

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 March 2011

	The Group		The Bank	
	Financial Period Ended	Financial Year Ended	Financial Period Ended	Financial Year Ended
	31/03/2011	30/06/2010	31/03/2011	30/06/2010
Note	RM'000	RM'000	RM'000	RM'000
<u>ASSETS</u>				
Cash and short-term funds	17,490,123	15,682,086	15,765,023	13,928,247
Deposits and placements with financial institutions	8,253,029	7,470,559	7,907,790	7,004,664
Financial assets held for trading	8 7,728,459	8,836,753	5,636,003	6,703,224
Financial investments available-for-sale	9 4,204,734	4,428,770	2,862,078	3,859,367
Financial investments held-to-maturity	10 7,479,467	6,641,003	7,745,537	7,042,610
Loans, advances and financing	11 41,822,660	37,749,070	36,673,542	33,589,093
Other assets	12 1,321,581	1,718,603	1,302,323	2,014,821
Amount due from subsidiaries	-	-	939,236	1,009,958
Statutory deposits with Bank Negara Malaysia	674,450	394,000	520,000	347,000
Investment in subsidiary companies	-	-	1,023,117	714,092
Investment in associated company	1,310,835	1,172,175	946,505	946,505
Investment in jointly controlled entity	75,095	76,023	76,711	76,711
Prepaid land lease payments	13,774	14,139	12,915	13,274
Property, plant and equipment	355,961	332,845	332,694	311,163
Intangible assets	56,723	49,410	53,727	46,935
Deferred tax assets	130,801	140,137	108,809	122,544
Total Assets	90,917,692	84,705,573	81,906,010	77,730,208
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>				
Deposits from customers	13 72,231,897	69,712,692	64,397,022	63,239,050
Deposits and placements of banks and other financial institutions	14 6,150,115	3,876,403	5,949,850	3,791,129
Bills and acceptances payable	464,353	304,140	353,893	285,366
Other liabilities	15 3,291,113	3,664,921	3,204,943	3,890,295
Senior Bonds	902,399	-	902,399	-
Subordinated Bonds	696,859	650,454	696,859	650,454
Provision for taxation	111,642	72,940	94,659	58,851
Total Liabilities	83,848,378	78,281,550	75,599,625	71,915,145
Share Capital	1,580,107	1,580,107	1,580,107	1,580,107
Reserves	6,166,974	5,531,824	5,404,045	4,922,864
Less: Treasury Shares	(677,767)	(687,908)	(677,767)	(687,908)
Total Shareholders' Equity	7,069,314	6,424,023	6,306,385	5,815,063
Minority interest	-	-	-	-
Total Equity	7,069,314	6,424,023	6,306,385	5,815,063
Total Liabilities and Equity	90,917,692	84,705,573	81,906,010	77,730,208
<u>COMMITMENTS AND CONTINGENCIES</u>				
	25	112,749,825	99,159,250	113,703,567
<u>CAPITAL ADEQUACY</u>				
<u>Before deducting proposed dividends</u>				
Core capital ratio	21	14.10%	15.50%	11.89%
Risk-weighted capital ratio	21	14.10%	15.50%	11.89%
<u>After deducting proposed dividends</u>				
Core capital ratio	21	14.10%	15.08%	11.89%
Risk-weighted capital ratio	21	14.10%	15.08%	11.89%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		4.87	4.43	4.34

* 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 Statements
For The Financial Quarter Ended 31 March 2011

The Group

	Note	Current Quarter Ended 31/03/2011 RM'000	Corresponding Quarter Ended 31/03/2010 RM'000	Current Period Ended 31/03/2011 RM'000	Corresponding Period Ended 31/03/2010 RM'000
Interest income	16	721,884	637,890	2,160,499	1,894,682
Interest expense	17	(343,265)	(300,639)	(1,033,169)	(876,523)
Net interest income		378,619	337,251	1,127,330	1,018,159
Net income from Islamic Banking business		48,062	42,064	144,274	138,033
Other operating income	18	151,233	128,731	450,061	382,935
Net Income		577,914	508,046	1,721,665	1,539,127
Other operating expenses	19	(242,947)	(240,478)	(709,528)	(689,272)
Operating profit before provision Allowance for impairment on loans, advances and financing		334,967	267,568	1,012,137	849,855
Impairment loss on other assets	20	(37,615)	(34,558)	(118,478)	(100,533)
		-	-	-	6,081
		297,352	233,010	893,659	755,403
Share of profit after tax of equity accounted associated company		57,174	27,005	138,660	84,724
Share of profit after tax of equity accounted joint venture company		(201)	-	(928)	-
Profit before taxation (and zakat)		354,325	260,015	1,031,391	840,127
Taxation		(64,612)	(32,047)	(193,015)	(153,219)
Zakat		(17)	(13)	(48)	(38)
Net profit for the period		289,696	227,955	838,328	686,870
Attributable to:					
Equity holders of the parent		289,696	227,955	838,328	686,915
Minority Interest		-	-	-	(45)
Net profit for the period		289,696	227,955	838,328	686,870
Earnings per share - basic (sen)		19.9	15.7	57.7	47.4
Earnings per share - fully diluted (sen)		19.9	15.7	57.7	47.4

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 31 March 2011

	The Group			
	Current Quarter Ended 31/03/2011 RM'000	Corresponding Quarter Ended 31/03/2010 RM'000	Current Period Ended 31/03/2011 RM'000	Corresponding Period Ended 31/03/2010 RM'000
Net profit for the period	<u>289,696</u>	<u>227,955</u>	<u>838,328</u>	<u>686,870</u>
Other comprehensive income/(loss):				
Currency translation difference	(40,239)	(13,465)	(44,988)	(21,329)
Net fair value changes on financial investments available-for-sale	(15,905)	10,024	(10,731)	61,120
Income tax relating to components of other comprehensive income/(loss)	<u>3,976</u>	<u>(2,506)</u>	<u>2,683</u>	<u>(15,280)</u>
Other comprehensive income/(loss) for the financial period	<u>(52,168)</u>	<u>(5,947)</u>	<u>(53,036)</u>	<u>24,511</u>
Total comprehensive income for the financial period, net of tax	<u><u>237,528</u></u>	<u><u>222,008</u></u>	<u><u>785,292</u></u>	<u><u>711,381</u></u>
Attributable to:				
- Equity holders of the Company	237,528	222,008	785,292	711,426
- Minority interests	-	-	-	(45)
	<u><u>237,528</u></u>	<u><u>222,008</u></u>	<u><u>785,292</u></u>	<u><u>711,381</u></u>

