

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Balance Sheet As At 30 June 2009

	Note	The Group		The Bank	
		Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
ASSETS					
Cash and short-term funds		18,343,622	22,264,674	15,820,913	20,392,853
Deposits and placements with financial institutions		5,417,120	2,137,640	5,291,952	2,137,640
Securities purchased under resale agreements		-	972,742	-	972,742
Securities held at fair value through profit and loss	8	7,058,396	4,856,645	5,095,423	3,976,030
Securities available-for-sale	9	4,103,431	5,829,084	3,570,387	5,004,554
Securities held-to-maturity	10	6,355,027	3,002,401	6,228,404	2,875,444
Loans, advances and financing	11	34,795,414	34,534,024	30,938,086	30,306,207
Other assets	12	1,198,162	1,881,660	1,477,380	2,098,308
Statutory deposits with Bank Negara Malaysia		368,564	1,315,464	322,500	1,170,500
Investment in subsidiary companies		-	-	575,746	592,041
Investment in an associated company		1,045,285	-	946,505	-
Prepaid land lease payments		6,202	6,286	5,328	5,403
Property, plant and equipment		312,821	290,301	296,995	274,222
Intangible assets		29,548	33,262	28,213	31,509
Deferred tax assets		153,613	173,153	134,681	155,303
General and Family Takaful fund assets		217,337	163,869	-	-
Total Assets		79,404,542	77,461,205	70,732,513	69,992,756
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	67,583,357	62,547,947	59,719,145	56,466,660
Deposits and placements of banks and other financial institutions	14	2,404,159	6,372,576	2,374,159	5,593,576
Obligations on securities sold under repurchase agreements		-	-	-	-
Bills and acceptance payable		251,386	411,183	235,253	300,703
Other liabilities	15	2,393,345	2,090,609	2,327,155	2,010,521
Subordinated Bonds		729,566	671,750	729,566	671,750
Provision for taxation		48,541	70,033	27,947	26,413
General and Family Takaful fund liabilities		8,277	3,232	-	-
General and Family Takaful policyholders' fund		209,059	160,637	-	-
Total Liabilities		73,627,690	72,327,967	65,413,225	65,069,623
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		4,852,809	4,208,474	4,438,233	4,042,067
Less: Treasury Shares		(699,052)	(699,041)	(699,052)	(699,041)
Total Shareholders' Equity		5,733,864	5,089,540	5,319,288	4,923,133
Minority interest		42,988	43,698	-	-
Total Equity		5,776,852	5,133,238	5,319,288	4,923,133
Total Liabilities and Equity		79,404,542	77,461,205	70,732,513	69,992,756
COMMITMENTS AND CONTINGENCIES	25	78,269,435	81,641,545	77,177,218	80,675,167
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	15.89%	13.30%	15.18%	14.29%
Risk-weighted capital ratio	21	16.47%	16.36%	15.18%	15.76%
After deducting proposed dividends					
Core capital ratio	21	15.42%	12.84%	14.65%	13.78%
Risk-weighted capital ratio	21	15.99%	15.91%	14.65%	15.25%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		3.96	3.51	3.67	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 June 2009

The Group

	Note	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000
Interest income	16	620,520	791,006	2,930,792	3,064,105
Interest expense	17	(315,675)	(439,321)	(1,577,672)	(1,684,946)
Net interest income		304,845	351,685	1,353,120	1,379,159
Net income from Islamic Banking business		60,076	40,210	176,341	160,044
Other operating income	18	128,689	94,480	569,511	479,137
Net Income		493,610	486,375	2,098,972	2,018,340
Other operating expenses	19	(223,753)	(229,762)	(876,555)	(848,762)
Operating profit before provision Allowance for losses on loans, advances and financing	20	269,857	256,613	1,222,417	1,169,578
Impairment loss		275	-	(32,934)	(1,009)
Share of profit after tax of equity accounted associated company		178,588	184,312	1,032,769	1,010,042
Profit before taxation (and zakat)		28,917	-	99,462	-
Taxation		207,505	184,312	1,132,231	1,010,042
Zakat		(8,580)	(50,247)	(227,552)	(268,181)
Net profit for the period		(13)	-	(54)	-
Attributable to:		198,912	134,065	904,625	741,861
Equity holders of the parent		199,365	133,987	905,335	741,818
Minority Interest		(453)	78	(710)	43
Net profit for the period		198,912	134,065	904,625	741,861
Earnings per share - basic (sen)		13.8	9.2	62.5	51.2
Earnings per share - fully diluted (sen)		13.8	9.2	62.5	51.2

Hong Leong Bank Berhad

Condensed Financial Statements Unaudited Income Statement For The Financial Quarter Ended 30 June 2009

The Bank

	Note	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000
Interest income	16	620,365	791,030	2,937,002	3,064,785
Interest expense	17	(315,874)	(439,819)	(1,579,883)	(1,688,293)
Net interest income		304,491	351,211	1,357,119	1,376,492
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	131,355	119,304	511,537	501,067
Net Income		435,846	470,515	1,868,656	1,877,559
Other operating expenses	19	(203,555)	(214,076)	(806,030)	(786,194)
Operating profit before provision		232,291	256,439	1,062,626	1,091,365
Allowances for losses on loans and financing	20	(74,693)	(68,883)	(143,297)	(141,335)
Impairment loss		275	-	(32,934)	(1,009)
		157,873	187,556	886,395	949,021
Share of profit after tax of equity accounted associated companies		-	-	-	-
Profit before taxation (and zakat)		157,873	187,556	886,395	949,021
Taxation		(41,548)	(51,598)	(226,717)	(252,491)
Zakat		-	-	-	-
Profit after taxation		116,325	135,958	659,678	696,530
Profit attributable to shareholders		116,325	135,958	659,678	696,530
Earnings per share - basic (sen)		8.0	9.4	45.5	48.1
Earnings per share - fully diluted (sen)		8.0	9.4	45.5	48.1

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 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	Treasury Shares RM'000			
As at 1 July 2008	1,580,107	539,664	1,823,644	(14,701)	2,720	35,529	1,821,618	(699,041)	5,089,540	43,698	5,133,238
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)	5,089,540	43,698	5,133,238
<i>Currency translation differences</i>	-	-	-	-	-	1,521	-	-	1,521	-	1,521
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	1,521	-	-	1,521	-	1,521
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Investment of shares in an associated company	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	905,335	-	905,335	(710)	904,625
Transfer to statutory reserve	-	-	37,177	-	-	-	(37,177)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	(11)	(11)	-	(11)
Net fair value changes in available for sale securities	-	-	-	(12,000)	-	-	-	-	(12,000)	-	(12,000)
Options charge arising from ESOS granted	-	-	-	-	10,302	-	-	-	10,302	-	10,302
Closing Balance @30 June 09	1,580,107	539,664	1,860,821	(26,701)	13,022	37,050	2,428,953	(699,052)	5,733,864	42,988	5,776,852
As at 1 July 2007	1,580,107	539,664	1,791,566	(9,508)	-	39,111	1,369,223	(695,111)	4,615,052	43,655	4,658,707
As at 1 July 2007, as restated	1,580,107	539,664	1,791,566	(9,508)	-	39,111	1,369,223	(695,111)	4,615,052	43,655	4,658,707
<i>Currency translation differences</i>	-	-	-	-	-	(3,582)	-	-	(3,582)	-	(3,582)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(3,582)	-	-	(3,582)	-	(3,582)
Investment of shares in a subsidiary	-	-	-	-	-	-	741,818	-	741,818	43	741,861
Net profit for the period	-	-	-	-	-	-	(32,078)	-	-	-	-
Transfer to statutory reserve	-	-	32,078	-	-	-	(257,345)	-	(257,345)	-	(257,345)
Dividend paid	-	-	-	-	-	-	-	(3,930)	(3,930)	-	(3,930)
less: Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Net fair value changes in available for sale securities	-	-	-	(5,193)	-	-	-	-	(5,193)	-	(5,193)
Options charge arising from ESOS granted	-	-	-	-	2,720	-	-	-	2,720	-	2,720
Closing Balance @ 30 June 08	1,580,107	539,664	1,823,644	(14,701)	2,720	35,529	1,821,618	(699,041)	5,089,540	43,698	5,133,238

