

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Unaudited Balance Sheet As At 31 March 2010**

	<b>The Group</b>		<b>The Bank</b>		
		<b>Financial</b>	<b>Financial</b>	<b>Financial</b>	<b>Financial</b>
	<b>Note</b>	<b>Period Ended</b> <b>31/03/2010</b>	<b>Year Ended</b> <b>30/06/2009</b>	<b>Period Ended</b> <b>31/03/2010</b>	<b>Year Ended</b> <b>30/06/2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b><u>ASSETS</u></b>					
Cash and short-term funds		13,027,886	18,343,622	11,512,818	15,820,913
Deposits and placements with financial institutions		12,404,169	5,417,120	11,838,908	5,291,952
Securities held at fair value through profit and loss	8	5,592,464	7,058,396	4,138,943	5,095,423
Securities available-for-sale	9	4,626,498	4,103,431	4,154,095	3,570,387
Securities held-to-maturity	10	7,386,012	6,355,027	6,924,156	6,228,404
Loans, advances and financing	11	36,530,476	34,795,414	32,493,332	30,938,086
Other assets	12	1,499,130	1,198,162	2,258,741	1,477,380
Statutory deposits with Bank Negara Malaysia		334,450	368,564	289,600	322,500
Investment in subsidiary companies		-	-	714,092	575,746
Investment in an associated company		1,130,009	1,045,285	946,505	946,505
Investment in jointly controlled company		76,711	-	76,711	-
Prepaid land lease payments		6,143	6,185	5,273	5,311
Property, plant and equipment		341,422	312,838	319,551	297,012
Intangible assets		45,569	29,548	43,628	28,213
Deferred tax assets		140,792	153,613	124,850	134,681
General and Family Takaful fund assets		-	217,337	-	-
<b>Total Assets</b>		<b>83,141,731</b>	<b>79,404,542</b>	<b>75,841,203</b>	<b>70,732,513</b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUNDS</u></b>					
Deposits from customers	13	67,409,722	67,583,357	61,223,601	59,719,145
Deposits and placements of banks and other financial institutions	14	4,829,309	2,404,159	4,372,053	2,374,159
Bills and acceptance payable		513,572	251,386	484,374	235,253
Other liabilities	15	3,486,215	2,393,344	3,409,819	2,327,155
Subordinated Bonds		660,846	729,566	660,846	729,566
Provision for taxation		45,669	48,541	29,476	27,947
General and Family Takaful fund liabilities		-	8,278	-	-
General and Family Takaful policyholders' fund		-	209,059	-	-
<b>Total Liabilities</b>		<b>76,945,333</b>	<b>73,627,690</b>	<b>70,180,169</b>	<b>65,413,225</b>
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		5,310,909	4,852,809	4,775,545	4,438,233
Less: Treasury Shares		(694,618)	(699,052)	(694,618)	(699,052)
<b>Total Shareholders' Equity</b>		<b>6,196,398</b>	<b>5,733,864</b>	<b>5,661,034</b>	<b>5,319,288</b>
Minority interest		-	42,988	-	-
<b>Total Equity</b>		<b>6,196,398</b>	<b>5,776,852</b>	<b>5,661,034</b>	<b>5,319,288</b>
<b>Total Liabilities and Equity</b>		<b>83,141,731</b>	<b>79,404,542</b>	<b>75,841,203</b>	<b>70,732,513</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>					
	25	<b>92,032,822</b>	<b>78,269,435</b>	<b>94,094,087</b>	<b>77,177,218</b>
<b><u>CAPITAL ADEQUACY</u></b>					
<b><u>Before deducting proposed dividends</u></b>					
Core capital ratio	21	15.10%	15.89%	13.13%	15.18%
Risk-weighted capital ratio	21	15.11%	16.47%	13.13%	15.18%
<b><u>After deducting proposed dividends</u></b>					
Core capital ratio	21	15.10%	15.42%	13.13%	14.65%
Risk-weighted capital ratio	21	15.11%	15.99%	13.13%	14.65%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		4.28	3.96	3.91	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 31 March 2010

#### The Group

	Note	Current Quarter Ended 31/03/2010 RM'000	Corresponding Quarter Ended 31/03/2009 RM'000	Current Period Ended 31/03/2010 RM'000	Corresponding Period Ended 31/03/2009 RM'000
Interest income	16	637,890	702,770	1,894,682	2,310,272
Interest expense	17	(300,639)	(374,773)	(876,523)	(1,261,997)
Net interest income		337,251	327,997	1,018,159	1,048,275
Net income from Islamic Banking business		42,064	34,470	138,033	116,265
Other operating income	18	128,731	128,557	382,935	440,822
Net Income		508,046	491,024	1,539,127	1,605,362
Other operating expenses	19	(240,478)	(218,099)	(689,272)	(652,802)
Operating profit before provision Allowance for losses on loans, advances and financing	20	267,568	272,925	849,855	952,560
Impairment loss		-	-	6,081	(33,209)
Share of profit after tax of equity accounted associated company		233,010	244,619	755,403	854,181
Profit before taxation (and zakat)		27,005	24,131	84,724	70,545
Taxation		260,015	268,750	840,127	924,726
Zakat		(32,047)	(62,139)	(153,219)	(218,972)
Net profit for the period		(13)	(12)	(38)	(41)
<b>Attributable to:</b>		227,955	206,599	686,870	705,713
Equity holders of the parent		227,955	206,500	686,915	705,970
Minority Interest		-	99	(45)	(257)
Net profit for the period		227,955	206,599	686,870	705,713
Earnings per share - basic (sen)		15.7	14.3	47.4	48.7
Earnings per share - fully diluted (sen)		15.7	14.3	47.4	48.7

## Hong Leong Bank Berhad

### Condensed Financial Statements Unaudited Income Statement For The Financial Quarter Ended 31 March 2010

#### The Bank

	Note	Current Quarter Ended 31/03/2010 RM'000	Corresponding Quarter Ended 31/03/2009 RM'000	Current Period Ended 31/03/2010 RM'000	Corresponding Period Ended 31/03/2009 RM'000
Interest income	16	637,076	704,088	1,905,248	2,316,637
Interest expense	17	(300,764)	(374,542)	(887,416)	(1,264,009)
Net interest income		336,312	329,546	1,017,832	1,052,628
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	129,008	113,968	384,630	380,182
Net Income		465,320	443,514	1,402,462	1,432,810
Other operating expenses	19	(220,465)	(202,254)	(624,985)	(602,475)
Operating profit before provision Allowances for losses on loans and financing	20	244,855	241,260	777,477	830,335
Impairment loss		-	-	6,081	(33,209)
Profit before taxation (and zakat)		206,502	210,386	678,607	728,522
Taxation		(28,054)	(53,434)	(135,222)	(185,169)
Zakat		-	-	-	-
Profit after taxation		178,448	156,952	543,385	543,353
Profit attributable to shareholders		178,448	156,952	543,385	543,353
Earnings per share - basic (sen)		12.3	10.8	37.5	37.5
Earnings per share - fully diluted (sen)		12.3	10.8	37.5	37.5

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2010**

	← Non-distributable →						Distributable				
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity RM'000
<b>The Group</b>											
<b>As at 1 July 2009</b>	1,580,107	539,664	1,860,821	(26,701)	13,022	37,050	2,428,953	(699,052)	5,733,864	42,988	5,776,852
<i>Currency translation differences</i>	-	-	-	-	-	(21,329)	-	-	(21,329)	-	(21,329)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(21,329)	-	-	(21,329)	-	(21,329)
Net profit for the period	-	-	-	-	-	-	686,915	-	686,915	(45)	686,870
Transfer to statutory reserve	-	-	33,039	-	-	-	(33,039)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,925)	-	(260,925)	-	(260,925)
Add: ESOS exercised	-	304	-	-	-	-	-	4,434	4,738	-	4,738
Net fair value changes in available for sale securities	-	-	-	45,840	-	-	-	-	45,840	-	45,840
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(42,943)	(42,943)
Options charge arising from ESOS granted	-	-	-	-	7,295	-	-	-	7,295	-	7,295
<b>Closing Balance @ 31 March 2010</b>	<b>1,580,107</b>	<b>539,968</b>	<b>1,893,860</b>	<b>19,139</b>	<b>20,317</b>	<b>15,721</b>	<b>2,821,904</b>	<b>(694,618)</b>	<b>6,196,398</b>	<b>-</b>	<b>6,196,398</b>
<b>As at 1 July 2008</b>	1,580,107	539,664	1,823,644	(14,701)	2,720	35,529	1,821,618	(699,041)	5,089,540	43,698	5,133,238
<i>Currency translation differences</i>	-	-	-	-	-	135,342	-	-	135,342	-	135,342
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	135,342	-	-	135,342	-	135,342
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	705,970	-	705,970	(257)	705,713
Transfer to statutory reserve	-	-	27,489	-	-	-	(27,489)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Net fair value changes in available for sale securities	-	-	-	(37,943)	-	-	-	-	(37,943)	-	(37,943)
Options charge arising from ESOS granted	-	-	-	-	7,726	-	-	-	7,726	-	7,726
<b>Closing Balance @ 31 March 2009</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,851,133</b>	<b>(52,644)</b>	<b>10,446</b>	<b>170,871</b>	<b>2,239,276</b>	<b>(699,046)</b>	<b>5,639,807</b>	<b>43,441</b>	<b>5,683,248</b>

**Condensed Financial Statements**  
**Hong Leong Bank Berhad**  
**Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2010**

	← Non-distributable →				→ Distributable →		Retained Profit RM'000	Treasury Shares RM'000	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			
<b>The Bank</b>									
<b>As at 1 July 2009</b>	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,136,060	(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	-	-	-	-	-	-	543,385	-	543,385
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,925)	-	(260,925)
Add: ESOS exercised	-	304	-	-	-	-	-	4,434	4,738
Net fair value changes in available for sale securities	-	-	-	47,253	-	-	-	-	47,253
Options charge arising from ESOS granted	-	-	-	-	7,295	-	-	-	7,295
<b>Closing Balance @ 31 March 2010</b>	<b>1,580,107</b>	<b>539,968</b>	<b>1,741,612</b>	<b>19,599</b>	<b>20,317</b>	<b>35,529</b>	<b>2,418,520</b>	<b>(694,618)</b>	<b>5,661,034</b>
<b>As at 1 July 2008</b>	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	-	-	-	-	-	-	543,353	-	543,353
Transfer to statutory reserve	-	-	-	-	-	-	-	(5)	(5)
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	-	-
Net fair value changes in available for sale securities	-	-	-	(44,101)	-	-	-	-	(44,101)
Options charge arising from ESOS granted	-	-	-	-	7,726	-	-	-	7,726
<b>Closing Balance @ 31 March 2009</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,741,612</b>	<b>(58,764)</b>	<b>10,446</b>	<b>35,528</b>	<b>2,019,735</b>	<b>(699,046)</b>	<b>5,169,282</b>