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Income Statements
For The Financial Quarter Ended 31 March 2011

The Bank

	Note	Current Quarter Ended 31/03/2011 RM'000	Corresponding Quarter Ended 31/03/2010 RM'000	Current Period Ended 31/03/2011 RM'000	Corresponding Period Ended 31/03/2010 RM'000
Interest income	16	727,918	637,076	2,187,471	1,905,248
Interest expense	17	(359,235)	(300,764)	(1,083,179)	(887,416)
Net interest income		368,683	336,312	1,104,292	1,017,832
Other operating income	18	145,498	129,008	480,108	384,630
Net Income		514,181	465,320	1,584,400	1,402,462
Other operating expenses	19	(218,067)	(220,465)	(641,208)	(624,985)
Operating profit before provision Allowance for impairment on loans, advances and financing Impairment loss	20	296,114 (31,994) -	244,855 (38,353) -	943,192 (97,624) -	777,477 (104,951) 6,081
Profit before taxation (and zakat)		264,120	206,502	845,568	678,607
Taxation		(65,880)	(28,054)	(202,940)	(135,222)
Profit after taxation		198,240	178,448	642,628	543,385
Profit attributable to shareholders		198,240	178,448	642,628	543,385
Earnings per share - basic (sen)		13.6	12.3	44.2	37.5
Earnings per share - fully diluted (sen)		13.6	12.3	44.2	37.5

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 31 March 2011

	The Bank			
	Current Quarter Ended 31/03/2011 RM'000	Corresponding Quarter Ended 31/03/2010 RM'000	Current Period Ended 31/03/2011 RM'000	Corresponding Period Ended 31/03/2010 RM'000
Net profit for the period	<u>198,240</u>	<u>178,448</u>	<u>642,628</u>	<u>543,385</u>
Other comprehensive income/(loss):				
Currency translation difference	(14)	-	363	-
Net fair value changes on financial investments available-for-sale	(11,663)	10,709	(4,353)	63,004
Income tax relating to components of other comprehensive income	<u>2,916</u>	<u>(2,677)</u>	<u>1,088</u>	<u>(15,751)</u>
Other comprehensive gain/(loss) for the financial period	<u>(8,761)</u>	<u>8,032</u>	<u>(2,902)</u>	<u>47,253</u>
Total comprehensive income for the financial period, net of tax	<u><u>189,479</u></u>	<u><u>186,480</u></u>	<u><u>639,726</u></u>	<u><u>590,638</u></u>

Hong Leong Bank Berhad
Condensed Financial Statements

Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2011

<u>The Group</u>	← 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	Regulatory 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 2010	1,580,107	539,664	1,902,915	17,060	15,829	-	12,313	3,044,043	(687,908)	6,424,023	-	6,424,023
- Effect of adopting FRS 139	-	-	-	79,090	-	-	-	24,655	-	103,745	-	103,745
Balance as at 1 July 2010, as restated	1,580,107	539,664	1,902,915	96,150	15,829	-	12,313	3,068,698	(687,908)	6,527,768	-	6,527,768
Net profit for the period	-	-	-	-	-	-	-	838,328	-	838,328	-	838,328
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- Net fair value changes in financial investments available-for-sale	-	-	-	(8,048)	-	-	-	-	-	(8,048)	-	(8,048)
- Currency translation difference	-	-	-	-	-	-	(44,988)	-	-	(44,988)	-	(44,988)
Total comprehensive income for the period	-	-	-	(8,048)	-	-	(44,988)	838,328	-	785,292	-	785,292
Transfer to statutory reserve/Regulatory reserve	-	-	24,985	-	-	715	-	(24,985)	-	715	-	715
Dividend paid	-	-	-	-	-	-	-	(261,518)	-	(261,518)	-	(261,518)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
ESOS exercised	-	-	-	-	(1,483)	-	-	2,515	10,141	11,173	-	11,173
Option charge arising from ESOS granted	-	-	-	-	5,884	-	-	-	-	5,884	-	5,884
Closing Balance @ 31 March 2011	1,580,107	539,664	1,927,900	88,102	20,230	715	(32,675)	3,623,038	(677,767)	7,069,314	-	7,069,314
Balance as at 1 July 2009	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)
Balance as at 1 July 2009, as restated	1,580,107	539,664	1,860,821	(26,701)	13,022	-	37,050	2,356,326	(699,052)	5,661,237	42,988	5,704,225
Net profit for the period	-	-	-	-	-	-	-	686,915	-	686,915	(45)	686,870
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
- Net fair value changes in financial investments available-for-sale	-	-	-	45,840	-	-	-	-	-	45,840	-	45,840
- Currency translation difference	-	-	-	-	-	-	(21,329)	-	-	(21,329)	-	(21,329)
Total comprehensive income for the period	-	-	-	45,840	-	-	(21,329)	686,915	-	711,426	(45)	711,381
Transfer to statutory reserve	-	-	33,039	-	-	-	-	(33,039)	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(42,943)	(42,943)
Dividend paid	-	-	-	-	-	-	-	(260,925)	-	(260,925)	-	(260,925)
Add: ESOS exercised	-	304	-	-	-	-	-	-	4,434	4,738	-	4,738
Option charge arising from ESOS granted	-	-	-	-	7,295	-	-	-	-	7,295	-	7,295
Closing Balance @ 31 March 2010	1,580,107	539,968	1,893,860	19,139	20,317	-	15,721	2,749,277	(694,618)	6,123,771	-	6,123,771

* The regulatory reserves are maintained by the Group's banking subsidiary company in Vietnam in line with the requirements of the State Bank of Vietnam.