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 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>	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	659,678	-	659,678
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	(11)	(11)
Net fair value changes in available for sale securities	-	-	-	(12,991)	-	-	-	-	(12,991)
Options charge arising from ESOS granted	-	-	-	-	10,302	-	-	-	10,302
Closing Balance @30 June 09	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,136,060	(699,052)	5,319,288
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	-	-	-	-	-	-	696,530	-	696,530
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(257,345)	-	(257,345)
less: Treasury shares	-	-	-	-	-	-	-	(3,930)	(3,930)
Net fair value changes in available for sale securities	-	-	-	(4,943)	-	-	-	-	(4,943)
Options charge arising from ESOS granted	-	-	-	-	2,720	-	-	-	2,720
Closing Balance @ 30 June 08	1,580,107	539,664	1,741,612	(14,663)	2,720	35,529	1,737,205	(699,041)	4,923,133

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Year Ended 30 June 2009

	The Group		The Bank	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Operating activities				
Profit before taxation	1,132,231	1,010,042	886,395	949,021
Adjustments for non-cash items	(159,373)	(11,837)	(53,135)	(62,170)
Operating profit before working capital changes	972,858	998,205	833,260	886,851
Income taxes and zakat paid	(224,802)	(289,257)	(199,384)	(268,350)
Net changes in working capital	(2,092,729)	9,660,180	(2,356,638)	8,630,968
Net cash flow from operating activities	(1,344,673)	10,369,128	(1,722,762)	9,249,469
Net cash flow from investing activities	(2,336,850)	(3,270,820)	(2,608,025)	(2,913,915)
Net cash flow from financing activities	(296,380)	(827,482)	(296,380)	(827,482)
Changes in cash and cash equivalents	(3,977,903)	6,270,826	(4,627,167)	5,508,072
Currency translation differences	56,851	3,932	55,227	3,932
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	18,343,622	22,264,674	15,820,913	20,392,853

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 JUNE 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 year ended 30 June 2009 other than as mentioned below:-

a) Share Buy-back

During the financial year ended 30 June 2009, the Bank purchased a total of 2,000 ordinary shares of RM1.00 each ("Shares") from the open market. The Shares purchased are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Details of the Shares bought back for the financial year ended 30 June 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	-	-	-	-	-
Apr-09	-	-	-	-	-
May-09	-	-	-	-	-
Jun-09	1,000	5.75	5.75	5.75	5,798
For the period	2,000	5.05	5.75	5.45	10,895

The total number of Shares bought back, all of which were held as treasury shares as at 30 June 2009 amounted to 81,092,700 Shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

6 Issuance and repayment of debt and equity securities (Continued)

b) Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of the Bank and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance to FRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares", in addition to the Treasury Shares for share buy-back, in the Shareholders' Funds on the Balance Sheet.

During the financial year ended 30 June 2009, the trust did not purchase any new shares. As at 30 June 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

A final dividend of 15.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2008 amounting to RM163.0 million was paid on 18 November 2008. An interim dividend of 9.0 sen per share less income tax of 25% in respect of financial year ending 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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury				
Bills	458,307	129,937	310,130	129,937
Malaysian Government Securities	838,842	195,689	838,842	195,689
Malaysian Government Investment				
Certificates	136,143	55,188	-	-
Bank Negara Malaysia (BNM)				
Bills	1,738,604	1,170,850	895,517	793,682
Bankers' Acceptance and Islamic				
Accepted bills	2,983,607	2,862,379	2,607,562	2,503,847
Negotiable Instruments of Deposit	887,971	306,353	443,372	265,676
Khazanah Bonds	14,922	47,334	-	-
	<u>7,058,396</u>	<u>4,767,730</u>	<u>5,095,423</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>7,058,396</u></u>	<u><u>4,856,645</u></u>	<u><u>5,095,423</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Money market instruments:				
Malaysian Government Investment Certificates	728,237	1,505,134	306,236	852,909
Negotiable Instruments of Deposit	-	16,760	-	16,760
Other Government Securities	9,081	8,343	9,081	8,343
Khazanah Bonds	9,948	9,531	-	-
Government Treasury Bills	379,600	432,902	379,600	432,902
Malaysian Government Securities	1,698,183	1,880,380	1,698,182	1,880,380
Singapore Government securities	24,601	-	24,601	-
Cagamas Bonds	162,084	972,495	126,656	873,474
	<u>3,011,734</u>	<u>4,825,545</u>	<u>2,544,356</u>	<u>4,064,768</u>
Quoted Securities:				
Shares and Convertible Loan Stocks *	69,879	3,039	68,618	3,039
Foreign Currency Bonds	801,013	769,054	791,278	769,054
Unquoted securities:				
Private Debt Securities	220,805	231,446	166,135	167,693
Total securities available-for-sale	<u>4,103,431</u>	<u>5,829,084</u>	<u>3,570,387</u>	<u>5,004,554</u>

* Includes amount transferred from Held-for-trading Group (RM60.8 million) and Bank (RM59.5 million)

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Money market instruments:				
Malaysian Government Securities	1,670,241	752,186	1,670,241	752,186
Malaysian Government Investment Certificates	105,514	60,305	45,306	-
Cagamas bonds	279,873	230,314	279,873	230,314
Negotiable Instruments of Deposit	4,073,323	1,718,179	4,073,323	1,718,179
	<u>6,128,951</u>	<u>2,760,984</u>	<u>6,068,743</u>	<u>2,700,679</u>
Unquoted securities:				
Shares	27,578	27,054	27,003	26,479
Private debt securities	196,398	211,518	130,558	145,441
Loan Stocks	2,100	2,845	2,100	2,845
	<u>226,076</u>	<u>241,417</u>	<u>159,661</u>	<u>174,765</u>
Total securities held-to-maturity	<u>6,355,027</u>	<u>3,002,401</u>	<u>6,228,404</u>	<u>2,875,444</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Overdrafts	2,091,226	2,435,782	2,086,550	2,425,797
Term loans:				
- Housing and shop loans/financing	20,496,440	19,445,381	16,933,816	16,252,857
- Syndicated term loan/financing	1,685,228	1,422,294	1,458,633	1,206,734
- Hire purchase receivables	5,829,968	6,167,037	3,284,687	3,195,623
- Lease receivables	16,418	22,602	-	-
- Other term loans/financing	1,775,639	2,512,094	1,653,690	2,370,894
Credit/charge card receivables	2,017,519	1,925,986	2,017,519	1,925,986
Bills receivables	211,019	357,255	211,019	354,769
Trust receipts	92,982	139,725	92,982	139,725
Claims on customers under acceptance credits	3,230,902	3,057,364	3,184,696	2,861,952
Block discounting	8,218	8,422	8,218	8,396
Revolving credits	1,219,780	799,314	1,219,780	799,314
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	96,686	102,020	96,668	101,979
Other loans/financing	45,013	48,339	44,390	47,561
	<u>38,817,038</u>	<u>38,443,615</u>	<u>32,292,648</u>	<u>31,691,587</u>
Unearned interest and income	(3,219,240)	(3,001,136)	(613,549)	(581,463)
Gross loans, advances and financing	<u>35,597,798</u>	<u>35,442,479</u>	<u>31,679,099</u>	<u>31,110,124</u>
Fair value changes arising from fair value hedges	56,892	(52,978)	28,385	(21,063)
Unamortised fair value changes arising from terminated fair value hedges	13,381	17,261	8,714	-
Allowance for bad and doubtful debts and financing:				
- General	(544,823)	(526,957)	(471,305)	(461,900)
- Specific	(327,834)	(345,781)	(306,807)	(320,954)
Net loans, advances and financing	<u><u>34,795,414</u></u>	<u><u>34,534,024</u></u>	<u><u>30,938,086</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Domestic non-bank financial institutions	86,327	122,659	66,046	102,211
Domestic business enterprises				
- Small and medium enterprises	3,250,429	3,505,565	3,019,992	3,160,983
- Others	7,101,523	7,200,936	6,601,848	6,590,822
Government and statutory bodies	369	1,592	322	1,533
Individuals	24,048,226	23,477,491	20,935,613	20,163,640
Other domestic entities	16,185	25,976	14,941	23,997
Foreign entities	1,094,739	1,108,260	1,040,337	1,066,938
Gross loans, advances and financing	<u>35,597,798</u>	<u>35,442,479</u>	<u>31,679,099</u>	<u>31,110,124</u>

