

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Balance Sheet As At 30 June 2010

	The Group		The Bank		
		Financial Year Ended 30/06/2010	Financial Year Ended 30/06/2009	Financial Year Ended 30/06/2010	Financial Year Ended 30/06/2009
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		15,682,086	18,343,622	13,928,247	15,820,913
Deposits and placements with financial institutions		7,470,559	5,417,120	7,004,664	5,291,952
Securities held at fair value through profit and loss	8	8,836,753	7,058,396	6,703,224	5,095,423
Securities available-for-sale	9	4,428,770	4,103,431	3,859,367	3,570,387
Securities held-to-maturity	10	6,641,003	6,355,027	7,042,610	6,228,404
Loans, advances and financing	11	37,749,070	34,795,414	33,589,093	30,938,086
Other assets	12	1,718,603	1,125,535	2,014,821	1,140,993
Amount due from subsidiaries		-	-	1,009,958	263,760
Statutory deposits with Bank Negara Malaysia		394,000	368,564	347,000	322,500
Investment in subsidiary companies		-	-	714,092	575,746
Investment in an associated company		1,172,175	1,045,285	946,505	946,505
Investment in jointly controlled company		76,023	-	76,711	-
Prepaid land lease payments		14,139	6,185	13,274	5,311
Property, plant and equipment		332,845	312,838	311,163	297,012
Intangible assets		49,410	29,548	46,935	28,213
Deferred tax assets		140,137	153,613	122,544	134,681
General and Family Takaful fund assets		-	217,337	-	-
Total Assets		84,705,573	79,331,915	77,730,208	70,659,886
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	69,712,692	67,583,357	63,239,050	59,719,145
Deposits and placements of banks and other financial institutions	14	3,876,403	2,404,159	3,791,129	2,374,159
Bills and acceptance payable		304,140	251,386	285,366	235,253
Other liabilities	15	3,664,921	2,393,344	3,890,295	2,327,155
Subordinated Bonds		650,454	729,566	650,454	729,566
Provision for taxation		72,940	48,541	58,851	27,947
General and Family Takaful fund liabilities		-	8,278	-	-
General and Family Takaful policyholders' fund		-	209,059	-	-
Total Liabilities		78,281,550	73,627,690	71,915,145	65,413,225
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		5,531,824	4,780,182	4,922,864	4,365,606
Less: Treasury Shares		(687,908)	(699,052)	(687,908)	(699,052)
Total Shareholders' Equity		6,424,023	5,661,237	5,815,063	5,246,661
Minority interest		-	42,988	-	-
Total Equity		6,424,023	5,704,225	5,815,063	5,246,661
Total Liabilities and Equity		84,705,573	79,331,915	77,730,208	70,659,886
COMMITMENTS AND CONTINGENCIES	25	99,159,250	78,269,435	100,792,710	77,177,218
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	15.50%	15.72%	13.34%	14.99%
Risk-weighted capital ratio	21	15.50%	16.30%	13.34%	14.99%
After deducting proposed dividends					
Core capital ratio	21	15.08%	15.25%	12.90%	14.46%
Risk-weighted capital ratio	21	15.08%	15.82%	12.90%	14.46%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		4.43	3.91	4.01	3.62

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

Hong Leong Bank Berhad

Condensed Financial Statements Unaudited Income Statement For The Financial Quarter Ended 30 June 2010

The Group

	Note	Current Quarter Ended 30/06/2010 RM'000	Corresponding Quarter Ended 30/06/2009 RM'000	Current Year Ended 30/06/2010 RM'000	Corresponding Year Ended 30/06/2009 RM'000
Interest income	16	658,175	620,520	2,552,857	2,930,792
Interest expense	17	(293,685)	(315,675)	(1,170,208)	(1,577,672)
Net interest income		364,490	304,845	1,382,649	1,353,120
Net income from Islamic Banking business		46,804	60,076	184,837	176,341
Other operating income	18	106,508	128,689	489,443	569,511
Net Income		517,802	493,610	2,056,929	2,098,972
Other operating expenses	19	(227,195)	(223,753)	(916,467)	(876,555)
Operating profit before provision Allowance for losses on loans, advances and financing	20	290,607	269,857	1,140,462	1,222,417
Impairment loss		858	275	6,939	(32,934)
Share of profit after tax of equity accounted associated company		286,968	178,588	1,042,371	1,032,769
Share of profit after tax of equity accounted joint venture company		58,851	28,917	143,575	99,462
Share of profit after tax of equity accounted joint venture company		(688)	-	(688)	-
Profit before taxation (and zakat)		345,131	207,505	1,185,258	1,132,231
Taxation		(43,987)	(8,580)	(197,206)	(227,552)
Zakat		(39)	(13)	(77)	(54)
Net profit for the period		301,105	198,912	987,975	904,625
Attributable to:					
Equity holders of the parent		301,105	199,365	988,020	905,335
Minority Interest		-	(453)	(45)	(710)
Net profit for the period		301,105	198,912	987,975	904,625
Earnings per share - basic (sen)		20.8	13.8	68.2	62.5
Earnings per share - fully diluted (sen)		20.8	13.8	68.2	62.5

Hong Leong Bank Berhad

Condensed Financial Statements Unaudited Income Statement For The Financial Quarter Ended 30 June 2010

The Bank

	Note	Current Quarter Ended 30/06/2010 RM'000	Corresponding Quarter Ended 30/06/2009 RM'000	Current Year Ended 30/06/2010 RM'000	Corresponding Year Ended 30/06/2009 RM'000
Interest income	16	687,338	620,365	2,592,586	2,937,002
Interest expense	17	(322,376)	(315,874)	(1,209,792)	(1,579,883)
Net interest income		364,962	304,491	1,382,794	1,357,119
Net income from Islamic Banking business		-	-	-	-
Other operating income	18	122,349	131,355	506,979	511,537
Net Income		487,311	435,846	1,889,773	1,868,656
Other operating expenses	19	(206,154)	(203,555)	(831,139)	(806,030)
Operating profit before provision		281,157	232,291	1,058,634	1,062,626
Allowances for losses on loans and financing	20	383	(74,693)	(104,568)	(143,297)
Impairment loss		858	275	6,939	(32,934)
Profit before taxation (and zakat)		282,398	157,873	961,005	886,395
Taxation		(57,966)	(41,548)	(193,188)	(226,717)
Zakat		-	-	-	-
Profit after taxation		224,432	116,325	767,817	659,678
Profit attributable to shareholders		224,432	116,325	767,817	659,678
Earnings per share - basic (sen)		15.5	8.0	53.0	45.5
Earnings per share - fully diluted (sen)		15.5	8.0	53.0	45.5

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 2010

The Group	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
Balance as at 1 July 2009											
- As previously reported	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
- Prior year adjustments	-	-	-	-	-	-	(72,627)	-	(72,627)	-	(72,627)
	<u>1,580,107</u>	<u>539,664</u>	<u>1,860,821</u>	<u>(26,701)</u>	<u>13,022</u>	<u>37,050</u>	<u>2,356,326</u>	<u>(699,052)</u>	<u>5,661,237</u>	<u>42,988</u>	<u>5,704,225</u>
<i>Currency translation differences</i>	-	-	-	-	-	(24,737)	-	-	(24,737)	-	(24,737)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	(24,737)	-	-	(24,737)	-	(24,737)
Net profit for the period	-	-	-	-	-	-	988,020	-	988,020	(45)	987,975
Transfer to statutory reserve	-	-	42,094	-	-	-	(42,094)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,924)	-	(260,924)	-	(260,924)
Purchase of treasury shares	-	-	-	-	-	-	-	(17)	(17)	-	(17)
ESOS exercised	-	-	-	-	(1,642)	-	2,715	11,161	12,234	-	12,234
Net fair value changes in available for sale securities	-	-	-	43,761	-	-	-	-	43,761	-	43,761
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(42,943)	(42,943)
Options charge arising from ESOS granted	-	-	-	-	4,449	-	-	-	4,449	-	4,449
Closing Balance @ 30 June 2010	<u>1,580,107</u>	<u>539,664</u>	<u>1,902,915</u>	<u>17,060</u>	<u>15,829</u>	<u>12,313</u>	<u>3,044,043</u>	<u>(687,908)</u>	<u>6,424,023</u>	<u>-</u>	<u>6,424,023</u>
Balance as at 1 July 2008											
- As previously reported	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
- Prior year adjustments	-	-	-	-	-	-	(72,627)	-	(72,627)	-	(72,627)
	<u>1,580,107</u>	<u>539,664</u>	<u>1,823,644</u>	<u>(14,701)</u>	<u>2,720</u>	<u>35,529</u>	<u>1,748,991</u>	<u>(699,041)</u>	<u>5,016,913</u>	<u>43,698</u>	<u>5,060,611</u>
<i>Currency translation differences</i>	-	-	-	-	-	1,521	-	-	1,521	-	1,521
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	1,521	-	-	1,521	-	1,521
Investment of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	905,335	-	905,335	(710)	904,625
Transfer to statutory reserve	-	-	37,177	-	-	-	(37,177)	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	(11)	(11)	-	(11)
Net fair value changes in available for sale securities	-	-	-	(12,000)	-	-	-	-	(12,000)	-	(12,000)
Options charge arising from ESOS granted	-	-	-	-	10,302	-	-	-	10,302	-	10,302
Closing Balance @ 30 June 2009	<u>1,580,107</u>	<u>539,664</u>	<u>1,860,821</u>	<u>(26,701)</u>	<u>13,022</u>	<u>37,050</u>	<u>2,356,326</u>	<u>(699,052)</u>	<u>5,661,237</u>	<u>42,988</u>	<u>5,704,225</u>

Condensed Financial Statements
Hong Leong Bank Berhad
Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 2010

	← Non-distributable					Distributable →			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	
The Bank									
Balance as at 1 July 2009									
- As previously reported	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,136,060	(699,052)	5,319,288
- Prior year adjustments	-	-	-	-	-	-	(72,627)	-	(72,627)
	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,063,433	(699,052)	5,246,661
<i>Currency translation differences</i>									
	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	767,817	-	767,817
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,924)	-	(260,924)
Purchase of treasury shares	-	-	-	-	-	-	-	(17)	(17)
ESOS exercised	-	-	-	-	(1,642)	-	2,715	11,161	12,234
Net fair value changes in available for sale securities	-	-	-	44,843	-	-	-	-	44,843
Options charge arising from ESOS granted	-	-	-	-	4,449	-	-	-	4,449
Closing Balance @ 30 June 2010	1,580,107	539,664	1,741,612	17,189	15,829	35,529	2,573,041	(687,908)	5,815,063
Balance as at 1 July 2008									
- As previously reported	1,580,107	539,664	1,741,612	(14,663)	2,720	35,529	1,737,205	(699,041)	4,923,133
- Prior year adjustments	-	-	-	-	-	-	(72,627)	-	(72,627)
	1,580,107	539,664	1,741,612	(14,663)	2,720	35,529	1,664,578	(699,041)	4,850,506
<i>Currency translation differences</i>									
	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	659,678	-	659,678
Transfer to statutory reserve	-	-	-	-	-	-	-	(11)	(11)
Dividend paid	-	-	-	-	-	-	(260,823)	-	(260,823)
less: Treasury shares	-	-	-	-	-	-	-	-	-
Net fair value changes in available for sale securities	-	-	-	(12,991)	-	-	-	-	(12,991)
Options charge arising from ESOS granted	-	-	-	-	10,302	-	-	-	10,302
Closing Balance @ 30 June 2009	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,063,433	(699,052)	5,246,661