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2011

	← 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 RM'000
The Bank									
Balance as at 1 July 2010	1,580,107	539,664	1,741,612	17,189	15,829	35,529	2,573,041	(687,908)	5,815,063
- Effect of adopting FRS 139	-	-	-	79,468	-	-	16,585	-	96,053
Balance as at 1 July 2010, as restated	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>96,657</u>	<u>15,829</u>	<u>35,529</u>	<u>2,589,626</u>	<u>(687,908)</u>	<u>5,911,116</u>
Net profit for the period	-	-	-	-	-	-	642,628	-	642,628
Other comprehensive income									
- Net fair value changes in financial investments available-for-sale	-	-	-	(3,265)	-	-	-	-	(3,265)
- Currency translation difference	-	-	-	-	-	363	-	-	363
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,265)</u>	<u>-</u>	<u>363</u>	<u>642,628</u>	<u>-</u>	<u>639,726</u>
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(261,518)	-	(261,518)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
ESOS exercised	-	-	-	-	(1,483)	-	2,519	10,141	11,177
Options charge arising from ESOS granted	-	-	-	-	5,884	-	-	-	5,884
Closing Balance @ 31 March 2011	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>93,392</u>	<u>20,230</u>	<u>35,892</u>	<u>2,973,255</u>	<u>(677,767)</u>	<u>6,306,385</u>
Balance as at 1 July 2009	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)
Balance as at 1 July 2009, as restated	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>(27,654)</u>	<u>13,022</u>	<u>35,529</u>	<u>2,063,433</u>	<u>(699,052)</u>	<u>5,246,661</u>
Net profit for the period	-	-	-	-	-	-	543,385	-	543,385
Other comprehensive income									
- Net fair value changes in financial investments available-for-sale	-	-	-	47,253	-	-	-	-	47,253
- Currency translation difference	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,253</u>	<u>-</u>	<u>-</u>	<u>543,385</u>	<u>-</u>	<u>590,638</u>
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(260,925)	-	(260,925)
Add: ESOS exercised	-	304	-	-	-	-	-	4,434	4,738
Options charge arising from ESOS granted	-	-	-	-	7,295	-	-	-	7,295
Closing Balance @ 31 March 2010	<u>1,580,107</u>	<u>539,968</u>	<u>1,741,612</u>	<u>19,599</u>	<u>20,317</u>	<u>35,529</u>	<u>2,345,893</u>	<u>(694,618)</u>	<u>5,588,407</u>

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2011

	The Group		The Bank	
	Financial Period Ended 31/03/2011 RM'000	Financial Period Ended 31/03/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Period Ended 31/03/2010 RM'000
Operating activities				
Profit before taxation	1,031,391	840,127	845,568	678,607
Adjustments for non-cash items	<u>(434,463)</u>	<u>(172,760)</u>	<u>(463,098)</u>	<u>(186,993)</u>
Operating profit before working capital changes	596,928	667,367	382,470	491,614
Income taxes and zakat paid	(192,451)	(63,131)	(171,739)	(50,979)
Net changes in working capital	<u>3,069,581</u>	<u>(3,573,252)</u>	<u>2,605,618</u>	<u>(2,546,279)</u>
Net cash flow from operating activities	3,474,058	(2,969,016)	2,816,349	(2,105,644)
Net cash flow from investing activities	(1,335,011)	(2,054,152)	(721,146)	(1,909,884)
Net cash flow from financing activities	<u>(288,569)</u>	<u>(292,559)</u>	<u>(263,580)</u>	<u>(292,559)</u>
Changes in cash and cash equivalents	1,850,478	(5,315,727)	1,831,623	(4,308,086)
Currency translation differences	(42,441)	(9)	5,153	(9)
Cash and cash equivalents at the beginning of year	<u>15,682,086</u>	<u>18,343,622</u>	<u>13,928,247</u>	<u>15,820,913</u>
Cash and cash equivalents at the end of period	<u>17,490,123</u>	<u>13,027,886</u>	<u>15,765,023</u>	<u>11,512,818</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 31 MARCH 2011

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 Guidelines on Financial Reporting for Banking Institutions (BNM/RH/GL 001-31) 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 2010.

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 2010 except for the first time adoption of the following standards, amendments to published standards and interpretations to existing standards:

FRS 101	Presentation of Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosure
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes

The adoption of the above do not give rise to any material effects to the Group and Bank, other than the effects and change in accounting policies arising from adoption of FRS 139.

2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2010

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2010

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

a) Share Buy-back

During the financial period ended 31 March 2011, the Bank purchased a total of 2,000 ordinary shares of RM1.00 each ('Shares') from the open market. The Shares purchased are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Details of the Shares bought back for the financial period ended 31 March 2011 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-10	-	-	-	-	-
Aug-10	-	-	-	-	-
Sep-10	-	-	-	-	-
Oct-10	1,000	9.10	9.10	9.10	9,153
Nov-10	-	-	-	-	-
Dec-10	-	-	-	-	-
Jan-11	-	-	-	-	-
Feb-11	-	-	-	-	-
Mar-11	1,000	9.53	9.53	9.53	9,583
For the period	2,000	9.10	9.53	9.37	18,736

The total number of Shares bought back, all of which were held as treasury shares as at 31 March 2011 amounted to 81,096,700 Shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to ESOS

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

During the financial period ended 31 March 2011, the trust did not purchase any new shares. As at 31 March 2011, the total number of Treasury Shares for ESOS was 46,017,120 at an average carrying value of RM5.35 per share.

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

- (a) 4,500,000 share options at an exercise price of RM5.72;
- (b) 21,800,000 share options at an exercise price of RM6.05;
- (c) 12,835,000 share options at an exercise price of RM5.99;
- (d) 200,000 shares options at an exercise price of RM7.49; and
- (e) 3,095,000 shares options at an exercise price of RM9.14

subject to the achievement of certain performance criteria during the performance period. The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust established for the ESOS.