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Fixed rate				
- Housing and shop loans/financing	673,204	1,634,343	266,342	1,125,875
- Hire purchase receivables	5,087,484	5,395,285	2,837,970	2,771,276
- Other fixed rate loan/financing	3,045,445	3,025,201	2,917,234	2,822,549
Variable rate				
- Base lending rate plus	23,240,974	22,468,590	22,153,067	21,471,366
- Cost plus	3,500,595	2,800,269	3,454,390	2,800,267
- Other variables rates	50,096	118,791	50,096	118,791
Gross loans, advances and financing	<u>35,597,798</u>	<u>35,442,479</u>	<u>31,679,099</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Purchase of securities	416,439	517,205	416,094	516,773
Purchase of transport vehicles	4,848,428	5,017,181	2,723,027	2,584,272
Purchase of landed properties				
- residential	13,922,382	13,275,941	12,800,377	12,278,962
- non-residential	4,257,268	4,232,178	4,065,035	4,037,636
Personal use	2,710,071	2,363,560	2,651,529	2,303,164
Credit card	2,017,519	1,925,986	2,017,519	1,925,986
Purchase of consumer durables	54	128	54	126
Construction	448,043	541,258	417,826	506,570
Working capital	6,973,922	7,564,139	6,583,980	6,951,781
Others	3,672	4,903	3,658	4,854
Gross loans, advances and financing	<u>35,597,798</u>	<u>35,442,479</u>	<u>31,679,099</u>	<u>31,110,124</u>

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Purchase of securities	11,000	13,793	10,780	13,551
Purchase of transport vehicles	48,996	56,043	27,617	32,267
Purchase of landed properties				
- residential	235,867	229,221	216,978	212,736
- non-residential	62,761	79,537	62,149	78,597
Personal use	56,872	40,969	56,432	40,843
Credit card	36,446	28,751	36,446	28,751
Construction	32,662	38,592	32,240	38,430
Working capital	315,553	353,493	311,255	349,377
Others	2	3	2	3
	<u>800,159</u>	<u>840,402</u>	<u>753,899</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 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	2,793,625	2,594,538	2,588,994	2,408,810
Reclassified as performing	(2,314,165)	(2,195,316)	(2,147,426)	(2,041,874)
Amount written back in respect of recoveries	(258,963)	(332,256)	(234,726)	(302,442)
Amount written off	(260,982)	(261,664)	(247,740)	(242,032)
Exchange differences	242	1,720	242	1,720
Closing balance	800,159	840,402	753,899	794,555
Specific allowance	(327,834)	(345,781)	(306,807)	(320,954)
Net non-performing loans, advances and financing	<u>472,325</u>	<u>494,621</u>	<u>447,092</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>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 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	17,728	44,443	9,267	35,350
Exchange differences	138	768	138	768
Closing balance	<u>544,823</u>	<u>526,957</u>	<u>471,305</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	316,410	298,603	300,461	276,805
Amount written back in respect of recoveries	(73,602)	(105,139)	(67,095)	(95,820)
Amount written off	(260,982)	(261,663)	(247,740)	(242,031)
Exchange differences	227	1,220	227	1,220
Closing balance	<u>327,834</u>	<u>345,781</u>	<u>306,807</u>	<u>320,954</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Interest/Income receivable	97,739	140,316	89,608	134,075
* Other debtors, deposits and prepayments	1,098,548	1,738,749	1,385,897	1,961,638
Foreclosed properties	1,875	2,595	1,875	2,595
	<u>1,198,162</u>	<u>1,881,660</u>	<u>1,477,380</u>	<u>2,098,308</u>

* During the year, 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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>By type of customer</u>				
Government and statutory bodies	714,312	985,187	550,071	380,161
Business enterprises	33,264,462	30,087,451	27,262,391	25,997,556
Individuals	32,608,117	30,877,001	31,024,913	29,592,888
Others	996,466	598,308	881,770	496,055
	<u>67,583,357</u>	<u>62,547,947</u>	<u>59,719,145</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Licensed banks	2,202,304	5,891,409	2,172,304	5,302,409
Other financial institutions	201,855	481,167	201,855	291,167
	<u>2,404,159</u>	<u>6,372,576</u>	<u>2,374,159</u>	<u>5,593,576</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Interest/Profit payable	261,417	202,400	228,736	170,809
Zakat	55	79	-	-
Post employment benefits obligation				
- defined contribution plan	3,181	3,385	3,181	3,385
Loan advance payment	802,123	525,480	765,762	503,663
Amount due to subsidiary companies	-	-	43,671	42,593
Others	1,326,569	1,359,265	1,285,805	1,290,071
	<u>2,393,345</u>	<u>2,090,609</u>	<u>2,327,155</u>	<u>2,010,521</u>

16 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	383,595	430,751	1,699,410	1,673,909
- Recoveries from NPLs	28,816	34,995	111,659	126,192
Money at call and deposit placements with financial institutions	104,913	218,599	670,996	804,080
Securities purchased under resale agreements	-	6,871	1,088	62,371
Securities held-for-trading	7,284	6,164	21,951	35,075
Securities available-for-sale	22,097	30,442	91,119	110,839
Securities held-to-maturity	36,439	9,645	145,010	35,982
Others	109	1,052	1,293	7,128
	<u>583,253</u>	<u>738,519</u>	<u>2,742,526</u>	<u>2,855,576</u>
Amortisation of premium less accretion of discount	40,375	55,289	203,169	216,986
Interest suspended	(3,108)	(2,802)	(14,903)	(8,457)
	<u><u>620,520</u></u>	<u><u>791,006</u></u>	<u><u>2,930,792</u></u>	<u><u>3,064,105</u></u>

16 Interest income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	384,154	430,775	1,705,728	1,673,691
- Recoveries from NPLs	28,816	34,995	111,659	126,192
Money at call and deposit placements with financial institutions	104,913	218,599	671,681	804,765
Securities purchased under resale agreements	-	6,871	1,088	62,371
Securities held-for-trading	7,280	6,164	22,174	35,288
Securities available-for-sale	21,387	30,442	90,176	110,839
Securities held-to-maturity	36,439	9,645	145,010	35,982
Others	109	1,052	1,220	7,128
	<u>583,098</u>	<u>738,543</u>	<u>2,748,736</u>	<u>2,856,256</u>
Amortisation of premium less accretion of discount	40,375	55,289	203,169	216,986
Interest suspended	(3,108)	(2,802)	(14,903)	(8,457)
	<u><u>620,365</u></u>	<u><u>791,030</u></u>	<u><u>2,937,002</u></u>	<u><u>3,064,785</u></u>