**Hong Leong Bank Berhad**  
**Condensed Financial Statements**  
**Unaudited Condensed Cash Flow Statement**  
**For The Financial Period Ended 31 March 2010**

	The Group		The Bank	
	Financial Period Ended 31/03/2010 RM'000	Financial Period Ended 31/03/2009 RM'000	Financial Period Ended 31/03/2010 RM'000	Financial Period Ended 31/03/2009 RM'000
<b>Operating activities</b>				
Profit before taxation	840,127	924,726	678,607	728,522
Adjustments for non-cash items	<u>(172,760)</u>	<u>29,416</u>	<u>(186,993)</u>	<u>89,689</u>
Operating profit before working capital changes	667,367	954,142	491,614	818,211
Income taxes and zakat paid	(63,131)	(195,659)	(50,979)	(176,787)
Net changes in working capital	<u>(3,573,252)</u>	<u>1,473,223</u>	<u>(2,546,279)</u>	<u>1,528,074</u>
Net cash flow from operating activities	(2,969,016)	2,231,706	(2,105,644)	2,169,498
Net cash flow from investing activities	(2,054,152)	246,512	(1,909,884)	249,199
Net cash flow from financing activities	<u>(292,559)</u>	<u>(27,463)</u>	<u>(292,559)</u>	<u>(27,463)</u>
<b>Changes in cash and cash equivalents</b>	<b>(5,315,727)</b>	<b>2,450,755</b>	<b>(4,308,086)</b>	<b>2,391,234</b>
<b>Currency translation differences</b>	<b>(9)</b>	<b>(86)</b>	<b>(9)</b>	<b>(86)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>18,343,622</b>	<b>22,264,674</b>	<b>15,820,913</b>	<b>20,392,853</b>
<b>Cash and cash equivalents at the end of period</b>	<b><u>13,027,886</u></b>	<b><u>24,715,343</u></b>	<b><u>11,512,818</u></b>	<b><u>22,784,001</u></b>

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

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 31 MARCH 2010**

### **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 31 March 2010 other than as mentioned below:-

### a) Share Buy-back

During the financial period ended 31 March 2010, the Bank purchased a total of 1,000 ordinary shares of RM1.00 each ('Shares') from the open market. The Shares purchased are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Details of the Shares bought back for the financial period ended 31 March 2010 were as follows:

Month	No of shares bought back	Lowest price paid RM	Highest price paid RM	Average price paid RM	Total consideration (including transaction cost) RM
Jul-09	-	-	-	-	-
Aug-09	-	-	-	-	-
Sep-09	-	-	-	-	-
Oct-09	-	-	-	-	-
Nov-09	1,000	8.19	8.19	8.19	8,241
Dec-09	-	-	-	-	-
Jan-10	-	-	-	-	-
Feb-10	-	-	-	-	-
Mar-10	-	-	-	-	-
<b>For the period</b>	1,000	8.19	8.19	8.19	8,241

The total number of Shares bought back, all of which were held as treasury shares as at 31 March 2010 amounted to 81,093,700 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 31 March 2010, the trust did not purchase any new shares. As at 31 March 2010, the total number of Treasury Shares for ESOS was 49,170,000 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
- (d) 250,000 share options at an exercise price of RM5.75; and
- (e) 200,000 shares options at an exercise price of RM7.49

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 31 March 2010, a total of 830,000 ordinary shares of RM1 each for cash were exercised pursuant to the Company's ESOS at exercise price 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**

An interim dividend of 9.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2010 amounting to RM97.9 million was paid on 30 March 2010.

## 8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<b>Held-for-trading</b>				
Money market instruments:				
Malaysian Government Treasury				
Bills	197,034	458,307	-	310,130
Malaysian Government Securities	13,461	838,842	13,461	838,842
Malaysian Government Investment				
Certificates	1,320,382	136,143	1,126,585	-
Bank Negara Malaysia (BNM)				
Bills	1,172,705	1,738,604	969,674	895,517
Cagamas Bonds	55,044	-	55,044	-
Bankers' Acceptance and Islamic				
Accepted bills	1,932,050	2,983,607	1,596,560	2,607,562
Negotiable Instruments of Deposit	830,054	887,971	340,869	443,372
Sukuk Bonds	34,984	-	-	-
Khazanah Bonds	-	14,922	-	-
	<u>5,555,714</u>	<u>7,058,396</u>	<u>4,102,193</u>	<u>5,095,423</u>
Quoted securities:				
Foreign Currency Bonds	6,602	-	6,602	-
Unquoted securities:				
Private Debt Securities	30,148	-	30,148	-
<b>Total securities held-for-trading</b>	<u><u>5,592,464</u></u>	<u><u>7,058,396</u></u>	<u><u>4,138,943</u></u>	<u><u>5,095,423</u></u>

\* During the 3rd 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>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Money market instruments:				
Malaysian Government Investment Certificates	2,023,550	728,237	1,576,506	306,236
Other Government Securities	8,399	9,081	8,399	9,081
Khazanah Bonds	-	9,948	-	-
Government Treasury Bills	661,601	379,600	661,601	379,600
Malaysian Government Securities	925,290	1,698,183	925,290	1,698,182
Singapore Government securities	-	24,601	-	24,601
Cagamas Bonds	126,190	162,084	100,831	126,656
	<u>3,745,030</u>	<u>3,011,734</u>	<u>3,272,627</u>	<u>2,544,356</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks *	90,629	69,879	90,629	68,618
Foreign Currency Bonds	649,549	801,013	649,549	791,278
Unquoted securities:				
Private Debt Securities	141,290	220,805	141,290	166,135
Total securities available-for-sale	<u>4,626,498</u>	<u>4,103,431</u>	<u>4,154,095</u>	<u>3,570,387</u>

\* Includes amount transferred from Held-for-trading Group (RM74.7 million) and Bank (RM74.7 million )

## 10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Money market instruments:				
Malaysian Government Securities	4,461,230	1,670,241	4,461,230	1,670,241
Malaysian Government Investment Certificates	1,312,856	105,514	917,241	45,306
Cagamas bonds	279,876	279,873	279,876	279,873
Negotiable Instruments of Deposit	1,112,356	4,073,323	1,112,356	4,073,323
	<u>7,166,318</u>	<u>6,128,951</u>	<u>6,770,703</u>	<u>6,068,743</u>
Unquoted securities:				
Shares	27,578	27,578	27,003	27,003
Private debt securities	191,347	196,398	125,681	130,558
Loan Stocks	769	2,100	769	2,100
	<u>219,694</u>	<u>226,076</u>	<u>153,453</u>	<u>159,661</u>
Total securities held-to-maturity	<u>7,386,012</u>	<u>6,355,027</u>	<u>6,924,156</u>	<u>6,228,404</u>

## 11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Overdrafts	1,989,290	2,091,226	1,985,095	2,086,550
Term loans:				
- Housing and shop loans/financing	22,029,014	20,496,440	17,912,525	16,933,816
- Syndicated term loan/financing	2,125,492	1,685,228	1,779,532	1,458,633
- Hire purchase receivables	5,647,260	5,829,968	3,174,291	3,284,687
- Lease receivables	13,004	16,418	-	-
- Other term loans/financing	2,069,462	1,775,639	1,941,398	1,653,690
Credit/charge card receivables	2,164,093	2,017,519	2,164,093	2,017,519
Bills receivables	226,352	211,019	226,352	211,019
Trust receipts	88,322	92,982	88,322	92,982
Claims on customers under acceptance credits	3,315,153	3,230,902	3,250,959	3,184,696
Block discounting	8,232	8,218	8,232	8,218
Revolving credits	1,193,202	1,219,780	1,193,202	1,219,780
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	98,887	96,686	98,881	96,668
Other loans/financing	42,382	45,013	41,876	44,390
	<u>41,010,145</u>	<u>38,817,038</u>	<u>33,864,758</u>	<u>32,292,648</u>
Unearned interest and income	(3,636,357)	(3,219,240)	(596,257)	(613,549)
Gross loans, advances and financing	<u>37,373,788</u>	<u>35,597,798</u>	<u>33,268,501</u>	<u>31,679,099</u>
Fair value changes arising from fair value hedges	-	56,892	-	28,385
Unamortised fair value changes arising from terminated fair value hedges	56,595	13,381	32,190	8,714
Allowance for bad and doubtful debts and financing:				
- General	(557,477)	(544,823)	(494,980)	(471,305)
- Specific	(342,430)	(327,834)	(312,379)	(306,807)
Net loans, advances and financing	<u><u>36,530,476</u></u>	<u><u>34,795,414</u></u>	<u><u>32,493,332</u></u>	<u><u>30,938,086</u></u>

## 11 Loans, advances and financing (continued)

### 11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Domestic non-bank financial institutions	132,371	86,327	128,144	66,046
Domestic business enterprises				
- Small and medium enterprises	3,341,964	3,250,429	3,086,263	3,019,992
- Others	7,631,592	7,101,523	7,085,892	6,601,848
Government and statutory bodies	243	369	204	322
Individuals	25,147,326	24,048,226	21,903,432	20,935,613
Other domestic entities	15,111	16,185	13,879	14,941
Foreign entities	1,105,181	1,094,739	1,050,687	1,040,337
<b>Gross loans, advances and financing</b>	<b>37,373,788</b>	<b>35,597,798</b>	<b>33,268,501</b>	<b>31,679,099</b>

### 11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Fixed rate				
- Housing and shop loans/financing	561,350	673,204	253,681	266,342
- Hire purchase receivables	4,406,679	5,087,484	2,232,522	2,837,970
- Other fixed rate loan/financing	3,214,620	3,045,445	3,132,824	2,917,234
Variable rate				
- Base lending rate plus	25,362,015	23,240,974	23,820,350	22,153,067
- Cost plus	3,798,568	3,500,595	3,798,568	3,454,390
- Other variables rates	30,556	50,096	30,556	50,096
<b>Gross loans, advances and financing</b>	<b>37,373,788</b>	<b>35,597,798</b>	<b>33,268,501</b>	<b>31,679,099</b>