During the financial period ended 31 March 2011, a total of 1,897,880 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 2010, the Bank had fully redeemed its US\$200 million Subordinated Callable Bonds Due 2015 ("Bonds"). The Bonds has been delisted from the Official Listing of the Singapore Exchange Securities Trading Limited following the redemption.

d) Subordinated Debt

On 10 August 2010, the Bank 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 has a maturity of 10 years and matures on 10 August 2020. Subject to BNM's approval, HLB has the option to redeem the Sub Debt early at the end of year 5, which is on 10 August 2015 and on each subsequent coupon payment dates thereafter. The Sub Debt's interest rate is 4.85% per annum payable semi-annually in arrears for the tenor of the notes.

e) Senior Bonds

On 17 March 2011, the Bank issued USD300 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

The Bonds will constitute direct, general, unsubordinated and (subject to the provisions of *Negative Pledge Condition*) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer.

7 Dividends paid

An interim dividend of 9.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2011 amounting to RM98.1 million was paid on 30 March 2011.

8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Malaysian Government Treasury				
Bills	9,720	251,599	9,720	-
Malaysian Government Securities	1,543,149	1,107,934	1,543,149	1,107,934
Malaysian Government Investment				
Certificates	546,816	1,116,703	372,129	803,122
Bank Negara Malaysia (BNM)				
Bills	2,938,612	2,417,684	1,764,106	1,962,500
Cagamas Bonds	-	254,998	-	204,998
Bankers' Acceptance and Islamic				
Accepted bills	2,202,271	2,771,744	1,573,834	2,161,167
Negotiable Instruments of Deposit	205,854	739,705	205,854	287,117
Sukuk Bonds	114,826	-	-	-
	<u>7,561,248</u>	<u>8,660,367</u>	<u>5,468,792</u>	<u>6,526,838</u>
Quoted securities:				
Foreign Currency Bonds	167,211	115,516	167,211	115,516
Unquoted securities:				
Private Debt Securities	-	60,870	-	60,870
Total financial assets held-for-trading	<u><u>7,728,459</u></u>	<u><u>8,836,753</u></u>	<u><u>5,636,003</u></u>	<u><u>6,703,224</u></u>

9 Financial investments available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Malaysian Government Investment				
Certificates	1,939,357	2,123,648	873,237	1,584,588
Other Government Securities	-	8,312	-	8,312
Government Treasury Bills	336,098	533,551	336,098	533,551
Malaysian Government Securities	626,922	1,076,631	626,922	1,076,631
Singapore Government securities	-	-	-	-
Cagamas Bonds	131,026	125,715	20,182	100,377
	<u>3,033,403</u>	<u>3,867,857</u>	<u>1,856,439</u>	<u>3,303,459</u>
Quoted Securities:				
Shares and Convertible Loan				
Stocks	110,010	91,650	110,010	91,650
Shares Outside Malaysia	55,018	-	55,018	-
Foreign Currency Bonds	570,411	335,881	570,411	335,881
Unit Trust Funds	-	-	-	-
Unquoted securities:				
Private Debt Securities	303,346	133,382	137,725	128,377
Shares	132,546	-	132,475	-
Total financial investments available-for-sale	<u>4,204,734</u>	<u>4,428,770</u>	<u>2,862,078</u>	<u>3,859,367</u>

10 Financial investments held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Malaysian Government Securities	3,742,654	4,144,712	3,742,654	4,144,712
Malaysian Government Investment Certificates	1,181,467	1,312,548	916,120	916,983
Cagamas bonds	169,903	279,872	169,903	279,872
Negotiable Instruments of Deposit	2,277,276	680,588	2,841,996	1,547,309
Other government securities	2,897	3,374	-	-
	<u>7,374,197</u>	<u>6,421,094</u>	<u>7,670,673</u>	<u>6,888,876</u>
Unquoted securities:				
Shares	-	27,578	-	27,003
Private debt securities	105,002	191,562	74,596	125,962
Loan Stocks	268	769	268	769
	<u>105,270</u>	<u>219,909</u>	<u>74,864</u>	<u>153,734</u>
Total financial investments held-to-maturity	<u>7,479,467.0</u>	<u>6,641,003.0</u>	<u>7,745,537.0</u>	<u>7,042,610.0</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Overdrafts	2,021,359	2,036,810	2,020,630	2,033,395
Term loans:				
- Housing and shop loans/financing	26,375,876	22,534,948	19,511,853	18,200,159
- Syndicated term loan/financing	3,041,003	2,242,775	2,207,782	1,828,346
- Hire purchase receivables	5,986,734	5,650,823	3,451,039	3,183,902
- Lease receivables	5,044	11,866	-	-
- Other term loans/financing	2,778,722	2,244,026	2,629,701	2,098,015
Credit/charge card receivables	2,445,026	2,210,438	2,445,026	2,210,438
Bills receivables	344,801	268,725	344,801	268,725
Trust receipts	143,096	98,419	143,096	98,419
Claims on customers under acceptance credits	3,597,146	3,619,054	3,404,658	3,515,919
Block discounting	8,347	8,244	8,347	8,244
Revolving credits	2,064,268	1,365,401	2,039,200	1,365,401
Staff loans:				
Directors	-	-	-	-
Staffs other than Directors	89,493	99,531	89,492	99,528
Other loans/financing	44,853	40,769	44,503	40,302
	<u>48,945,768</u>	<u>42,431,829</u>	<u>38,340,128</u>	<u>34,950,793</u>
Unearned interest and income	(6,106,830)	(3,876,159)	(745,138)	(622,724)
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>
Unamortised fair value changes arising from terminated fair value hedges	30,801	46,725	16,872	25,435
Allowance for impaired loans, advances and financing:				
- Collective assessment	(840,068)	-	(734,352)	-
- Individual assessment	(207,011)	-	(203,968)	-
- General	-	(577,822)	-	(511,615)
- Specific	-	(275,503)	-	(252,796)
Net loans, advances and financing	<u>41,822,660</u>	<u>37,749,070</u>	<u>36,673,542</u>	<u>33,589,093</u>