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Cash Flow Statement
For The Financial Year Ended 30 June 2010

	The Group		The Bank	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Operating activities				
Profit before taxation	1,185,258	1,132,231	961,005	886,395
Adjustments for non-cash items	<u>(407,039)</u>	<u>(159,373)</u>	<u>(291,576)</u>	<u>(53,135)</u>
Operating profit before working capital changes	778,219	972,858	669,429	833,260
Income taxes and zakat paid	(206,914)	(224,802)	(197,850)	(199,384)
Net changes in working capital	<u>(2,513,091)</u>	<u>(2,092,729)</u>	<u>(1,090,946)</u>	<u>(2,356,638)</u>
Net cash flow from operating activities	(1,941,786)	(1,344,673)	(619,367)	(1,722,762)
Net cash flow from investing activities	(359,045)	(2,336,850)	(937,266)	(2,608,025)
Net cash flow from financing activities	<u>(285,011)</u>	<u>(296,380)</u>	<u>(285,011)</u>	<u>(296,380)</u>
Changes in cash and cash equivalents	(2,585,842)	(3,977,903)	(1,841,644)	(4,627,167)
Currency translation differences	(75,694)	56,851	(51,022)	55,227
Cash and cash equivalents at the beginning of year	18,343,622	22,264,674	15,820,913	20,392,853
Cash and cash equivalents at the end of period	<u>15,682,086</u>	<u>18,343,622</u>	<u>13,928,247</u>	<u>15,820,913</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 JUNE 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 year ended 30 June 2010 other than as mentioned below:-

a) Share Buy-back

During the financial year ended 30 June 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 year ended 30 June 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	-	-	-	-	-
Apr-10	1,000	8.74	8.74	8.74	8,792
May-10	-	-	-	-	-
Jun-10	-	-	-	-	-
For the period	2,000	8.19	8.74	8.52	17,033

The total number of Shares bought back, all of which were held as treasury shares as at 30 June 2010 amounted to 81,094,700 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 year ended 30 June 2010, the trust did not purchase any new shares. As at 30 June 2010, the total number of Treasury Shares for ESOS was 47,915,000 at an average carrying value of RM5.35 per share.

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

- (a) 4,500,000 share options at an exercise price of RM5.72;
- (b) 21,800,000 share options at an exercise price of RM6.05;
- (c) 12,835,000 share options at an exercise price of RM5.99; and
- (d) 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 year ended 30 June 2010, a total of 2,085,000 ordinary shares of RM1 each for cash were exercised pursuant to the Company's ESOS at exercise price above 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

A final dividend of 15.0 sen per share less income tax of 25% in respect of the financial year ended 30 June 2009 amounting to RM163.1 million was paid on 17 November 2009. An interim dividend of 9.0 sen per share less income tax of 25% in respect of the 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>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Held-for-trading				
Money market instruments:				
Malaysian Government Treasury				
Bills	251,599	458,307	-	310,130
Malaysian Government Securities	1,107,934	838,842	1,107,934	838,842
Malaysian Government Investment				
Certificates	1,116,703	136,143	803,122	-
Bank Negara Malaysia (BNM)				
Bills	2,417,684	1,738,604	1,962,500	895,517
Cagamas Bonds	254,998	-	204,998	-
Bankers' Acceptance and Islamic				
Accepted bills	2,771,744	2,983,607	2,161,167	2,607,562
Negotiable Instruments of Deposit	739,705	887,971	287,117	443,372
Sukuk Bonds	-	-	-	-
Khazanah Bonds	-	14,922	-	-
	<u>8,660,367</u>	<u>7,058,396</u>	<u>6,526,838</u>	<u>5,095,423</u>
Quoted securities:				
Foreign Currency Bonds				
	115,516	-	115,516	-
Unquoted securities:				
Private Debt Securities				
	60,870	-	60,870	-
Total securities held-for-trading	<u>8,836,753</u>	<u>7,058,396</u>	<u>6,703,224</u>	<u>5,095,423</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>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Money market instruments:				
Malaysian Government Investment				
Certificates	2,123,648	728,237	1,584,588	306,236
Other Government Securities	8,312	9,081	8,312	9,081
Khazanah Bonds	-	9,948	-	-
Government Treasury Bills	533,551	379,600	533,551	379,600
Malaysian Government Securities	1,076,631	1,698,183	1,076,631	1,698,182
Singapore Government securities	-	24,601	-	24,601
Cagamas Bonds	125,715	162,084	100,377	126,656
	<u>3,867,857</u>	<u>3,011,734</u>	<u>3,303,459</u>	<u>2,544,356</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks *	91,650	69,879	91,650	68,618
Foreign Currency Bonds	335,881	801,013	335,881	791,278
Unquoted securities:				
Private Debt Securities	133,382	220,805	128,377	166,135
Total securities available-for-sale	<u>4,428,770</u>	<u>4,103,431</u>	<u>3,859,367</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>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Money market instruments:				
Malaysian Government Securities	4,144,712	1,670,241	4,144,712	1,670,241
Malaysian Government Investment Certificates	1,312,548	105,514	916,983	45,306
Cagamas bonds	279,872	279,873	279,872	279,873
Negotiable Instruments of Deposit	680,588	4,073,323	1,547,309	4,073,323
Other government securities	3,374	-	-	-
	<u>6,421,094</u>	<u>6,128,951</u>	<u>6,888,876</u>	<u>6,068,743</u>
Unquoted securities:				
Shares	27,578	27,578	27,003	27,003
Private debt securities	191,562	196,398	125,962	130,558
Loan Stocks	769	2,100	769	2,100
	<u>219,909</u>	<u>226,076</u>	<u>153,734</u>	<u>159,661</u>
Total securities held-to-maturity	<u>6,641,003</u>	<u>6,355,027</u>	<u>7,042,610</u>	<u>6,228,404</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Overdrafts	2,036,810	2,091,226	2,033,395	2,086,550
Term loans:				
- Housing and shop loans/financing	22,534,948	20,496,440	18,200,159	16,933,816
- Syndicated term loan/financing	2,242,775	1,685,228	1,828,346	1,458,633
- Hire purchase receivables	5,650,823	5,829,968	3,183,902	3,284,687
- Lease receivables	11,866	16,418	-	-
- Other term loans/financing	2,244,026	1,775,639	2,098,015	1,653,690
Credit/charge card receivables	2,210,438	2,017,519	2,210,438	2,017,519
Bills receivables	268,725	211,019	268,725	211,019
Trust receipts	98,419	92,982	98,419	92,982
Claims on customers under acceptance credits	3,619,054	3,230,902	3,515,919	3,184,696
Block discounting	8,244	8,218	8,244	8,218
Revolving credits	1,365,401	1,219,780	1,365,401	1,219,780
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	99,531	96,686	99,528	96,668
Other loans/financing	40,769	45,013	40,302	44,390
	<u>42,431,829</u>	<u>38,817,038</u>	<u>34,950,793</u>	<u>32,292,648</u>
Unearned interest and income	(3,876,159)	(3,219,240)	(622,724)	(613,549)
Gross loans, advances and financing	<u>38,555,670</u>	<u>35,597,798</u>	<u>34,328,069</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	46,725	13,381	25,435	8,714
Allowance for bad and doubtful debts and financing:				
- General	(577,822)	(544,823)	(511,615)	(471,305)
- Specific	(275,503)	(327,834)	(252,796)	(306,807)
Net loans, advances and financing	<u><u>37,749,070</u></u>	<u><u>34,795,414</u></u>	<u><u>33,589,093</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>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Domestic non-bank financial institutions	178,501	86,327	174,251	66,046
Domestic business enterprises				
- Small and medium enterprises	3,349,519	3,250,429	3,074,735	3,019,992
- Others	8,271,816	7,101,523	7,683,774	6,601,848
Government and statutory bodies	278	369	278	322
Individuals	25,519,745	24,048,226	22,216,564	20,935,613
Other domestic entities	14,395	16,185	13,247	14,941
Foreign entities	1,221,416	1,094,739	1,165,220	1,040,337
Gross loans, advances and financing	<u>38,555,670</u>	<u>35,597,798</u>	<u>34,328,069</u>	<u>31,679,099</u>

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Fixed rate				
- Housing and shop loans/financing	530,012	673,204	238,678	266,342
- Hire purchase receivables	4,924,898	5,087,484	2,757,962	2,837,970
- Other fixed rate loan/financing	3,279,953	3,045,445	3,209,150	2,917,234
Variable rate				
- Base lending rate plus	25,141,613	23,240,974	23,546,220	22,153,067
- Cost plus	4,606,547	3,500,595	4,503,412	3,454,390
- Other variables rates	72,647	50,096	72,647	50,096
Gross loans, advances and financing	<u>38,555,670</u>	<u>35,597,798</u>	<u>34,328,069</u>	<u>31,679,099</u>

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Purchase of securities	414,513	416,439	414,420	416,094
Purchase of transport vehicles	4,834,160	4,848,428	2,753,057	2,723,027
Purchase of landed properties				
- residential	14,930,332	13,922,382	13,582,028	12,800,377
- non-residential	4,436,355	4,257,268	4,239,732	4,065,035
Personal use	2,994,401	2,710,071	2,929,720	2,651,529
Credit card	2,210,438	2,017,519	2,210,438	2,017,519
Purchase of consumer durables	62	54	62	54
Construction	298,512	448,043	273,602	417,826
Working capital	8,388,912	6,973,922	7,885,786	6,583,980
Others	47,985	3,672	39,224	3,658
Gross loans, advances and financing	<u>38,555,670</u>	<u>35,597,798</u>	<u>34,328,069</u>	<u>31,679,099</u>

11d Non-performing loans by purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Purchase of securities	10,264	11,000	10,264	10,780
Purchase of transport vehicles	40,252	48,996	23,512	27,617
Purchase of landed properties				
- residential	201,359	235,867	185,699	216,978
- non-residential	55,633	62,761	55,028	62,149
Personal use	53,792	56,872	53,407	56,432
Credit card	27,859	36,446	27,859	36,446
Construction	15,907	32,662	15,772	32,240
Working capital	321,662	315,553	318,863	311,255
Others	7	2	7	2
	<u>726,735</u>	<u>800,159</u>	<u>690,411</u>	<u>753,899</u>

11 Loans, advances and financing (continued)

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
At beginning	800,159	840,402	753,899	794,555
Non-performing during the period/year	2,910,070	2,793,625	2,674,909	2,588,994
Reclassified as performing	(2,482,001)	(2,314,165)	(2,270,796)	(2,147,426)
Amount written back in respect of recoveries	(287,538)	(258,963)	(263,371)	(234,726)
Amount written off	(211,944)	(260,982)	(202,219)	(247,740)
Exchange differences	(2,011)	242	(2,011)	242
Closing balance	726,735	800,159	690,411	753,899
Specific allowance	(275,503)	(327,834)	(252,796)	(306,807)
Net non-performing loans, advances and financing	<u>451,232</u>	<u>472,325</u>	<u>437,615</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>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
<u>General Allowance</u>				
At beginning	544,823	526,957	471,305	461,900
Net provisions made during the period/year	33,593	17,728	40,905	9,267
Exchange differences	(594)	138	(595)	138
Closing balance	<u>577,822</u>	<u>544,823</u>	<u>511,615</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	289,332	316,410	269,501	300,461
Amount written back in respect of recoveries	(128,452)	(73,602)	(120,026)	(67,095)
Amount written off	(211,944)	(260,982)	(202,219)	(247,740)
Exchange differences	(1,267)	227	(1,267)	227
Closing balance	<u>275,503</u>	<u>327,834</u>	<u>252,796</u>	<u>306,807</u>

