

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

	The Group		The Bank		
	Note	Financial Period Ended 30/09/2009	Financial Year Ended 30/06/2009	Financial Period Ended 30/09/2009	Financial Year Ended 30/06/2009
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		7,370,751	18,343,622	5,568,904	15,820,913
Deposits and placements with financial institutions		8,251,571	5,417,120	8,036,238	5,291,952
Securities held at fair value through profit and loss	8	8,689,802	7,058,396	6,637,417	5,095,423
Securities available-for-sale	9	6,060,180	4,103,431	5,608,975	3,570,387
Securities held-to-maturity	10	8,397,107	6,355,027	8,020,692	6,228,404
Loans, advances and financing	11	35,128,895	34,795,414	31,257,529	30,938,086
Other assets	12	1,201,311	1,198,162	1,491,594	1,477,380
Statutory deposits with Bank Negara Malaysia		338,350	368,564	283,450	322,500
Investment in subsidiary companies		-	-	714,092	575,746
Investment in an associated company		1,075,810	1,045,285	946,505	946,505
Prepaid land lease payments		6,164	6,185	5,292	5,311
Property, plant and equipment		327,551	312,838	312,721	297,012
Intangible assets		30,187	29,548	30,187	28,213
Deferred tax assets		139,981	153,613	121,850	134,681
General and Family Takaful fund assets		-	217,337	-	-
Total Assets		77,017,460	79,404,542	69,035,446	70,732,513
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	63,742,949	67,583,357	56,784,394	59,719,145
Deposits and placements of banks and other financial institutions	14	3,653,551	2,404,159	3,197,476	2,374,159
Bills and acceptance payable		213,615	251,386	193,406	235,253
Other liabilities	15	2,607,304	2,393,344	2,551,682	2,327,155
Subordinated Bonds		711,993	729,566	711,993	729,566
Provision for taxation		74,516	48,541	52,509	27,947
General and Family Takaful fund liabilities		-	8,278	-	-
General and Family Takaful policyholders' fund		-	209,059	-	-
Total Liabilities		71,003,928	73,627,690	63,491,460	65,413,225
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		5,132,370	4,852,809	4,662,824	4,438,233
Less: Treasury Shares		(698,945)	(699,052)	(698,945)	(699,052)
Total Shareholders' Equity		6,013,532	5,733,864	5,543,986	5,319,288
Minority interest		-	42,988	-	-
Total Equity		6,013,532	5,776,852	5,543,986	5,319,288
Total Liabilities and Equity		77,017,460	79,404,542	69,035,446	70,732,513
COMMITMENTS AND CONTINGENCIES	25	80,804,204	78,269,435	79,621,348	77,177,218
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	15.34%	15.89%	14.22%	15.18%
Risk-weighted capital ratio	21	15.79%	16.47%	14.22%	15.18%
After deducting proposed dividends					
Core capital ratio	21	14.88%	15.42%	13.71%	14.65%
Risk-weighted capital ratio	21	15.33%	15.99%	13.71%	14.65%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		4.15	3.96	3.83	3.67

* The Net assets per share attributable to ordinary equity holders of the parent (RM) is computed as Total Shareholders' Funds (excluding Minority interest) divided by total number of ordinary shares in circulation

Hong Leong Bank Berhad

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

The Group

	Note	Current Quarter Ended 30/09/2009 RM'000	Corresponding Quarter Ended 30/09/2008 RM'000	Current Period Ended 30/09/2009 RM'000	Corresponding Period Ended 30/09/2008 RM'000
Interest income	16	624,868	816,969	624,868	816,969
Interest expense	17	(290,021)	(459,927)	(290,021)	(459,927)
Net interest income		334,847	357,042	334,847	357,042
Net income from Islamic Banking business		48,080	43,457	48,080	43,457
Other operating income	18	128,750	149,632	128,750	149,632
Net Income		511,677	550,131	511,677	550,131
Other operating expenses	19	(210,156)	(217,307)	(210,156)	(217,307)
Operating profit before provision		301,521	332,824	301,521	332,824
Allowance for losses on loans, advances and financing	20	(43,219)	(11,233)	(43,219)	(11,233)
Impairment loss		-	(33,209)	-	(33,209)
Share of profit after tax of equity accounted associated company		258,302	288,382	258,302	288,382
		30,525	27,497	30,525	27,497
Profit before taxation (and zakat)		288,827	315,879	288,827	315,879
Taxation		(54,648)	(73,984)	(54,648)	(73,984)
Zakat		(13)	(16)	(13)	(16)
Net profit for the period		234,166	241,879	234,166	241,879
Attributable to:					
Equity holders of the parent		234,211	242,043	234,211	242,043
Minority interest		(45)	(164)	(45)	(164)
Net profit for the period		234,166	241,879	234,166	241,879
Earnings per share - basic (sen)		16.2	16.7	16.2	16.7
Earnings per share - fully diluted (sen)		16.2	16.7	16.2	16.7

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Income Statement
For The Financial Quarter Ended 30 September 2009

The Bank					
	Note	Current Quarter Ended 30/09/2009 RM'000	Corresponding Quarter Ended 30/09/2008 RM'000	Current Period Ended 30/09/2009 RM'000	Corresponding Period Ended 30/09/2008 RM'000
Interest income	16	626,733	820,975	626,733	820,975
Interest expense	17	(291,088)	(461,290)	(291,088)	(461,290)
Net interest income		335,645	359,685	335,645	359,685
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	124,424	121,310	124,424	121,310
Net Income		460,069	480,995	460,069	480,995
Other operating expenses	19	(191,558)	(200,455)	(191,558)	(200,455)
Operating profit before provision Allowances for losses on loans and financing	20	268,511	280,540	268,511	280,540
Impairment loss		-	(33,209)	-	(33,209)
Profit before taxation (and zakat)		227,368	235,778	227,368	235,778
Taxation		(47,506)	(60,238)	(47,506)	(60,238)
Zakat		-	-	-	-
Profit after taxation		179,862	175,540	179,862	175,540
Profit attributable to shareholders		179,862	175,540	179,862	175,540
Earnings per share - basic (sen)		12.4	12.1	12.4	12.1
Earnings per share - fully diluted (sen)		12.4	12.1	12.4	12.1

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 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	Shareholders' Equity RM'000			
As at 1 July 2009	1,580,107	539,664	1,860,621	(26,701)	13,022	37,050	2,428,953	(699,052)	5,733,864	42,988	5,776,852	
<i>Currency translation differences</i>	-	-	-	-	-	(19)	-	-	(19)	-	(19)	
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(19)	-	-	(19)	-	(19)	
Net profit for the period	-	-	-	-	-	-	234,211	-	234,211	(45)	234,166	
Transfer to statutory reserve	-	-	10,923	-	-	-	(10,923)	-	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	
Add: ESOS exercised	-	7	-	-	-	-	-	107	114	-	114	
Net fair value changes in available for sale securities	-	-	-	42,788	-	-	-	-	42,788	-	42,788	
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(42,943)	(42,943)	
Options charge arising from ESOS granted	-	-	-	-	2,574	-	-	-	2,574	-	2,574	
Closing Balance @ 30 September 2009	1,580,107	539,671	1,871,744	16,087	15,596	37,031	2,652,241	(699,945)	6,013,332	-	6,013,332	
As at 1 July 2008	1,580,107	539,664	1,823,644	(14,701)	2,720	35,328	1,821,618	(699,041)	5,089,540	43,698	5,133,238	
<i>Currency translation differences</i>	-	-	-	-	-	(73)	-	-	(73)	-	(73)	
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(73)	-	-	(73)	-	(73)	
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	
Net profit for the period	-	-	-	-	-	-	242,043	-	242,043	(164)	241,879	
Transfer to statutory reserve	-	-	10,491	-	-	-	(10,491)	-	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	
less: Treasury shares	-	-	-	-	-	-	-	-	-	-	-	
Net fair value changes in available for sale securities	-	-	-	(12,180)	-	-	-	-	(12,180)	-	(12,180)	
Options charge arising from ESOS granted	-	-	-	-	2,575	-	-	-	2,575	-	2,575	
Closing Balance @ 30 September 2008	1,580,107	539,664	1,834,135	(26,881)	5,295	35,456	2,053,170	(699,041)	5,321,905	43,534	5,365,439	