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Domestic non-bank financial institutions	150,885	178,501	124,021	174,251
Domestic business enterprises				
- Small and medium enterprises	3,769,808	3,349,519	3,399,428	3,074,735
- Others	8,989,449	8,271,816	8,032,036	7,683,774
Government and statutory bodies	90	278	90	278
Individuals	27,803,705	25,519,745	23,979,987	22,216,564
Other domestic entities	19,902	14,395	18,165	13,247
Foreign entities	2,105,099	1,221,416	2,041,263	1,165,220
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Fixed rate				
- Housing and shop loans/financing	691,689	530,012	425,584	238,678
- Hire purchase receivables	5,174,895	4,924,898	2,966,152	2,757,962
- Other fixed rate loan/financing	3,884,902	3,279,953	3,838,769	3,209,150
Variable rate				
- Base lending rate plus	28,076,360	25,141,613	25,546,464	23,546,220
- Cost plus	4,854,801	4,606,547	4,662,313	4,503,412
- Other variables rates	156,291	72,647	155,708	72,647
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Purchase of securities	553,636	414,513	553,636	414,420
Purchase of transport vehicles	5,321,671	4,834,160	3,109,365	2,753,057
Purchase of landed properties				
- residential	17,760,168	14,930,332	15,860,865	13,582,028
- non-residential	5,233,548	4,436,355	4,909,010	4,239,732
Personal use	1,772,274	2,994,401	1,769,143	2,929,720
Credit card	2,445,026	2,210,438	2,445,026	2,210,438
Purchase of consumer durables	76	62	76	62
Construction	258,925	298,512	256,199	273,602
Working capital	9,379,161	8,388,912	8,584,130	7,885,786
Others	114,453	47,985	107,540	39,224
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>

11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Malaysia	41,018,999	37,633,753	35,792,951	33,406,152
Singapore	1,802,039	921,917	1,802,039	921,917
Vietnam	17,900	-	-	-
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>

11 Loans, advances and financing (continued)

11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Within one year	12,711,777	11,078,560	12,212,887	9,057,329
One year to less than three years	3,036,556	2,737,654	2,305,672	2,041,299
Three years to less than five years	3,437,829	3,050,511	2,605,057	2,280,991
Five years and more	23,652,776	21,688,945	20,471,374	20,948,450
Gross loans, advances and financing	<u>42,838,938</u>	<u>38,555,670</u>	<u>37,594,990</u>	<u>34,328,069</u>

11f Impaired loans, advances and financing/non-performing loans by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Purchase of securities	12,066	10,264	12,066	10,264
Purchase of transport vehicles	52,303	40,252	31,577	23,512
Purchase of landed properties				
- residential	242,198	201,359	221,763	185,699
- non-residential	61,646	55,633	60,726	55,028
Personal use	67,636	53,792	67,630	53,407
Credit card	24,340	27,859	24,340	27,859
Construction	15,899	15,907	15,899	15,772
Working capital	331,897	321,662	323,018	318,863
Others	326	7	325	7
	<u>808,311</u>	<u>726,735</u>	<u>757,344</u>	<u>690,411</u>

11 Loans, advances and financing (continued)

11g Impaired loans, advances and financing/non-performing loans by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Malaysia	763,990	685,504	713,023	649,180
Singapore	44,321	41,231	44,321	41,231
Vietnam	-	-	-	-
	<u>808,311</u>	<u>726,735</u>	<u>757,344</u>	<u>690,411</u>

11h Movements in impaired loans, advances and financing/non-performing loans are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
At 1 July				
- as previously stated	726,735	800,159	690,411	753,899
- effect of adopting FRS 139	203,467	-	197,035	-
At 1 July, as restated	930,202	800,159	887,446	753,899
Classified as impaired/non-performing during the period/year	499,044	2,910,070	449,410	2,674,909
Reclassified as non-impaired/performing	(267,221)	(2,482,001)	(240,755)	(2,270,796)
Amount written back in respect of recoveries	(234,572)	(287,538)	(219,615)	(263,371)
Amount written off	(119,280)	(211,944)	(119,280)	(202,219)
Exchange differences	138	(2,011)	138	(2,011)
Closing balance	<u>808,311</u>	<u>726,735</u>	<u>757,344</u>	<u>690,411</u>
Gross impaired /non-performing loan as a % of gross loans advances and financing	<u>1.9%</u>	<u>1.9%</u>	<u>2.0%</u>	<u>2.0%</u>

11 Loans, advances and financing (continued)

11i Movements in allowance for impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
<u>Collective Assessment Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	769,545	-	684,670	-
At 1 July, as restated	769,545	-	684,670	-
Allowance made during the period/year	237,743	-	205,497	-
Amount written back in respect of recoveries	(64,676)	-	(54,007)	-
Amount written off	(94,496)	-	(94,496)	-
Unwinding income	(8,626)	-	(7,916)	-
Exchange differences	578	-	604	-
Closing balance	840,068	-	734,352	-
As a % of gross loans, advances and financing less loans exempted from individual assessment allowance	2.0%	-	2.0%	-
<u>Individual Assessment Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	228,018	-	226,724	-
At 1 July, as restated	228,018	-	226,724	-
Allowance made during the period/year	23,841	-	20,693	-
Amount written back in respect of recoveries	(16,592)	-	(15,297)	-
Amount written off	(17,177)	-	(17,177)	-
Unwinding income	(11,807)	-	(11,703)	-
Exchange differences	728	-	728	-
Closing balance	207,011	-	203,968	-

11 Loans, advances and financing (continued)

11i Movements in allowance for impaired loans, advances and financing are as follows (continued):