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Interest/Income receivable	173,155	97,739	154,430	89,608
Other debtors, deposits and prepayments	1,544,171	1,025,921	1,859,114	1,049,510
Foreclosed properties	1,277	1,875	1,277	1,875
	<u>1,718,603</u>	<u>1,125,535</u>	<u>2,014,821</u>	<u>1,140,993</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
<u>By type of customer</u>				
Government and statutory bodies	856,715	714,312	301,097	550,071
Business enterprises	34,198,672	33,264,462	30,186,453	27,262,391
Individuals	33,353,132	32,608,117	31,601,960	31,024,913
Others	1,304,173	996,466	1,149,540	881,770
	<u>69,712,692</u>	<u>67,583,357</u>	<u>63,239,050</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 Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Licensed banks	3,583,826	2,202,304	3,577,032	2,172,304
Other financial institutions	292,577	201,855	214,097	201,855
	<u>3,876,403</u>	<u>2,404,159</u>	<u>3,791,129</u>	<u>2,374,159</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Interest/Profit payable	377,061	261,417	339,044	228,736
Zakat	50	55	-	-
Post employment benefits obligation				
- defined contribution plan	3,113	3,181	3,113	3,181
Loan advance payment	982,043	802,122	927,380	765,762
Amount due to subsidiary companies	-	-	684,768	43,671
Others	2,302,654	1,326,569	1,935,990	1,285,805
	<u>3,664,921</u>	<u>2,393,344</u>	<u>3,890,295</u>	<u>2,327,155</u>

16 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	392,434	383,595	1,530,567	1,699,410
- Recoveries from NPLs	30,207	28,816	111,695	111,659
Money at call and deposit placements with financial institutions	104,264	104,913	355,588	670,996
Securities purchased under resale agreements	-	-	166	1,088
Securities held-for-trading	13,096	7,284	58,503	21,951
Securities available-for-sale	26,386	22,097	129,359	91,119
Securities held-to-maturity	54,973	36,439	223,653	145,010
Others	468	109	1,130	1,293
	<u>621,828</u>	<u>583,253</u>	<u>2,410,661</u>	<u>2,742,526</u>
Amortisation of premium less accretion of discount	38,488	40,375	153,473	203,169
Interest suspended	(2,141)	(3,108)	(11,277)	(14,903)
	<u>658,175</u>	<u>620,520</u>	<u>2,552,857</u>	<u>2,930,792</u>

16 Interest income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
<u>Bank</u>				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	395,542	384,154	1,542,139	1,705,728
- Recoveries from NPLs	30,207	28,816	111,695	111,659
Money at call and deposit placements with financial institutions	100,876	104,913	345,018	671,681
Securities purchased under resale agreements	-	-	166	1,088
Securities held-for-trading	12,857	7,280	58,503	22,174
Securities available-for-sale	26,386	21,387	129,092	90,176
Securities held-to-maturity	54,957	36,439	223,637	145,010
Others	24,602	109	34,576	1,220
	<u>645,427</u>	<u>583,098</u>	<u>2,444,826</u>	<u>2,748,736</u>
Amortisation of premium less accretion of discount	44,052	40,375	159,037	203,169
Interest suspended	(2,141)	(3,108)	(11,277)	(14,903)
	<u>687,338</u>	<u>620,365</u>	<u>2,592,586</u>	<u>2,937,002</u>

17 Interest expense

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	10,522	9,325	33,145	80,415
Deposits from customers	208,911	246,982	875,960	1,120,861
Short term corporate placements	65,092	50,191	225,145	339,039
Subordinated bonds	8,389	9,168	35,089	36,631
Others	771	9	869	726
	<u>293,685</u>	<u>315,675</u>	<u>1,170,208</u>	<u>1,577,672</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	10,752	9,325	34,665	81,100
Deposits from customers	238,047	247,181	914,699	1,122,387
Short term corporate placements	65,092	50,191	225,145	339,039
Subordinated bonds	8,389	9,168	35,089	36,631
Others	96	9	194	726
	<u>322,376</u>	<u>315,874</u>	<u>1,209,792</u>	<u>1,579,883</u>

18 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	17,653	16,240	70,870	65,566
Service charges and fees	4,258	4,555	17,119	20,448
Guarantee fees	1,317	1,188	6,171	5,217
Other fee income	48,529	52,008	206,632	207,601
	<u>71,757</u>	<u>73,991</u>	<u>300,792</u>	<u>298,832</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	6,394	11,411	29,243	18,052
Net gain from sale of securities available-for-sale	1,588	4,456	10,070	29,897
Net gain from redemption of securities held-to-maturity	7	-	1,318	316
	<u>7,989</u>	<u>15,867</u>	<u>40,631</u>	<u>48,265</u>
(c) <u>Gross dividend income from:</u>				
Securities held at fair value through profit or loss	-	-	-	1,880
Securities available-for-sale	11,031	705	14,087	1,576
Securities held to maturity	906	28	7,020	3,451
	<u>11,937</u>	<u>733</u>	<u>21,107</u>	<u>6,907</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	<u>(13,481)</u>	<u>(3,419)</u>	<u>(9,037)</u>	<u>10,250</u>
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(2,693)</u>	<u>(10,794)</u>	<u>513</u>	<u>(14,851)</u>
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	<u>573</u>	<u>7,652</u>	<u>3,472</u>	<u>15,858</u>
(g) <u>Other income:</u>				
Foreign exchange gain	22,988	31,415	106,504	174,606
Rental income	211	114	641	282
Gain on disposal of property and equipment (net)	3	238	465	1,078
Profit from Takaful investments	-	2,768	1,758	7,636
Others	7,224	10,124	22,597	20,648
	<u>30,426</u>	<u>44,659</u>	<u>131,965</u>	<u>204,250</u>
Total other operating income	<u>106,508</u>	<u>128,689</u>	<u>489,443</u>	<u>569,511</u>

18 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	17,643	16,230	70,811	65,494
Service charges and fees	4,248	4,555	17,118	20,448
Guarantee fees	1,317	1,188	6,171	5,217
Other fee income	48,535	52,026	206,657	207,671
	<u>71,743</u>	<u>73,999</u>	<u>300,757</u>	<u>298,830</u>
(b) <u>Gain/loss arising from sale of securities:</u>				
Net gain from sale of securities held-for-trading and derivatives	(7,909)	831	24,986	7,472
Net gain from sale of securities available-for-sale	1,588	4,456	10,070	29,897
Net gain from redemption of securities held-to-maturity	7	-	1,318	316
	<u>(6,314)</u>	<u>5,287</u>	<u>36,374</u>	<u>37,685</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	6,100	-
Associated company	16,682	-	16,682	-
Securities held-for-trading	-	-	-	1,880
Securities available-for-sale	11,031	705	14,087	1,576
Securities held to maturity	906	28	7,020	3,451
	<u>28,619</u>	<u>733</u>	<u>43,889</u>	<u>6,907</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives</u>	821	7,584	(6,726)	(40,329)
(e) <u>Net realised gains/(losses) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	(2,693)	(216)	4,770	(4,273)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	573	3,487	1,486	11,450
(g) <u>Other income:</u>				
Foreign exchange gain	22,693	32,058	106,607	175,229
Rental income	211	114	641	282
Gain on disposal of property and equipment (net)	4	238	465	1,078
Gain/(Loss) on disposal of subsidiary	-	(2,206)	(2,239)	4,241
Others	6,692	10,277	20,955	20,437
	<u>29,600</u>	<u>40,481</u>	<u>126,429</u>	<u>201,267</u>
Total other operating income	<u>122,349</u>	<u>131,355</u>	<u>506,979</u>	<u>511,537</u>

19 Other operating expenses

<u>Group</u>	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	107,750	100,484	422,879	396,148
- Others	3,013	11,705	36,549	39,576
<u>Establishment costs</u>				
- Depreciation equipment	12,472	11,085	48,715	45,795
- Depreciation of Prepaid Lease	497	21	560	84
- Amortisation of intangible assets	4,349	2,931	14,068	13,302
- Rental	10,892	10,494	43,709	41,867
- Information technology expenses	8,257	8,568	42,441	43,486
- Others	12,192	11,554	44,258	40,451
<u>Marketing expenses</u>				
- Advertisement and publicity	16,499	10,337	64,821	62,188
- Handling fees	943	2,546	1,861	11,250
- Others	11,751	11,635	47,570	48,693
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,165	2,555	8,746	9,839
- Stationery & printing	3,329	2,767	10,261	11,812
- Others	32,086	37,071	130,029	112,064
	<u>227,195</u>	<u>223,753</u>	<u>916,467</u>	<u>876,555</u>

19 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	94,047	89,485	368,318	353,136
- Others	1,700	10,470	31,744	35,328
<u>Establishment costs</u>				
- Depreciation equipment	12,074	10,844	46,447	44,765
- Depreciation of Prepaid Lease	494	19	551	75
- Amortisation of intangible assets	4,094	2,812	13,733	12,824
- Rental	9,286	9,802	39,225	39,395
- Information technology expenses	7,969	8,416	41,381	42,646
- Others	8,904	9,522	36,104	33,732
<u>Marketing expenses</u>				
- Advertisement and publicity	15,535	10,055	62,417	61,569
- Handling fees	526	1,157	383	7,630
- Others	11,460	10,103	46,001	45,396
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,086	2,515	8,553	9,732
- Stationery & printing	3,122	2,677	9,885	11,558
- Others	33,857	35,678	126,397	108,244
	<u>206,154</u>	<u>203,555</u>	<u>831,139</u>	<u>806,030</u>

20 Allowance for losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	20,397	30,249	33,593	17,728
- specific allowance	59,807	95,784	289,332	316,410
- specific allowance written back	(51,383)	(16,361)	(128,452)	(73,602)
Bad debts and financing written off	3,200	2,830	8,799	9,015
Bad debts and financing recovery	(27,524)	(20,958)	(98,242)	(112,837)
	<u>4,497</u>	<u>91,544</u>	<u>105,030</u>	<u>156,714</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	16,688	14,934	40,905	9,267
- specific allowance	54,725	91,128	269,501	300,461
- specific allowance written back	(48,517)	(14,217)	(120,026)	(67,095)
Bad debts and financing written off	2,944	2,553	8,129	8,428
Bad debts and financing recovery	(26,223)	(19,705)	(93,941)	(107,764)
	<u>(383)</u>	<u>74,693</u>	<u>104,568</u>	<u>143,297</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
<u>Components of Tier-1 and Tier-2 Capital</u>				
Tier-1 capital				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,664	539,664	539,664	539,664
Retained profit	3,044,043	2,356,326	2,573,041	2,063,433
As previously stated	-	2,428,953	-	2,136,060
Prior year adjustments	-	(72,627)	-	(72,627)
Other reserves	1,931,057	1,910,893	1,792,970	1,790,163
Less: Treasury shares	(687,908)	(699,052)	(687,908)	(699,052)
Less: Deferred tax	(140,137)	(153,613)	(122,544)	(134,681)
Add: Minority interest	-	42,988	-	-
Total tier-1 capital	6,266,826	5,577,313	5,675,330	5,139,634
Tier-2 capital				
General provision	577,822	544,823	511,615	471,305
Subordinated bonds	647,500	703,800	647,500	703,800
Total tier-2 capital	1,225,322	1,248,623	1,159,115	1,175,105
Total capital	7,492,148	6,825,936	6,834,445	6,314,739
Less: Investment in subsidiary companies	-	-	(714,092)	(575,746)
Less: Investment in associated company	(1,172,175)	(1,045,285)	(946,505)	(946,505)
Less: Investment in jointly controlled company	(76,023)	-	(76,711)	-
Total capital base	6,243,950	5,780,651	5,097,137	4,792,488
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	15.50% *	15.72%	13.34% *	14.99%
Risk-weighted Capital Ratio	15.50%	16.30%	13.34%	14.99%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	15.08% *	15.25%	12.90% *	14.46%
Risk-weighted Capital Ratio	15.08%	15.82%	12.90%	14.46%

* As stipulated under BNM Guidelines, the Bank's core capital ratio equals to the risk-weighted capital ratio, as the deductions of investments in subsidiary companies and associated company from total capital is in excess of Tier-2 capital.