**11 Loans, advances and financing (continued)**

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Purchase of securities	423,374	416,439	423,052	416,094
Purchase of transport vehicles	4,753,564	4,848,428	2,677,014	2,723,027
Purchase of landed properties				
- residential	14,645,942	13,922,382	13,358,772	12,800,377
- non-residential	4,332,726	4,257,268	4,142,136	4,065,035
Personal use	2,891,343	2,710,071	2,826,994	2,651,529
Credit card	2,164,093	2,017,519	2,164,093	2,017,519
Purchase of consumer durables	60	54	60	54
Construction	314,898	448,043	285,188	417,826
Working capital	7,820,896	6,973,922	7,368,351	6,583,980
Others	26,892	3,672	22,841	3,658
Gross loans, advances and financing	<u>37,373,788</u>	<u>35,597,798</u>	<u>33,268,501</u>	<u>31,679,099</u>

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Purchase of securities	10,609	11,000	10,389	10,780
Purchase of transport vehicles	55,034	48,996	31,381	27,617
Purchase of landed properties				
- residential	212,412	235,867	196,285	216,978
- non-residential	61,711	62,761	60,498	62,149
Personal use	59,879	56,872	59,391	56,432
Credit card	28,600	36,446	28,600	36,446
Construction	15,995	32,662	15,773	32,240
Working capital	331,076	315,553	327,675	311,255
Others	-	2	-	2
	<u>775,316</u>	<u>800,159</u>	<u>729,992</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>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
At beginning	800,159	840,402	753,899	794,555
Non-performing during the period/year	2,120,680	2,793,625	1,956,295	2,588,994
Reclassified as performing	(1,796,379)	(2,314,165)	(1,650,621)	(2,147,426)
Amount written back in respect of recoveries	(210,584)	(258,963)	(191,186)	(234,726)
Amount written off	(136,726)	(260,982)	(136,561)	(247,740)
Exchange differences	(1,834)	242	(1,834)	242
Closing balance	<u>775,316</u>	<u>800,159</u>	<u>729,992</u>	<u>753,899</u>
Specific allowance	<u>(342,430)</u>	<u>(327,834)</u>	<u>(312,379)</u>	<u>(306,807)</u>
Net non-performing loans, advances and financing	<u>432,886</u>	<u>472,325</u>	<u>417,613</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>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<u>General Allowance</u>				
At beginning	544,823	526,957	471,305	461,900
Net provisions made during the period/year	13,196	17,728	24,217	9,267
Exchange differences	(542)	138	(542)	138
Closing balance	<u>557,477</u>	<u>544,823</u>	<u>494,980</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	229,525	316,410	214,776	300,461
Amount written back in respect of recoveries	(77,069)	(73,602)	(71,509)	(67,095)
Amount written off	(136,726)	(260,982)	(136,561)	(247,740)
Exchange differences	(1,134)	227	(1,134)	227
Closing balance	<u>342,430</u>	<u>327,834</u>	<u>312,379</u>	<u>306,807</u>

## 12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Interest/Income receivable	123,588	97,739	116,293	89,608
Other debtors, deposits and prepayments	1,374,130	1,098,548	2,141,036	1,385,897
Foreclosed properties	1,412	1,875	1,412	1,875
	<u>1,499,130</u>	<u>1,198,162</u>	<u>2,258,741</u>	<u>1,477,380</u>

## 13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<u>By type of customer</u>				
Government and statutory bodies	396,025	714,312	99,905	550,071
Business enterprises	32,264,418	33,264,462	28,214,182	27,262,391
Individuals	33,451,349	32,608,117	31,740,985	31,024,913
Others	1,297,930	996,466	1,168,529	881,770
	<u>67,409,722</u>	<u>67,583,357</u>	<u>61,223,601</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 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Licensed banks	4,001,812	2,202,304	4,129,719	2,172,304
Other financial institutions	827,497	201,855	242,334	201,855
	<u>4,829,309</u>	<u>2,404,159</u>	<u>4,372,053</u>	<u>2,374,159</u>

#### 15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Interest/Profit payable	237,427	261,417	196,716	228,736
Zakat	93	55	-	-
Post employment benefits obligation				
- defined contribution plan	3,142	3,181	3,142	3,181
Loan advance payment	952,441	802,122	900,001	765,762
Amount due to subsidiary companies	-	-	43,667	43,671
Others	2,293,112	1,326,569	2,266,293	1,285,805
	<u>3,486,215</u>	<u>2,393,344</u>	<u>3,409,819</u>	<u>2,327,155</u>

## 16 Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
<b>Group</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	373,370	410,181	1,138,133	1,315,815
- Recoveries from NPLs	30,034	29,724	81,488	82,843
Money at call and deposit placements with financial institutions	99,779	159,156	251,324	566,083
Securities purchased under resale agreements	160	-	166	1,088
Securities held-for-trading	13,945	6,934	45,407	14,667
Securities available-for-sale	29,569	16,053	102,973	69,022
Securities held-to-maturity	58,156	35,399	168,680	108,571
Others	470	3	662	1,184
	<u>605,483</u>	<u>657,450</u>	<u>1,788,833</u>	<u>2,159,273</u>
Amortisation of premium less accretion of discount	36,551	49,405	114,985	162,794
Interest suspended	(4,144)	(4,085)	(9,136)	(11,795)
	<u>637,890</u>	<u>702,770</u>	<u>1,894,682</u>	<u>2,310,272</u>

16 Interest income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
<b>Bank</b>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	376,826	411,747	1,146,597	1,321,574
- Recoveries from NPLs	30,034	29,724	81,488	82,843
Money at call and deposit placements with financial institutions	95,514	158,693	244,142	566,768
Securities purchased under resale agreements	160	-	166	1,088
Securities held-for-trading	13,948	6,936	45,646	14,894
Securities available-for-sale	29,569	16,279	102,706	68,789
Securities held-to-maturity	58,156	35,399	168,680	108,571
Others	462	(10)	9,974	1,111
	<u>604,669</u>	<u>658,768</u>	<u>1,799,399</u>	<u>2,165,638</u>
Amortisation of premium less accretion of discount	36,551	49,405	114,985	162,794
Interest suspended	(4,144)	(4,085)	(9,136)	(11,795)
	<u>637,076</u>	<u>704,088</u>	<u>1,905,248</u>	<u>2,316,637</u>

## 17 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	9,236	11,956	22,623	71,090
Deposits from customers	222,850	276,818	667,049	873,879
Short term corporate placements	59,775	76,408	160,053	288,848
Subordinated bonds	8,731	9,411	26,700	27,463
Others	47	180	98	717
	<u>300,639</u>	<u>374,773</u>	<u>876,523</u>	<u>1,261,997</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	9,363	11,480	23,913	71,775
Deposits from customers	222,848	277,063	676,652	875,206
Short term corporate placements	59,775	76,408	160,053	288,848
Subordinated bonds	8,731	9,411	26,700	27,463
Others	47	180	98	717
	<u>300,764</u>	<u>374,542</u>	<u>887,416</u>	<u>1,264,009</u>

## 18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
(a) <u>Fee income:</u>				
Commissions	17,397	14,028	53,217	49,326
Service charges and fees	3,806	5,051	12,861	15,893
Guarantee fees	1,956	1,203	4,854	4,029
Other fee income	54,382	60,174	158,103	155,593
	<u>77,541</u>	<u>80,456</u>	<u>229,035</u>	<u>224,841</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	(5,522)	(14,832)	38,642	(10,985)
Net gain from sale of securities available-for-sale	2,870	(1,276)	8,482	25,441
Net gain from redemption of securities held-to-maturity	290	186	1,311	316
	<u>(2,362)</u>	<u>(15,922)</u>	<u>48,435</u>	<u>14,772</u>
(c) <u>Gross dividend income from:</u>				
Securities held at fair value through profit or loss	-	280	-	1,880
Securities available-for-sale	1,141	859	3,056	871
Securities held to maturity	2,718	-	6,114	3,423
	<u>3,859</u>	<u>1,139</u>	<u>9,170</u>	<u>6,174</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	16,621	12,234	(14,160)	31,295
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(2,447)	(1,778)	(12,587)	(4,057)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	4,460	12,492	21,503	8,206
(g) <u>Other income:</u>				
Foreign exchange gain	25,900	33,354	83,516	143,191
Rental income	163	88	430	168
Gain on disposal of property and equipment (net)	57	487	462	840
Profit from Takaful investments	-	2,232	1,758	4,868
Others	4,939	3,775	15,373	10,524
	<u>31,059</u>	<u>39,936</u>	<u>101,539</u>	<u>159,591</u>
Total other operating income	<u>128,731</u>	<u>128,557</u>	<u>382,935</u>	<u>440,822</u>



## 18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	17,349	14,021	53,168	49,264
Service charges and fees	3,801	5,051	12,870	15,893
Guarantee fees	1,956	1,203	4,854	4,029
Other fee income	54,389	60,191	158,122	155,645
	<u>77,495</u>	<u>80,466</u>	<u>229,014</u>	<u>224,831</u>
<b>(b) <u>Gain/loss arising from sale of securities:</u></b>				
Net gain from sale of securities held-for-trading and derivatives	(5,522)	(14,832)	38,642	(10,985)
Net gain from sale of securities available-for-sale	2,870	(1,276)	8,482	25,441
Net gain from redemption of securities held-to-maturity	290	186	1,311	316
	<u>(2,362)</u>	<u>(15,922)</u>	<u>48,435</u>	<u>14,772</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	-	-	6,100	-
Securities held-for-trading	-	280	-	1,880
Securities available-for-sale	1,141	859	3,056	871
Securities held to maturity	2,718	-	6,114	3,423
	<u>3,859</u>	<u>1,139</u>	<u>15,270</u>	<u>6,174</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	24,738	4,431	(197)	(30,287)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges</u>	(2,447)	(1,778)	(12,587)	(4,057)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	(3,656)	8,420	7,866	7,963
(g) <u>Other income:</u>				
Foreign exchange gain	26,319	33,378	83,914	143,171
Rental income	163	88	430	168
Gain on disposal of property and equipment (net)	57	487	461	840
Gain/(Loss) on disposal of subsidiary	-	-	(2,239)	6,447
Others	4,842	3,259	14,263	10,160
	<u>31,381</u>	<u>37,212</u>	<u>96,829</u>	<u>160,786</u>
Total other operating income	<u>129,008</u>	<u>113,968</u>	<u>384,630</u>	<u>380,182</u>