Condensed Financial Statements
Hong Leong Bank Berhad

Unaudited Statement of Changes in Equity For The Financial Period Ended 30 September 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
As at 1 July 2008	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,136,050	(699,052)	5,319,288
<i>Currency translation differences</i>	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	179,862	-	179,862
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Add: ESOS exercised	-	7	-	-	-	-	-	-	114
Net fair value changes in available for sale securities	-	-	-	42,148	-	-	-	-	42,148
Options charge arising from ESOS granted	-	-	-	-	2,574	-	-	-	2,574
Closing Balance @ 30 September 2009	1,580,107	539,671	1,741,612	14,494	15,596	35,529	2,315,922	(698,045)	5,543,986
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
<i>Currency translation differences</i>	-	-	-	-	-	(1)	-	-	(3,582)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(1)	-	-	(1)
Net profit for the period	-	-	-	-	-	-	175,540	-	175,540
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
less: Treasury shares	-	-	-	-	-	-	-	-	-
Net fair value changes in available for sale securities	-	-	-	(14,305)	-	-	-	-	(14,305)
Options charge arising from ESOS granted	-	-	-	-	2,575	-	-	-	2,575
Closing Balance @ 30 September 2008	1,580,107	539,664	1,741,612	(28,968)	5,295	35,528	1,912,745	(699,041)	5,086,942

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

	The Group		The Bank	
	Financial Period Ended 30/09/2009 RM'000	Financial Period Ended 30/09/2008 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Period Ended 30/09/2008 RM'000
Operating activities				
Profit before taxation	288,827	315,879	227,368	235,778
Adjustments for non-cash items	(58,247)	(30,484)	(64,417)	(9,755)
Operating profit before working capital changes	230,580	285,395	162,951	226,023
Income taxes and zakat paid	(16,317)	(95,180)	(8,890)	(88,375)
Net changes in working capital	(7,067,680)	(3,783,719)	(6,499,528)	(3,507,405)
Net cash flow from operating activities	(6,853,417)	(3,593,505)	(6,345,466)	(3,369,757)
Net cash flow from investing activities	(4,109,324)	(1,130,183)	(3,943,443)	(805,681)
Net cash flow from financing activities	(18,326)	(8,588)	(18,326)	(8,588)
Changes in cash and cash equivalents	(10,981,067)	(4,732,276)	(10,307,236)	(4,184,026)
Currency translation differences	8,196	119	55,227	119
Cash and cash equivalents at the beginning of year	18,343,622	22,264,674	15,820,913	20,392,853
Cash and cash equivalents at the end of period	7,370,751	17,532,517	5,568,904	16,208,946

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2009.

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 2009 except for the first time adoption of FRS 8, 'Operating Segments'.

FRS 8: Operating Segments – This new standard replaces FRS 114 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. disclosure in the financial statements. The application of this standard would not have any impact to the financial statements of the Group.

2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements financial statements for the year ended 30 June 2009

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2009

3 Seasonality or cyclicity of operations

The business operations of the Group and the Bank have not been affected by any material seasonal and cyclical factors.

4 Exceptional items or unusual events affecting financial statements

There were no exceptional items or unusual events that materially affected the financial statements.

5 Variation from financial estimates reported in preceding financial period/year

There were no changes in estimates of amounts reported in the prior financial year that may have a material effect in the current period.

6 Issuance and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 September 2009 other than as mentioned below:-

a) Share Buy-back

During the financial period ended 30 September 2009, there were no purchase of ordinary shares of RM1.00 each ('Shares') from the open market.

The total number of Shares bought back, all of which were held as treasury shares as at 30 September 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.

b) Purchase of shares pursuant to ESOS

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

During the financial period ended 30 September 2009, the trust did not purchase any new shares. As at 30 September 2009, the total number of Treasury Shares for ESOS was 49,980,000 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.

During the financial period ended 30 September 2009, a total of 20,000 ordinary shares of RM1 each for cash were exercised pursuant to the Company's ESOS at exercise prices of RM5.72 per ordinary share.

c) Subordinated Bonds

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds ("the Bonds") due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

7 Dividends paid

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

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury				
Bills	723,004	458,307	284,680	310,130
Malaysian Government Securities	987,571	838,842	987,571	838,842
Malaysian Government Investment				
Certificates	1,004,301	136,143	733,681	-
Bank Negara Malaysia (BNM)				
Bills	1,274,057	1,738,604	1,274,057	895,517
Cagamas Bonds	75,144	-	55,105	-
Bankers' Acceptance and Islamic				
Accepted bills	3,523,618	2,983,607	2,797,617	2,607,562
Negotiable Instruments of Deposit	1,029,281	887,971	504,706	443,372
Sukuk Bonds	40,027	-	-	-
Khazanah Bonds	32,799	14,922	-	-
Total securities held-for-trading	<u>8,689,802</u>	<u>7,058,396</u>	<u>6,637,417</u>	<u>5,095,423</u>

* During the 2nd Quarter of financial year ended 30 June 2009, amount of RM58 million (Group) and RM57 million (Bank) was reclassified to available-for-sale portfolio

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2009 RM'000</u>	<u>Financial Year Ended 30/06/2009 RM'000</u>	<u>Financial Period Ended 30/09/2009 RM'000</u>	<u>Financial Year Ended 30/06/2009 RM'000</u>
Money market instruments:				
Malaysian Government Investment Certificates	3,103,077	728,237	2,687,486	306,236
Negotiable Instruments of Deposit	-	-	-	-
Other Government Securities	8,930	9,081	8,930	9,081
Khazanah Bonds	-	9,948	-	-
Government Treasury Bills	491,414	379,600	491,414	379,600
Malaysian Government Securities	1,282,382	1,698,183	1,282,382	1,698,182
Singapore Government securities	24,569	24,601	24,569	24,601
Cagamas Bonds	162,197	162,084	126,583	126,656
	<u>5,072,569</u>	<u>3,011,734</u>	<u>4,621,364</u>	<u>2,544,356</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks *	76,801	69,879	76,801	68,618
Foreign Currency Bonds	744,020	801,013	744,020	791,278
Unquoted securities:				
Private Debt Securities	166,790	220,805	166,790	166,135
Total securities available-for-sale	<u>6,060,180</u>	<u>4,103,431</u>	<u>5,608,975</u>	<u>3,570,387</u>

* Includes amount transferred from Held-for-trading Group (RM64.8 million) and Bank (RM64.8 million)

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Money market instruments:				
Malaysian Government Securities	4,024,930	1,670,241	4,024,930	1,670,241
Malaysian Government Investment Certificates	1,192,631	105,514	882,573	45,306
Cagamas bonds	279,877	279,873	279,877	279,873
Negotiable Instruments of Deposit	2,673,612	4,073,323	2,673,612	4,073,323
	<u>8,171,050</u>	<u>6,128,951</u>	<u>7,860,992</u>	<u>6,068,743</u>
Unquoted securities:				
Shares	27,578	27,578	27,003	27,003
Private debt securities	196,386	196,398	130,604	130,558
Loan Stocks	2,093	2,100	2,093	2,100
	<u>226,057</u>	<u>226,076</u>	<u>159,700</u>	<u>159,661</u>
Total securities held-to-maturity	<u>8,397,107</u>	<u>6,355,027</u>	<u>8,020,692</u>	<u>6,228,404</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Overdrafts	2,027,562	2,091,226	2,023,085	2,086,550
Term loans:				
- Housing and shop loans/financing	20,988,241	20,496,440	17,270,996	16,933,816
- Syndicated term loan/financing	1,811,088	1,685,228	1,554,290	1,458,633
- Hire purchase receivables	5,705,851	5,829,968	3,198,797	3,284,687
- Lease receivables	15,279	16,418	-	-
- Other term loans/financing	1,901,112	1,775,639	1,782,808	1,653,690
Credit/charge card receivables	2,065,607	2,017,519	2,065,607	2,017,519
Bills receivables	163,886	211,019	163,886	211,019
Trust receipts	106,521	92,982	106,521	92,982
Claims on customers under acceptance credits	3,144,472	3,230,902	3,101,133	3,184,696
Block discounting	8,225	8,218	8,225	8,218
Revolving credits	1,206,205	1,219,780	1,206,205	1,219,780
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	95,775	96,686	95,757	96,668
Other loans/financing	48,157	45,013	47,573	44,390
	<u>39,287,981</u>	<u>38,817,038</u>	<u>32,624,883</u>	<u>32,292,648</u>
Unearned interest and income	(3,327,246)	(3,219,240)	(601,011)	(613,549)
Gross loans, advances and financing	<u>35,960,735</u>	<u>35,597,798</u>	<u>32,023,872</u>	<u>31,679,099</u>
Fair value changes arising from fair value hedges	48,926	56,892	20,775	28,385
Unamortised fair value changes arising from terminated fair value hedges	11,008	13,381	7,553	8,714
Allowance for bad and doubtful debts and financing:				
- General	(549,599)	(544,823)	(476,170)	(471,305)
- Specific	(342,375)	(327,834)	(318,501)	(306,807)
Net loans, advances and financing	<u>35,128,695</u>	<u>34,795,414</u>	<u>31,257,529</u>	<u>30,938,086</u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Domestic non-bank financial institutions	45,074	86,327	29,876	66,046
Domestic business enterprises				
- Small and medium enterprises	3,321,972	3,250,429	3,087,797	3,019,992
- Others	7,088,111	7,101,523	6,594,185	6,601,848
Government and statutory bodies	339	369	295	322
Individuals	24,373,887	24,048,226	21,235,683	20,935,613
Other domestic entities	16,616	16,185	15,210	14,941
Foreign entities	1,114,736	1,094,739	1,060,826	1,040,337
Gross loans, advances and financing	<u>35,960,735</u>	<u>35,597,798</u>	<u>32,023,872</u>	<u>31,679,099</u>