21 Capital adequacy (continued)

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

	Hong Leong Islamic Bank Berhad *
As at 30 June 2010	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.74%
Risk-weighted capital ratio	<u>21.37%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	19.15%
Risk-weighted capital ratio	<u>20.78%</u>
As at 30 June 2009	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	20.86%
Risk-weighted capital ratio	<u>22.99%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	20.72%
Risk-weighted capital ratio	<u>22.85%</u>

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

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Risk-weighted assets for credit risk	33,410,804	29,763,182	31,915,225	26,778,730
Risk-weighted assets for market risk	2,959,318	1,973,766	2,720,655	1,787,131
Risk-weighted assets for operational risk	3,912,306	3,737,622	3,566,649	3,414,147
Total risk-weighted assets	<u>40,282,428</u>	<u>35,474,570</u>	<u>38,202,529</u>	<u>31,980,008</u>

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

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

21 Capital adequacy (continued)

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

The Group
30 June 2010

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements
1 Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central Banks	21,654,134	21,654,134	-	-	-
Public Sector Entities	38,067	38,067	7,613	7,613	609
Banks, Development Financial Institutions & MDBs	11,827,207	11,827,208	3,881,967	3,881,967	310,557
Insurance Companies, Securities Firms & Fund Managers	141,889	141,889	141,889	141,889	11,351
Corporates	10,322,814	9,913,837	9,548,420	9,548,420	763,874
Regulatory Retail	15,718,446	15,375,450	11,531,588	11,531,588	922,527
Residential Real Estate (RRE) Financing	11,901,720	11,901,235	4,546,961	4,546,961	363,757
Higher Risk Assets	47,379	47,379	71,071	71,071	5,686
Equity Exposure	-	-	-	-	-
Other Assets	1,698,839	1,698,839	750,169	750,169	60,014
Defaulted Exposures	674,975	674,597	880,199	880,199	70,416
Total for On Balance Sheet Exposures	74,025,470	73,272,635	31,359,877	31,359,877	2,508,791
Off Balance Sheet Exposures					
OTC Derivatives	2,922,770	2,922,770	1,665,302	1,665,302	133,224
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	406,434	406,434	379,477	379,477	30,358
Defaulted Exposures	4,099	4,099	6,148	6,148	492
Total for Off Balance Sheet Exposures	3,333,303	3,333,303	2,050,927	2,050,927	164,074
Total for On and Off Balance Sheet Exposures	77,358,773	76,605,938	33,410,804	33,410,804	2,672,865
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	41,961,110	35,247,397	6,713,713	1,363,329	109,066
Foreign Currency Risk	1,559,603	1,146,741	1,559,603	1,559,476	124,758
Option Risk	-	-	-	36,513	2,921
Total Market Risk				2,959,318	236,745
3 Operational Risk					
Operational Risk				3,912,306	312,984
Total RWA and Capital Requirement				40,282,428	3,222,594

PSIA "Profit Sharing Investment Account"

OTC "Over The Counter"

21 Capital adequacy (continued)

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

The Group
30 June 2009

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements	
1 Credit Risk						
On Balance Sheet Exposures						
Sovereigns/Central Banks	23,750,099	23,750,099	-	-	-	
Public Sector Entities	95,868	95,868	19,173	19,173	1,534	
Banks, Development Financial Institutions & MDBs	8,874,214	8,874,214	2,416,803	2,416,803	193,344	
Insurance Companies, Securities Firms & Fund Managers	27,232	27,232	27,232	27,232	2,179	
Corporates	9,859,959	9,519,865	8,889,161	8,889,161	711,133	
Regulatory Retail	15,016,316	14,685,775	11,014,333	11,014,333	881,147	
Residential Real Estate (RRE) Financing	10,661,090	10,658,295	4,094,727	4,094,727	327,578	
Higher Risk Assets	46,545	46,545	69,820	69,820	5,586	
Equity Exposure	-	-	-	-	-	
Other Assets	1,809,812	1,809,812	815,551	815,551	71,054	
Defaulted Exposures	703,439	701,203	870,018	870,018	69,601	
Total for On Balance Sheet Exposures	70,844,574	70,168,908	28,216,818	28,216,818	2,263,156	
Off Balance Sheet Exposures						
OTC Derivatives	2,139,649	2,139,649	1,122,069	1,122,069	89,766	
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	452,709	452,709	418,816	418,816	33,505	
Defaulted Exposures	3,653	3,653	5,479	5,479	438	
Total for Off Balance Sheet Exposures	2,596,011	2,596,011	1,546,364	1,546,364	123,709	
Total for On and Off Balance Sheet Exposures	73,440,585	72,764,919	29,763,182	29,763,182	2,386,865	
2 Market Risk						
	Long Position	Short Position				
Interest Rate Risk	40,345,268	34,954,368	5,390,900	1,132,126	1,132,126	90,570
Foreign Currency Risk	837,040	769,044	837,040	837,040	837,040	66,963
Option Risk	-	-	-	4,600	4,600	368
Total Market Risk				1,973,766	1,973,766	157,901
3 Operational Risk						
Operational Risk				3,737,622	3,737,622	299,010
Total RWA and Capital Requirement				35,474,570	35,474,570	2,843,776

PSIA "Profit Sharing Investment Account"

OTC "Over The Counter"

21 Capital adequacy (continued)

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

The Bank
30 June 2010

Exposure Class	Gross Exposures	Net Exposures	Weighted Assets	Total Risk-Weighted after Effects of PSIA	Capital Requirements
1 Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central Banks	19,602,556	19,602,556	-	-	-
Public Sector Entities	38,067	38,067	7,613	7,613	609
Banks, Development Financial Institutions & MDBs	11,465,743	11,465,744	3,797,269	3,797,269	303,782
Insurance Companies, Securities Firms & Fund Managers	136,815	136,815	136,815	136,815	10,945
Corporates	9,685,888	9,277,771	8,932,794	8,932,794	714,624
Regulatory Retail	13,210,978	12,870,523	9,652,894	9,652,894	772,232
Residential Real Estate (RRE) Financing	10,908,047	10,907,594	4,161,320	4,161,320	332,906
Higher Risk Assets	46,184	46,184	69,278	69,278	5,542
Equity Exposure	-	-	-	-	-
Other Assets	2,653,065	2,653,065	1,704,011	1,704,011	136,321
Defaulted Exposures	578,031	577,723	741,447	741,447	59,316
Total for On Balance Sheet Exposures	68,325,374	67,576,042	29,203,441	29,203,441	2,336,277
Off Balance Sheet Exposures					
OTC Derivatives	3,584,542	3,584,542	2,327,074	2,327,074	186,166
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	405,519	405,519	378,562	378,562	30,285
Defaulted Exposures	4,099	4,099	6,148	6,148	492
Total for Off Balance Sheet Exposures	3,994,160	3,994,160	2,711,784	2,711,784	216,943
Total for On and Off Balance Sheet Exposures	72,319,534	71,570,202	31,915,225	31,915,225	2,553,220
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	41,378,519	36,798,335	4,580,184	1,132,207	1,132,207
Foreign Currency Risk	1,551,935	1,145,949	1,551,935	1,551,935	124,155
Option Risk	-	-	-	36,513	36,513
Total Market Risk				2,720,655	2,720,655
3 Operational Risk					
Operational Risk				3,566,649	285,332
Total RWA And Capital Requirement				38,202,529	3,056,205

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

21 Capital adequacy (continued)

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

The Bank
30 June 2009

Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements
1 Credit Risk					
On Balance Sheet Exposures					
Sovereigns/Central Banks	21,031,838	21,031,838	-	-	-
Public Sector Entities	95,821	95,821	19,164	19,164	1,533
Banks, Development Financial Institutions & MDBs	8,346,032	8,346,032	2,287,132	2,287,132	182,971
Insurance Companies, Securities Firms & Fund Managers	22,145	22,145	22,145	22,145	1,772
Corporates	9,277,689	8,938,489	8,336,305	8,336,305	666,904
Regulatory Retail	12,507,215	12,178,874	9,134,157	9,134,157	730,732
Residential Real Estate (RRE) Financing	9,845,252	9,842,494	3,774,957	3,774,957	301,997
Higher Risk Assets	45,634	45,634	68,451	68,451	5,476
Equity Exposure	-	-	-	-	-
Other Assets	1,770,058	1,770,058	775,111	775,111	67,819
Defaulted Exposures	662,282	660,047	815,801	815,801	65,264
Total for On Balance Sheet Exposures	63,603,966	62,931,432	25,233,223	25,233,223	2,024,468
Off Balance Sheet Exposures					
OTC Derivatives	2,139,649	2,139,649	1,122,070	1,122,070	89,766
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	451,854	451,854	417,958	417,958	33,437
Defaulted Exposures	3,653	3,653	5,479	5,479	438
Total for Off Balance Sheet Exposures	2,595,156	2,595,156	1,545,507	1,545,507	123,641
Total for On and Off Balance Sheet Exposures	66,199,122	65,526,588	26,778,730	26,778,730	2,148,109
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	38,333,624	34,954,368	3,379,256	1,014,284	81,143
Foreign Currency Risk	759,299	768,247	768,247	768,247	61,460
Option Risk	-	-	-	4,600	368
Total Market Risk				1,787,131	142,971
3 Operational Risk					
Operational Risk				3,414,147	273,132
Total RWA And Capital Requirement				31,980,008	2,564,212

PSIA "Profit Sharing Investment Account"

OTC "Over The Counter"

21 Capital adequacy (continued)

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

The Group 30 June 2010		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%	21,670,392	-	-	-	1,559	-	-	-	823,502	-	-	-	22,495,453	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	38,067	7,015,407	-	408,984	-	-	-	156,458	-	-	-	7,618,916	1,523,783
35%	-	-	-	-	-	-	9,357,713	-	-	-	-	-	9,357,713	3,275,200
50%	-	-	7,145,143	-	96,544	23,688	2,559,489	-	-	-	-	-	9,824,864	4,912,432
75%	-	-	-	-	-	15,483,039	-	-	-	-	-	-	15,483,039	11,612,279
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	391	141,890	10,336,357	30,202	75,921	-	718,878	-	-	-	11,303,639	11,303,639
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	344,153	130,538	-	47,623	-	-	-	-	522,314	783,471
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,670,392	38,067	14,160,941	141,890	11,187,597	15,667,467	11,993,123	47,623	1,698,838	-	-	-	76,605,938	33,410,804