17 Interest expense

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	9,325	31,768	80,415	129,527
Deposits from customers	246,982	275,202	1,120,861	1,078,637
Short term corporate placements	50,191	123,671	339,039	428,529
Subordinated bonds	9,168	8,303	36,631	34,201
Others	9	377	726	14,052
	<u>315,675</u>	<u>439,321</u>	<u>1,577,672</u>	<u>1,684,946</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	9,325	31,767	81,100	130,212
Deposits from customers	247,181	275,701	1,122,387	1,081,299
Short term corporate placements	50,191	123,671	339,039	428,529
Subordinated bonds	9,168	8,303	36,631	34,201
Others	9	377	726	14,052
	<u>315,874</u>	<u>439,819</u>	<u>1,579,883</u>	<u>1,688,293</u>

18 Other operating income

<u>Group</u>	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	16,240	16,888	65,566	86,036
Service charges and fees	4,555	7,924	20,448	33,980
Guarantee fees	1,188	1,366	5,217	5,674
Other fee income	52,008	61,032	207,601	201,115
	<u>73,991</u>	<u>87,210</u>	<u>298,832</u>	<u>326,805</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	11,411	6,489	18,052	21,937
Net gain from sale of securities available-for-sale	4,456	1,015	29,897	6,759
Net gain from redemption of securities held-to-maturity	-	2,318	316	1,966
	<u>15,867</u>	<u>9,822</u>	<u>48,265</u>	<u>30,662</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	-
Securities held at fair value through profit or loss	-	1,239	1,880	6,472
Securities available-for-sale	705	-	1,576	12
Securities held to maturity	28	388	3,451	3,111
	<u>733</u>	<u>1,627</u>	<u>6,907</u>	<u>9,595</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	<u>(3,419)</u>	<u>(19,938)</u>	<u>10,250</u>	<u>(2,499)</u>
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>(10,794)</u>	<u>(19,622)</u>	<u>(14,851)</u>	<u>(30,856)</u>
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>7,652</u>	<u>13,913</u>	<u>15,858</u>	<u>7,883</u>
(g) <u>Other income:</u>				
Foreign exchange gain	31,415	13,526	174,606	111,246
Rental income	114	62	282	329
Gain on disposal of property and equipment (net)	238	307	1,078	1,692
Profit from Takaful investments	2,768	3,229	7,636	10,872
Gain from disposal of subsidiary	-	-	-	-
Others	10,124	4,344	20,648	13,408
	<u>44,659</u>	<u>21,468</u>	<u>204,250</u>	<u>137,547</u>
Total other operating income	<u>128,689</u>	<u>94,480</u>	<u>569,511</u>	<u>479,137</u>

18 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
(a) Fee income:				
Commissions	16,230	16,964	65,494	86,036
Service charges and fees	4,555	7,924	20,448	33,980
Guarantee fees	1,188	1,366	5,217	5,674
Other fee income	52,026	61,054	207,671	201,180
	<u>73,999</u>	<u>87,308</u>	<u>298,830</u>	<u>326,870</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading and derivatives	831	6,489	7,472	21,937
Net gain from sale of securities available-for-sale	4,456	1,015	29,897	6,759
Net gain from redemption of securities held-to-maturity	-	2,318	316	1,966
	<u>5,287</u>	<u>9,822</u>	<u>37,685</u>	<u>30,662</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	-	1,239	1,880	6,472
Securities available-for-sale	705	-	1,576	12
Securities held to maturity	28	388	3,451	3,111
	<u>733</u>	<u>1,627</u>	<u>6,907</u>	<u>9,595</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	7,583	3,473	(40,329)	20,913
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(216)	(15,978)	(4,273)	(27,212)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	3,487	14,335	11,450	11,965
(g) <u>Other income:</u>				
Foreign exchange gain	32,058	13,526	175,229	111,246
Rental income	114	62	282	329
Gain on disposal of property and equipment (net)	238	307	1,078	1,692
Gain from disposal of subsidiary	(2,206)	-	4,241	-
Others	10,278	4,822	20,437	15,007
	40,482	18,717	201,267	128,274
Total other operating income	131,355	119,304	511,537	501,067

19 Other operating expenses

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	100,484	104,302	396,148	385,742
- Others	11,705	12,018	39,576	36,301
<u>Establishment costs</u>				
- Depreciation equipment equipment	11,085	11,682	45,795	44,775
- Depreciation of Prepaid Lease	21	25	84	84
- Amortisation of intangible assets	2,931	3,437	13,302	12,997
- Rental	10,494	10,245	41,867	42,224
- Information technology expenses	8,568	10,892	43,486	42,593
- Others	11,554	10,162	40,451	41,041
<u>Marketing expenses</u>				
- Advertisement and publicity	10,337	20,348	62,188	59,029
- Handling fees	2,546	4,436	11,250	16,781
- Others	11,635	9,185	48,693	43,720
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,555	2,296	9,839	9,782
- Stationery & printing	2,767	4,390	11,812	15,506
- Others	37,071	26,344	112,064	98,187
	<u>223,753</u>	<u>229,762</u>	<u>876,555</u>	<u>848,762</u>

19 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	89,485	96,401	353,136	354,835
- Others	10,470	10,565	35,328	32,288
<u>Establishment costs</u>				
- Depreciation equipment	10,844	11,430	44,765	43,798
- Depreciation of Prepaid Lease	19	23	75	75
- Amortisation of intangible assets	2,812	3,321	12,824	12,591
- Rental	9,802	9,692	39,395	39,953
- Information technology expenses	8,416	10,334	42,646	40,772
- Others	9,522	8,910	33,732	35,843
<u>Marketing expenses</u>				
- Advertisement and publicity	10,055	20,743	61,569	59,060
- Handling fees	1,157	2,958	7,630	8,832
- Others	10,103	7,720	45,396	38,911
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,515	2,261	9,732	9,688
- Stationery & printing	2,677	4,330	11,558	15,317
- Others	35,678	25,388	108,244	94,231
	<u>203,555</u>	<u>214,076</u>	<u>806,030</u>	<u>786,194</u>

20 Allowance for losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	30,249	11,428	17,728	44,443
- specific allowance	95,784	104,225	316,410	298,603
- specific allowance written back	(16,361)	(26,799)	(73,602)	(105,139)
Bad debts and financing written off	2,830	2,587	9,015	7,515
Bad debts and financing recovery	(20,958)	(19,140)	(112,837)	(86,895)
	<u>91,544</u>	<u>72,301</u>	<u>156,714</u>	<u>158,527</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	14,934	10,790	9,267	35,350
- specific allowance	91,128	97,834	300,461	276,805
- specific allowance written back	(14,217)	(24,125)	(67,095)	(95,820)
Bad debts and financing written off	2,553	2,460	8,428	7,186
Bad debts and financing recovery	(19,705)	(18,076)	(107,764)	(82,186)
	<u>74,693</u>	<u>68,883</u>	<u>143,297</u>	<u>141,335</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 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	2,428,953	1,821,618	2,136,060	1,737,205
Other reserves	1,910,893	1,861,893	1,790,163	1,779,861
Less: Treasury shares	(699,052)	(699,041)	(699,052)	(699,041)
Less: Deferred tax	(153,613)	(173,153)	(134,681)	(155,303)
Add: Minority interest	42,988	43,698	-	-
Total tier-1 capital	5,649,940	4,974,786	5,212,261	4,782,493
Tier-2 capital				
General provision	544,823	526,957	471,305	461,900
Subordinated bonds	703,800	653,500	703,800	653,500
Total tier-2 capital	1,248,623	1,180,457	1,175,105	1,115,400
Total capital	6,898,563	6,155,243	6,387,366	5,897,893
Less: Investment in subsidiary companies	-	-	(575,746)	(592,041)
Less: Investment in associated company	(1,045,285)	-	(946,505)	-
Less: Holdings of other banking institution's capital instruments	-	(31,858)	-	(31,858)
Total capital base	5,853,278	6,123,385	4,865,115	5,273,994
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	15.89%	13.30%	15.18% *	14.29%
Risk-weighted Capital Ratio	16.47%	16.36%	15.18%	15.76%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	15.42%	12.84%	14.65% *	13.78%
Risk-weighted Capital Ratio	15.99%	15.91%	14.65%	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.