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Fixed rate				
- Housing and shop loans/financing	702,213	673,204	267,872	266,342
- Hire purchase receivables	4,974,016	5,087,484	2,763,325	2,837,970
- Other fixed rate loan/financing	3,112,078	3,045,445	3,000,774	2,917,234
Variable rate				
- Base lending rate plus	23,620,186	23,240,974	22,482,998	22,153,067
- Cost plus	3,502,146	3,500,595	3,458,807	3,454,390
- Other variables rates	50,096	50,096	50,096	50,096
Gross loans, advances and financing	<u>35,960,735</u>	<u>35,597,798</u>	<u>32,023,872</u>	<u>31,679,099</u>

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Purchase of securities	473,287	416,439	472,949	416,094
Purchase of transport vehicles	4,724,969	4,848,428	2,637,370	2,723,027
Purchase of landed properties				
- residential	14,195,899	13,922,382	13,026,308	12,800,377
- non-residential	4,278,636	4,257,268	4,084,989	4,065,035
Personal use	2,813,828	2,710,071	2,747,811	2,651,529
Credit card	2,065,607	2,017,519	2,065,607	2,017,519
Purchase of consumer durables	70	54	70	54
Construction	395,008	448,043	364,731	417,826
Working capital	7,010,384	6,973,922	6,620,995	6,583,980
Others	3,047	3,672	3,042	3,658
Gross loans, advances and financing	<u>35,960,735</u>	<u>35,597,798</u>	<u>32,023,872</u>	<u>31,679,099</u>

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Purchase of securities	10,892	11,000	10,672	10,780
Purchase of transport vehicles	51,774	48,996	29,108	27,617
Purchase of landed properties				
- residential	221,904	235,867	205,162	216,978
- non-residential	63,375	62,761	62,349	62,149
Personal use	60,397	56,872	60,135	56,432
Credit card	32,440	36,446	32,440	36,446
Construction	30,645	32,662	29,982	32,240
Working capital	304,246	315,553	299,746	311,255
Others	-	2	-	2
	<u>775,673</u>	<u>800,159</u>	<u>729,594</u>	<u>753,899</u>

11 Loans, advances and financing (continued)

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
At beginning	800,159	840,402	753,899	794,555
Non-performing during the period/year	667,429	2,793,625	613,642	2,588,994
Reclassified as performing	(589,055)	(2,314,165)	(541,709)	(2,147,426)
Amount written back in respect of recoveries	(60,262)	(258,963)	(53,805)	(234,726)
Amount written off	(42,930)	(260,982)	(42,765)	(247,740)
Exchange differences	332	242	332	242
Closing balance	775,673	800,159	729,594	753,899
Specific allowance	(342,375)	(327,834)	(318,501)	(306,807)
Net non-performing loans, advances and financing	<u>433,298</u>	<u>472,325</u>	<u>411,093</u>	<u>447,092</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.2%</u>	<u>1.3%</u>	<u>1.3%</u>	<u>1.4%</u>

11 Loans, advances and financing (continued)

11f Movements in allowance for bad and doubtful debts (and financing) accounts are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 30/09/2009 RM'000</u>	<u>Financial Year Ended 30/06/2009 RM'000</u>	<u>Financial Period Ended 30/09/2009 RM'000</u>	<u>Financial Year Ended 30/06/2009 RM'000</u>
<u>General Allowance</u>				
At beginning	544,823	526,957	471,305	461,900
Net provisions made during the year	4,660	17,728	4,749	9,267
Exchange differences	116	138	116	138
Closing balance	<u>549,599</u>	<u>544,823</u>	<u>476,170</u>	<u>471,305</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	327,834	345,781	306,807	320,954
Allowance made during the period/year	79,866	316,410	74,683	300,461
Amount written back in respect of recoveries	(22,623)	(73,602)	(20,452)	(67,095)
Amount written off	(42,930)	(260,982)	(42,765)	(247,740)
Exchange differences	228	227	228	227
Closing balance	<u>342,375</u>	<u>327,834</u>	<u>318,501</u>	<u>306,807</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Interest/Income receivable	131,181	97,739	124,811	89,608
* Other debtors, deposits and prepayments	1,068,255	1,098,548	1,364,908	1,385,897
Foreclosed properties	1,875	1,875	1,875	1,875
	<u>1,201,311</u>	<u>1,198,162</u>	<u>1,491,594</u>	<u>1,477,380</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
<u>By type of customer</u>				
Government and statutory bodies	770,449	714,312	603,163	550,071
Business enterprises	29,013,078	33,264,462	24,042,019	27,262,391
Individuals	32,618,709	32,608,117	30,920,604	31,024,913
Others	1,340,713	996,466	1,218,608	881,770
	<u>63,742,949</u>	<u>67,583,357</u>	<u>56,784,394</u>	<u>59,719,145</u>

14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Licensed banks	3,398,276	2,202,304	3,197,476	2,172,304
Other financial institutions	255,275	201,855	-	201,855
	<u>3,653,551</u>	<u>2,404,159</u>	<u>3,197,476</u>	<u>2,374,159</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Interest/Profit payable	233,095	261,417	195,403	228,736
Zakat	68	55	-	-
Post employment benefits obligation				
- defined contribution plan	3,162	3,181	3,162	3,181
Loan advance payment	869,192	802,122	819,070	765,762
Amount due to subsidiary companies	-	-	43,667	43,671
Others	1,501,787	1,326,569	1,490,380	1,285,805
	<u>2,607,304</u>	<u>2,393,344</u>	<u>2,551,682</u>	<u>2,327,155</u>

16 Interest income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	386,836	449,467	386,836	449,467
- Recoveries from NPLs	25,427	27,227	25,427	27,227
Money at call and deposit placements with financial institutions	72,131	215,343	72,131	215,343
Securities purchased under resale agreements	6	1,088	6	1,088
Securities held-for-trading	15,888	2,468	15,888	2,468
Securities available-for-sale	38,531	31,896	38,531	31,896
Securities held-to-maturity	48,833	36,592	48,833	36,592
Others	78	674	78	674
	<u>587,730</u>	<u>764,755</u>	<u>587,730</u>	<u>764,755</u>
Amortisation of premium less accretion of discount	39,733	55,346	39,733	55,346
Interest suspended	(2,595)	(3,132)	(2,595)	(3,132)
	<u>624,868</u>	<u>816,969</u>	<u>624,868</u>	<u>816,969</u>

16 Interest income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	388,058	452,834	388,058	452,834
- Recoveries from NPLs	25,427	27,227	25,427	27,227
Money at call and deposit placements with financial institutions	72,816	216,028	72,816	216,028
Securities purchased under resale agreements	6	1,088	6	1,088
Securities held-for-trading	16,113	2,681	16,113	2,681
Securities available-for-sale	38,264	31,672	38,264	31,672
Securities held-to-maturity	48,833	36,592	48,833	36,592
Others	78	639	78	639
	<u>589,595</u>	<u>768,761</u>	<u>589,595</u>	<u>768,761</u>
Amortisation of premium less accretion of discount	39,733	55,346	39,733	55,346
Interest suspended	(2,595)	(3,132)	(2,595)	(3,132)
	<u>626,733</u>	<u>820,975</u>	<u>626,733</u>	<u>820,975</u>