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
		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%	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	-	802,733	-	-	-	10,249,341	10,249,341
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	278,499	139,297	-	46,819	-	-	-	-	464,615	696,923
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	23,750,099	95,876	10,828,891	31,343	10,391,710	15,030,602	10,779,766	46,819	1,809,813	-	-	-	72,764,919	29,763,182

21 Capital adequacy (continued)

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

The Bank 30 June 2010		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%	19,618,813	-	-	-	1,559	-	-	-	823,886	-	-	-	20,444,258	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	38,067	6,695,291	-	383,434	-	-	-	156,459	-	-	-	7,273,251	1,454,650
35%	-	-	-	-	-	-	8,616,530	-	-	-	-	-	8,616,530	3,015,786
50%	-	-	7,103,795	-	96,544	23,533	2,305,054	-	-	-	-	-	9,528,926	4,764,463
75%	-	-	-	-	-	12,978,112	-	-	-	-	-	-	12,978,112	9,733,584
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	391	136,815	10,386,697	28,507	68,762	-	1,672,720	-	-	-	12,293,892	12,293,892
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	306,556	82,287	-	46,390	-	-	-	-	435,233	652,850
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,618,813	38,067	13,799,477	136,815	11,174,790	13,112,439	10,990,346	46,390	2,653,065	-	-	-	71,570,202	31,915,225

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
Supervisory Risk Weights %	Sovereigns & Central Banks	PSEs	Banks MDBs & FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity Exposures		
0%	21,031,838	-	-	-	-	-	-	-	943,681	-	-	-	21,975,519	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	95,829	6,425,689	-	705,674	-	-	-	64,084	-	-	-	7,291,276	1,458,255
35%	-	-	-	-	-	-	7,641,938	-	-	-	-	-	7,641,938	2,674,678
50%	-	-	3,871,881	-	98,962	35,137	2,217,198	-	-	-	-	-	6,223,178	3,111,589
75%	-	-	-	-	-	12,312,753	-	-	-	-	-	-	12,312,753	9,234,565
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	3,137	26,256	8,726,278	34,169	94,354	-	762,293	-	-	-	9,646,487	9,646,487
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	276,135	113,449	-	45,853	-	-	-	-	435,437	653,156
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,031,838	95,829	10,300,707	26,256	9,807,049	12,495,508	9,953,490	45,853	1,770,058	-	-	-	65,526,588	26,778,730

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

21 Capital adequacy (continued)

e) Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Group 30 June 2010	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	175,141	175,141	-	164,269
Transaction-related contingent items	257,429	128,715	-	117,040
Short-term self liquidating trade-related contingencies	533,384	106,677	-	104,316
Underwriting Obligations	-	-	-	-
Foreign exchange related contracts				
- one years or less	32,233,967	676,076	295,343	304,562
- over one year to five years	6,113,446	768,813	356,475	620,242
- over five years	268,230	60,762	15,163	30,381
Interest/ Profit rate related contracts				
- one years or less	10,171,714	48,784	35,183	24,393
- over one year to five years	21,886,133	689,933	203,616	349,214
- over five years	6,183,750	666,243	126,818	333,122
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	21,147,806	-	-	-
Equity related contracts				
- one years or less	155,350	9,527	204	2,861
- over one year to five years	32,900	2,632	-	527
Total	99,159,250	3,333,303	1,032,802	2,050,927

The Group 30 June 2009	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	217,061	217,061	-	200,263
Transaction-related contingent items	247,102	123,551	-	110,598
Short-term self liquidating trade-related contingencies	578,754	115,750	-	113,434
Foreign exchange related contracts				
- one years or less	16,955,284	349,792	170,118	191,764
- over one year to five years	3,421,043	485,318	158,136	274,098
- over five years	298,668	62,884	9,414	31,442
Interest/ Profit rate related contracts				
- one years or less	9,848,229	46,175	36,764	23,223
- over one year to five years	26,247,637	996,737	341,719	504,359
- over five years	1,401,880	180,913	58,719	90,457
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,806,674	-	-	-
Equity related contracts				
- one years or less	96,900	5,814	204	2,462
- over one year to five years	150,203	12,016	-	4,264
Total	78,269,435	2,596,011	775,074	1,546,364

21 Capital adequacy (continued)

Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Bank 30 June 2010	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	175,141	175,141	-	164,269
Transaction-related contingent items	256,300	128,151	-	116,476
Short-term self liquidating trade-related contingencies	531,631	106,326	-	103,965
Underwriting obligations	-	-	-	-
Foreign exchange related contracts				
- one years or less	32,233,967	676,073	295,343	304,561
- over one year to five years	9,215,323	1,430,587	677,041	1,282,015
- over five years	268,230	60,762	15,163	30,381
Interest/ Profit rate related contracts				
- one years or less	10,171,714	48,784	35,183	24,393
- over one year to five years	21,886,133	689,934	203,616	349,214
- over five years	6,183,750	666,243	126,818	333,122
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	19,682,271	-	-	-
Equity related contracts				
- one years or less	155,350	9,527	204	2,861
- over one year to five years	32,900	2,632	-	527
Total	100,792,710	3,994,160	1,353,368	2,711,784

The Bank 30 June 2009	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Risk Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	217,061	217,061	-	200,262
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	191,765
- over one year to five years	3,421,043	485,318	158,136	274,098
- over five years	298,668	62,884	9,414	31,442
Interest/ Profit rate related contracts				
- one years or less	9,848,229	46,175	36,764	23,223
- over one year to five years	26,247,637	996,737	341,719	504,359
- over five years	1,401,880	180,913	58,719	90,457
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	17,717,496	-	-	-
Equity related contracts				
- one years or less	96,900	5,814	-	2,462
- over one year to five years	150,203	12,016	-	4,264
Total	77,177,218	2,595,156	774,870	1,545,507

22 Group segmental reporting on revenue, profit and assets

	Financial quarter ended 30/06/2010				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	317,678	9,162	190,962	-	517,802
Inter-segment revenue	36,191	61,689	(97,880)	-	-
Segment revenue	<u>353,869</u>	<u>70,851</u>	<u>93,082</u>	<u>-</u>	<u>517,802</u>
Segment profit before taxation	161,088	55,719	70,161	-	286,968
Share of profit after tax of equity accounted associated company					58,851
Share of profit after tax of equity accounted joint venture company					(688)
Profit before taxation					<u>345,131</u>
Taxation and zakat					<u>(44,026)</u>
Profit after taxation					<u><u>301,105</u></u>

	Financial year ended 30/06/2010				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	1,254,199	36,475	764,497	1,758	2,056,929
Inter-segment revenue	154,329	201,086	(355,415)	-	-
Segment revenue	<u>1,408,528</u>	<u>237,561</u>	<u>409,082</u>	<u>1,758</u>	<u>2,056,929</u>
Segment profit before taxation	608,033	115,804	318,726	(192)	1,042,371
Share of profit after tax of equity accounted associated company					143,575
Share of profit after tax of equity accounted joint venture company					(688)
Profit before taxation					<u>1,185,258</u>
Taxation and zakat					<u>(197,283)</u>
Profit after taxation					<u><u>987,975</u></u>
Segment assets	29,429,769	8,670,736	43,941,450	-	82,041,955
Unallocated assets					2,663,618
Total assets					<u><u>84,705,573</u></u>

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

	Corresponding quarter ended 30/06/2009				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	310,586	19,405	160,851	2,768	493,610
Inter-segment revenue	91,145	81,793	(172,938)	-	-
Segment revenue	<u>354,531</u>	<u>57,942</u>	<u>78,369</u>	<u>2,768</u>	<u>493,610</u>
Segment profit before taxation	138,537	(12,030)	53,091	(1,010)	178,588
Share of profit after tax of equity accounted associated company					28,917
Profit before taxation					<u>207,505</u>
Taxation and zakat					<u>(8,593)</u>
Profit after taxation					<u>198,912</u>

	Financial year ended 30/06/2009				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	1,238,818	50,935	801,583	7,636	2,098,972
Inter-segment revenue	190,834	188,897	(379,731)	-	-
Segment revenue	<u>1,429,652</u>	<u>239,832</u>	<u>421,852</u>	<u>7,636</u>	<u>2,098,972</u>
Segment profit before taxation	639,668	101,052	293,784	(1,735)	1,032,769
Share of profit after tax of equity accounted associated company					99,462
Profit before taxation					<u>1,132,231</u>
Taxation and zakat					<u>(227,606)</u>
Profit after taxation					<u>904,625</u>
Segment assets	27,629,874	7,409,846	41,692,745	314,952	77,047,417
Unallocated assets					2,284,498
Total assets					<u>79,331,915</u>

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 year ended 30 June 2010 except for the following:-

- (i) On 16 July 2010, CIMB, on behalf of HLB, announced that HLB had received a letter dated 12 July 2010 from EON Cap requesting certain amendments to the terms of the Offer by HLB to acquire the entire assets and liabilities of EON Cap and the timelines as indicated in HLB's letters dated 18 June 2010 and 19 June 2010.

HLB had, in its letter dated 15 July 2010 to EON Cap, noted the amendments and timelines proposed by EON Cap and advised EON Cap as follows:

- a. HLB agrees to EON Cap's proposal that EON Cap may only accept the Offer by delivering to HLB the acceptance as set out in HLB's letter of Offer dated 1 April 2010, duly signed by EON Cap no later than 5 business days immediately following the date after the last of the approvals for the Offer
 - b. HLB agrees that the extraordinary general meeting of EON Cap to approve the Proposed Acquisition based on the offer price of RM5,060,423,743.60 shall be held by 20 August 2010, and all the approvals from BNM/MoF, SC and shareholders of EON Cap and HLB, on terms and conditions acceptable to HLB, are obtained and the acceptance of the Offer by EON Cap is given by 30 November 2010; and
 - c. the Offer is subject to all the timelines mentioned in (i) and/or (ii) above being met, unless extended by HLB.
- (ii) On 3 August 2010, CIMB, on behalf of HLB, announced that HLB had received the approval of the Minister of Finance ("MoF") through Bank Negara Malaysia ("BNM") for, inter alia, the following:
 - a. Approval under Section 45(1)(a) of the Banking and Financial Institutions Act, 1989 ("BAFIA") for HLB to acquire interest in shares of more than 5% of the shares in EON Bank Berhad ("EON Bank") and MIMB Investment Bank Berhad ("MIMB");
 - b. Approval under Section 49(7) of BAFIA for HLB to enter into an agreement or arrangement with EON Cap which would result in a change in control of EON Bank and MIMB to HLB as provided under Section 49(1)(a) of BAFIA;
 - c. Approval under Section 22(2) of the Islamic Banking Act, 1993 ("IBA") for HLB to enter into an agreement or arrangement with EON Cap which would result in a disposal of EONCAP Islamic Bank Berhad ("EONCAP Islamic") shares to HLB as provided under Section 22(1)(a)(i) of IBA;
 - d. Approval under Section 49(7) of BAFIA for HLB to enter into an agreement or arrangement with EON Bank which would result in the transfer of the banking operations of EON Bank to HLB as provided under Section 49(1)(b) of BAFIA; and
 - e. Approval under Section 22(2) of IBA for Hong Leong Islamic Bank Berhad ("HLISB") to enter into an agreement or arrangement with EONCAP Islamic which would result in the transfer of the banking operations of EONCAP Islamic to HLISB as provided under Section 22(1)(a)(i) of IBA.