General Allowance

At 1 July				
- as previously stated	577,822	544,823	511,615	471,305
- effect of adopting FRS 139	(577,822)	-	(511,615)	-
At 1 July, as restated	-	544,823	-	471,305
Net allowance made during the period/year	-	33,593	-	40,905
Exchange differences	-	(594)	-	(595)
Closing balance	-	577,822	-	511,615
As a % of gross loans, advances and financing less specific allowance	-	1.5%	-	1.5%

Specific Allowance

At 1 July				
- as previously stated	275,503	327,834	252,796	306,807
- effect of adopting FRS 139	(275,503)	-	(252,796)	-
At 1 July, as restated	-	327,834	-	306,807
Allowance made during the period/year	-	289,332	-	269,501
Amount written back in respect of recoveries	-	(128,452)	-	(120,026)
Amount written off	-	(211,944)	-	(202,219)
Exchange differences	-	(1,267)	-	(1,267)
Closing balance	-	275,503	-	252,796

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Interest/Income receivable	145,504	173,155	130,583	154,430
Other debtors, deposits and prepayments	1,175,602	1,544,171	1,171,265	1,859,114
Foreclosed properties	475	1,277	475	1,277
	<u>1,321,581</u>	<u>1,718,603</u>	<u>1,302,323</u>	<u>2,014,821</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
<u>By type of customer</u>				
Government and statutory bodies	1,871,856	856,715	854,295	301,097
Business enterprises	32,589,135	34,198,672	27,901,898	30,186,453
Individuals	36,404,673	33,353,132	34,388,243	31,601,960
Others	1,366,233	1,304,173	1,252,586	1,149,540
	<u>72,231,897</u>	<u>69,712,692</u>	<u>64,397,022</u>	<u>63,239,050</u>

14 Deposits and placements of banks and other financial institution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Licensed banks	5,837,636	3,583,826	5,837,636	3,577,032
Other financial institutions	312,479	292,577	112,214	214,097
	<u>6,150,115</u>	<u>3,876,403</u>	<u>5,949,850</u>	<u>3,791,129</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Interest/Profit payable	222,603	377,061	176,821	339,044
Zakat	83	50	-	-
Post employment benefits obligation				
- defined contribution plan	3,103	3,113	3,103	3,113
Loan advance payment	1,092,249	982,043	1,002,247	927,380
Amount due to subsidiary companies	-	-	69,334	70,968
Others	1,973,075	2,302,654	1,953,438	2,549,790
	<u>3,291,113</u>	<u>3,664,921</u>	<u>3,204,943</u>	<u>3,890,295</u>

16 Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing	455,302	399,260	1,347,144	1,210,485
Money at call and deposit placements with financial institutions	139,368	99,779	351,868	251,324
Securities purchased under resale agreements	408	160	1,747	166
Financial assets held-for-trading	8,663	13,945	48,010	45,407
Financial investments available-for-sale	19,348	29,569	71,145	102,973
Financial investments held-to-maturity	112,044	94,707	339,235	283,665
Others	(13,249)	470	1,350	662
	<u>721,884</u>	<u>637,890</u>	<u>2,160,499</u>	<u>1,894,682</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,016</u>	<u>-</u>	<u>20,433</u>	<u>-</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing	454,747	402,716	1,345,850	1,218,949
Money at call and deposit placements with financial institutions	116,010	95,514	329,195	244,142
Securities purchased under resale agreements	408	160	1,747	166
Financial assets held-for-trading	8,663	13,948	48,010	45,646
Financial investments available-for-sale	19,348	29,569	71,145	102,706
Financial investments held-to-maturity	116,994	94,707	355,534	283,665
Others	11,748	462	35,990	9,974
	<u>727,918</u>	<u>637,076</u>	<u>2,187,471</u>	<u>1,905,248</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>4,801</u>	<u>-</u>	<u>19,619</u>	<u>-</u>

17 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	14,268	9,236	45,292	22,623
Deposits from customers	271,939	222,850	767,005	667,049
Short term corporate placements	46,805	59,775	192,655	160,053
Senior bonds	1,298	-	1,298	-
Subordinated bonds	8,741	8,731	26,406	26,700
Others	214	47	513	98
	<u>343,265</u>	<u>300,639</u>	<u>1,033,169</u>	<u>876,523</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	14,219	9,363	45,794	23,913
Deposits from customers	287,958	222,848	816,513	676,652
Short term corporate placements	46,805	59,775	192,655	160,053
Senior bonds	1,298	-	1,298	-
Subordinated bonds	8,741	8,731	26,406	26,700
Others	214	47	513	98
	<u>359,235</u>	<u>300,764</u>	<u>1,083,179</u>	<u>887,416</u>

18 Other operating income

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	17,794	17,397	53,135	53,217
Service charges and fees	4,760	3,806	13,970	12,861
Guarantee fees	1,308	1,956	4,387	4,854
Other fee income	50,713	54,382	182,125	158,103
	<u>74,575</u>	<u>77,541</u>	<u>253,617</u>	<u>229,035</u>
(b) <u>Gain/loss arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading and derivatives	(7,272)	(5,522)	46,795	38,642
Net gain from sale of financial investments available-for-sale	2,777	2,870	7,897	8,482
Net gain from redemption of financial investments held-to-maturity	845	290	936	1,311
	<u>(3,650)</u>	<u>(2,362)</u>	<u>55,628</u>	<u>48,435</u>
(c) <u>Gross dividend income from:</u>				
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	1,784	1,141	17,580	3,056
Financial investments held-to-maturity	-	2,718	243	6,114
	<u>1,784</u>	<u>3,859</u>	<u>17,823</u>	<u>9,170</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of financial assets held-for-trading and derivatives</u>	28,624	16,621	38,208	(14,160)
(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>	(11,890)	(2,447)	(31,843)	(12,587)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	22,730	4,460	36,491	21,503
(g) <u>Other income:</u>				
Foreign exchange gain	34,510	25,900	65,878	83,516
Rental income	252	163	542	430
Gain on disposal of property and equipment (net)	145	57	152	462
Profit from Takaful investments	-	-	-	1,758
Others	4,153	4,939	13,565	15,373
	<u>39,060</u>	<u>31,059</u>	<u>80,137</u>	<u>101,539</u>
Total other operating income	<u>151,233</u>	<u>128,731</u>	<u>450,061</u>	<u>382,935</u>