17 Interest expense

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	7,825	38,731	7,825	38,731
Deposits from customers	227,781	293,468	227,781	293,468
Short term corporate placements	45,301	118,796	45,301	118,796
Subordinated bonds	9,104	8,588	9,104	8,588
Others	10	344	10	344
	<u>290,021</u>	<u>459,927</u>	<u>290,021</u>	<u>459,927</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	8,510	39,416	8,510	39,416
Deposits from customers	228,163	294,146	228,163	294,146
Short term corporate placements	45,301	118,796	45,301	118,796
Subordinated bonds	9,104	8,588	9,104	8,588
Others	10	344	10	344
	<u>291,088</u>	<u>461,290</u>	<u>291,088</u>	<u>461,290</u>

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	17,942	19,781	17,942	19,781
Service charges and fees	4,349	5,795	4,349	5,795
Guarantee fees	1,370	1,456	1,370	1,456
Other fee income	50,000	47,601	50,000	47,601
	<u>73,661</u>	<u>74,633</u>	<u>73,661</u>	<u>74,633</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	12,919	11,269	12,919	11,269
Net gain from sale of securities available-for-sale	254	17,320	254	17,320
Net gain from redemption of securities held-to-maturity	974	78	974	78
	<u>14,147</u>	<u>28,667</u>	<u>14,147</u>	<u>28,667</u>
(c) <u>Gross dividend income from:</u>				
Securities held at fair value through profit or loss	-	1,063	-	1,063
Securities available-for-sale	1,293	12	1,293	12
Securities held to maturity	3,396	3,183	3,396	3,183
	<u>4,689</u>	<u>4,258</u>	<u>4,689</u>	<u>4,258</u>

18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	1,895	6,669	1,895	6,669
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(193)	1,230	(193)	1,230
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	165	(12,961)	165	(12,961)
(g) <u>Other income:</u>				
Foreign exchange gain	27,119	41,779	27,119	41,779
Rental income	179	24	179	24
Gain on disposal of property and equipment (net)	(5)	244	(5)	244
Profit from Takaful investments	1,758	1,383	1,758	1,383
Others	5,335	3,706	5,335	3,706
	34,386	47,136	34,386	47,136
Total other operating income	128,750	149,632	128,750	149,632

18 Other operating income

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Bank				
(a) Fee income:				
Commissions	17,941	19,750	17,941	19,750
Service charges and fees	4,349	5,795	4,349	5,795
Guarantee fees	1,370	1,456	1,370	1,456
Other fee income	50,006	47,618	50,006	47,618
	<u>73,666</u>	<u>74,619</u>	<u>73,666</u>	<u>74,619</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading and derivatives	12,919	11,269	12,919	11,269
Net gain from sale of securities available-for-sale	254	17,320	254	17,320
Net gain from redemption of securities held-to-maturity	974	78	974	78
	<u>14,147</u>	<u>28,667</u>	<u>14,147</u>	<u>28,667</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	-	1,063	-	1,063
Securities available-for-sale	1,293	12	1,293	12
Securities held to maturity	3,396	3,183	3,396	3,183
	<u>4,689</u>	<u>4,258</u>	<u>4,689</u>	<u>4,258</u>

18 Other operating income (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	4,990	700	4,990	700
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(193)	(797)	(193)	(797)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(2,574)	(31,661)	(2,574)	(31,661)
(g) <u>Other income:</u>				
Foreign exchange gain	27,106	41,697	27,106	41,697
Rental income	179	24	179	24
Gain on disposal of property and equipment (net)	(6)	244	(6)	244
Loss from disposal of subsidiary	(2,239)	-	(2,239)	-
Others	4,659	3,559	4,659	3,559
	<u>29,699</u>	<u>45,524</u>	<u>29,699</u>	<u>45,524</u>
Total other operating income	<u>124,424</u>	<u>121,310</u>	<u>124,424</u>	<u>121,310</u>

19 Other operating expenses

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	101,093	96,880	101,093	96,880
- Others	8,565	9,575	8,565	9,575
<u>Establishment costs</u>				
- Depreciation equipment equipment	11,024	11,635	11,024	11,635
- Depreciation of Prepaid Lease	21	21	21	21
- Amortisation of intangible assets	2,991	3,497	2,991	3,497
- Rental	11,093	10,521	11,093	10,521
- Information technology expenses	11,198	10,515	11,198	10,515
- Others	9,716	9,663	9,716	9,663
<u>Marketing expenses</u>				
- Advertisement and publicity	14,660	16,518	14,660	16,518
- Handling fees	1,010	3,643	1,010	3,643
- Others	10,543	13,378	10,543	13,378
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,500	2,789	1,500	2,789
- Stationery & printing	2,962	3,111	2,962	3,111
- Others	23,780	25,561	23,780	25,561
	<u>210,156</u>	<u>217,307</u>	<u>210,156</u>	<u>217,307</u>

19 Other operating expenses (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	88,715	86,167	88,715	86,167
- Others	7,763	8,653	7,763	8,653
<u>Establishment costs</u>				
- Depreciation equipment	10,783	11,383	10,783	11,383
- Depreciation of Prepaid Lease	19	19	19	19
- Amortisation of intangible assets	2,911	3,380	2,911	3,380
- Rental	10,481	9,934	10,481	9,934
- Information technology expenses	10,906	10,320	10,906	10,320
- Others	8,435	8,149	8,435	8,149
<u>Marketing expenses</u>				
- Advertisement and publicity	14,245	16,463	14,245	16,463
- Handling fees	444	2,594	444	2,594
- Others	9,690	13,142	9,690	13,142
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,484	2,766	1,484	2,766
- Stationery & printing	2,894	3,073	2,894	3,073
- Others	22,788	24,412	22,788	24,412
	<u>191,558</u>	<u>200,455</u>	<u>191,558</u>	<u>200,455</u>

20 Allowance for losses on loans, advances and financing

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	4,660	4,978	4,660	4,978
- specific allowance	79,866	69,939	79,866	69,939
- specific allowance written back	(22,623)	(19,560)	(22,623)	(19,560)
Bad debts and financing written off	1,764	2,404	1,764	2,404
Bad debts and financing recovery	(20,448)	(46,528)	(20,448)	(46,528)
	<u>43,219</u>	<u>11,233</u>	<u>43,219</u>	<u>11,233</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	4,749	6,173	4,749	6,173
- specific allowance	74,683	66,485	74,683	66,485
- specific allowance written back	(20,452)	(18,181)	(20,452)	(18,181)
Bad debts and financing written off	1,667	2,311	1,667	2,311
Bad debts and financing recovery	(19,504)	(45,235)	(19,504)	(45,235)
	<u>41,143</u>	<u>11,553</u>	<u>41,143</u>	<u>11,553</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 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	539,671	539,664	539,671	539,664
Retained profit	2,428,953	2,428,953	2,136,060	2,136,060
Other reserves	1,913,467	1,910,893	1,792,737	1,790,163
Less: Treasury shares	(698,944)	(699,052)	(698,944)	(699,052)
Less: Deferred tax	(153,613)	(153,613)	(134,681)	(134,681)
Add: Minority interest	-	42,988	-	-
Total tier-1 capital	5,609,641	5,649,940	5,214,950	5,212,261
Tier-2 capital				
General provision	549,599	544,823	476,170	471,305
Subordinated bonds	692,100	703,800	692,100	703,800
Total tier-2 capital	1,241,699	1,248,623	1,168,270	1,175,105
Total capital	6,851,340	6,898,563	6,383,220	6,387,366
Less: Investment in subsidiary companies	-	-	(714,094)	(575,746)
Less: Investment in associated company	(1,075,810)	(1,045,285)	(946,505)	(946,505)
Total capital base	<u>5,775,530</u>	<u>5,853,278</u>	<u>4,722,621</u>	<u>4,865,115</u>
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	15.34%	15.89%	14.22% *	15.18%
Risk-weighted Capital Ratio	15.79%	16.47%	14.22%	15.18%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	14.88%	15.42%	13.71% *	14.65%
Risk-weighted Capital Ratio	15.33%	15.99%	13.71%	14.65%

*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 September 2009	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.90%
Risk-weighted capital ratio	<u>21.93%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.90%
Risk-weighted capital ratio	<u>21.93%</u>
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>