## 19 Other operating expenses

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2010</b>	<b>31/03/2009</b>	<b>31/03/2010</b>	<b>31/03/2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	110,922	100,541	315,129	295,664
- Others	11,818	8,828	33,536	27,871
<u>Establishment costs</u>				
- Depreciation equipment	13,463	11,455	36,243	34,710
- Depreciation of Prepaid Lease	21	21	63	63
- Amortisation of intangible assets	3,714	3,375	9,719	10,371
- Rental	10,633	9,760	32,817	31,373
- Information technology expenses	11,855	10,945	34,184	34,918
- Others	11,731	10,226	32,066	28,897
<u>Marketing expenses</u>				
- Advertisement and publicity	16,147	21,962	48,322	51,851
- Handling fees	641	2,361	918	8,704
- Others	13,103	11,113	35,819	37,058
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,825	2,107	5,581	7,284
- Stationery & printing	1,456	2,217	6,932	9,045
- Others	33,149	23,188	97,943	74,993
	<u>240,478</u>	<u>218,099</u>	<u>689,272</u>	<u>652,802</u>

19 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	96,813	90,540	274,271	263,651
- Others	10,509	7,916	30,044	24,858
<u>Establishment costs</u>				
- Depreciation equipment	12,762	11,179	34,373	33,921
- Depreciation of Prepaid Lease	19	19	57	56
- Amortisation of intangible assets	3,714	3,254	9,639	10,012
- Rental	9,893	9,165	29,939	29,593
- Information technology expenses	11,604	10,740	33,412	34,230
- Others	10,152	8,418	27,200	24,210
<u>Marketing expenses</u>				
- Advertisement and publicity	16,100	21,843	46,882	51,514
- Handling fees	347	1,820	(143)	6,473
- Others	12,857	10,226	34,541	35,293
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,801	2,087	5,467	7,217
- Stationery & printing	1,413	2,169	6,763	8,881
- Others	32,481	22,878	92,540	72,566
	<u>220,465</u>	<u>202,254</u>	<u>624,985</u>	<u>602,475</u>

**20 Allowance for losses on loans, advances and financing**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	11,082	(11,696)	13,196	(12,521)
- specific allowance	72,780	77,748	229,525	220,626
- specific allowance written back	(26,056)	(18,368)	(77,069)	(57,241)
Bad debts and financing written off	2,021	1,681	5,599	6,185
Bad debts and financing recovery	(25,269)	(21,059)	(70,718)	(91,879)
	<u>34,558</u>	<u>28,306</u>	<u>100,533</u>	<u>65,170</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	16,814	(7,636)	24,217	(5,667)
- specific allowance	68,396	73,897	214,776	209,333
- specific allowance written back	(24,248)	(17,127)	(71,509)	(52,878)
Bad debts and financing written off	1,880	1,577	5,185	5,875
Bad debts and financing recovery	(24,489)	(19,837)	(67,718)	(88,059)
	<u>38,353</u>	<u>30,874</u>	<u>104,951</u>	<u>68,604</u>

## 21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<b><u>Components of Tier-1 and Tier-2 Capital</u></b>				
<b>Tier-1 capital</b>				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,898	539,664	539,898	539,664
Retained profit	2,603,584	2,428,953	2,240,072	2,136,060
Other reserves	1,933,728	1,910,893	1,797,458	1,790,163
Less: Treasury shares	(694,618)	(699,052)	(694,618)	(699,052)
Less: Deferred tax	(140,142)	(153,613)	(123,472)	(134,681)
Add: Minority interest	-	42,988	-	-
<b>Total tier-1 capital</b>	<b>5,822,557</b>	<b>5,649,940</b>	<b>5,339,445</b>	<b>5,212,261</b>
<b>Tier-2 capital</b>				
General provision	557,477	544,823	494,980	471,305
Subordinated bonds	652,400	703,800	652,400	703,800
<b>Total tier-2 capital</b>	<b>1,209,877</b>	<b>1,248,623</b>	<b>1,147,380</b>	<b>1,175,105</b>
<b>Total capital</b>	<b>7,032,434</b>	<b>6,898,563</b>	<b>6,486,825</b>	<b>6,387,366</b>
Less: Investment in subsidiary companies	-	-	(714,094)	(575,746)
Less: Investment in associated company	(1,130,009)	(1,045,285)	(946,505)	(946,505)
Less: Investment in jointly controlled company	(76,711)	-	(76,711)	-
<b>Total capital base</b>	<b>5,825,714</b>	<b>5,853,278</b>	<b>4,749,515</b>	<b>4,865,115</b>
<b><u>Before deducting proposed dividends</u></b>				
Core Capital Ratio	15.10%	15.89%	13.13% *	15.18%
Risk-weighted Capital Ratio	15.11%	16.47%	13.13%	15.18%
<b><u>After deducting proposed dividends</u></b>				
Core Capital Ratio	15.10%	15.42%	13.13% *	14.65%
Risk-weighted Capital Ratio	15.11%	15.99%	13.13%	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.

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

## 21 Capital adequacy (continued)

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

	Hong Leong Islamic Bank Berhad *
<b>As at 31 March 2010</b>	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	18.92%
Risk-weighted capital ratio	<u>20.57%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	18.92%
Risk-weighted capital ratio	<u>20.57%</u>
<b>As at 30 June 2009</b>	
<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.

- 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 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Period Ended 31/03/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Risk-weighted assets for credit risk	32,077,451	29,835,809	30,113,057	26,851,357
Risk-weighted assets for market risk	2,581,352	1,973,766	2,500,296	1,787,131
Risk-weighted assets for operational risk	3,908,190	3,737,622	3,568,216	3,414,147
Total risk-weighted assets	<u>38,566,993</u>	<u>35,547,197</u>	<u>36,181,569</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  
31 March 2010

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements
<b>1 Credit Risk</b>					
<b>On Balance Sheet Exposures</b>					
Sovereigns/Central Banks	25,556,199	25,556,199	-	-	-
Public Sector Entities	64,872	64,872	12,975	12,975	1,038
Banks, Development Financial Institutions & MDBs	10,760,778	10,760,778	3,773,004	3,773,004	301,840
Insurance Companies, Securities Firms & Fund Managers	99,504	99,504	99,504	99,504	7,960
Corporates	10,008,152	9,530,452	9,165,583	9,165,583	733,247
Regulatory Retail	15,173,015	14,817,533	11,113,151	11,113,151	889,052
Residential Real Estate (RRE) Financing	11,902,732	11,896,163	4,536,325	4,536,325	362,906
Higher Risk Assets	63,808	63,588	95,384	95,384	7,631
Equity Exposure	-	-	-	-	-
Other Assets	1,122,461	1,122,681	252,317	252,317	20,185
Defaulted Exposures	531,288	530,698	659,959	659,959	52,797
<b>Total for On Balance Sheet Exposures</b>	<b>75,282,809</b>	<b>74,442,468</b>	<b>29,708,202</b>	<b>29,708,202</b>	<b>2,376,656</b>
<b>Off Balance Sheet Exposures</b>					
OTC Derivatives	2,976,592	2,976,592	2,016,605	2,016,605	161,328
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	375,136	375,135	348,630	348,630	27,890
Defaulted Exposures	2,676	2,676	4,014	4,014	321
<b>Total for Off Balance Sheet Exposures</b>	<b>3,354,404</b>	<b>3,354,403</b>	<b>2,369,249</b>	<b>2,369,249</b>	<b>189,539</b>
<b>Total for On and Off Balance Sheet Exposures</b>	<b>78,637,213</b>	<b>77,796,871</b>	<b>32,077,451</b>	<b>32,077,451</b>	<b>2,566,195</b>
<b>2 Market Risk</b>					
	<b>Long Position</b>	<b>Short Position</b>			
Interest Rate Risk	36,822,125	36,037,673	-	1,171,353	97,594
Foreign Currency Risk	1,383,186	1,100,075	-	1,383,186	110,655
Inventory Risk	2,145	-	-	26,813	2,145
<b>Total Market Risk</b>			<b>-</b>	<b>2,581,352</b>	<b>210,394</b>
<b>3 Operational Risk</b>					
Operational Risk				3,908,190	312,655
<b>Total RWA and Capital Requirement</b>				<b>38,566,993</b>	<b>3,089,244</b>

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
<b>1 Credit Risk</b>					
<b>On Balance Sheet Exposures</b>					
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
<b>Total for On Balance Sheet Exposures</b>	<b>70,917,201</b>	<b>70,241,535</b>	<b>28,289,445</b>	<b>28,289,445</b>	<b>2,263,156</b>
<b>Off Balance Sheet Exposures</b>					
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
<b>Total for Off Balance Sheet Exposures</b>	<b>2,596,011</b>	<b>2,596,011</b>	<b>1,546,364</b>	<b>1,546,364</b>	<b>123,709</b>
<b>Total for On and Off Balance Sheet Exposures</b>	<b>73,513,212</b>	<b>72,837,546</b>	<b>29,835,809</b>	<b>29,835,809</b>	<b>2,386,865</b>
<b>2 Market Risk</b>					
	<b>Long Position</b>	<b>Short Position</b>			
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
<b>Total Market Risk</b>			-	<b>1,973,766</b>	<b>157,901</b>
<b>3 Operational Risk</b>					
Operational Risk				3,737,622	299,010
<b>Total RWA and Capital Requirement</b>				<b>35,547,197</b>	<b>2,843,776</b>

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  
31 March 2010

Exposure Class	Gross Exposures	Net Exposures	Weighted Assets	Total Risk-Weighted after Effects of PSIA	Capital Requirements
<b>1 Credit Risk</b>					
<b>On Balance Sheet Exposures</b>					
Sovereigns/Central Banks	23,846,969	23,846,969	-	-	-
Public Sector Entities	64,833	64,833	12,967	12,967	1,037
Banks, Development Financial Institutions & MDBs	9,436,217	9,436,217	3,431,046	3,431,046	274,484
Insurance Companies, Securities Firms & Fund Managers	94,481	94,481	94,481	94,481	7,558
Corporates	9,424,403	8,947,574	8,603,111	8,603,111	688,249
Regulatory Retail	12,700,648	12,347,530	9,260,650	9,260,650	740,852
Residential Real Estate (RRE) Financing	10,935,682	10,929,151	4,162,340	4,162,340	332,987
Higher Risk Assets	62,798	62,578	93,868	93,868	7,509
Equity Exposure	-	-	-	-	-
Other Assets	2,405,637	2,405,857	1,535,151	1,535,151	122,812
Defaulted Exposures	453,911	453,401	550,867	550,867	44,069
<b>Total for On Balance Sheet Exposures</b>	<b>69,425,579</b>	<b>68,588,591</b>	<b>27,744,481</b>	<b>27,744,481</b>	<b>2,219,557</b>
<b>Off Balance Sheet Exposures</b>					
OTC Derivatives	2,976,592	2,976,592	2,016,605	2,016,605	161,328
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	374,463	374,462	347,957	347,957	27,837
Defaulted Exposures	2,676	2,676	4,014	4,014	321
<b>Total for Off Balance Sheet Exposures</b>	<b>3,353,731</b>	<b>3,353,730</b>	<b>2,368,576</b>	<b>2,368,576</b>	<b>189,486</b>
<b>Total for On and Off Balance Sheet Exposures</b>	<b>72,779,310</b>	<b>71,942,321</b>	<b>30,113,057</b>	<b>30,113,057</b>	<b>2,409,043</b>
<b>2 Market Risk</b>					
	<b>Long Position</b>	<b>Short Position</b>			
Interest Rate Risk	35,354,909	36,037,673	-	1,097,668	87,813
Foreign Currency Risk	1,375,815	1,099,317	-	1,375,815	110,065
Inventory Risk	2,145	-	-	26,813	2,145
<b>Total Market Risk</b>			<b>-</b>	<b>2,500,296</b>	<b>200,023</b>
<b>3 Operational Risk</b>					
Operational Risk				3,568,216	285,457
<b>Total RWA And Capital Requirement</b>				<b>36,181,569</b>	<b>2,894,523</b>