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 30 June 2009	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	20.86%
Risk-weighted capital ratio	<u>22.99%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	20.72%
Risk-weighted capital ratio	<u>22.85%</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.

21 **Capital adequacy** (continued)

b) Breakdown of gross-risk weighted assets in the various categories of risk-weights:

Risk-weighted assets for credit risk	29,835,809	31,730,244	26,851,357	28,178,587
Risk-weighted assets for market risk	1,973,766	2,233,019	1,787,131	2,154,616
Risk-weighted assets for operational risk	3,737,622	3,454,930	3,414,147	3,139,123
Total risk-weighted assets	<u>35,547,197</u>	<u>37,418,193</u>	<u>32,052,635</u>	<u>33,472,326</u>

The Group and the Bank implemented the Basel II - Risk-Weighted Assets Computation under the Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008.

The Group and the Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk computation.

21 Capital adequacy (continued)

c) Disclosure on Capital Adequacy under the Standardised Approach (RM'000)

The Group
2009

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements	
1 Credit Risk						
On Balance Sheet Exposures						
Sovereigns/Central Banks	23,750,099	23,750,099	-	-	-	
Public Sector Entities	95,868	95,868	19,173	19,173	1,534	
Banks, Development Financial Institutions & MDBs	8,874,214	8,874,214	2,416,803	2,416,803	193,344	
Insurance Companies, Securities Firms & Fund Managers	27,232	27,232	27,232	27,232	2,179	
Corporates	9,859,959	9,519,865	8,889,161	8,889,161	711,133	
Regulatory Retail	15,016,316	14,685,775	11,014,333	11,014,333	881,147	
Residential Real Estate (RRE) Financing	10,661,090	10,658,295	4,094,727	4,094,727	327,578	
Higher Risk Assets	46,545	46,545	69,820	69,820	5,586	
Equity Exposure	-	-	-	-	-	
Other Assets	1,882,439	1,882,439	888,178	888,178	71,054	
Defaulted Exposures	703,439	701,203	870,018	870,018	69,601	
Total for On Balance Sheet Exposures	70,917,201	70,241,535	28,289,445	28,289,445	2,263,156	
Off Balance Sheet Exposures						
OTC Derivatives	2,139,649	2,139,649	1,122,069	1,122,069	89,766	
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	452,709	452,709	418,816	418,816	33,505	
Defaulted Exposures	3,653	3,653	5,479	5,479	438	
Total for Off Balance Sheet Exposures	2,596,011	2,596,011	1,546,364	1,546,364	123,709	
Total for On and Off Balance Sheet Exposures	73,513,212	72,837,546	29,835,809	29,835,809	2,386,865	
2 Market Risk						
	Long Position	Short Position				
Interest Rate Risk	47,452,335	34,954,368	-	1,132,126	1,132,126	90,570
Foreign Currency Risk	828,092	769,044	-	837,040	837,040	66,963
Inventory Risk	368	-	-	4,600	4,600	368
Total Market Risk			-	1,973,766	1,973,766	157,901
3 Operational Risk						
Operational Risk				3,737,622	3,737,622	299,010
Total RWA and Capital Requirement				35,547,197	35,547,197	2,843,776
PSIA "Profit Sharing Investment Account"						
OTC "Over The Counter"						

21 Capital adequacy (continued)

Disclosure on Capital Adequacy under the Standardised Approach (RM'000)

The Bank
2009

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements
1 Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central Banks	21,031,838	21,031,838	-	-	-
Public Sector Entities	95,821	95,821	19,164	19,164	1,533
Banks, Development Financial Institutions & MDBs	8,346,032	8,346,032	2,287,132	2,287,132	182,971
Insurance Companies, Securities Firms & Fund Managers	22,145	22,145	22,145	22,145	1,772
Corporates	9,277,689	8,938,489	8,336,305	8,336,305	666,904
Regulatory Retail	12,507,215	12,178,874	9,134,157	9,134,157	730,732
Residential Real Estate (RRE) Financing	9,845,252	9,842,494	3,774,957	3,774,957	301,997
Higher Risk Assets	45,634	45,634	68,451	68,451	5,476
Equity Exposure	-	-	-	-	-
Other Assets	1,842,685	1,842,685	847,738	847,738	67,819
Defaulted Exposures	662,282	660,047	815,801	815,801	65,264
Total for On Balance Sheet Exposures	63,676,593	63,004,059	25,305,850	25,305,850	2,024,468
Off Balance Sheet Exposures					
OTC Derivatives	2,139,649	2,139,649	1,122,070	1,122,070	89,766
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	451,854	451,854	417,958	417,958	33,437
Defaulted Exposures	3,653	3,653	5,479	5,479	438
Total for Off Balance Sheet Exposures	2,595,156	2,595,156	1,545,507	1,545,507	123,641
Total for On and Off Balance Sheet Exposures	66,271,749	65,599,215	26,851,357	26,851,357	2,148,109
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	43,429,047	34,954,368	-	1,014,284	81,143
Foreign Currency Risk	759,299	768,247	-	768,247	61,460
Inventory Risk	368	-	-	4,600	368
Total Market Risk			-	1,787,131	142,971
3 Operational Risk					
Operational Risk			3,414,147	3,414,147	273,132
Total RWA And Capital Requirement			32,052,635	32,052,635	2,564,212
PSIA "Profit Sharing Investment Account"					
OTC "Over The Counter"					

21 Capital adequacy (continued)

d) Disclosure on Credit Risk: Disclosures on Risk Weights (RM'000)

The Group 2009	Exposures after Netting and Credit Risk Mitigation														
	Supervisory Risk Weights %	Sovereigns & Central Banks	PSEs	Banks MDBs & FDI	Insurance Companies, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	23,750,099	-	-	-	-	-	-	-	942,996	-	-	-	-	24,693,095	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	95,876	6,873,755	-	741,321	-	-	-	64,084	-	-	-	-	7,775,036	1,555,007
35%	-	-	-	-	-	-	8,229,463	-	-	-	-	-	-	8,229,463	2,880,312
50%	-	-	3,951,999	-	98,987	35,464	2,447,265	-	-	-	-	-	-	6,533,715	3,266,858
75%	-	-	-	-	-	14,819,654	-	-	-	-	-	-	-	14,819,654	11,114,741
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	3,137	31,343	9,272,903	36,187	103,038	-	875,360	-	-	-	-	10,321,968	10,321,968
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	46,819	-	-	-	-	-	-	-
270%	-	-	-	-	-	278,499	139,297	-	-	-	-	-	-	464,615	696,923
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	23,750,099	95,876	10,828,891	31,343	10,391,710	15,030,602	10,779,766	46,819	1,882,440	-	-	-	-	72,837,546	29,835,809

21 Capital adequacy (continued)

Disclosure on Credit Risk: Disclosures on Risk Weights (RM'000)

The Bank 2009	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets	
	Supervisory Risk Weights %	Sovereigns & Central Banks	PSEs	Banks MDBs & FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures			Equity Exposures
0%	21,031,838	-	-	-	-	-	-	-	-	943,681	-	-	-	21,975,519	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	95,829	-	6,425,689	-	705,674	-	-	-	64,084	-	-	-	7,291,276	1,458,255
35%	-	-	-	-	-	-	7,641,938	-	-	-	-	-	-	7,641,938	2,674,678
50%	-	-	-	3,871,881	-	98,962	35,137	2,217,198	-	-	-	-	-	6,223,178	3,111,589
75%	-	-	-	-	-	-	12,312,753	-	-	-	-	-	-	12,312,753	9,234,565
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	3,137	26,256	8,726,278	34,169	94,354	-	834,920	-	-	-	9,719,114	9,719,114
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	45,853	-	-	-	-	-	-
270%	-	-	-	-	-	276,135	113,449	-	-	-	-	-	-	435,437	653,156
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,031,838	95,829	10,300,707	26,256	9,807,049	12,495,508	9,953,490	45,853	1,842,685	-	-	-	-	65,599,215	26,851,337