* 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:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Risk-weighted assets for credit risk	30,232,611	29,835,809	27,530,621	26,851,357
Risk-weighted assets for market risk	2,536,087	1,973,766	2,209,349	1,787,131
Risk-weighted assets for operational risk	3,804,470	3,737,622	3,473,446	3,414,147
Total risk-weighted assets	<u>36,573,168</u>	<u>35,547,197</u>	<u>33,213,416</u>	<u>32,052,635</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
30 September 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	19,226,399	19,226,399	-	-	-
Public Sector Entities	96,492	96,492	19,298	19,298	1,544
Banks, Development Financial Institutions & MDBs	9,596,558	9,596,558	3,243,740	3,243,740	259,499
Insurance Companies, Securities Firms & Fund Managers	24,483	24,483	24,483	24,483	1,959
Corporates	9,733,087	9,362,245	8,967,407	8,967,407	717,393
Regulatory Retail	14,966,784	14,620,915	10,965,685	10,965,685	877,255
Residential Real Estate (RRE) Financing	11,134,561	11,131,671	4,260,420	4,260,420	340,834
Higher Risk Assets	52,878	52,878	79,317	79,317	6,345
Equity Exposure	-	-	-	-	-
Other Assets	1,556,490	1,556,490	575,438	575,438	46,035
Defaulted Exposures	515,876	515,548	614,503	614,503	49,160
Total for On Balance Sheet Exposures	66,903,608	66,183,679	28,750,291	28,750,291	2,300,024
Off Balance Sheet Exposures					
OTC Derivatives	2,191,719	2,191,719	1,118,220	1,118,220	89,458
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	385,520	385,520	357,457	357,457	28,597
Defaulted Exposures	4,428	4,428	6,643	6,643	531
Total for Off Balance Sheet Exposures	2,581,667	2,581,667	1,482,320	1,482,320	118,586
Total for On and Off Balance Sheet Exposures	69,485,275	68,765,346	30,232,611	30,232,611	2,418,610
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	41,402,933	34,297,596	-	1,695,538	135,643
Foreign Currency Risk	838,536	690,836	-	838,536	67,083
Inventory Risk	161	-	-	2,013	161
Total Market Risk				2,536,087	202,887
3 Operational Risk					
Operational Risk			3,804,470	3,804,470	304,358
Total RWA and Capital Requirement			36,573,168	36,573,168	2,925,855
PSIA "Profit Sharing Investment Account"					
OTC "Over The Counter"					

21 Capital adequacy (continued)

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

The Group
30 June 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	90,570
Foreign Currency Risk	828,092	769,044	-	837,040	66,963
Inventory Risk	368	-	-	4,600	368
Total Market Risk				1,973,766	157,901
3 Operational Risk					
Operational Risk				3,737,622	299,010
Total RWA and Capital Requirement				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
30 September 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	17,037,231	17,037,231	-	-	-
Public Sector Entities	96,447	96,447	19,289	19,289	1,543
Banks, Development Financial Institutions & MDBs	8,921,162	8,921,162	3,082,720	3,082,720	246,618
Insurance Companies, Securities Firms & Fund Managers	19,453	19,453	19,453	19,453	1,556
Corporates	9,173,286	8,803,308	8,437,193	8,437,193	674,975
Regulatory Retail	12,466,082	12,122,536	9,091,901	9,091,901	727,352
Residential Real Estate (RRE) Financing	10,273,681	10,270,829	3,925,557	3,925,557	314,045
Higher Risk Assets	51,911	51,911	77,866	77,866	6,229
Equity Exposure	-	-	-	-	-
Other Assets	1,806,364	1,806,364	815,200	815,200	65,216
Defaulted Exposures	488,245	487,997	579,938	579,938	46,395
Total for On Balance Sheet Exposures	60,333,862	59,617,238	26,049,117	26,049,117	2,083,929
Off Balance Sheet Exposures					
OTC Derivatives	2,191,719	2,191,719	1,118,220	1,118,220	89,458
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	384,704	384,704	356,641	356,641	28,531
Defaulted Exposures	4,428	4,428	6,643	6,643	531
Total for Off Balance Sheet Exposures	2,580,851	2,580,851	1,481,504	1,481,504	118,520
Total for On and Off Balance Sheet Exposures	62,914,713	62,198,089	27,530,621	27,530,621	2,202,449
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	39,341,898	34,297,596	-	1,477,957	118,237
Foreign Currency Risk	729,379	689,997	-	729,379	58,350
Inventory Risk	161	-	-	2,013	161
Total Market Risk			-	2,209,349	176,748
3 Operational Risk					
Operational Risk			3,473,446	3,473,446	277,876
Total RWA And Capital Requirement			33,213,416	33,213,416	2,657,073

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
30 June 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	273,132
Total RWA And Capital Requirement				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 30 September 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%	19,226,399	-	-	59,576	-	-	-	-	-	928,546	-	-	-	20,214,522	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	96,492	-	5,249,991	-	448,327	-	-	-	65,634	-	-	-	5,860,444	1,172,089
35%	-	-	-	-	-	-	8,702,768	-	-	-	-	-	-	8,702,768	3,045,969
50%	-	-	-	6,337,995	-	94,897	30,611	2,445,672	-	-	-	-	-	8,909,176	4,454,588
75%	-	-	-	-	-	-	14,733,034	-	-	-	-	-	-	14,733,034	11,049,776
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	2,555	27,437	9,305,137	31,095	87,079	-	562,526	-	-	-	10,015,828	10,015,828
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	4,070	-	156,225	116,093	-	53,186	-	-	-	-	329,574	494,361
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,226,399	96,492	11,654,187	27,437	10,004,586	14,910,833	11,235,519	53,186	1,556,706	-	-	-	-	68,765,346	30,232,611

21 Capital adequacy (continued)

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

The Group 30 June 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 & 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			
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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	278,499	139,297	-	46,819	-	-	-	-	-	-	-	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 30 September 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 & 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
0%	17,037,231	-	-	59,576	-	-	-	-	-	938,659	-	-	-	-	18,035,466	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	96,447	4,661,063	-	412,423	-	-	-	-	65,634	-	-	-	-	5,235,568	1,047,114
35%	-	-	-	-	-	8,065,725	-	-	-	-	-	-	-	-	8,065,725	2,823,004
50%	-	-	6,251,527	-	94,897	30,413	2,220,492	-	-	-	-	-	-	-	8,597,330	4,298,665
75%	-	-	-	-	-	12,234,655	-	-	-	-	-	-	-	-	12,234,655	9,175,991
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	2,555	-	22,407	8,781,288	28,857	78,948	-	802,288	-	-	-	-	9,716,343	9,716,343
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	4,070	-	-	154,996	101,807	-	52,130	-	-	-	-	-	313,002	469,504
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	17,037,231	96,447	10,978,791	22,407	9,443,604	12,395,732	10,365,165	52,130	1,806,581	-	-	-	-	62,198,089	27,530,621	

21 Capital adequacy (continued)

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

The Bank
30 June 2009

Supervisory Risk Weights %	Exposures after Netting and Credit Risk Mitigation											Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets		
	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%	-	-	-	-	276,135	113,449	-	45,853	-	-	-	-	-	435,437	653,156
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	26,851,357

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 30 September 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	181,862	181,862	-	171,875
Transaction-related contingent items	247,518	123,759	-	111,732
Short-term self liquidating trade-related contingencies	421,630	84,326	-	80,493
Foreign exchange related contracts				
- one years or less	20,076,018	422,257	104,485	206,701
- over one year to five years	3,203,609	427,582	131,855	231,175
- over five years	298,668	64,970	11,499	32,485
Interest/ Profit rate related contracts				
- one years or less	10,259,263	47,583	39,281	23,762
- over one year to five years	23,203,193	876,754	321,101	444,217
- over five years	2,901,568	334,258	77,186	167,129
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	19,748,912	-	-	-
Equity related contracts				
- one years or less	134,710	8,134	-	4,147
- over one year to five years	127,253	10,180	-	8,605
Total	80,804,204	2,581,665	685,407	1,482,321

The Group 30 June 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 30 September 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	181,862	181,862	-	171,875
Transaction-related contingent items	246,632	123,316	-	111,289
Short-term self liquidating trade-related contingencies	419,765	83,953	-	80,120
Foreign exchange related contracts				
- one years or less	20,076,018	422,257	104,485	206,701
- over one year to five years	3,203,609	427,582	131,855	231,175
- over five years	298,668	64,970	11,499	32,485
Interest/ Profit rate related contracts				
- one years or less	10,259,263	47,583	39,281	23,762
- over one year to five years	23,203,193	876,754	321,101	444,217
- over five years	2,901,568	334,258	77,186	167,129
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,568,807	-	-	-
Equity related contracts				
- one years or less	134,710	8,134	-	4,147
- over one year to five years	127,253	10,180	-	8,605
Total	79,621,348	2,580,849	685,407	1,481,505