18 Other operating income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Bank				
(a) <u>Fee income:</u>				
Commissions	17,749	17,349	53,089	53,168
Service charges and fees	4,766	3,801	13,988	12,870
Guarantee fees	1,308	1,956	4,387	4,854
Other fee income	50,720	54,389	182,147	158,122
	<u>74,543</u>	<u>77,495</u>	<u>253,611</u>	<u>229,014</u>
(b) <u>Gain/loss arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading and derivatives	(7,272)	(5,522)	46,795	38,642
Net gain from sale of financial investments available-for-sale	2,777	2,870	7,897	8,482
Net gain from redemption of financial investments held-to-maturity	845	290	936	1,311
	<u>(3,650)</u>	<u>(2,362)</u>	<u>55,628</u>	<u>48,435</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	6,100	32,000	6,100
Associated company	-	-	-	-
Financial assets held-for-trading	-	-	-	-
Financial investments available-for-sale	1,784	1,141	17,580	3,056
Financial investments held-to-maturity	-	2,718	243	6,114
	<u>1,784</u>	<u>9,959</u>	<u>49,823</u>	<u>15,270</u>

18 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
(d) <u>Net unrealised gains/(losses) on revaluation of financial assets held-for-trading and derivatives</u>	28,624	24,738	38,208	(197)
(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>	(9,768)	(2,447)	(24,482)	(12,587)
(f) <u>Net unrealised gains/(losses) on fair value changes arising from fair value hedges</u>	22,730	(3,656)	36,491	7,866
(g) <u>Other income:</u>				
Foreign exchange gain	26,731	26,319	57,103	83,914
Rental income	252	163	542	430
Gain on disposal of property and equipment (net)	145	57	152	461
Gain/(Loss) on disposal of subsidiary	-	(6,100)	-	(2,239)
Others	4,107	4,842	13,032	14,263
	<u>31,235</u>	<u>25,281</u>	<u>70,829</u>	<u>96,829</u>
Total other operating income	<u>145,498</u>	<u>129,008</u>	<u>480,108</u>	<u>384,630</u>

19 Other operating expenses

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	121,443	110,922	351,192	315,129
- Others	10,927	11,818	34,486	33,536
<u>Establishment costs</u>				
- Depreciation equipment	13,671	13,463	39,379	36,243
- Depreciation of Prepaid Lease	140	21	421	63
- Amortisation of intangible assets	4,661	3,714	12,864	9,719
- Rental	11,523	10,633	34,376	32,817
- Information technology expenses	15,810	11,855	41,663	34,184
- Others	12,535	11,731	36,358	32,066
<u>Marketing expenses</u>				
- Advertisement and publicity	7,429	16,147	17,626	48,322
- Handling fees	-	641	-	918
- Others	11,689	13,103	40,472	35,819
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,933	1,825	4,856	5,581
- Stationery & printing	2,886	1,456	7,998	6,932
- Others	28,300	33,149	87,837	97,943
	<u>242,947</u>	<u>240,478</u>	<u>709,528</u>	<u>689,272</u>

19 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	102,884	96,813	302,310	274,271
- Others	9,359	10,509	30,511	30,044
<u>Establishment costs</u>				
- Depreciation equipment	12,671	12,762	37,352	34,373
- Depreciation of Prepaid Lease	137	19	414	57
- Amortisation of intangible assets	4,548	3,714	12,416	9,639
- Rental	9,842	9,893	29,850	29,939
- Information technology expenses	15,536	11,604	40,781	33,412
- Others	10,985	10,152	30,624	27,200
<u>Marketing expenses</u>				
- Advertisement and publicity	7,347	16,100	17,332	46,882
- Handling fees	-	347	-	(143)
- Others	11,587	12,857	40,233	34,541
<u>Administration and general expenses</u>				
- Teletransmission expenses	1,871	1,801	4,690	5,467
- Stationery & printing	2,818	1,413	7,795	6,763
- Others	28,482	32,481	86,900	92,540
	<u>218,067</u>	<u>220,465</u>	<u>641,208</u>	<u>624,985</u>

20 Allowance for impairment on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
- collective assessment allowance	59,105	-	173,067	-
- individual assessment allowance	(1,883)	-	7,249	-
- general allowance (net)	-	11,082	-	13,196
- specific allowance	-	72,780	-	229,525
- specific allowance written back	-	(26,056)	-	(77,069)
Bad debts and financing written off	2,452	2,021	6,836	5,599
Bad debts and financing recovery	(22,059)	(25,269)	(68,674)	(70,718)
	<u>37,615</u>	<u>34,558</u>	<u>118,478</u>	<u>100,533</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for impaired loans and financing:				
- collective assessment allowance	51,861	-	151,490	-
- individual assessment allowance	(1,069)	-	5,396	-
- general allowance (net)	-	16,814	-	24,217
- specific allowance	-	68,396	-	214,776
- specific allowance written back	-	(24,248)	-	(71,509)
Bad debts and financing written off	2,163	1,880	6,258	5,185
Bad debts and financing recovery	(20,961)	(24,489)	(65,520)	(67,718)
	<u>31,994</u>	<u>38,353</u>	<u>97,624</u>	<u>104,951</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 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	3,333,141	3,044,043	2,774,814	2,573,041
Other reserves	1,956,462	1,931,057	1,797,748	1,792,970
Less: Treasury shares	(677,766)	(687,908)	(677,766)	(687,908)
Less: Deferred tax assets	(123,266)	(140,137)	(102,976)	(122,544)
Total tier-1 capital	6,608,342	6,266,826	5,911,591	5,675,330
Tier-2 capital				
Collective assessment [^]	638,130	-	558,387	-
General allowance	-	577,822	-	511,615
Subordinated bonds	700,000	647,500	700,000	647,500
Total tier-2 capital	1,338,130	1,225,322	1,258,387	1,159,115
Total capital	7,946,472	7,492,148	7,169,978	6,834,445
Less: Investment in subsidiary companies	-	-	(1,023,117)	(714,092)
Less: Investment in associated company	(1,310,835)	(1,172,175)	(946,505)	(946,505)
Less: Investment in jointly controlled entity	(75,095)	(76,023)	(76,711)	(76,711)
Total capital base	6,560,542	6,243,950	5,123,645	5,097,137
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	14.10% *	15.50% *	11.89% *	13.34% *
Risk-weighted Capital Ratio	14.10% *	15.50% *	11.89% *	13.34% *
<u>After deducting proposed dividends</u>				
Core Capital Ratio	14.10% *	15.08% *	11.89% *	12.90% *
Risk-weighted Capital Ratio	14.10% *	15.08% *	11.89% *	12.90% *

[^] Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment.