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
<b>1 Credit Risk</b>					
<b>On Balance Sheet Exposures</b>					
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
<b>Total for On Balance Sheet Exposures</b>	<b>63,676,593</b>	<b>63,004,059</b>	<b>25,305,850</b>	<b>25,305,850</b>	<b>2,024,468</b>
<b>Off Balance Sheet Exposures</b>					
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
<b>Total for Off Balance Sheet Exposures</b>	<b>2,595,156</b>	<b>2,595,156</b>	<b>1,545,507</b>	<b>1,545,507</b>	<b>123,641</b>
<b>Total for On and Off Balance Sheet Exposures</b>	<b>66,271,749</b>	<b>65,599,215</b>	<b>26,851,357</b>	<b>26,851,357</b>	<b>2,148,109</b>
<b>2 Market Risk</b>					
	<b>Long Position</b>	<b>Short Position</b>			
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
<b>Total Market Risk</b>			-	<b>1,787,131</b>	<b>142,971</b>
<b>3 Operational Risk</b>					
Operational Risk			3,414,147	3,414,147	273,132
<b>Total RWA And Capital Requirement</b>			<b>32,052,635</b>	<b>32,052,635</b>	<b>2,564,212</b>

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 31 March 2010		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%	25,556,199	-	-	-	-	-	-	-	810,412	-	-	-	26,366,611	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	64,872	5,523,842	-	412,208	-	-	-	74,940	-	-	-	6,075,862	1,215,173
35%	-	-	-	-	-	-	9,411,711	-	-	-	-	-	9,411,711	3,294,099
50%	-	-	7,057,195	-	90,878	22,481	2,502,751	-	-	-	-	-	9,673,305	4,836,652
75%	-	-	-	-	-	14,923,038	-	-	-	-	-	-	14,923,038	11,192,279
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	4,515	99,504	10,507,597	31,161	80,218	-	237,542	-	-	-	10,960,537	10,960,537
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	(180)	-	190,198	131,920	-	63,869	-	-	-	-	385,807	578,711
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	25,556,199	64,872	12,585,372	99,504	11,200,881	15,108,600	11,994,680	63,869	1,122,894	-	-	-	77,796,871	32,077,451

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 & 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%	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%	-	-	-	-	278,499	139,297	-	46,819	-	-	-	-	464,615	696,923
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	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  
31 March 2010

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%	23,846,969	-	-	-	-	-	-	-	810,755	-	-	-	24,657,724	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	64,833	4,456,103	-	386,698	-	-	-	74,940	-	-	-	4,982,574	996,515
35%	-	-	-	-	-	-	8,681,569	-	-	-	-	-	8,681,569	3,038,548
50%	-	-	6,800,373	-	90,878	22,163	2,263,811	-	-	-	-	-	9,177,225	4,588,613
75%	-	-	-	-	-	12,453,035	-	-	-	-	-	-	12,453,035	9,339,778
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	4,515	94,481	9,949,556	29,142	73,304	-	1,520,377	-	-	-	11,671,375	11,671,375
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	(180)	-	167,804	88,396	-	62,799	-	-	-	-	318,819	478,228
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	23,846,969	64,833	11,260,811	94,481	10,594,936	12,592,736	11,018,684	62,799	2,406,072	-	-	-	71,942,321	30,113,057

21 Capital adequacy (continued)

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

The Bank 30 June 2009		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		
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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	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

<b>The Group</b> <b>31 March 2010</b>	<b>Total Principal Amount RM'000</b>	<b>Total Credit Equivalent Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>Nature of item:</b>				
Direct credit substitutes	171,876	171,876	-	161,380
Transaction-related contingent items	244,268	122,134	-	110,227
Short-term self liquidating trade-related contingencies	509,303	101,861	-	99,097
Underwriting Obligations	-	-	-	-
Foreign exchange related contracts				
- one years or less	26,566,705	374,260	316,857	177,361
- over one year to five years	6,263,456	1,405,372	255,341	1,228,977
- over five years	270,260	62,671	15,329	31,336
Interest/ Profit rate related contracts				
- one years or less	10,576,872	56,017	68,672	27,994
- over one year to five years	23,271,466	698,058	204,001	353,400
- over five years	3,184,063	348,949	78,014	174,474
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	20,800,928	-	-	-
Equity related contracts				
- one years or less	94,848	6,904	252	2,014
- over one year to five years	78,777	6,302	-	2,990
<b>Total</b>	<b>92,032,822</b>	<b>3,354,404</b>	<b>938,466</b>	<b>2,369,250</b>

<b>The Group</b> <b>30 June 2009</b>	<b>Total Principal Amount RM'000</b>	<b>Total Credit Equivalent Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>Nature of item:</b>				
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	252	2,462
- over one year to five years	150,203	12,016	-	4,264
<b>Total</b>	<b>78,269,435</b>	<b>2,596,011</b>	<b>775,122</b>	<b>1,546,364</b>



## 21 Capital adequacy (continued)

### Disclosure on Off Balance Sheet and Counterparty Credit Risk

<b>The Bank 31 March 2010</b>	<b>Total Principal Amount RM'000</b>	<b>Total Credit Equivalent Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>Nature of item:</b>				
Direct credit substitutes	171,876	171,876	-	161,380
Transaction-related contingent items	243,352	121,676	-	109,769
Short-term self liquidating trade-related contingencies	508,228	101,646	-	98,882
Underwriting obligations	-	-	-	-
Foreign exchange related contracts				
- one years or less	26,566,419	374,259	316,857	177,361
- over one year to five years	9,616,596	1,405,373	477,704	1,228,977
- over five years	270,260	62,671	15,329	31,336
Interest/ Profit rate related contracts				
- one years or less	10,576,872	56,017	68,672	27,994
- over one year to five years	23,271,466	698,058	204,001	353,400
- over five years	3,184,063	348,949	78,014	174,474
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	19,511,330	-	-	-
Equity related contracts				
- one years or less	94,848	6,904	252	2,014
- over one year to five years	78,777	6,302	-	2,990
<b>Total</b>	<b>94,094,087</b>	<b>3,353,731</b>	<b>1,160,829</b>	<b>2,368,577</b>

<b>The Bank 30 June 2009</b>	<b>Total Principal Amount RM'000</b>	<b>Total Credit Equivalent Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>Nature of item:</b>				
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
<b>Total</b>	<b>77,177,218</b>	<b>2,595,156</b>	<b>774,870</b>	<b>1,545,507</b>

22 Group segmental reporting on revenue, profit and assets

Financial quarter ended 31/03/2010

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	313,523	2,313	192,210	-	508,046
Inter-segment revenue	34,354	51,706	(86,060)	-	-
Segment revenue	<u>347,877</u>	<u>54,019</u>	<u>106,150</u>	-	<u>508,046</u>
Segment profit before taxation	145,243	9,832	77,935	-	233,010
Share of profit after tax of equity accounted associated company					27,005
Profit before taxation					<u>260,015</u>
Taxation and zakat					<u>(32,060)</u>
Profit after taxation					<u><u>227,955</u></u>

Financial period ended 31/03/2010

	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	936,521	27,313	573,535	1,758	1,539,127
Inter-segment revenue	118,138	139,397	(257,535)	-	-
Segment revenue	<u>1,054,659</u>	<u>166,710</u>	<u>316,000</u>	<u>1,758</u>	<u>1,539,127</u>
Segment profit before taxation	446,945	60,085	248,565	(192)	755,403
Share of profit after tax of equity accounted associated company					84,724
Profit before taxation					<u>840,127</u>
Taxation and zakat					<u>(153,257)</u>
Profit after taxation					<u><u>686,870</u></u>
Segment assets	28,822,242	7,997,819	43,613,026	-	80,433,087
Unallocated assets					<u>2,708,644</u>
Total assets					<u><u>83,141,731</u></u>

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

	Corresponding quarter ended 31/03/2009				
	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	302,116	3,137	183,539	2,232	491,024
Inter-segment revenue	47,199	43,256	(90,455)	-	-
Segment revenue	349,315	46,393	93,084	2,232	491,024
Segment profit before taxation	157,310	20,664	66,417	228	244,619
Share of profit after tax of equity accounted associated company					24,131
Profit before taxation					268,750
Taxation and zakat					(62,151)
Profit after taxation					206,599

	Financial period ended 31/03/2009				
	Personal Financial Services RM'000	Wholesale Banking		Takaful Business RM'000	Total RM'000
		Corporate & Commercial RM'000	Treasury RM'000		
<b><u>By business segment</u></b>					
External revenue	928,233	31,530	640,731	4,868	1,605,362
Inter-segment revenue	146,888	150,360	(297,248)	-	-
Segment revenue	1,075,121	181,890	343,483	4,868	1,605,362
Segment profit before taxation	501,131	113,082	240,693	(725)	854,181
Share of profit after tax of equity accounted associated company					70,545
Profit before taxation					924,726
Taxation and zakat					(219,013)
Profit after taxation					705,713
Segment assets	27,476,139	6,557,187	42,802,997	291,566	77,127,889
Unallocated assets					2,950,850
Total assets					80,078,739

23 Property 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 are no materials events subsequent to the end of the financial period ended 31 March 2010 except for the following:-

- (i) On 6 January 2010, HLB announced that Bank Negara Malaysia has, vide its letter dated 6 January 2010, no objection for HLB to commence negotiations with the Boards of EON Capital Berhad ("EONCAP") and EON Bank Berhad ("EON Bank") for the potential purchase of the assets and liabilities of EONCAP and EON Bank, including EONCAP's equity interest in EON Bank.