The Bank 30 June 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 30/09/2009

	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	305,763	16,029	188,127	1,758	511,677
Inter-segment revenue	43,969	41,405	(85,374)	-	-
Segment revenue	<u>349,732</u>	<u>57,434</u>	<u>102,753</u>	<u>1,758</u>	<u>511,677</u>
Segment profit before taxation	154,205	22,242	82,047	(192)	258,302
Share of profit after tax of equity accounted associated company					30,525
Profit before taxation					<u>288,827</u>
Taxation and zakat					<u>(54,661)</u>
Profit after taxation					<u><u>234,166</u></u>

Financial period ended 30/09/2009

	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	305,763	16,029	188,127	1,758	511,677
Inter-segment revenue	43,969	41,405	(85,374)	-	-
Segment revenue	<u>349,732</u>	<u>57,434</u>	<u>102,753</u>	<u>1,758</u>	<u>511,677</u>
Segment profit before taxation	154,205	22,242	82,047	(192)	258,302
Share of profit after tax of equity accounted associated company					30,525
Profit before taxation					<u>288,827</u>
Taxation and zakat					<u>(54,661)</u>
Profit after taxation					<u><u>234,166</u></u>
Segment assets	27,968,234	7,410,215	39,161,984	-	74,540,433
Unallocated assets					<u>2,477,027</u>
Total assets					<u><u>77,017,460</u></u>

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

	Corresponding quarter ended 30/09/2008				
	Personal Financial Services RM'000	Wholesale Banking			Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	
<u>By business segment</u>					
External revenue	275,752	53,496	219,500	1,383	550,131
Inter-segment revenue	54,475	44,316	(98,791)	-	-
Segment revenue	<u>330,227</u>	<u>97,812</u>	<u>120,709</u>	<u>1,383</u>	<u>550,131</u>
Segment profit before taxation	140,108	82,078	66,544	(348)	288,382
Share of profit after tax of equity accounted associated company					27,497
Profit before taxation					<u>315,879</u>
Taxation and zakat					<u>(74,000)</u>
Profit after taxation					<u>241,879</u>

	Financial period ended 30/09/2008				
	Personal Financial Services RM'000	Wholesale Banking			Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000	Takaful Business RM'000	
<u>By business segment</u>					
External revenue	275,752	53,496	219,500	1,383	550,131
Inter-segment revenue	54,475	44,316	(98,791)	-	-
Segment revenue	<u>330,227</u>	<u>97,812</u>	<u>120,709</u>	<u>1,383</u>	<u>550,131</u>
Segment profit before taxation	140,108	82,078	66,544	(348)	288,382
Share of profit after tax of equity accounted associated company					27,497
Profit before taxation					<u>315,879</u>
Taxation and zakat					<u>(74,000)</u>
Profit after taxation					<u>241,879</u>
Segment assets	27,535,204	7,625,887	38,339,991	266,359	73,767,441
Unallocated assets					<u>3,106,740</u>
Total assets					<u>76,874,181</u>

23 Property, plant and equipment

The valuations of land and building had been brought forward without amendment from the previous audited annual financial statements.

24(a) Material events subsequent to the end of the reporting period

There is no materials events subsequent to the end of the financial period ended 30 September 2009 except for the following:-

- (i) On 2 November 2009, HLB announced that it has entered into a joint venture agreement with Bank of Chengdu Co., Ltd (“BOCD”) to form a joint venture company to be known as Sichuan Jincheng Consumer Finance Limited Liability Company (“JV Co”) to operate a licensed consumer finance company in Chengdu, Sichuan, the People’s Republic of China (“PRC”) (“Proposed JV”). HLB will have 49% equity interest whilst BOCD will have the balance 51% equity interest in the JV Co.

The JV Co’s business will principally be in consumer financing. The registered capital of the JV Co shall be Renminbi (“RMB”) 320 million (approximately RM160 million) and HLB’s contribution shall be RMB156.8 million (approximately RM78.4 million).

Bank Negara Malaysia’s approval for the Proposed JV was obtained on 12 October 2009. The Proposed JV is now subject to the approval of the China Banking Regulatory Commission and other relevant regulatory authorities, where applicable.

(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 September 2009 except for the following :-

- (i) 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.

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

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

The disposal of HLTMT was completed on 1 September 2009 and hence, HLTMT has ceased to be a subsidiary of HLB on even date.

25 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	Financial Period Ended 30/09/2009			Financial Year Ended 30/06/2009		
	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	181,862	181,862	171,875	217,061	217,061	200,263
Transaction-related contingent items	247,518	123,759	111,732	247,102	123,551	110,598
Short-term self liquidating trade-related contingencies	421,630	84,326	80,493	578,754	115,750	113,434
Underwriting Obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	-	-	-	-	-	-
- maturity less than 1 year	-	-	-	-	-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	19,748,912	-	-	18,806,674	-	-
Foreign exchange related contracts	23,578,295	914,809	470,361	20,674,995	897,994	497,304
Interest rate related contracts	36,364,024	1,258,595	635,108	37,497,746	1,223,825	618,039
Equity related contracts	261,963	18,314	12,752	247,103	17,830	6,726
Total	80,804,204	2,581,665	1,482,321	78,269,435	2,596,011	1,546,364

25 Commitments and contingencies (continued)

	Financial Period Ended 30/09/2009			Financial Year Ended 30/06/2009		
	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	181,862	181,862	171,875	217,061	217,061	200,263
Transaction-related contingent items	246,632	123,316	111,289	246,276	123,138	110,184
Short-term self liquidating trade-related contingencies	419,765	83,953	80,120	576,541	115,308	112,991
Underwriting obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than 1 year	-	-	-	-	-	-
- maturity less than 1 year	-	-	-	-	-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,568,807	-	-	17,717,496	-	-
Foreign exchange related contracts	23,578,295	914,809	470,361	20,674,995	897,994	497,304
Interest rate related contracts	36,364,024	1,258,595	635,108	37,497,746	1,223,825	618,039
Equity related contracts	261,963	18,314	12,752	247,103	17,830	6,726
Total	79,621,348	2,580,849	1,481,505	77,177,218	2,595,156	1,545,507

26 Related party transactions

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

27 a) Interest/Profit rate risk

Group As at 30 September 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	6,641,874	-	-	-	-	728,877	-	7,370,751	2.0
Deposits & placement with banks & other financial institution	-	5,382,057	2,844,181	25,333	-	-	-	8,251,571	2.0
Securities held at fair value through profit and loss	-	-	-	-	-	-	8,689,802	8,689,802	3.9
Securities available-for-sale	212,445	352,715	329,895	4,753,731	334,591	76,803	-	6,060,180	3.6
Securities held-to-maturity	1,429,999	1,069,999	740,142	4,751,455	375,840	29,672	-	8,397,107	3.0
Loans, advances and financing									
- performing	29,389,396	40,268	230,002	3,324,869	2,260,461	(543,100)	-	34,701,896	5.8
- non-performing	-	-	-	-	-	426,799	-	426,799	-
Other assets	-	-	-	-	-	1,201,311	-	1,201,311	-
Statutory deposits with BNM	-	-	-	-	-	338,350	-	338,350	-
Investment in associated companies	-	-	-	-	-	1,075,810	-	1,075,810	-
Prepaid land lease payments	-	-	-	-	-	6,164	-	6,164	-
Property, plant and equipment	-	-	-	-	-	327,551	-	327,551	-
Intangible assets	-	-	-	-	-	30,187	-	30,187	-
Deferred tax assets	-	-	-	-	-	139,981	-	139,981	-
Total assets	37,673,714	6,845,039	4,144,220	12,855,388	2,970,892	3,838,405	8,689,802	77,017,460	
Liabilities									
Deposits from customers	36,011,525	6,412,308	13,797,931	639,932	-	6,881,253	-	63,742,949	2.0
Deposits & placement of banks & other financial institutions	2,908,265	742,914	-	-	-	2,372	-	3,653,551	2.0
Bills and acceptance payable	894	5,371	2,675	-	-	204,675	-	213,615	2.1
Other liabilities	-	-	-	-	-	2,607,304	-	2,607,304	-
Subordinated obligations	-	-	-	711,993	-	-	-	711,993	5.4
Provision for taxation	-	-	-	-	-	74,516	-	74,516	-
General and Family Takaful fund liabilities	-	-	-	-	-	-	-	-	-
General and Family Takaful fund policyholders' fund	-	-	-	-	-	-	-	-	-
Total liabilities	38,920,684	7,160,593	13,800,606	1,351,925	-	9,770,120	-	71,003,928	
Shareholders funds	-	-	-	-	-	6,013,532	-	6,013,532	-
Total liabilities and Shareholders' funds	38,920,684	7,160,593	13,800,606	1,351,925	-	15,783,652	-	77,017,460	
On-balance sheet profit sensitivity gap	(1,246,970)	(315,554)	(9,656,386)	11,503,463	2,970,892	-	-	-	-

