)	(150,658)	(118,831)
Total net income	36,687	36,038	118,340	103,941
Other operating expenses	(13,918)	(13,387)	(45,006)	(39,446)
Profit before taxation and zakat	22,769	22,651	73,334	64,495
Zakat	(12)	-	(41)	-
Taxation	(5,655)	(5,860)	(18,315)	(16,747)
Profit after taxation and zakat	17,102	16,791	54,978	47,748
Profit attributable to shareholders	17,102	16,791	54,978	47,748
Earning per share - basic (sen)	3.42	3.36	11.00	9.55
Earning per share - fully diluted (sen)	3.42	3.36	11.00	9.55

28 Operations of Islamic Banking (continued)

28c Financing, advances and other financing

(i) By type

	<u>The Group</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Cash line	6,157	11,230
Term financing		
- Housing financing	3,515,989	3,192,524
- Hire purchase receivable	2,563,123	2,971,414
- Lease receivable	17,840	21,080
- Other term financing	346,825	356,760
Claims on customers under acceptance credit	36,890	197,898
Staff financing	24	41
Revolving credit	-	26
Others	662	778
	<u>6,487,510</u>	<u>6,751,751</u>
Less: Unearned income	(2,578,581)	(2,419,663)
	<u>3,908,929</u>	<u>4,332,088</u>
Less: Allowance for bad and doubtful financing		
- General	(58,171)	(65,025)
- Specific	(31,657)	(24,734)
Total net financing, advances and other financing	<u><u>3,819,101</u></u>	<u><u>4,242,329</u></u>

(ii) By contract

	<u>The Group</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,579,348	1,484,449
Ijarah (lease)	17,253	20,028
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,275,438	2,629,727
Murabahah (cost-plus)	36,890	197,884
	<u><u>3,908,929</u></u>	<u><u>4,332,088</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 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
At beginning	45,754	61,070
Classified as non-performing during the period	149,214	185,715
Reclassified as performing	(119,272)	(153,442)
Amount recovered	(17,647)	(29,708)
Amount written off	(7)	(17,881)
At end	<u>58,042</u>	<u>45,754</u>
Net non-performing financing, advances and other financing	<u>26,385</u>	<u>21,020</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.7%</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

	The Group	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
General allowance		
At beginning	65,025	55,932
Allowance made / (written back)	(6,854)	9,093
At end	<u>58,171</u>	<u>65,025</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
At beginning	24,734	29,917
Allowance made / (written back)	11,293	21,780
Amount recovered	(4,363)	(9,082)
Amount written off	(7)	(17,881)
At end	<u>31,657</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 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Non-Mudharabah		
Demand deposits	353,232	362,557
Saving deposits	581,544	555,853
Negotiable Islamic Debt Certificate	886,322	529,911
Others	-	-
	<u>1,821,098</u>	<u>1,448,321</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	543,343	478,049
General investment deposits	1,569,790	1,635,080
Specific investment deposits	2,720,806	2,646,631
Others	-	-
	<u>4,833,939</u>	<u>4,759,760</u>
	<u><u>6,655,037</u></u>	<u><u>6,208,081</u></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

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

The Group for the 9 months ended 31 March 2009 achieved a pre-tax profit of RM924.7 million as compared to RM825.7 million for the corresponding previous year, representing an increase of 12% or RM99.0 million. The increase in pre-tax profit was due to higher net interest income, which increased by RM20.8 million while non interest income grew by RM56.2 million. The increased in pre-tax profit was also contributed by RM70.5 million arising from share of profits in Bank of Chengdu Ltd while loan loss provision was also lower by RM21.1 million. However this was off set by impairment loss of RM33.2 million and operating expenses which increased by RM33.8 million.

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM268.8 million for the current financial quarter ended 31 March 2009, a decrease of RM8.2 million or 3% as compared to previous corresponding quarter. The decrease in profitability was due to lower net interest income of RM19.7 million due to two downward revision of OPR in the current quarter, while non interest income was also lower by RM16.5 million due to relatively lower foreign exchange profit and the other fee income.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM268.8 million as compared to RM340.0 million in the preceding quarter, a decrease of RM71.2 million mainly from lower net income of RM73.2 million.

3 Current year prospects

The Group continues to be cautiously optimistic on the outlook for the Bank despite the external head-winds from the financial crisis and depressed global conditions. The current market dislocation presents opportunities for growth in existing as well as new markets. These will be pursued while maintaining continued vigilance on risk and sustainability.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	Current Quarter Ended 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000
The Group				
Malaysian income tax	63,299	75,154	220,304	220,582
Oversea tax	-	-	-	-
	<u>63,299</u>	<u>75,154</u>	<u>220,304</u>	<u>220,582</u>
Transfer from/(to) deferred taxation	(1,160)	(3,617)	(1,332)	(2,648)
	<u>62,139</u>	<u>71,537</u>	<u>218,972</u>	<u>217,934</u>

	Current Quarter Ended 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000
The Bank				
Malaysian income tax	53,945	67,934	184,562	201,726
Oversea tax	-	-	-	-
	<u>53,945</u>	<u>67,934</u>	<u>184,562</u>	<u>201,726</u>
Transfer from/(to) deferred taxation	(511)	(2,300)	607	(833)
	<u>53,434</u>	<u>65,634</u>	<u>185,169</u>	<u>200,893</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 were no corporate proposals announced but not completed as at the date of this report other than as mentioned below:-

The Bank had on 18 December 2008, announced that its wholly-owned subsidiary, HLF Credit (Perak) Berhad ("HLFCP") proposes to issue up to RM1,096.3 million nominal value of unsecured and unsubordinated bonds ("Proposed Bonds Issue") to raise funds to subscribe for foreign currency denominated principal protected investments through its subsidiaries.