On 21 January 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB had made an offer to acquire the entire assets and liabilities of EON Cap at an aggregate purchase consideration of RM4,921,781,997.20 to be satisfied fully in cash ("Offer").

On 27 January 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB and EON Cap had mutually agreed to an extension of time until 2 February 2010 for EON Cap to confirm the following:

- a. to table the Offer for consideration and approval by the shareholders of EON Cap at a general meeting and take steps to issue and despatch within 5 weeks from 21 January 2010 ("Date of Offer") the notice of the general meeting and the shareholders' circular; and
- b. to finalise and make submissions to the relevant authorities within 4 weeks from the Date of Offer.

On 2 February 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB had received a letter from EON Cap informing HLB that the Board of Directors of EON Cap had resolved not to table the Offer for consideration and approval by EON Cap's shareholders, and not to submit any application to the relevant authorities for approval of the Offer. Accordingly, the Offer has lapsed.

On 30 March 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB made a new offer to acquire the entire assets and liabilities of EON Cap at an aggregate purchase consideration of RM4,921,781,997.20 to be satisfied fully in cash.

On 1 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB has made a revised offer to acquire the entire assets and liabilities of EON Cap at an aggregate purchase consideration of RM5,060,423,743.60 to be satisfied fully in cash. ("Revised Offer")

On 2 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB had received confirmation from EON Cap to, amongst others, table the Revised Offer for consideration and approval by EON Cap's shareholders and submit the applications to the Minister of Finance and other relevant regulatory authority for approval of the Revised Offer, in accordance with the terms of the Revised Offer.

- (ii) On 23 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced the following:
  - a. details on the proposed acquisition of the entire assets and liabilities of EON Cap at an offer price of RM5,060,423,743.60 to be satisfied fully in cash. ("Proposed Acquisition");
  - b. that HLBB proposes to undertake a renounceable rights issue of new HLBB Shares ("Rights Shares") to the entitled shareholders of HLBB ("Entitled Shareholders") to raise gross proceeds of up to RM1,600 million ("Proposed Rights Issue"); and
  - c. HLBB had today made an application to Bank Negara Malaysia ("BNM") on the Proposed Acquisition and Proposed Rights Issue.

## 24(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2010 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.

HLBVN was incorporated on 9 July 2009 and has commenced operations on 8 October 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 Takafu 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 event date.

- (iii) On 2 November 2009, Hong Leong Bank Berhad (“HLB”) announced that it had 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, Sichuan Jincheng Consumer Finance Limited Company, has been incorporated on 26 February 2010. The approved registered capital of the JV Co is RM320 million. The shareholding structure and investment composition of the JV Co are BOCD 51% (a contribution of RMB163.2 million) and HLB at 49% (a contribution of RMB156.8 million).

## 25 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	Financial Period Ended 31/03/2010			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
<b>The Group</b>						
Direct credit substitutes	171,876	171,876	161,380	217,061	217,061	200,263
Transaction-related contingent items	244,268	122,134	110,227	247,102	123,551	110,598
Short-term self liquidating trade-related contingencies	509,303	101,861	99,097	578,754	115,750	113,434
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	20,800,928	-	-	18,806,674	-	-
Foreign exchange related contracts	33,100,421	1,842,303	1,437,674	20,674,995	897,994	497,304
Interest rate related contracts	37,032,401	1,103,024	555,868	37,497,746	1,223,825	618,039
Equity related contracts	173,625	13,206	5,004	247,103	17,830	6,726
<b>Total</b>	<b>92,032,822</b>	<b>3,354,404</b>	<b>2,369,250</b>	<b>78,269,435</b>	<b>2,596,011</b>	<b>1,546,364</b>

25 Commitments and contingencies (continued)

	Financial Period Ended 31/03/2010			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
<b>The Bank</b>						
Direct credit substitutes	171,876	171,876	161,380	217,061	217,061	200,263
Transaction-related contingent items	243,352	121,676	109,769	246,276	123,138	110,184
Short-term self liquidating trade-related contingencies	508,228	101,646	98,882	576,541	115,308	112,991
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	19,511,330	-	-	17,717,496	-	-
Foreign exchange related contracts	36,453,275	1,842,303	1,437,674	20,674,995	897,994	497,304
Interest rate related contracts	37,032,401	1,103,024	555,868	37,497,746	1,223,825	618,039
Equity related contracts	173,625	13,206	5,004	247,103	17,830	6,726
Total	<u>94,094,087</u>	<u>3,353,731</u>	<u>2,368,577</u>	<u>77,177,218</u>	<u>2,595,156</u>	<u>1,545,507</u>

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

<b>Group</b> <b>As at 31 March 2010</b>	<b>Non-trading book</b>							<b>Total</b> <b>RM'000</b>	<b>Effective</b> <b>interest</b> <b>rate</b>
	<b>Up to 1</b> <b>month</b> <b>RM'000</b>	<b>&gt;1-3</b> <b>months</b> <b>RM'000</b>	<b>&gt;3-12</b> <b>months</b> <b>RM'000</b>	<b>1-5</b> <b>years</b> <b>RM'000</b>	<b>Over 5</b> <b>years</b> <b>RM'000</b>	<b>Non</b> <b>Interest</b> <b>Sensitive</b> <b>RM'000</b>	<b>Trading</b> <b>book</b> <b>RM'000</b>		
<b>Assets</b>									
Cash and short term funds	12,400,045	-	-	-	-	627,841	-	13,027,886	2.1
Deposits & placement with banks & other financial institution	-	9,842,128	2,147,055	414,986	-	-	-	12,404,169	2.1
Securities held at fair value through profit and loss	-	-	-	-	-	-	5,592,464	5,592,464	3.4
Securities available-for-sale	260,202	639,699	203,683	3,192,851	239,434	90,629	-	4,626,498	3.6
Securities held-to-maturity	469,549	369,573	722,596	5,334,665	461,856	27,773	-	7,386,012	3.3
Loans, advances and financing									
- performing	30,814,682	66,331	180,795	3,297,015	2,296,244	(550,984)	-	36,104,083	5.8
- non-performing	-	-	-	-	-	426,393	-	426,393	
Other assets	-	-	-	-	-	1,499,130	-	1,499,130	
Statutory deposits with BNM	-	-	-	-	-	334,450	-	334,450	
Investment in associated companies	-	-	-	-	-	1,130,009	-	1,130,009	
Investment in jointly controlled company	-	-	-	-	-	76,711	-	76,711	
Prepaid land lease payments	-	-	-	-	-	6,143	-	6,143	
Property, plant and equipment	-	-	-	-	-	341,422	-	341,422	
Intangible assets	-	-	-	-	-	45,569	-	45,569	
Deferred tax assets	-	-	-	-	-	140,792	-	140,792	
<b>Total assets</b>	<b>43,944,478</b>	<b>10,917,731</b>	<b>3,254,129</b>	<b>12,239,517</b>	<b>2,997,534</b>	<b>4,195,878</b>	<b>5,592,464</b>	<b>83,141,731</b>	
<b>Liabilities</b>									
Deposits from customers	23,240,765	5,831,179	29,193,096	1,412,483	-	7,732,199	-	67,409,722	1.8
Deposits & placement of banks & other financial institutions	1,940,470	2,886,200	-	-	-	2,639	-	4,829,309	2.1
Bills and acceptance payable	37,042	189,347	5,717	-	-	281,466	-	513,572	2.2
Other liabilities	-	-	-	-	-	3,486,215	-	3,486,215	-
Subordinated obligations	-	-	-	660,846	-	-	-	660,846	5.2
Provision for taxation	-	-	-	-	-	45,669	-	45,669	
<b>Total liabilities</b>	<b>25,218,277</b>	<b>8,906,726</b>	<b>29,198,813</b>	<b>2,073,329</b>	<b>-</b>	<b>11,548,188</b>	<b>-</b>	<b>76,945,333</b>	
Shareholders funds	-	-	-	-	-	6,196,398	-	6,196,398	
<b>Total liabilities and Shareholders' funds</b>	<b>25,218,277</b>	<b>8,906,726</b>	<b>29,198,813</b>	<b>2,073,329</b>	<b>-</b>	<b>17,744,586</b>	<b>-</b>	<b>83,141,731</b>	
On-balance sheet profit sensitivity gap	18,726,201	2,011,005	(25,944,684)	10,166,188	2,997,534				



## 27 b) Interest/Profit rate risk

<b>Group</b> <b>As at 30 June 2009</b>	← Non-trading book →						-	<b>Total</b> <b>RM'000</b>	<b>Effective</b> <b>interest</b> <b>rate</b> <b>%</b>
	<b>Up to 1</b> <b>month</b> <b>RM'000</b>	<b>&gt;1-3</b> <b>months</b> <b>RM'000</b>	<b>&gt;3-12</b> <b>months</b> <b>RM'000</b>	<b>1-5</b> <b>years</b> <b>RM'000</b>	<b>Over 5</b> <b>years</b> <b>RM'000</b>	<b>Non</b> <b>Interest</b> <b>Sensitive</b> <b>RM'000</b>	<b>Trading</b> <b>book</b> <b>RM'000</b>		
<b>Assets</b>									
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	-
<b>Total assets</b>	<b>50,332,014</b>	<b>5,396,775</b>	<b>1,694,854</b>	<b>7,697,369</b>	<b>3,135,264</b>	<b>4,089,870</b>	<b>7,058,396</b>	<b>79,404,542</b>	
<b>Liabilities</b>									
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	-
<b>Total liabilities</b>	<b>39,039,536</b>	<b>9,628,271</b>	<b>13,777,806</b>	<b>1,473,819</b>	<b>-</b>	<b>9,708,258</b>	<b>-</b>	<b>73,627,690</b>	
Shareholders funds	-	-	-	-	-	5,776,852	-	5,776,852	-
<b>Total liabilities and Shareholders' funds</b>	<b>39,039,536</b>	<b>9,628,271</b>	<b>13,777,806</b>	<b>1,473,819</b>	<b>-</b>	<b>15,485,110</b>	<b>-</b>	<b>79,404,542</b>	
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