27 b) 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 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 associated companies	-	-	-	-	-	1,045,285	-	1,045,285	-
Prepaid and lease payments	-	-	-	-	-	6,185	-	6,185	-
Property, plant and equipment	-	-	-	-	-	312,838	-	312,838	-
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
Bills and acceptance payable	576	4,366	7,476	-	-	238,968	-	251,386	3.5
Other liabilities	-	-	-	-	-	2,393,344	-	2,393,344	-
Subordinated obligations	-	-	-	729,566	-	-	-	729,566	5.2
Provision for taxation	-	-	-	-	-	48,541	-	48,541	-
General and Family Takaful fund liabilities	-	-	-	-	-	8,278	-	8,278	-
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 c) Interest/Profit rate risk

<u>Bank</u> <u>As at 30 September 2009</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	5,141,572	-	-	-	-	427,332	-	5,568,904	2.1
Deposits & placement with banks & other financial instrument	-	5,192,057	2,844,181	-	-	-	-	8,036,238	2.1
Securities held at fair value through profit and loss	-	-	-	-	-	-	6,637,417	6,637,417	4.0
Securities available-for-sale	212,445	352,715	329,895	4,418,670	218,447	76,803	-	5,608,975	3.6
Securities held-to-maturity	1,429,999	1,069,999	740,142	4,751,455	-	29,097	-	8,020,692	3.0
Loans, advances and financing									
- performing	28,039,111	30,409	151,740	1,919,829	1,181,517	(470,004)	-	30,852,602	5.9
- non-performing	-	-	-	-	-	404,927	-	404,927	
Other assets	-	-	-	-	-	1,491,594	-	1,491,594	
Statutory deposits with BNM	-	-	-	-	-	283,450	-	283,450	
Investment in subsidiary	-	-	-	-	-	714,092	-	714,092	
Investment in associated companies	-	-	-	-	-	946,505	-	946,505	
Prepaid land lease payments	-	-	-	-	-	5,292	-	5,292	
Property, plant and equipment	-	-	-	-	-	312,721	-	312,721	
Intangible assets	-	-	-	-	-	30,187	-	30,187	
Deferred tax assets	-	-	-	-	-	121,850	-	121,850	
Total assets	34,823,127	6,645,180	4,065,958	11,089,954	1,399,964	4,373,846	6,637,417	69,035,446	
Liabilities									
Deposits from customers	31,375,135	5,491,113	12,909,492	505,959	-	6,502,695	-	56,784,394	2.0
Deposits & placement of banks & other financial institutions	2,572,190	622,914	-	-	-	2,372	-	3,197,476	0.8
Bills and acceptance payable	966	5,356	2,683	-	-	184,401	-	193,406	2.1
Other liabilities	-	-	-	-	-	2,551,682	-	2,551,682	
Subordinated obligations	-	-	-	711,993	-	-	-	711,993	5.4
Short term syndicated loan	-	-	-	-	-	-	-	-	
Provision for taxation	-	-	-	-	-	52,509	-	52,509	
Total liabilities	33,948,291	6,119,383	12,912,175	1,217,952	-	9,293,659	-	63,491,460	
Shareholders funds						5,543,986		5,543,986	
Total liabilities and Shareholders' funds	33,948,291	6,119,383	12,912,175	1,217,952	-	14,837,645	-	69,035,446	
On-balance sheet profit sensitivity gap	874,836	525,797	(8,846,217)	9,872,002	1,399,964				

27 d) 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 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	-	-	-	-	-	5,311	-	5,311	
Property, plant and equipment	-	-	-	-	-	297,012	-	297,012	
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
Bills and acceptance payable	704	4,353	7,514	-	-	222,682	-	235,253	2.1
Other liabilities	-	-	-	-	-	2,327,155	-	2,327,155	
Subordinated obligations	-	-	-	729,566	-	-	-	729,566	5.2
Provision for taxation	-	-	-	-	-	27,947	-	27,947	
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				

28 Operations of Islamic Banking

28a Unaudited Balance Sheet as at 30 September 2009

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
ASSETS		
Cash and short-term funds	1,586,716	2,511,864
Deposits and placements with bank and other financial institutions	215,334	125,167
Securities - Held-for-trading	2,101,056	2,011,644
Securities - Available-for-trading	451,205	467,377
Securities - Held-to-maturity	376,415	126,623
Financing, advances and other financing	3,840,148	3,824,880
Other assets	10,802	7,615
Statutory deposits with Bank Negara Malaysia	54,900	46,064
Property, plant and equipment	1,701	1,794
Deferred tax assets	18,131	18,932
Total Assets	<u>8,656,408</u>	<u>9,141,960</u>
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>		
Deposits from customers	7,036,231	7,979,898
Deposits and placements of banks and other financial institutions	456,075	30,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	20,209	16,133
Other liabilities	370,363	366,504
Provision for taxation	10,769	9,394
Total Liabilities	<u>7,893,647</u>	<u>8,401,929</u>
Islamic banking capital fund	500,000	500,000
Reserves	262,761	240,031
Islamic Banking Funds	<u>762,761</u>	<u>740,031</u>
Total Liabilities and Islamic Banking Funds	<u>8,656,408</u>	<u>9,141,960</u>
COMMITMENTS AND CONTINGENCIES	<u>1,182,857</u>	<u>1,092,217</u>

28 Operations of Islamic Banking (continued)

28b Unaudited Income Statements for the 1st Quarter and Cumulative Three Months Ended 30 September 2009

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Group				
Income derive from investment of deposits' funds and others	73,183	93,621	73,183	93,621
Income derive from investment of shareholders' funds	9,390	12,083	9,390	12,083
Allowance for losses on financing	(2,144)	(199)	(2,144)	(199)
Profit equalisation reserve	3,102	(4,177)	3,102	(4,177)
Total distributable income	83,531	101,328	83,531	101,328
Income attributable to deposits	(37,595)	(58,070)	(37,595)	(58,070)
Total net income	45,936	43,258	45,936	43,258
Other operating expenses	(16,796)	(15,261)	(16,796)	(15,261)
Profit before taxation and zakat	29,140	27,997	29,140	27,997
Zakat	(13)	(16)	(13)	(16)
Taxation	(7,282)	(7,000)	(7,282)	(7,000)
Profit after taxation and zakat	21,845	20,981	21,845	20,981
Profit attributable to shareholders	21,845	20,981	21,845	20,981
Earning per share - basic (sen)	4.37	4.20	4.37	4.20
Earning per share - fully diluted (sen)	4.37	4.20	4.37	4.20

28 Operations of Islamic Banking (continued)

28c Financing, advances and other financing

(i) By type

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Cash line	5,083	5,421
Term financing		
- Housing financing	3,717,435	3,562,624
- Hire purchase receivable	2,507,054	2,545,281
- Lease receivable	15,219	16,357
- Other term financing	374,915	348,544
Claims on customers under acceptance credit	43,339	46,206
Staff financing	18	18
Revolving credit	-	-
Others	581	623
	<u>6,663,644</u>	<u>6,525,074</u>
Less: Unearned income	(2,726,225)	(2,605,681)
	<u>3,937,419</u>	<u>3,919,393</u>
Less: Allowance for bad and doubtful financing		
- General	(73,397)	(73,486)
- Specific	(23,874)	(21,027)
Total net financing, advances and other financing	<u>3,840,148</u>	<u>3,824,880</u>

(ii) By contract

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,662,704	1,602,357
Ijarah (lease)	14,866	15,895
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,216,510	2,254,935
Murabahah (cost-plus)	43,339	46,206
	<u>3,937,419</u>	<u>3,919,393</u>

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

28c Financing, advances and other financing (continued)