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

21 Capital adequacy (continued)

e) Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Group 2009	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	217,061	217,061	-	200,263
Transaction-related contingent items	247,102	123,551	-	110,598
Short-term self liquidating trade-related contingencies	578,754	115,750	-	113,434
Foreign exchange related contracts				
- one years or less	16,955,284	349,792	170,118	191,764
- over one year to five years	3,421,043	485,318	158,136	274,098
- over five years	298,668	62,884	9,414	31,442
Interest/ Profit rate related contracts				
- one years or less	9,848,229	46,175	36,764	23,223
- over one year to five years	26,247,637	996,737	341,719	504,359
- over five years	1,401,880	180,913	58,719	90,457
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,806,674	-	-	-
Equity related contracts				
- one years or less	96,900	5,814	-	2,462
- over one year to five years	150,203	12,016	-	4,264
Total	78,269,435	2,596,011	774,870	1,546,364

21 Capital adequacy (continued)

Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Bank 2009	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	217,061	217,061	-	200,263
Transaction-related contingent items	246,276	123,138	-	110,184
Short-term self liquidating trade-related contingencies	576,541	115,308	-	112,991
Foreign exchange related contracts				
- one years or less	16,955,284	349,792	170,118	191,764
- over one year to five years	3,421,043	485,318	158,136	274,098
- over five years	298,668	62,884	9,414	31,442
Interest/ Profit rate related contracts				
- one years or less	9,848,229	46,175	36,764	23,223
- over one year to five years	26,247,637	996,737	341,719	504,359
- over five years	1,401,880	180,913	58,719	90,457
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	17,717,496	-	-	-
Equity related contracts				
- one years or less	96,900	5,814	-	2,462
- over one year to five years	150,203	12,016	-	4,264
Total	77,177,218	2,595,156	774,870	1,545,507

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

Financial Quarter ended 30/06/2009

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	310,585	19,405	160,851	2,768	493,610
Inter-segment revenue	43,946	38,537	(82,482)	-	0
Segment revenue	<u>354,531</u>	<u>57,942</u>	<u>78,369</u>	<u>2,768</u>	<u>493,610</u>
Segment profit before taxation	138,537	(12,030)	53,091	(1,010)	178,588
Share of profit after tax of equity accounted associated company					28,917
Profit before taxation					207,505
Taxation and zakat					(8,593)
Profit after taxation					<u>198,912</u>

Financial Year ended 30/06/2009

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	1,238,818	50,935	801,583	7,636	2,098,972
Inter-segment revenue	190,834	188,897	(379,731)	-	-
Segment revenue	<u>1,429,652</u>	<u>239,832</u>	<u>421,852</u>	<u>7,636</u>	<u>2,098,972</u>
Segment profit before taxation	639,668	101,052	293,784	(1,735)	1,032,769
Share of profit after tax of equity accounted associated company					99,462
Profit before taxation					1,132,231
Taxation and zakat					(227,606)
Profit after taxation					<u>904,625</u>
Segment assets	27,629,874	7,409,846	41,692,745	314,952	77,047,417
Unallocated assets					2,357,125
Total assets					<u>79,404,542</u>

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

Corresponding Quarter Ended 30/06/2008

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	328,305	26,107	128,734	3,229	486,375
Inter-segment revenue	59,468	29,084	(88,552)	-	-
Segment revenue	<u>387,773</u>	<u>55,191</u>	<u>40,182</u>	<u>3,229</u>	<u>486,375</u>
Segment profit before taxation	178,522	(10,335)	15,951	174	184,312
Taxation and zakat					(50,247)
Profit after taxation					<u>134,065</u>

Financial Year ended 30/06/2008

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<u>By business segment</u>					
External revenue	1,141,352	212,183	653,933	10,872	2,018,340
Inter-segment revenue	278,530	68,682	(347,212)	-	-
Segment revenue	<u>1,419,882</u>	<u>280,865</u>	<u>306,721</u>	<u>10,872</u>	<u>2,018,340</u>
Segment profit before taxation	672,112	119,976	217,864	90	1,010,042
Taxation and zakat					(268,181)
Profit after taxation					<u>741,861</u>
Segment assets	27,131,567	7,614,869	39,630,425	219,142	74,596,003
Unallocated assets					2,865,202
Total assets					<u>77,461,205</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 9 July 2009, the Bank incorporated a wholly-owned subsidiary in Vietnam, Hong Leong Bank Vietnam Limited ("HLBVN"). The intended business activity of HLBVN is commercial banking.

(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year ended 30 June 2009 except for the following :-

(i) On 29 June 2006, Hong Leong Bank Berhad ("HLB") announced that Wah Tat Properties Sdn Bhd ("WTP") was placed under Member's Voluntary Liquidation pursuant to Section 254(1) of the Companies Act, 1965. 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, would 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 would 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, would be transferred to also become a direct wholly-owned subsidiary of HLF Credit. The considerations for the transfer of all the companies concerned would 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.

HLBVN was incorporated on 9 July 2009.

25 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	Financial Year Ended 30/06/2009			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	217,061	217,061	200,263	207,396	207,396	193,849
Transaction-related contingent items	247,102	123,551	110,598	287,933	143,966	129,875
Short-term self liquidating trade-related contingencies	578,754	115,750	113,434	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	18,806,674	-	-	-	-	-
Foreign exchange related contracts	20,674,995	897,994	497,304	24,024,375	1,016,617	601,625
Interest rate related contracts	37,497,746	1,223,825	618,039	38,339,797	411,764	165,943
Equity related contracts	247,103	17,830	6,726	302,223	22,243	12,583
Total	78,269,435	2,596,011	1,546,364	81,641,545	6,781,784	5,179,026

25 Commitments and contingencies (continued)

	Financial Year Ended 30/06/2009			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	217,061	217,061	200,263	207,396	207,396	193,849
Transaction-related contingent items	246,276	123,138	110,184	253,585	126,792	112,744
Short-term self liquidating trade-related contingencies	576,541	115,308	112,991	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	17,717,496	-	-	-	-	-
Foreign exchange related contracts	20,674,995	897,994	497,304	24,024,375	1,016,617	601,625
Interest rate related contracts	37,497,746	1,223,825	618,039	38,339,797	411,764	165,943
Equity related contracts	247,103	17,830	6,726	302,223	22,243	12,583
Total	77,177,218	2,595,156	1,545,507	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.

b) Connected Parties (CP) Exposures as at 30 June 2009

	The Group RM 000	The Bank RM 000
Aggregate Value of Outstanding Credit Exposures with Connected Parties	1,739,955	1,738,233
Outstanding Credit Exposures to Connected Parties as a Proportion of Total Credit Exposures (%)	4.81%	5.39%
Outstanding Credit Exposures with Connected Parties Which is Non-Performing or in Default as a Proportion of Total Credit Exposures (%)	0.001%	0.001%

The connected parties exposure are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