BNM had also given its approval, amongst others, for HLB to acquire the subsidiaries of EON Cap, including EON Bank, EONCAP Islamic and MIMB pursuant to Section 29 of BAFIA. HLB is also required to finalise the position of MIMB by 31 December 2010 in line with BNM's policy which prohibits a domestic banking group from holding 2 investment bank licenses.

- (iii) On 3 August 2010, HLB announced that it had on 3 August 2010 fully redeemed its US\$200,000,000 Subordinated Callable Bonds Due 2015 ("Bonds"). The Bonds had been delisted from the Official Listing of the Singapore Exchange Securities Trading Limited following the redemption.

The redemption of the Bonds was funded via HLB's internally generated funds pending the issuance of its Ringgit Tier 2 Subordinated Debt of RM700 million.

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

- (iv) On 10 August 2010, HLB announced that it had completed its inaugural Ringgit issuance of RM700 million Tier 2 Subordinated Debt ("Sub Debt"). The Sub Debt formed part of the Tier 2 Subordinated Notes Programme of up to RM1.7 billion, as approved by the Securities Commission vide its letter dated 27 July 2010.

The Sub Debt, rated AA2 by RAM Rating Services Berhad, has a maturity of 10 years. Subject to BNM's approval, HLB has the option to redeem the Sub Debt early at the end of year 5 and on each subsequent coupon payment dates thereafter.

24(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year ended 30 June 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, HLB announced that it has entered into a sale and purchase agreement ("SPA") with HLA Holdings Sdn Bhd ("HLAH") for the disposal of its entire shareholding of 55,000,000 ordinary shares of RM1.00 each in Hong Leong Tokio Marine Takaful Berhad ("HLTMT"), representing 55% of the issued and paid-up share capital of HLTMT, to HLAH for cash.

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

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

- (iii) On 2 November 2009, 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 ("CFC"), has been incorporated on 26 February 2010. The approved registered capital of the CFC is RM320 million. The shareholding structure and investment composition of the CFC are BOCD 51% (a contribution of RMB163.2 million) and HLB at 49% (a contribution of RMB156.8 million).

On 2 July 2010, HLB announced that it had acquired 2 ordinary shares of RM1.00 each fully paid, representing the entire equity interest in Prominic Sdn Bhd ("Prominic"), for a total cash consideration of RM2.00 ("the Acquisition").

Prominic was incorporated on 25 March 2010 in Malaysia. The authorised capital of Prominic is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

Prominic is currently dormant and its intended business activity is to issue Subordinated Notes under a Stapled Securities structure and to on-lend the proceeds from the issuance to HLB, the issuer of the Capital Securities.

Prominic was converted into a public company on 12 July 2010 and is now known as Prominic Berhad.

25 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	Financial Year Ended 30/06/2010			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
The Group						
Direct credit substitutes	175,141	175,141	164,269	217,061	217,061	200,263
Transaction-related contingent items	257,429	128,715	117,040	247,102	123,551	110,598
Short-term self liquidating trade-related contingencies	533,384	106,677	104,316	578,754	115,750	113,434
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	21,147,806	-	-	18,806,674	-	-
Foreign exchange related contracts	38,615,643	1,505,651	955,185	20,674,995	897,994	497,304
Interest rate related contracts	38,241,597	1,404,960	706,729	37,497,746	1,223,825	618,039
Equity related contracts	188,250	12,159	3,388	247,103	17,830	6,726
Total	99,159,250	3,333,303	2,050,927	78,269,435	2,596,011	1,546,364

25 Commitments and contingencies (continued)

	Financial Year Ended 30/06/2010			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
The Bank						
Direct credit substitutes	175,141	175,141	164,269	217,061	217,061	200,262
Transaction-related contingent items	256,300	128,151	116,476	246,276	123,138	110,184
Short-term self liquidating trade-related contingencies	531,631	106,326	103,965	576,541	115,308	112,991
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	19,682,271	-	-	17,717,496	-	-
Foreign exchange related contracts	41,717,520	2,167,422	1,616,957	20,674,995	897,994	497,305
Interest rate related contracts	38,241,597	1,404,961	706,729	37,497,746	1,223,825	618,039
Equity related contracts	188,250	12,159	3,388	247,103	17,830	6,726
Total	100,792,710	3,994,160	2,711,784	77,177,218	2,595,156	1,545,507

26 Related party transactions

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

a) Connected Parties (CP) Exposures as at 30 June 2010

	The Group RM 000	The Bank RM 000
Aggregate Value of Outstanding Credit Exposures with Connected Parties	2,172,837	2,170,652
Outstanding Credit Exposures to Connected Parties as a Proportion of Total Credit Exposures (%)	5.2%	5.6%
Outstanding Credit Exposures with Connected Parties Which is Non-Performing or in Default as a Proportion of Total Credit Exposures (%)	0.001%	0.001%

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

27 a) Interest/Profit rate risk

Group As at 30 June 2010	← Non-trading book →							Total RM'000	Effective interest rate
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000	Trading book RM'000		
Assets									
Cash and short term funds	14,946,188	-	-	-	-	735,898	-	15,682,086	2.3
Deposits & placement with banks & other financial institution	-	5,756,887	1,687,847	25,825	-	-	-	7,470,559	2.3
Securities held at fair value through profit and loss	-	-	-	-	-	-	8,836,753	8,836,753	3.6
Securities available-for-sale	139,216	406,263	146,292	3,192,522	452,827	91,650	-	4,428,770	4.0
Securities held-to-maturity	584,875	735,699	484,542	4,807,539	-	28,348	-	6,641,003	3.4
Loans, advances and financing									
- performing	32,125,258	25,085	324,176	3,171,795	2,229,346	(571,054)	-	37,304,606	5.9
- non-performing	-	-	-	-	-	444,464	-	444,464	
Other assets	-	-	-	-	-	1,718,603	-	1,718,603	
Statutory deposits with BNM	-	-	-	-	-	394,000	-	394,000	
Investment in associated companies	-	-	-	-	-	1,172,175	-	1,172,175	
Investment in jointly controlled company	-	-	-	-	-	76,023	-	76,023	
Prepaid land lease payments	-	-	-	-	-	14,139	-	14,139	
Property, plant and equipment	-	-	-	-	-	332,845	-	332,845	
Intangible assets	-	-	-	-	-	49,410	-	49,410	
Deferred tax assets	-	-	-	-	-	140,137	-	140,137	
Total assets	47,795,537	6,923,934	2,642,857	11,197,681	2,682,173	4,626,638	8,836,753	84,705,573	
Liabilities									
Deposits from customers	35,585,108	8,716,843	15,951,132	1,659,228	-	7,800,381	-	69,712,692	2.0
Deposits & placement of banks & other financial institutions	2,117,003	1,683,295	69,352	-	-	6,753	-	3,876,403	1.7
Bills and acceptance payable	2,510	15,592	7,112	-	-	278,926	-	304,140	2.7
Other liabilities	-	-	-	-	-	3,664,921	-	3,664,921	-
Subordinated obligations	-	-	-	650,454	-	-	-	650,454	5.3
Provision for taxation	-	-	-	-	-	72,940	-	72,940	
Total liabilities	37,704,621	10,415,730	16,027,596	2,309,682	-	11,823,921	-	78,281,550	
Shareholders funds	-	-	-	-	-	6,424,023	-	6,424,023	
Total liabilities and Shareholders' funds	37,704,621	10,415,730	16,027,596	2,309,682	-	18,247,944	-	84,705,573	
On-balance sheet profit sensitivity gap	10,090,916	(3,491,796)	(13,384,739)	8,887,999	2,682,173				

27 b) Interest/Profit rate risk

Group As at 30 June 2009	← Non-trading book →						-	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000	Trading book RM'000		
Assets									
Cash and short term funds	17,612,344	-	-	-	-	731,278	-	18,343,622	3.5
Deposits & placement with banks & other financial institution	-	4,578,406	813,546	25,168	-	-	-	5,417,120	3.0
Securities held at fair value through profit and loss	-	-	-	-	-	-	7,058,396	7,058,396	3.7
Securities available-for-sale	172,623	313,125	354,509	2,813,670	379,625	69,879	-	4,103,431	4.1
Securities held-to-maturity	3,889,641	464,024	264,532	1,581,103	126,048	29,679	-	6,355,027	3.5
Loans, advances and financing									
- performing	28,657,406	41,220	262,267	3,277,428	2,629,591	(537,738)	-	34,330,174	6.4
- non-performing	-	-	-	-	-	465,240	-	465,240	
Other assets	-	-	-	-	-	1,125,535	-	1,125,535	
Statutory deposits with BNM	-	-	-	-	-	368,564	-	368,564	
Investment in associated companies	-	-	-	-	-	1,045,285	-	1,045,285	
Prepaid and lease payments	-	-	-	-	-	6,185	-	6,185	
Property, plant and equipment	-	-	-	-	-	312,838	-	312,838	
Intangible assets	-	-	-	-	-	29,548	-	29,548	
Deferred tax assets	-	-	-	-	-	153,613	-	153,613	
General and Family Takaful fund assets	-	-	-	-	-	217,337	-	217,337	
Total assets	50,332,014	5,396,775	1,694,854	7,697,369	3,135,264	4,017,243	7,058,396	79,331,915	
Liabilities									
Deposits from customers	36,973,829	9,287,234	13,770,330	744,253	-	6,807,711	-	67,583,357	2.7
Deposits & placement of banks & other financial institutions	2,065,131	336,671	-	-	-	2,357	-	2,404,159	3.0
Bills and acceptance payable	576	4,366	7,476	-	-	238,968	-	251,386	3.5
Other liabilities	-	-	-	-	-	2,393,344	-	2,393,344	-
Subordinated obligations	-	-	-	729,566	-	-	-	729,566	5.2
Provision for taxation	-	-	-	-	-	48,541	-	48,541	
General and Family Takaful fund liabilities	-	-	-	-	-	8,278	-	8,278	
General and Family Takaful fund policyholders' fund	-	-	-	-	-	209,059	-	209,059	
Total liabilities	39,039,536	9,628,271	13,777,806	1,473,819	-	9,708,258	-	73,627,690	
Shareholders funds	-	-	-	-	-	5,704,225	-	5,704,225	
Total liabilities and Shareholders' funds	39,039,536	9,628,271	13,777,806	1,473,819	-	15,412,483	-	79,331,915	
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