Non-performing financing

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

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
At beginning	46,260	45,754
Classified as non-performing during the period	53,787	204,631
Reclassified as performing	(47,346)	(166,739)
Amount recovered	(6,457)	(24,237)
Amount written off	(165)	(13,149)
At end	<u>46,079</u>	<u>46,260</u>
Net non-performing financing, advances and other financing	<u>22,205</u>	<u>25,233</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.6%</u>	<u>0.6%</u>

28 Operations of Islamic Banking (continued)

28c Financing advances and other financing (continued)

(ii) Movements in allowance for bad and doubtful financing

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
General allowance		
At beginning	73,486	65,025
Allowance made / (written back)	(89)	8,461
At end	<u>73,397</u>	<u>73,486</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.9%</u>	<u>1.9%</u>
Specific allowance		
At beginning	21,027	24,734
Allowance made / (written back)	5,183	15,949
Amount recovered	(2,171)	(6,507)
Amount written off	(165)	(13,149)
At end	<u>23,874</u>	<u>21,027</u>

28 Operations of Islamic Banking (continued)

28d Deposits from customer

By type of deposit

	<u>The Group</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Non-Mudharabah		
Demand deposits	394,454	375,930
Saving deposits	601,464	580,875
Negotiable Islamic Debt Certificate	784,486	1,215,890
Others	-	-
	<u>1,780,404</u>	<u>2,172,695</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	602,654	569,063
General investment deposits	1,938,067	1,864,865
Specific investment deposits	2,715,106	3,373,275
Others	-	-
	<u>5,255,827</u>	<u>5,807,203</u>
	<u>7,036,231</u>	<u>7,979,898</u>

HONG LEONG BANK BERHAD ("HLB" or "Bank")
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING
REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

1 Review of performance

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM288.8 million for the current financial quarter ended 30 September 2009, a decrease of RM27.1 million or 8.6% as compared to previous corresponding quarter. The decrease was due to lower net interest income by RM22.2 million, non interest income by RM20.9 million and higher allowance on losses on loans, advances and financing by RM32.0 million. This is however mitigated by lower impairment loss by RM33.2 million, lower other operating expenses by RM7.2 million and higher net income from Islamic banking business by RM4.6 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM288.8 million as compared to RM207.5 million in the preceding quarter, an increase of RM81.3 million mainly from lower loan loss provision which was lower by RM48.3 million mainly from lower specific provision and general provision coupled with higher net interest income by RM30.0 million.

3 Current year prospects

The Group continues to be cautiously optimistic about the economic outlook for the rest of the year. We see signs that the Malaysian economy will regain its vibrancy in the second half of the financial year 2010 and consider ourselves well-positioned to take advantage of this upside potential. The Group will continue to focus on its core businesses emphasizing efficiency and optimal returns on client relationships.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 **Taxation**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax	31,096	76,294	31,096	76,294
Oversea tax	-	-	-	-
	<u>31,096</u>	<u>76,294</u>	<u>31,096</u>	<u>76,294</u>
Transfer from/(to) deferred taxation	23,552	(2,310)	23,552	(2,310)
	<u>54,648</u>	<u>73,984</u>	<u>54,648</u>	<u>73,984</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	22,555	61,791	22,555	61,791
Oversea tax	-	-	-	-
	<u>22,555</u>	<u>61,791</u>	<u>22,555</u>	<u>61,791</u>
Transfer from/(to) deferred taxation	24,951	(1,553)	24,951	(1,553)
	<u>47,506</u>	<u>60,238</u>	<u>47,506</u>	<u>60,238</u>

The Group's and Bank's effective tax rate for the financial period 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:-

1. 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. The Proposed Bonds Issue was completed on 8 October 2009.

2. 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 ("Proposed Disposal").

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.

The disposal of HLTMT was completed on 1 September 2009 and hence, HLTMT has ceased to be a subsidiary of HLB on even date.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Deposits from customers				
Fixed deposits	36,696,068	36,857,055	32,056,004	31,670,086
Negotiable instruments of deposit	1,387,323	3,526,455	651,508	2,359,236
Demand deposits	6,881,252	6,807,711	6,502,694	6,447,625
Saving deposits	7,990,871	7,841,769	6,786,753	6,691,831
Short term corporate placement	10,545,998	11,908,438	10,545,998	11,908,438
Other	241,437	641,929	241,437	641,929
	<u>63,742,949</u>	<u>67,583,357</u>	<u>56,784,394</u>	<u>59,719,145</u>

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	37,492,130	39,687,928	32,201,553	33,438,922
More than one year (medium/long term)	591,261	695,582	505,959	590,400
	<u>38,083,391</u>	<u>40,383,510</u>	<u>32,707,512</u>	<u>34,029,322</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 30/09/2009 RM'000	Financial Year Ended 30/06/2009 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	3,398,276	2,202,304	3,197,476	2,172,304
Other financial institutions	255,275	201,855	-	201,855
	<u>3,653,551</u>	<u>2,404,159</u>	<u>3,197,476</u>	<u>2,374,159</u>

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

One year or less (short term)	3,653,551	2,404,159	3,197,476	2,374,159
More than one year (medium/long term)	-	-	-	-
	<u>3,653,551</u>	<u>2,404,159</u>	<u>3,197,476</u>	<u>2,374,159</u>

11 Subordinated bonds

	<u>The Group and The Bank</u>	
	<u>Financial Period Ended 30/09/2009 RM'000</u>	<u>Financial Year Ended 30/06/2009 RM'000</u>
Subordinated bonds		
- USD200 million	<u>711,993</u>	<u>729,566</u>

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds ("the Bonds") due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

12 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 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	13,969,315	5,969,178	2,933,830	3,962,464	1,103,029	814	-
- swaps	8,552,715	1,412,519	1,021,601	1,592,691	1,024,441	3,202,795	298,668
- options	1,056,265	666,631	385,287	4,347	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	4,998,159	-	1,110,524	927,635	1,540,000	1,420,000	-
- swaps	31,365,865	2,770,000	260,000	823,224	2,827,880	21,783,193	2,901,568
Total	59,942,319	10,818,328	5,711,242	7,310,361	6,495,350	26,406,802	3,200,236

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	13,969,315	5,969,178	2,933,830	3,962,464	1,103,029	814	-
- swaps	8,552,715	1,412,519	1,021,601	1,592,691	1,024,441	3,202,795	298,668
- options	1,056,265	666,631	385,287	4,347	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	4,998,159	-	1,110,524	927,635	1,540,000	1,420,000	-
- swaps	31,365,865	2,770,000	260,000	823,224	2,827,880	21,783,193	2,901,568
Total	59,942,319	10,818,328	5,711,242	7,310,361	6,495,350	26,406,802	3,200,236

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 RM132,218,961 (FYE June 2009: RM77,554,000) and RM35,071,823,502 (FYE June 2009: RM36,134,979,496) 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 RM718,546,924 (FYE June 2009: RM739,996,514). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged items affects the income statement.

14 Material litigation

The Group does not have any material litigation which, in the opinion of the Directors, would have a material adverse impact on the financial results of the Group.

15 Dividend

No interim dividend has been proposed for the current quarter.

16 Earnings per share

a) Basic earnings per share

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	234,211	242,043	234,211	242,043
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	(131,073)	(131,091)	(131,073)	(131,091)
	<u>1,449,034</u>	<u>1,449,016</u>	<u>1,449,034</u>	<u>1,449,016</u>
Basic earnings per share (sen)	16.2	16.7	16.2	16.7
<u>The Bank</u>				
Net profit attributable to shareholders of the company	179,862	175,540	179,862	175,540
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	(131,073)	(131,091)	(131,073)	(131,091)
	<u>1,449,034</u>	<u>1,449,016</u>	<u>1,449,034</u>	<u>1,449,016</u>
Basic earnings per share (sen)	12.4	12.1	12.4	12.1

16 Earnings per share (continued)

b) Fully diluted earnings per share

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	234,211	242,043	234,211	242,043
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,034	1,449,016	1,449,034	1,449,016
- adjustment for ESOS	-	-	-	-
	<u>1,449,034</u>	<u>1,449,016</u>	<u>1,449,034</u>	<u>1,449,016</u>
Fully diluted earnings per share (sen)	16.2	16.7	16.2	16.7
<u>The Bank</u>				
Net profit attributable to shareholders of the company	179,862	175,540	179,862	175,540
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,034	1,449,016	1,449,034	1,449,016
- adjustment for ESOS	-	-	-	-
	<u>1,449,034</u>	<u>1,449,016</u>	<u>1,449,034</u>	<u>1,449,016</u>
Fully diluted earnings per share (sen)	12.4	12.1	12.4	12.1