<b>Bank</b> <b>As at 31 March 2010</b>	← Non-trading book →						<b>Trading book</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective interest rate</b> <b>%</b>
	<b>Up to 1 month</b> <b>RM'000</b>	<b>&gt;1-3 months</b> <b>RM'000</b>	<b>&gt;3-12 months</b> <b>RM'000</b>	<b>1-5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>	<b>Non Interest Sensitive</b> <b>RM'000</b>			
<b>Assets</b>									
Cash and short term funds	11,113,380	-	-	-	-	399,438	-	11,512,818	2.2
Deposits & placement with banks & other financial instrument	-	9,691,853	2,147,055	-	-	-	-	11,838,908	2.2
Securities held at fair value through profit and loss	-	-	-	-	-	-	4,138,943	4,138,943	3.4
Securities available-for-sale	260,202	639,699	139,018	2,825,378	199,169	90,629	-	4,154,095.0	3.7
Securities held-to-maturity	469,549	369,573	722,596	5,334,665	-	27,773	-	6,924,156	3.2
Loans, advances and financing									
- performing	29,309,260	58,520	100,921	1,981,055	1,120,943	(488,716)	-	32,081,983	5.8
- non-performing	-	-	-	-	-	-	-	411,349	-
Other assets	-	-	-	-	-	2,258,741	-	2,258,741	-
Statutory deposits with BNM	-	-	-	-	-	289,600	-	289,600	-
Investment in subsidiary	-	-	-	-	-	714,092	-	714,092	-
Investment in associated companies	-	-	-	-	-	946,505	-	946,505	-
Investment in jointly controlled company	-	-	-	-	-	76,711	-	76,711	-
Prepaid land lease payments	-	-	-	-	-	5,273	-	5,273	-
Property, plant and equipment	-	-	-	-	-	319,551	-	319,551	-
Intangible assets	-	-	-	-	-	43,628	-	43,628	-
Deferred tax assets	-	-	-	-	-	124,850	-	124,850	-
<b>Total assets</b>	<b>41,152,391</b>	<b>10,759,645</b>	<b>3,109,590</b>	<b>10,141,098</b>	<b>1,320,112</b>	<b>5,219,424</b>	<b>4,138,943</b>	<b>75,841,203</b>	
<b>Liabilities</b>									
Deposits from customers	20,184,205	4,857,363	27,869,708	1,037,876	-	7,274,449	-	61,223,601	1.8
Deposits & placement of banks & other financial institutions	2,115,213	2,254,201	-	-	-	2,639	-	4,372,053	2.1
Bills and acceptance payable	37,065	189,366	5,748	-	-	252,195	-	484,374	2.2
Other liabilities	-	-	-	-	-	3,409,819	-	3,409,819	-
Subordinated obligations	-	-	-	660,846	-	-	-	660,846	5.2
Short term syndicated loan	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	29,476	-	29,476	-
<b>Total liabilities</b>	<b>22,336,483</b>	<b>7,300,930</b>	<b>27,875,456</b>	<b>1,698,722</b>	<b>-</b>	<b>10,968,578</b>	<b>-</b>	<b>70,180,169</b>	
Shareholders funds						5,661,034		5,661,034	
<b>Total liabilities and Shareholders' funds</b>	<b>22,336,483</b>	<b>7,300,930</b>	<b>27,875,456</b>	<b>1,698,722</b>	<b>-</b>	<b>16,629,612</b>	<b>-</b>	<b>75,841,203</b>	
On-balance sheet profit sensitivity gap	18,815,908	3,458,715	(24,765,866)	8,442,376	1,320,112				

## 27 d) Interest/Profit rate risk

<b>Bank</b> <b>As at 30 June 2009</b>	← Non-trading book →						<b>Trading book</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective interest rate</b> <b>%</b>
	<b>Up to 1 month</b> <b>RM'000</b>	<b>&gt;1-3 months</b> <b>RM'000</b>	<b>&gt;3-12 months</b> <b>RM'000</b>	<b>1-5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>	<b>Non Interest Sensitive</b> <b>RM'000</b>			
<b>Assets</b>									
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	
<b>Total assets</b>	<b>46,983,286</b>	<b>5,263,941</b>	<b>1,599,197</b>	<b>6,007,979</b>	<b>1,487,826</b>	<b>4,294,861</b>	<b>5,095,423</b>	<b>70,732,513</b>	
<b>Liabilities</b>									
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	
<b>Total liabilities</b>	<b>33,405,749</b>	<b>8,752,742</b>	<b>12,907,002</b>	<b>1,319,966</b>	<b>-</b>	<b>9,027,766</b>	<b>-</b>	<b>65,413,225</b>	
Shareholders funds	-	-	-	-	-	5,319,288	-	5,319,288	
<b>Total liabilities and Shareholders' funds</b>	<b>33,405,749</b>	<b>8,752,742</b>	<b>12,907,002</b>	<b>1,319,966</b>	<b>-</b>	<b>14,347,054</b>	<b>-</b>	<b>70,732,513</b>	
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 31 March 2010

	<b><u>The Group</u></b>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	1,991,331	2,511,864
Deposits and placements with bank and other financial institutions	564,986	125,167
Securities - Held-for-trading	1,502,192	2,011,644
Securities - Available-for-trading	472,403	467,377
Securities - Held-to-maturity	461,856	126,623
Financing, advances and other financing	4,013,044	3,824,880
Other assets	65,591	7,615
Statutory deposits with Bank Negara Malaysia	44,850	46,064
Property, plant and equipment	2,168	1,794
Deferred tax assets	15,942	18,932
<b>Total Assets</b>	<b><u>9,134,363</u></b>	<b><u>9,141,960</u></b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUNDS</u></b>		
Deposits from customers	6,817,620	7,979,898
Deposits and placements of banks and other financial institutions	1,185,163	30,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	29,198	16,133
Other liabilities	294,377	366,504
Provision for taxation	7,640	9,394
<b>Total Liabilities</b>	<b><u>8,333,998</u></b>	<b><u>8,401,929</u></b>
Islamic banking capital fund	500,000	500,000
Reserves	300,365	240,031
<b>Islamic Banking Funds</b>	<b><u>800,365</u></b>	<b><u>740,031</u></b>
<b>Total Liabilities and Islamic Banking Funds</b>	<b><u>9,134,363</u></b>	<b><u>9,141,960</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b><u>1,291,872</u></b>	<b><u>1,092,217</u></b>

28 Operations of Islamic Banking (continued)

28b Unaudited Income Statements for the 2st Quarter and Cumulative Six Months Ended 31 December 2009

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
<b>Group</b>				
Income derive from investment of deposits' funds and others	71,699	71,392	218,376	255,410
Income derive from investment of shareholders' funds	9,107	9,848	29,290	29,398
Allowance for losses on financing	3,811	2,220	4,302	2,075
Profit equalisation reserve	(2,135)	(6,658)	2,507	(17,885)
<b>Total distributable income</b>	<b>82,482</b>	<b>76,802</b>	<b>254,475</b>	<b>268,998</b>
Income attributable to deposits	(36,607)	(40,115)	(112,141)	(150,658)
<b>Total net income</b>	<b>45,875</b>	<b>36,687</b>	<b>142,334</b>	<b>118,340</b>
Other operating expenses	(20,132)	(13,918)	(54,135)	(45,006)
<b>Profit before taxation and zakat</b>	<b>25,743</b>	<b>22,769</b>	<b>88,199</b>	<b>73,334</b>
Zakat	(12)	(12)	(37)	(41)
Taxation	(6,461)	(5,655)	(22,085)	(18,315)
<b>Profit after taxation and zakat</b>	<b>19,270</b>	<b>17,102</b>	<b>66,077</b>	<b>54,978</b>
Profit attributable to shareholders	19,270	17,102	66,077	54,978
Earning per share - basic (sen)	3.85	3.42	13.22	11.00
Earning per share - fully diluted (sen)	3.85	3.42	13.22	11.00

## 28 Operations of Islamic Banking (continued)

### 28c Financing, advances and other financing

#### (i) By type

	<u>The Group</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Cash line	4,520	5,421
Term financing		
- Housing financing	4,116,489	3,562,624
- Hire purchase receivable	2,472,969	2,545,281
- Lease receivable	12,944	16,357
- Other term financing	474,024	348,544
Claims on customers under acceptance credit	64,194	46,206
Staff financing	6	18
Revolving credit	-	-
Others	504	623
	<u>7,145,650</u>	<u>6,525,074</u>
Less: Unearned income	(3,040,090)	(2,605,681)
	<u>4,105,560</u>	<u>3,919,393</u>
Less: Allowance for bad and doubtful financing		
- General	(62,465)	(73,486)
- Specific	(30,051)	(21,027)
Total net financing, advances and other financing	<u><u>4,013,044</u></u>	<u><u>3,824,880</u></u>

#### (ii) By contract

	<u>The Group</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Bai' Bithaman Ajil (deferred payment sale)	1,847,124	1,602,357
Ijarah (lease)	12,762	15,895
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,181,480	2,254,935
Murabahah (cost-plus)	64,194	46,206
	<u><u>4,105,560</u></u>	<u><u>3,919,393</u></u>

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

28c Financing, advances and other financing (continued)

**Non-performing financing**

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

	<b><u>The Group</u></b>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
At beginning	46,260	45,754
Classified as non-performing during the period	164,385	204,631
Reclassified as performing	(145,758)	(166,739)
Amount recovered	(19,398)	(24,237)
Amount written off	(165)	(13,149)
At end	<u>45,324</u>	<u>46,260</u>
Net non-performing financing, advances and other financing	<u>15,273</u>	<u>25,233</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.4%</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**

	<b><u>The Group</u></b>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<b>General allowance</b>		
At beginning	73,486	65,025
Allowance made / (written back)	(11,021)	8,461
At end	<u>62,465</u>	<u>73,486</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.9%</u>
<b>Specific allowance</b>		
At beginning	21,027	24,734
Allowance made / (written back)	14,749	15,949
Amount recovered	(5,560)	(6,507)
Amount written off	(165)	(13,149)
At end	<u>30,051</u>	<u>21,027</u>



## 28 Operations of Islamic Banking (continued)

### 28d Deposits from customer

#### By type of deposit

	<u>The Group</u>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	472,277	375,930
Saving deposits	635,525	580,875
Negotiable Islamic Debt Certificate	905,903	1,215,890
Others	-	-
	<u>2,013,705</u>	<u>2,172,695</u>
<b>Mudharabah</b>		
Demand deposits	-	-
Saving deposits	638,663	569,063
General investment deposits	1,928,535	1,864,865
Specific investment deposits	2,236,717	3,373,275
Others	-	-
	<u>4,803,915</u>	<u>5,807,203</u>
	<u>6,817,620</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 profit after taxation of RM228.0 million for the current financial quarter ended 31 March 2010, an increase of RM21.4 million or 10.3% as compared to previous corresponding quarter. The increase was due to higher net interest income by RM9.3 million, higher share of profit from Bank of Chengdu by RM2.9 million, higher net income from Islamic banking business by RM7.6 million and lower taxation expense by RM30.1 million. This is however offset by higher other operating expenses by RM22.4 million and higher allowance for losses on loans, advances and financing by RM6.3 million.