Bank As at 30 June 2010	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000			
Assets									
Cash and short term funds	13,421,408	-	-	-	-	506,839	-	13,928,247	2.6
Deposits & placement with banks & other financial instrument	-	5,498,202	1,506,462	-	-	-	-	7,004,664	2.6
Securities held at fair value through profit and loss	-	-	-	-	-	-	6,703,224	6,703,224	3.7
Securities available-for-sale	139,216	406,263	136,140	2,891,160	194,938	91,650	-	3,859,367.0	4.0
Securities held-to-maturity	584,875	735,699	421,100	5,273,163	-	27,773	-	7,042,610	3.3
Loans, advances and financing									
- performing	30,446,436	19,168	246,434	1,877,643	1,073,412	(505,051)	-	33,158,042	5.9
- non-performing	-	-	-	-	-	431,051	-	431,051	
Other assets	-	-	-	-	-	2,014,821	-	2,014,821	
Amount due from subsidiaries	-	-	-	-	-	1,009,958	-	1,009,958	
Statutory deposits with BNM	-	-	-	-	-	347,000	-	347,000	
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	-	-	-	-	-	13,274	-	13,274	
Property, plant and equipment	-	-	-	-	-	311,163	-	311,163	
Intangible assets	-	-	-	-	-	46,935	-	46,935	
Deferred tax assets	-	-	-	-	-	122,544	-	122,544	
Total assets	44,591,935	6,659,332	2,310,136	10,041,966	1,268,350	6,155,265	6,703,224	77,730,208	
Liabilities									
Deposits from customers	32,447,633	7,302,652	15,048,637	1,075,451	-	7,364,677	-	63,239,050	1.9
Deposits & placement of banks & other financial institutions	2,031,972	1,683,087	69,317	-	-	6,753	-	3,791,129	1.2
Bills and acceptance payable	2,575	15,769	7,109	-	-	259,913	-	285,366	2.7
Other liabilities	-	-	-	-	-	3,890,295	-	3,890,295	
Subordinated obligations	-	-	-	650,454	-	-	-	650,454	5.3
Short term syndicated loan	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	58,851	-	58,851	
Total liabilities	34,482,180	9,001,508	15,125,063	1,725,905	-	11,580,489	-	71,915,145	
Shareholders funds						5,815,063		5,815,063	
Total liabilities and Shareholders' funds	34,482,180	9,001,508	15,125,063	1,725,905	-	17,395,552	-	77,730,208	
On-balance sheet profit sensitivity gap	10,109,755	(2,342,176)	(12,814,927)	8,316,061	1,268,350				

27 d) Interest/Profit rate risk

Bank As at 30 June 2009	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non Interest Sensitive RM'000			
Assets									
Cash and short term funds	15,386,909	-	-	-	-	434,004	-	15,820,913	2.1
Deposits & placement with banks & other financial instrument	-	4,478,406	813,546	-	-	-	-	5,291,952	2.1
Securities held at fair value through profit and loss	-	-	-	-	-	-	5,095,423	5,095,423	3.3
Securities available-for-sale	172,624	293,442	349,982	2,482,729	202,992	68,618	-	3,570,387	3.5
Securities held-to-maturity	3,889,641	464,024	264,532	1,581,103	-	29,104	-	6,228,404	3.0
Loans, advances and financing									
- performing	27,534,112	28,069	171,137	1,944,147	1,284,834	(464,599)	-	30,497,700	6.1
- non-performing	-	-	-	-	-	440,386	-	440,386	
Other assets	-	-	-	-	-	1,140,993	-	1,140,993	
Amount due from subsidiaries	-	-	-	-	-	263,760	-	263,760	
Statutory deposits with BNM	-	-	-	-	-	322,500	-	322,500	
Investment in subsidiary	-	-	-	-	-	575,746	-	575,746	
Investment in associated companies	-	-	-	-	-	946,505	-	946,505	
Prepaid land lease payments	-	-	-	-	-	5,311	-	5,311	
Property, plant and equipment	-	-	-	-	-	297,012	-	297,012	
Intangible assets	-	-	-	-	-	28,213	-	28,213	
Deferred tax assets	-	-	-	-	-	134,681	-	134,681	
Total assets	46,983,286	5,263,941	1,599,197	6,007,979	1,487,826	4,222,234	5,095,423	70,659,886	
Liabilities									
Deposits from customers	31,369,914	8,411,718	12,899,488	590,400	-	6,447,625	-	59,719,145	2.1
Deposits & placement of banks & other financial institutions	2,035,131	336,671	-	-	-	2,357	-	2,374,159	1.3
Bills and acceptance payable	704	4,353	7,514	-	-	222,682	-	235,253	2.1
Other liabilities	-	-	-	-	-	2,327,155	-	2,327,155	
Subordinated obligations	-	-	-	729,566	-	-	-	729,566	5.2
Provision for taxation	-	-	-	-	-	27,947	-	27,947	
Total liabilities	33,405,749	8,752,742	12,907,002	1,319,966	-	9,027,766	-	65,413,225	
Shareholders funds	-	-	-	-	-	5,246,661	-	5,246,661	
Total liabilities and Shareholders' funds	33,405,749	8,752,742	12,907,002	1,319,966	-	14,274,427	-	70,659,886	
On-balance sheet profit sensitivity gap	13,577,537	(3,488,801)	(11,307,805)	4,688,013	1,487,826				

28 Operations of Islamic Banking

28a Unaudited Balance Sheet as at 30 June 2010

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
ASSETS		
Cash and short-term funds	2,096,269	2,511,864
Deposits and placements with bank and other financial institutions	469,178	125,167
Securities - Held-for-trading	2,133,529	2,011,644
Securities - Available-for-trading	569,403	467,377
Securities - Held-to-maturity	461,739	126,623
Financing, advances and other financing	4,138,867	3,824,880
Other assets	26,791	7,615
Statutory deposits with Bank Negara Malaysia	47,000	46,064
Property, plant and equipment	1,977	1,794
Deferred tax assets	17,593	18,932
Total Assets	9,962,346	9,141,960
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	7,731,615	7,979,898
Deposits and placements of banks and other financial institutions	865,979	30,000
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	18,774	16,133
Other liabilities	521,766	366,504
Provision for taxation	5,402	9,394
Total Liabilities	9,143,536	8,401,929
Islamic banking capital fund	500,000	500,000
Reserves	318,810	240,031
Islamic Banking Funds	818,810	740,031
Total Liabilities and Islamic Banking Funds	9,962,346	9,141,960
COMMITMENTS AND CONTINGENCIES	1,468,416	1,092,217

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

28b Unaudited Income Statements for the 4th Quarter and Cumulative Twelve Months Ended 30 June 2010

<u>Group</u>	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Income derive from investment of deposits' funds and others	90,729	66,720	309,105	322,130
Income derive from investment of shareholders' funds	7,174	12,014	36,464	41,412
Allowance for losses on financing	(4,912)	(17,127)	(610)	(15,052)
Profit equalisation reserve	(3,051)	17,478	(544)	(407)
Total distributable income	89,940	79,085	344,415	348,083
Income attributable to deposits	(48,048)	(36,135)	(160,189)	(186,793)
Total net income	41,892	42,950	184,226	161,290
Other operating expenses	(18,668)	(16,244)	(72,803)	(61,250)
Profit before taxation and zakat	23,224	26,706	111,423	100,040
Zakat	(40)	(13)	(77)	(54)
Taxation	(5,073)	(7,318)	(27,158)	(25,633)
Profit after taxation and zakat	18,111	19,375	84,188	74,353
Profit attributable to shareholders	18,111	19,375	84,188	74,353
Earning per share - basic (sen)	3.62	3.88	16.84	14.87
Earning per share - fully diluted (sen)	3.62	3.88	16.84	14.87

28 Operations of Islamic Banking (continued)

28c Financing, advances and other financing

(i) By type

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Cash line	3,613	5,421
Term financing		
- Housing financing	4,334,789	3,562,624
- Hire purchase receivable	2,466,921	2,545,281
- Lease receivable	11,806	16,357
- Other term financing	560,441	348,544
Claims on customers under acceptance credit	103,135	46,206
Staff financing	3	18
Revolving credit	-	-
Others	467	623
	<u>7,481,175</u>	<u>6,525,074</u>
Less: Unearned income	(3,253,426)	(2,605,681)
	<u>4,227,749</u>	<u>3,919,393</u>
Less: Allowance for bad and doubtful financing		
- General	(66,175)	(73,486)
- Specific	(22,707)	(21,027)
Total net financing, advances and other financing	<u><u>4,138,867</u></u>	<u><u>3,824,880</u></u>

(ii) By contract

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,941,026	1,602,357
Ijarah (lease)	11,687	15,895
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,171,901	2,254,935
Murabahah (cost-plus)	103,135	46,206
	<u>4,227,749</u>	<u>3,919,393</u>

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

28c Financing, advances and other financing (continued)

Non-performing financing

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

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
At beginning	46,260	45,754
Classified as non-performing during the period	235,161	204,631
Reclassified as performing	(211,205)	(166,739)
Amount recovered	(24,167)	(24,237)
Amount written off	(9,725)	(13,149)
At end	<u>36,324</u>	<u>46,260</u>
Net non-performing financing, advances and other financing	<u>13,617</u>	<u>25,233</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.3%</u>	<u>0.6%</u>

28 Operations of Islamic Banking (continued)28c Financing, advances and other financing (continued)**(ii) Movements in allowance for bad and doubtful financing**

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
General allowance		
At beginning	73,486	65,025
Allowance made / (written back)	(7,311)	8,461
At end	<u>66,175</u>	<u>73,486</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.6%</u>	<u>1.9%</u>
Specific allowance		
At beginning	21,027	24,734
Allowance made / (written back)	19,831	15,949
Amount recovered	(8,426)	(6,507)
Amount written off	(9,725)	(13,149)
At end	<u>22,707</u>	<u>21,027</u>

28 Operations of Islamic Banking (continued)28d Deposits from customer**By type of deposit**

	<u>The Group</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Non-Mudharabah		
Demand deposits	453,133	375,930
Saving deposits	631,211	580,875
Negotiable Islamic Debt Certificate	1,254,754	1,215,890
Others	-	-
	<u>2,339,098</u>	<u>2,172,695</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	636,172	569,063
General investment deposits	2,287,927	1,864,865
Specific investment deposits	2,468,418	3,373,275
Others	-	-
	<u>5,392,517</u>	<u>5,807,203</u>
	<u><u>7,731,615</u></u>	<u><u>7,979,898</u></u>

29 Prior year adjustments

During the financial year, the Bank has made a major enhancement to the general ledger system from a single currency to a multi currency general ledger.. Arising from the system enhancement, the Bank noted differences in respect of revaluation of foreign currency balances. These differences arose from transactions that occurred before financial year ended 30 June 2009. Whilst the differences are not material to the current and prior financial year results , and the differences relate to periods before financial year ended to 30 June 2009, the Bank has effected a prior year adjustment in accordance with FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors

These differences do not affect the Group's and Bank's financial statement for the financial year ended 30 June 2009 and 30 June 2010. The following adjustments that have been made to each line item in the Group's and Bank's balance sheet and equity as at 30 June 2008 and 30 June 2009:

	As previously reported RM'000	Group Effects from accounting adjustment RM'000	As restated RM'000	As previously reported RM'000	Bank Effects from accounting adjustment RM'000	As restated RM'000
As at 30 June 2009						
Balance sheets						
Other assets	1,198,162	(72,627)	1,125,535	1,213,620	(72,627)	1,140,993
As at 30 June 2009						
Statement of changes in equity						
Retained profit	2,428,953	(72,627)	2,356,326	2,136,060	(72,627)	2,063,433
As at 30 June 2008						
Statement of changes in equity						
Retained profit	1,821,618	(72,627)	1,748,991	1,737,205	(72,627)	1,664,578

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 RM301.1 million for the current financial quarter ended 30 June 2010, an increase of RM102.2 million or 51.4% as compared to previous corresponding quarter. The increase was due to higher net interest income by RM59.6 million, higher share of profit from Bank of Chengdu by RM29.9 million and lower allowance for losses on loans, advances and financing by RM87.0 million. This is however offset by lower net income from Islamic banking business by RM13.3 million, lower non interest income by RM22.2 million, higher other operating expenses by RM3.4 million and higher taxation expense by RM35.4 million.