The tenure of the Bonds will be for four (4) years from the date of issuance. The Bonds will be issued via private placement basis. HLB will be assuming the role of Principal Advisor/Lead Arranger of the Proposed Bonds Issue.

The Proposed Bonds is subject to the approval of the Securities Commission ("SC"). SC's approval was obtained on 27 February 2009.

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 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Deposits from customers				
Fixed deposits	36,872,177	33,984,323	32,630,720	29,766,590
Negotiable instruments of deposit	3,591,382	1,697,204	2,753,730	1,215,964
Demand deposits	6,348,812	6,000,146	6,012,039	5,651,734
Saving deposits	7,775,366	7,491,714	6,650,479	6,457,812
Short term corporate placement	12,124,765	13,159,163	12,124,765	13,159,163
Other	199,300	215,397	199,300	215,397
	<u>66,911,802</u>	<u>62,547,947</u>	<u>60,371,033</u>	<u>56,466,660</u>

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	39,716,733	34,737,382	34,812,143	30,254,520
More than one year (medium/long term)	746,826	944,145	572,307	728,034
	<u>40,463,559</u>	<u>35,681,527</u>	<u>35,384,450</u>	<u>30,982,554</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	3,484,336	5,891,409	3,484,336	5,302,409
Other financial institutions	37,940	481,167	17,940	291,167
	<u>3,522,276</u>	<u>6,372,576</u>	<u>3,502,276</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)	3,522,276	6,372,576	3,502,276	5,593,576
More than one year (medium/long term)	-	-	-	-
	<u>3,522,276</u>	<u>6,372,576</u>	<u>3,502,276</u>	<u>5,593,576</u>

11 Subordinated bonds

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Subordinated bonds - USD200 million	<u>761,002</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 31 March 2009:

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	8,261,002	3,950,395	2,390,848	1,451,630	468,129	-	-
- swaps	13,140,384	5,595,646	2,478,998	913,945	273,195	3,579,932	298,668
- options	576,995	468,986	79,274	28,735	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	7,535,848	-	1,600,437	913,250	2,102,161	2,920,000	-
- swaps	32,752,112	630,000	674,391	996,934	3,903,223	19,515,549	7,032,015
Total	62,266,341	10,645,027	7,223,948	4,304,494	6,746,708	26,015,481	7,330,683

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	8,261,002	3,950,395	2,390,848	1,451,630	468,129	-	-
- swaps	13,140,384	5,595,646	2,478,998	913,945	273,195	3,579,932	298,668
- options	576,995	468,986	79,274	28,735	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	7,535,848	-	1,600,437	913,250	2,102,161	2,920,000	-
- swaps	32,752,112	630,000	674,391	996,934	3,903,223	19,515,549	7,032,015
Total	62,266,341	10,645,027	7,223,948	4,304,494	6,746,708	26,015,481	7,330,683

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 RM160,648,920 (FYE June 2008: RM881,960,520) and RM37,506,198,840 (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 RM923,692,494 (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.

For financial period ended 31 March 2009, a total dividend of 9 sen per share less tax at 25% has been paid (2007/2008 : 9 sen per share less tax at 26%).

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 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	206,500	205,721	705,970	607,831
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	(131,092)	(131,090)	(131,092)	(130,904)
	<u>1,449,015</u>	<u>1,449,017</u>	<u>1,449,015</u>	<u>1,449,203</u>
Basic earnings per share (sen)	14.3	14.2	48.7	41.9
<u>The Bank</u>				
Net profit attributable to shareholders of the company	156,952	184,877	543,353	560,572
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	(131,092)	(131,090)	(131,092)	(130,904)
	<u>1,449,015</u>	<u>1,449,017</u>	<u>1,449,015</u>	<u>1,449,203</u>
Basic earnings per share (sen)	10.8	12.8	37.5	38.7

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 31/03/2009 RM'000	Corresponding Quarter Ended 31/03/2008 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	206,500	205,721	705,970	607,831
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,015	1,449,017	1,449,015	1,449,203
- adjustment for ESOS	-	-	-	-
	<u>1,449,015</u>	<u>1,449,017</u>	<u>1,449,015</u>	<u>1,449,203</u>
Fully diluted earnings per share (sen)	14.3	14.2	48.7	41.9
<u>The Bank</u>				
Net profit attributable to shareholders of the company	156,952	184,877	543,353	560,572
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,015	1,449,017	1,449,015	1,449,203
- adjustment for ESOS	-	-	-	-
	<u>1,449,015</u>	<u>1,449,017</u>	<u>1,449,015</u>	<u>1,449,203</u>
Fully diluted earnings per share (sen)	10.8	12.8	37.5	38.7