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

The Group profit after taxation for the nine months ended 31 March 2010 stood at RM686.9 million, a decrease of RM18.8 million or 2.7% as compared to RM705.7 million in the previous corresponding period. The decrease was due to lower net interest income by RM30.1 million, lower non interest income by RM57.9 million, higher allowance for losses on loans, advances and financing by RM35.4 million and higher other operating expenses by RM36.5 million. This is however mitigated by higher share of profit from Bank of Chengdu by RM14.2 million, impairment writeback of RM6.1 million as oppose to impairment charge of RM33.2 million in the previous financial year-to-date, higher net income from Islamic banking business by RM21.8 million and lower taxation expense by RM65.8 million.

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

For the current financial quarter, the Group recorded a profit after taxation of RM228.0 million as compared to RM224.7 million in the preceding quarter, an increase of RM3.2 million mainly from higher non interest income by RM3.3 million and lower taxation expense by RM34.5 million. This is offset by lower net interest income by RM8.8 million, higher allowance for losses on loans, advances and financing by RM11.8 million, higher other operating expenses by RM1.8 million, lower net income from Islamic banking business by RM5.8 million and writeback of impairment loss of RM6.1 million in the preceding quarter.

**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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Malaysian income tax	32,047	63,299	152,600	220,304
Oversea tax	-	-	-	-
	<u>32,047</u>	<u>63,299</u>	<u>152,600</u>	<u>220,304</u>
Transfer from/(to) deferred taxation	-	(1,160)	619	(1,332)
	<u>32,047</u>	<u>62,139</u>	<u>153,219</u>	<u>218,972</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>				
Malaysian income tax	28,054	53,945	137,086	184,562
Oversea tax	-	-	-	-
	<u>28,054</u>	<u>53,945</u>	<u>137,086</u>	<u>184,562</u>
Transfer from/(to) deferred taxation	-	(511)	(1,864)	607
	<u>28,054</u>	<u>53,434</u>	<u>135,222</u>	<u>185,169</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 at the latest practicable date which was not earlier than 7 days from the issue of this report, other than as mentioned below:-

- (i) On 30 March 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB made a new offer to acquire the entire assets and liabilities of EON Cap at an aggregate purchase consideration of RM4,921,781,997.20 to be satisfied fully in cash.
- (ii) On 1 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB has made a revised offer to acquire the entire assets and liabilities of EON Cap at an aggregate purchase consideration of RM5,060,423,743.60 to be satisfied fully in cash. ("Revised Offer")
- (iii) On 2 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced that HLB had received confirmation from EON Cap to, amongst others, table the Revised Offer for consideration and approval by EON Cap's shareholders and submit the applications to the Minister of Finance and other relevant regulatory authority for approval of the Revised Offer, in accordance with the terms of the Revised Offer.
- (iv) On 23 April 2010, CIMB Investment Bank Berhad, on behalf of HLB, announced the following:
  - a. details on the proposed acquisition of the entire assets and liabilities of EON Cap at an offer price of RM5,060,423,743.60 to be satisfied fully in cash. ("Proposed Acquisition");
  - b. that HLBB proposes to undertake a renounceable rights issue of new HLBB Shares ("Rights Shares") to the entitled shareholders of HLBB ("Entitled Shareholders") to raise gross proceeds of up to RM1,600 million ("Proposed Rights Issue"); and
  - c. HLBB had today made an application to Bank Negara Malaysia ("BNM") on the Proposed Acquisition and Proposed Rights Issue.

## **9 Group borrowings**

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

## 10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended</b>	<b>Financial Year Ended</b>	<b>Financial Period Ended</b>	<b>Financial Year Ended</b>
	<b>31/03/2010</b>	<b>30/06/2009</b>	<b>31/03/2010</b>	<b>30/06/2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Deposits from customers</b>				
Fixed deposits	37,266,159	36,857,055	33,112,232	31,670,086
Negotiable instruments of deposit	2,469,562	3,526,455	2,226,130	2,359,236
Demand deposits	7,787,457	6,807,711	7,274,449	6,447,625
Saving deposits	8,460,858	7,841,769	7,185,104	6,691,831
Short term corporate placement	11,170,742	11,908,438	11,170,742	11,908,438
Other	254,944	641,929	254,944	641,929
	<u>67,409,722</u>	<u>67,583,357</u>	<u>61,223,601</u>	<u>59,719,145</u>

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	38,371,803	39,687,928	34,300,486	33,438,922
More than one year (medium/long term)	1,363,918	695,582	1,037,876	590,400
	<u>39,735,721</u>	<u>40,383,510</u>	<u>35,338,362</u>	<u>34,029,322</u>

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended</b>	<b>Financial Year Ended</b>	<b>Financial Period Ended</b>	<b>Financial Year Ended</b>
	<b>31/03/2010</b>	<b>30/06/2009</b>	<b>31/03/2010</b>	<b>30/06/2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Deposits and placements of banks and other financial institutions</b>				
Licensed banks	4,001,812	2,202,304	4,129,719	2,172,304
Other financial institutions	827,497	201,855	242,334	201,855
	<u>4,829,309</u>	<u>2,404,159</u>	<u>4,372,053</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)	4,829,309	2,404,159	4,372,053	2,374,159
More than one year (medium/long term)	-	-	-	-
	<u>4,829,309</u>	<u>2,404,159</u>	<u>4,372,053</u>	<u>2,374,159</u>

## 11 Subordinated bonds

	<b><u>The Group and The Bank</u></b>	
	<b>Financial Period Ended 31/03/2010 RM'000</b>	<b>Financial Year Ended 30/06/2009 RM'000</b>
Subordinated bonds		
- USD200 million	<u>660,846</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 31 March 2010

### The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	17,888,425	273,237	(289,649)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,400,199	35,445	(27,445)
(ii) 1 year to 3 years	5,797,686	241,420	(176,717)
(iii) More than 3 years	736,314	29,248	(23,065)
Options			
(i) Less than 1 year	3,277,797	8,177	(4,380)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,870,798	13,025	-
(ii) 1 year to 3 years	2,369,410	10,547	-
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	6,796,074	44,521	(29,772)
(ii) 1 year to 3 years	12,100,012	125,003	(146,625)
(iii) More than 3 years	11,896,107	157,591	(161,256)
Equity related contracts			
(i) Less than 1 year	142,849	252	(252)
(ii) 1 year to 3 years	30,776	-	-
(iii) More than 3 years	-	-	-
<b>Total</b>	<b>70,306,447</b>	<b>938,466</b>	<b>(859,161)</b>

## 12 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2010

### The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	17,888,425	273,237	(289,649)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,400,199	35,445	(27,445)
(ii) 1 year to 3 years	5,797,686	241,420	(176,717)
(iii) More than 3 years	4,089,168	251,611	(245,428)
Options			
(i) Less than 1 year	3,277,797	8,177	(4,380)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,870,798	13,025	-
(ii) 1 year to 3 years	2,369,410	10,547	-
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	6,796,074	44,521	(29,772)
(ii) 1 year to 3 years	12,100,012	125,003	(146,625)
(iii) More than 3 years	11,896,107	157,591	(161,256)
Equity related contracts			
(i) Less than 1 year	142,849	252	(252)
(ii) 1 year to 3 years	30,776	-	-
(iii) More than 3 years	-	-	-
<b>Total</b>	<b>73,659,301</b>	<b>1,160,829</b>	<b>(1,081,524)</b>



## 12 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 RM342,430,957 (FYE June 2009: RM77,554,000) and RM32,308,801,243 (FYE June 2009: RM36,134,979,496) respectively.

### Derivatives

Market risk arises from the impact on trading positions of changes in foreign exchange rates and interest rates. It also includes the impact from changes in the correlations and volatilities of other risk factors. The Group manages trading market risk in the course of market-making, structuring and packaging products for investors and other clients, as well as to benefit from market opportunities. The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including limit setting and independent model validation, monitoring and valuation. Management of derivatives risks is continually reviewed and enhanced to ensure that the complexities of the business are appropriately controlled.

### **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 RM1,106,581,679 (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.

### Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie, assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

The Group uses the following derivative instruments for both hedging and non-hedging purposes:-

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an organised financial market. The credit risk is of futures contracts is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures' contract value are settled daily with the exchange.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (ie, cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

## 12 Off-balance sheet financial instruments (continued)

### Credit risk (continued)

#### Derivatives (continued)

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

### Liquidity risk

#### Derivatives (continued)

Liquidity risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

### 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.

### 13 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.

### 14 Dividend

No interim dividend has been proposed for the current quarter.

For financial period ended 31 March 2010, a total dividend of 9 sen per share less tax at 25% has been paid (2008/2009 : 9 sen per share less tax at 25%).

### 15 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.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	227,955	206,500	686,915	705,970
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	(130,654)	(131,092)	(130,654)	(131,092)
	<u>1,449,453</u>	<u>1,449,015</u>	<u>1,449,453</u>	<u>1,449,015</u>
<b>Basic earnings per share (sen)</b>	15.7	14.3	47.4	48.7
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	178,448	156,952	543,385	543,353
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	(130,654)	(131,092)	(130,654)	(131,092)
	<u>1,449,453</u>	<u>1,449,015</u>	<u>1,449,453</u>	<u>1,449,015</u>
<b>Basic earnings per share (sen)</b>	12.3	10.8	37.5	37.5

15 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.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	227,955	206,500	686,915	705,970
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,453	1,449,015	1,449,453	1,449,015
- adjustment for ESOS	-	-	-	-
	<u>1,449,453</u>	<u>1,449,015</u>	<u>1,449,453</u>	<u>1,449,015</u>
<b>Fully diluted earnings per share (sen)</b>	15.7	14.3	47.4	48.7
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	178,448	156,952	543,385	543,353
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,453	1,449,015	1,449,453	1,449,015
- adjustment for ESOS	-	-	-	-
	<u>1,449,453</u>	<u>1,449,015</u>	<u>1,449,453</u>	<u>1,449,015</u>
<b>Fully diluted earnings per share (sen)</b>	12.3	10.8	37.5	37.5

Dated this 24 May 2010