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

The Group profit after taxation for the financial year ended 30 June 2010 stood at RM988.0 million, an increase of RM83.4 million or 9.2% as compared to RM904.6 million in the previous corresponding period. The increase was due to higher net interest income by RM29.5 million, lower allowance for losses on loans, advances and financing by RM51.7 million, higher share of profit from Bank of Chengdu by RM44.1 million, higher net income from Islamic banking business by RM8.5 million, impairment writeback of RM6.9 million as oppose to impairment charge of RM32.9 million in the previous financial year-to-date and lower taxation expense by RM30.3 million. This is however offset by higher other operating expenses by RM39.9 million and lower non interest income by RM80.1 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a profit after taxation of RM301.1 million as compared to RM228.0 million in the preceding quarter, an increase of RM73.2 million mainly from higher net interest income by RM27.2 million, lower allowance for losses on loans, advances and financing by RM30.1 million, lower other operating expenses by RM13.3 million, higher net income from Islamic banking business by RM4.7 million and higher share of profit from Bank of Chengdu by RM31.8 million. This is offset by lower non interest income by RM22.2 million and higher taxation expense by RM12.0 million

3 Prospects for the new financial year 2010/2011

The Group continues to be cautiously optimistic about the economic outlook for the rest of the year. There are opportunities to assert our liquidity franchise to strongly grow for scale. 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

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax	45,799	(16,304)	198,399	204,000
Oversea tax	-	-	-	-
	<u>45,799</u>	<u>(16,304)</u>	<u>198,399</u>	<u>204,000</u>
Transfer from/(to) deferred taxation	(1,812)	24,884	(1,193)	23,552
	<u>43,987</u>	<u>8,580</u>	<u>197,206</u>	<u>227,552</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	58,911	17,204	195,997	201,766
Oversea tax	-	-	-	-
	<u>58,911</u>	<u>17,204</u>	<u>195,997</u>	<u>201,766</u>
Transfer from/(to) deferred taxation	(945)	24,344	(2,809)	24,951
	<u>57,966</u>	<u>41,548</u>	<u>193,188</u>	<u>226,717</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 ("CIMB"), 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, 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, 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 ordinary shares of RM1.00 in HLBB ("Rights Shares") to the entitled shareholders of HLBB to raise gross proceeds of up to RM1,600 million ("Proposed Rights Issue"); and
 - c. HLBB had made an application to Bank Negara Malaysia ("BNM") on the Proposed Acquisition and Proposed Rights Issue.
- (v) On 27 May 2010, CIMB on behalf of HLB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, through its letter dated 26 May 2010, given its approval for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.
- (vi) On 21 June 2010, CIMB, on behalf of HLB, announced inter alia, the following:
 - a. that EON Cap shall accept the Offer (as defined in the announcement dated 21 June 2010) no later than 1 business day immediately following the date after the last of the approvals for the Offer have been obtained from BNM/the Minister of Finance, the shareholders of EON Cap and HLB and the Securities Commission, upon terms and conditions acceptable to HLB ("Approvals");
 - b. If all the Approvals, on terms and conditions acceptable to HLB, are not obtained by 15 August 2010, HLB reserves the right to withdraw the Offer;
 - c. Within 2 business days of receipt of the acceptance of the Offer by EON Cap in accordance with the terms of the Offer, HLBB shall pay a deposit ("Deposit") of RM25,000,000;

8 Status of corporate proposals (continued)

(vii) On 16 July 2010, CIMB, on behalf of HLB, announce that HLB had received a letter dated 12 July 2010 from EON Cap requesting certain amendments to the terms of the offer by HLB to acquire the entire assets and liabilities of EON Cap ("Offer") and the timelines as indicated in HLBB's letters dated 18 June 2010 and 19 June 2010.

HLB had, in its letter dated 15 July 2010 to EON Cap, noted the amendments and timelines proposed by EON Cap and advised EON Cap as follows:

- a. HLB agrees to EON Cap's proposal that EON Cap may only accept the Offer by delivering to HLBB the acceptance as set out in HLB's letter of Offer dated 1 April 2010, duly signed by EON Cap no later than 5 business days immediately following the date after the last of the approvals for the Offer
 - b. HLB agrees that the extraordinary general meeting of EON Cap to approve the Proposed Acquisition based on the offer price of RM5,060,423,743.60 shall be held by 20 August 2010, and all the approvals from BNM/MoF, SC and shareholders of EON Cap and HLB, on terms and conditions acceptable to HLB, are obtained and the acceptance of the Offer by EON Cap is given by 30 November 2010; and
 - c. the Offer is subject to all the timelines mentioned in (i) and/or (ii) above being met, unless extended by HLB.
- (viii) On 3 August 2010, CIMB, on behalf of HLB, announced that HLB had received the approval of the Minister of Finance ("MoF") through Bank Negara Malaysia ("BNM") for, inter alia, the following:

- a. Approval under Section 45(1)(a) of the Banking and Financial Institutions Act, 1989 ("BAFIA") for HLB to acquire interest in shares of more than 5% of the shares in EON Bank Berhad ("EON Bank") and MIMB Investment Bank Berhad ("MIMB");
- b. Approval under Section 49(7) of BAFIA for HLB to enter into an agreement or arrangement with EON Cap which would result in a change in control of EON Bank and MIMB to HLB as provided under Section 49(1)(a) of BAFIA;
- c. Approval under Section 22(2) of the Islamic Banking Act, 1993 ("IBA") for HLB to enter into an agreement or arrangement with EON Cap which would result in a disposal of EONCAP Islamic Bank Berhad ("EONCAP Islamic") shares to HLB as provided under Section 22(1)(a)(i) of IBA;
- d. Approval under Section 49(7) of BAFIA for HLB to enter into an agreement or arrangement with EON Bank which would result in the transfer of the banking operations of EON Bank to HLB as provided under Section 49(1)(b) of BAFIA; and
- e. Approval under Section 22(2) of IBA for Hong Leong Islamic Bank Berhad ("HLISB") to enter into an agreement or arrangement with EONCAP Islamic which would result in the transfer of the banking operations of EONCAP Islamic to HLISB as provided under Section 22(1)(a)(i) of IBA.

BNM had also given its approval, amongst others, for HLB to acquire the subsidiaries of EON Cap, including EON Bank, EONCAP Islamic and MIMB pursuant to Section 29 of BAFIA. HLB is also required to finalise the position of MIMB by 31 December 2010 in line with BNM's policy which prohibits a domestic banking group from holding 2 investment bank licenses.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Deposits from customers				
Fixed deposits	38,508,805	36,857,055	33,762,006	31,670,086
Negotiable instruments of deposit	2,580,634	3,526,455	2,800,837	2,359,236
Demand deposits	8,012,103	6,807,711	7,364,677	6,447,625
Saving deposits	8,392,327	7,841,769	7,092,707	6,691,831
Short term corporate placement	11,963,804	11,908,438	11,963,804	11,908,438
Other	255,019	641,929	255,019	641,929
	<u>69,712,692</u>	<u>67,583,357</u>	<u>63,239,050</u>	<u>59,719,145</u>

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	39,992,231	39,687,928	35,487,392	33,438,922
More than one year (medium/long term)	1,097,208	695,582	1,075,451	590,400
	<u>41,089,439</u>	<u>40,383,510</u>	<u>36,562,843</u>	<u>34,029,322</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	3,583,826	2,202,304	3,577,032	2,172,304
Other financial institutions	292,577	201,855	214,097	201,855
	<u>3,876,403</u>	<u>2,404,159</u>	<u>3,791,129</u>	<u>2,374,159</u>

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

One year or less (short term)	3,876,403	2,404,159	3,791,129	2,374,159
More than one year (medium/long term)	-	-	-	-
	<u>3,876,403</u>	<u>2,404,159</u>	<u>3,791,129</u>	<u>2,374,159</u>

11 Subordinated bonds

	<u>The Group and The Bank</u>	
	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2009 RM'000
Subordinated bonds		
- USD200 million	<u>650,454</u>	<u>729,566</u>

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

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

12 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 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	22,573,458	223,631	(258,478)
(ii) 1 year to 3 years	207,095	52	(321)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,678,879	59,524	(45,351)
(ii) 1 year to 3 years	5,831,889	355,558	(295,912)
(iii) More than 3 years	342,692	16,028	(24,401)
Options			
(i) Less than 1 year	3,981,630	16,276	(16,371)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,011,388	96	(10,558)
(ii) 1 year to 3 years	1,464,650	-	(1,297)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	7,160,326	35,087	(30,881)
(ii) 1 year to 3 years	11,550,858	128,443	(146,976)
(iii) More than 3 years	15,054,375	201,991	(228,201)
Equity related contracts			
(i) Less than 1 year	155,350	204	(204)
(ii) 1 year to 3 years	32,900	-	-
(iii) More than 3 years	-	-	-
Total	77,045,490	1,036,890	(1,058,951)

12 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 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	22,573,458	223,631	(258,478)
(ii) 1 year to 3 years	207,095	52	(321)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,678,879	59,524	(45,351)
(ii) 1 year to 3 years	5,831,889	355,558	(295,912)
(iii) More than 3 years	3,444,569	336,594	(344,967)
Options			
(i) Less than 1 year	3,981,630	16,276	(16,371)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,011,388	96	(10,558)
(ii) 1 year to 3 years	1,464,650	-	(1,297)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	7,160,326	35,087	(30,881)
(ii) 1 year to 3 years	11,550,858	128,443	(146,976)
(iii) More than 3 years	15,054,375	201,991	(228,201)
Equity related contracts			
(i) Less than 1 year	155,350	204	(204)
(ii) 1 year to 3 years	32,900	-	-
(iii) More than 3 years	-	-	-
Total	80,147,367	1,357,456	(1,379,517)

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 RM569,392,174 (FYE June 2009: RM77,554,000) and RM33,587,897,090 (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 RM1,339,766,178 (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

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

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

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.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	301,105	199,365	988,020	905,335
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	(130,364)	(131,093)	(130,364)	(131,093)
	<u>1,449,743</u>	<u>1,449,014</u>	<u>1,449,743</u>	<u>1,449,014</u>
Basic earnings per share (sen)	20.8	13.8	68.2	62.5
<u>The Bank</u>				
Net profit attributable to shareholders of the company	224,432	116,325	767,817	659,678
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	(130,364)	(131,093)	(130,364)	(131,093)
	<u>1,449,743</u>	<u>1,449,014</u>	<u>1,449,743</u>	<u>1,449,014</u>
Basic earnings per share (sen)	15.5	8.0	53.0	45.5

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.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	301,105	199,365	988,020	905,335
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,743	1,449,014	1,449,743	1,449,014
- adjustment for ESOS	-	-	-	-
	<u>1,449,743</u>	<u>1,449,014</u>	<u>1,449,743</u>	<u>1,449,014</u>
Fully diluted earnings per share (sen)	20.8	13.8	68.2	62.5
<u>The Bank</u>				
Net profit attributable to shareholders of the company	224,432	116,325	767,817	659,678
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,449,743	1,449,014	1,449,743	1,449,014
- adjustment for ESOS	-	-	-	-
	<u>1,449,743</u>	<u>1,449,014</u>	<u>1,449,743</u>	<u>1,449,014</u>
Fully diluted earnings per share (sen)	15.5	8.0	53.0	45.5

Dated this 19 August 2010