27 a) Interest/Profit rate risk

Group As at 30 June 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	17,612,344					731,278		18,343,622	3.5
Deposits & placement with banks & other financial institution		4,578,406	813,546	25,168				5,417,120	3.0
Securities purchased under resale agreement	-	-						-	
Securities held at fair value through profit and loss							7,058,396	7,058,396	3.7
Securities available-for-sale	172,623	313,125	354,509	2,813,670	379,625	69,879	-	4,103,431	4.1
Securities held-to-maturity	3,889,641	464,024	264,532	1,581,103	126,048	29,679	-	6,355,027	3.5
Loans, advances and financing									
- performing	28,657,406	41,220	262,267	3,277,428	2,629,591	(537,738)		34,330,174	6.4
- non-performing						465,240		465,240	
Other assets						1,198,162		1,198,162	
Statutory deposits with BNM						368,564		368,564	
Investment in subsidiary						-		-	
Investment in associated companies						1,045,285		1,045,285	
Prepaid land lease payments						6,202		6,202	
Property, plant and equipment						312,821		312,821	
Intangible assets						29,548		29,548	
Deferred tax assets						153,613		153,613	
General and Family Takaful fund assets						217,337		217,337	
Total assets	50,332,014	5,396,775	1,694,854	7,697,369	3,135,264	4,089,870	7,058,396	79,404,542	
Liabilities									
Deposits from customers	36,973,829	9,287,234	13,770,330	744,253	-	6,807,711	-	67,583,357	2.7
Deposits & placement of banks & other financial institutions	2,065,131	336,671	-	-	-	2,357		2,404,159	3.0
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	576	4,366	7,476	-	-	238,968		251,386	3.5
Other liabilities						2,393,345		2,393,345	-
Subordinated obligations				729,566				729,566	5.2
Short term syndicated loan								-	
Provision for taxation						48,541		48,541	
General and Family Takaful fund liabilities						8,277		8,277	
General and Family Takaful fund policyholders' fund						209,059		209,059	
Total liabilities	39,039,536	9,628,271	13,777,806	1,473,819	-	9,708,258	-	73,627,690	
Shareholders funds						5,776,852	-	5,776,852	
Total liabilities and Shareholders' funds	39,039,536	9,628,271	13,777,806	1,473,819	-	15,485,110	-	79,404,542	
On-balance sheet profit sensitivity gap	11,292,478	(4,231,496)	(12,082,952)	6,223,550	3,135,264				

27 b) Interest/Profit rate risk

<u>Group</u> <u>As at 30 June 2008</u>	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 c) Interest/Profit rate risk

Bank As at 30 June 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	15,386,909					434,004		15,820,913	2.1
Deposits & placement with banks & other financial instrument		4,478,406	813,546					5,291,952	2.1
Securities purchased under resale agreement	-	-						-	
Securities held at fair value through profit and loss							5,095,423	5,095,423	3.3
Securities available-for-sale	172,624	293,442	349,982	2,482,729	202,992	68,618	-	3,570,387	3.5
Securities held-to-maturity	3,889,641	464,024	264,532	1,581,103	-	29,104	-	6,228,404	3.0
Loans, advances and financing									
- performing	27,534,112	28,069	171,137	1,944,147	1,284,834	(464,599)		30,497,700	6.1
- non-performing						440,386		440,386	
Other assets						1,477,380		1,477,380	
Statutory deposits with BNM						322,500		322,500	
Investment in subsidiary						575,746		575,746	
Investment in associated companies						946,505		946,505	
Prepaid land lease payments						5,328		5,328	
Property, plant and equipment						296,995		296,995	
Intangible assets						28,213		28,213	
Deferred tax assets						134,681		134,681	
Total assets	46,983,286	5,263,941	1,599,197	6,007,979	1,487,826	4,294,861	5,095,423	70,732,513	
Liabilities									
Deposits from customers	31,369,914	8,411,718	12,899,488	590,400	-	6,447,625	-	59,719,145	2.1
Deposits & placement of banks & other financial institutions	2,035,131	336,671	-	-	-	2,357		2,374,159	1.3
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-		-	-
Bills and acceptance payable	704	4,353	7,514	-	-	222,682		235,253	2.1
Short Term Corporate Placements	-	-	-					-	
Other liabilities						2,327,155		2,327,155	
Subordinated obligations				729,566				729,566	5.2
Short term syndicated loan			-					-	-
Provision for taxation						27,947		27,947	
General and Family Takaful fund liabilities						-		-	
General and Family Takaful fund policyholders' fund						-		-	
Total liabilities	33,405,749	8,752,742	12,907,002	1,319,966	-	9,027,766	-	65,413,225	
Shareholders funds						5,319,288		5,319,288	
Total liabilities and Shareholders' funds	33,405,749	8,752,742	12,907,002	1,319,966	-	14,347,054	-	70,732,513	
On-balance sheet profit sensitivity gap	13,577,537	(3,488,801)	(11,307,805)	4,688,013	1,487,826				

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 30 June 2009

	<u>The Group</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
ASSETS		
Cash and short-term funds	2,511,864	1,871,430
Deposits and placements with bank and other financial institutions	125,167	-
Securities - Held-for-trading	2,011,644	927,570
Securities - Available-for-trading	467,377	780,812
Securities - Held-to-maturity	126,623	126,957
Financing, advances and other financing	3,824,880	4,242,329
Other assets	7,615	7,054
Statutory deposits with Bank Negara Malaysia	46,064	144,964
Property, plant and equipment	1,794	1,854
Deferred tax assets	18,932	17,850
Total Assets	9,141,960	8,120,820
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>		
Deposits from customers	7,979,898	6,208,081
Deposits and placements of banks and other financial institutions	30,000	779,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	16,133	110,480
Other liabilities	366,504	351,119
Provision for taxation	9,394	7,408
Total Liabilities	8,401,929	7,456,088
Islamic banking capital fund	500,000	500,000
Reserves	240,031	164,732
Islamic Banking Funds	740,031	664,732
Total Liabilities and Islamic Banking Funds	9,141,960	8,120,820
COMMITMENTS AND CONTINGENCIES	1,092,217	966,378

28 Operations of Islamic Banking (continued)

28b Unaudited Income Statements for the 4th Quarter and Cumulative Twelve Months Ended 30 June 2009

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Group				
Income derive from investment of deposits' funds and others	66,720	76,496	322,130	289,720
Income derive from investment of shareholders' funds	12,014	12,826	41,412	39,411
Allowance for losses on financing	(17,127)	(3,812)	(15,052)	(19,704)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	17,478	(575)	(407)	(1,720)
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
Total distributable income	79,085	84,935	348,083	307,707
Income attributable to deposits	(36,135)	(48,538)	(186,793)	(167,369)
Total net income	42,950	36,397	161,290	140,338
Other operating expenses	(16,244)	(13,342)	(61,250)	(52,788)
Profit before taxation and zakat	26,706	23,055	100,040	87,550
Zakat	(13)	-	(54)	-
Taxation	(7,318)	(6,647)	(25,633)	(23,394)
Profit after taxation and zakat	19,375	16,408	74,353	64,156
Profit attributable to shareholders	19,375	16,408	74,353	64,156
Earning per share - basic (sen)	3.88	3.28	14.87	12.83
Earning per share - fully diluted (sen)	3.88	3.28	14.87	12.83

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

28c Financing, advances and other financing

(i) **By type**

	<u>The Group</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Cash line	5,421	11,230
Term financing		
- Housing financing	3,562,624	3,192,524
- Hire purchase receivable	2,545,281	2,971,414
- Lease receivable	16,357	21,080
- Other term financing	348,544	356,760
Claims on customers under acceptance credit	46,206	197,898
Staff financing	18	41
Revolving credit	-	26
Others	623	778
	<u>6,525,074</u>	<u>6,751,751</u>
Less: Unearned income	(2,605,681)	(2,419,663)
	<u>3,919,393</u>	<u>4,332,088</u>
Less: Allowance for bad and doubtful financing		
- General	(73,486)	(65,025)
- Specific	(21,027)	(24,734)
	<u>(94,513)</u>	<u>(89,759)</u>
Total net financing, advances and other financing	<u><u>3,824,880</u></u>	<u><u>4,242,329</u></u>

(ii) **By contract**

	<u>The Group</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,602,357	1,484,449
Ijarah (lease)	15,895	20,028
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,254,935	2,629,727
Murabahah (cost-plus)	46,206	197,884
	<u><u>3,919,393</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 Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
At beginning	45,754	61,070
Classified as non-performing during the period	204,631	185,715
Reclassified as performing	(166,739)	(153,442)
Amount recovered	(24,237)	(29,708)
Amount written off	(13,149)	(17,881)
At end	<u>46,260</u>	<u>45,754</u>
Net non-performing financing, advances and other financing	<u>25,233</u>	<u>21,020</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.6%</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**

	<u>The Group</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
General allowance		
At beginning	65,025	55,932
Allowance made / (written back)	8,461	9,093
At end	<u>73,486</u>	<u>65,025</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.9%</u>	<u>1.5%</u>
Specific allowance		
At beginning	24,734	29,917
Allowance made / (written back)	15,949	21,780
Amount recovered	(6,507)	(9,082)
Amount written off	(13,149)	(17,881)
At end	<u>21,027</u>	<u>24,734</u>

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

28d Deposits from customer

By type of deposit

	<u>The Group</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Non-Mudharabah		
Demand deposits	375,930	362,557
Saving deposits	580,875	555,853
Negotiable Islamic Debt Certificate	1,215,890	529,911
Others	-	-
	<u>2,172,695</u>	<u>1,448,321</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	569,063	478,049
General investment deposits	1,864,865	1,635,080
Specific investment deposits	3,373,275	2,646,631
Others	-	-
	<u>5,807,203</u>	<u>4,759,760</u>
	<u>7,979,898</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

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

The Group for the twelve months ended 30 June 2009 achieved a pre-tax profit of RM1.13 billion as compared to RM1.01 billion for the corresponding previous year, representing an increase of 12.1% or RM122.2 million. The increase in pre-tax profit was due to higher non interest income which increased by RM90.4 million. The increase in pre-tax profit was also contributed by RM99.5 million arising from share of profits in Bank of Chengdu Ltd while loan loss provision was also lower by RM1.8 million. However this was off set by impairment loss of RM31.9 million and operating expenses which increased by RM27.8 million.

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM207.5 million for the current financial quarter ended 30 June 2009, an increase of RM23.2 million or 12.6% as compared to previous corresponding quarter. The increase was due to higher non interest income of RM34.2 million and lower expenses of RM6 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM207.5 million as compared to RM268.8 million in the preceding quarter, a decrease of RM61.3 million mainly from lower net interest income by RM23.2 million and loan loss provision was higher by RM63.2 million.

3 Prospects for the new financial year 2009/2010

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 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
The Group				
Malaysian income tax	(16,304)	54,459	204,000	275,041
Oversea tax	-	-	-	-
	<u>(16,304)</u>	<u>54,459</u>	<u>204,000</u>	<u>275,041</u>
Transfer from/(to) deferred taxation	24,884	(4,212)	23,552	(6,860)
	<u>8,580</u>	<u>50,247</u>	<u>227,552</u>	<u>268,181</u>

	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
The Bank				
Malaysian income tax	17,204	55,518	201,766	257,244
Oversea tax	-	-	-	-
	<u>17,204</u>	<u>55,518</u>	<u>201,766</u>	<u>257,244</u>
Transfer from/(to) deferred taxation	24,344	(3,920)	24,951	(4,753)
	<u>41,548</u>	<u>51,598</u>	<u>226,717</u>	<u>252,491</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.

On 8 April 2009, the Bank 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 55% of 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.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Deposits from customers				
Fixed deposits	36,857,055	33,984,323	31,670,086	29,766,590
Negotiable instruments of deposit	3,526,455	1,697,204	2,359,236	1,215,964
Demand deposits	6,807,711	6,000,146	6,447,625	5,651,734
Saving deposits	7,841,769	7,491,714	6,691,831	6,457,812
Short term corporate placement	11,908,438	13,159,163	11,908,438	13,159,163
Other	641,929	215,397	641,929	215,397
	<u>67,583,357</u>	<u>62,547,947</u>	<u>59,719,145</u>	<u>56,466,660</u>

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	39,687,928	34,737,382	33,438,922	30,254,520
More than one year (medium/long term)	695,582	944,145	590,400	728,034
	<u>40,383,510</u>	<u>35,681,527</u>	<u>34,029,322</u>	<u>30,982,554</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	2,202,304	5,891,409	2,172,304	5,302,409
Other financial institutions	201,855	481,167	201,855	291,167
	<u>2,404,159</u>	<u>6,372,576</u>	<u>2,374,159</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)	2,404,159	6,372,576	2,374,159	5,593,576
More than one year (medium/long term)	-	-	-	-
	<u>2,404,159</u>	<u>6,372,576</u>	<u>2,374,159</u>	<u>5,593,576</u>

11 Subordinated bonds

	<u>The Group and The Bank</u>	
	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
Subordinated bonds		
- USD200 million	<u>729,566</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 June 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	11,267,891	5,706,911	2,711,946	1,941,156	906,301	1,577	-
- swaps	7,842,933	1,227,241	1,912,536	492,527	492,494	3,419,467	298,668
- options	1,564,171	1,296,621	262,611	4,939	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	5,841,386	-	863,250	1,037,569	1,730,567	2,210,000	-
- swaps	31,656,360	515,000	460,000	3,030,000	2,211,844	24,037,636	1,401,880
Total	58,172,741	8,745,773	6,210,343	6,506,191	5,341,206	29,668,680	1,700,548

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	11,267,891	5,706,911	2,711,946	1,941,156	906,301	1,577	-
- swaps	7,842,933	1,227,241	1,912,536	492,527	492,494	3,419,467	298,668
- options	1,564,171	1,296,621	262,611	4,939	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	5,841,386	-	863,250	1,037,569	1,730,567	2,210,000	-
- swaps	31,656,360	515,000	460,000	3,030,000	2,211,844	24,037,636	1,401,880
Total	58,172,741	8,745,773	6,210,343	6,506,191	5,341,206	29,668,680	1,700,548

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 RM77,554,000 (FYE June 2008: RM881,960,520) and RM36,134,979,496 (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 RM739,996,514 (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

A final dividend of 15.0 sen per share less income tax of 25% has been proposed for the current quarter.

- (i) Amount per share: 15.0 sen (less 25% taxation).
- (ii) Previous corresponding quarter: 15.0 sen per share (less 25% taxation).
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

16 Earnings per share

a) Basic earnings per share

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

	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	199,365	133,987	905,335	741,818
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	(131,093)	(131,091)	(131,093)	(130,950)
	<u>1,449,014</u>	<u>1,449,016</u>	<u>1,449,014</u>	<u>1,449,157</u>
Basic earnings per share (sen)	13.8	9.2	62.5	51.2
<u>The Bank</u>				
Net profit attributable to shareholders of the company	116,325	135,958	659,678	696,530
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	(131,093)	(131,091)	(131,093)	(130,950)
	<u>1,449,014</u>	<u>1,449,016</u>	<u>1,449,014</u>	<u>1,449,157</u>
Basic earnings per share (sen)	8.0	9.4	45.5	48.1

Earnings per share (continued)

b) Fully diluted earnings per share

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

	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	199,365	133,987	905,335	741,818
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,014	1,449,016	1,449,014	1,449,157
- adjustment for ESOS	-	-	-	-
	<u>1,449,014</u>	<u>1,449,016</u>	<u>1,449,014</u>	<u>1,449,157</u>
Fully diluted earnings per share (sen)	13.8	9.2	62.5	51.2
<u>The Bank</u>				
Net profit attributable to shareholders of the company	116,325	135,958	659,678	696,530
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,449,014	1,449,016	1,449,014	1,449,157
- adjustment for ESOS	-	-	-	-
	<u>1,449,014</u>	<u>1,449,016</u>	<u>1,449,014</u>	<u>1,449,157</u>
Fully diluted earnings per share (sen)	8.0	9.4	45.5	48.1