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

The profit after tax of the Group and the Bank for the half year ended 31 December 2010, had been subjected to a limited review by our external auditors. As such the Group's and the Bank's profit after tax for the half year ended 31 December 2010 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively.

21 Capital adequacy (continued)

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

	Hong Leong Islamic Bank Berhad *
As at 31 March 2011	
<u>Before deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	15.77%
Risk-weighted capital ratio	<u>17.37%</u>
<u>After deducting proposed</u>	
<u>dividends:</u>	
Core capital ratio	15.77%
Risk-weighted capital ratio	<u>17.37%</u>
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>

* 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.

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Risk-weighted assets for credit risk	40,964,452	33,410,804	37,947,871	31,915,225
Risk-weighted assets for market risk	1,553,001	2,959,318	1,460,180	2,720,655
Risk-weighted assets for operational risk	4,012,374	3,912,306	3,673,901	3,566,649
Total risk-weighted assets	<u>46,529,827</u>	<u>40,282,428</u>	<u>43,081,952</u>	<u>38,202,529</u>

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

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

21 Capital adequacy (continued)

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

The Group
31 March 2011

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	22,398,589	22,398,589	-	-	-
Public Sector Entities	38,742	38,742	7,748	7,748	620
Banks, DFI & MDBs	14,095,628	14,095,629	3,847,644	3,847,644	307,811
Insurance Companies, Securities Firms & Fund Managers	28,991	28,991	28,991	28,991	2,319
Corporates	11,978,502	11,389,286	10,902,043	10,902,043	872,163
Regulatory Retail	16,655,123	16,216,924	12,880,295	12,880,295	1,030,423
Residential Mortgages	13,633,452	13,628,102	5,169,907	5,169,907	413,593
Higher Risk Assets	156,441	156,441	234,663	234,663	18,773
Other Assets	1,840,092	1,840,092	883,045	883,045	70,644
Defaulted Exposures	804,412	803,743	1,078,806	1,078,806	86,305
Total for On Balance Sheet Exposures	81,629,972	80,596,539	35,033,142	35,033,142	2,802,651
Off Balance Sheet Exposures					
OTC Derivatives	3,134,183	3,134,183	1,709,195	1,709,195	136,736
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,207,953	4,842,844	4,129,949	4,129,949	330,396
Defaulted Exposures	61,448	61,444	92,166	92,166	7,373
Total for Off Balance Sheet Exposures	8,403,584	8,038,471	5,931,310	5,931,310	474,505
Total for On and Off Balance Sheet Exposures	90,033,556	88,635,010	40,964,452	40,964,452	3,277,156
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	52,540,542	44,821,818	7,718,724	1,298,142	105,499
Foreign Currency Risk	194,212	240,032	933,101	248,596	19,878
Option Risk	-	-	-	6,263	501
Total Market Risk				1,553,001	125,878
3 Operational Risk					
Operational Risk				4,012,374	320,990
Total RWA and Capital Requirement				46,529,827	3,724,024

PSIA : Profit sharing investment account

OTC : Over the counter

MDB : Multilateral development bank

DFI : Development financial institution

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, DFI & 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 Mortgages	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
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

MDB : Multilateral development bank

DFI : Development financial institution

21 Capital adequacy (continued)

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

The Bank
31 March 2011

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	19,380,287	19,380,287	-	-	-
Public Sector Entities	38,742	38,742	7,748	7,748	620
Banks, DFI & MDBs	14,116,689	14,116,690	3,937,122	3,937,122	314,970
Insurance Companies, Securities Firms & Fund Managers	27,347	27,347	27,347	27,347	2,188
Corporates	10,664,339	10,075,982	9,834,910	9,834,910	786,793
Regulatory Retail	14,122,785	13,686,812	10,798,396	10,798,396	863,872
Residential Mortgages	12,113,730	12,108,577	4,588,055	4,588,055	367,044
Higher Risk Assets	155,652	155,652	233,478	233,478	18,678
Other Assets	2,662,214	2,662,214	1,703,723	1,703,723	136,298
Defaulted Exposures	667,990	667,321	880,539	880,539	70,443
Total for On Balance Sheet Exposures	73,949,775	72,919,624	32,011,318	32,011,318	2,560,906
Off Balance Sheet Exposures					
OTC Derivatives	3,510,832	3,510,832	2,085,844	2,085,844	166,868
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	4,804,921	4,439,841	3,797,784	3,797,784	303,823
Defaulted Exposures	35,287	35,283	52,925	52,925	4,234
Total for Off Balance Sheet Exposures	8,351,040	7,985,956	5,936,553	5,936,553	474,925
Total for On and Off Balance Sheet Exposures	82,300,815	80,905,580	37,947,871	37,947,871	3,035,831
2 Market Risk					
	Long Position	Short Position			
Interest Rate Risk	51,999,024	41,603,974	10,395,050	1,213,885	97,111
Foreign Currency Risk	185,648	240,032	933,101	240,032	19,203
Option Risk	-	-	-	6,263	501
Total Market Risk				1,460,180	116,815
3 Operational Risk					
Operational Risk				3,673,901	293,912
Total RWA And Capital Requirement				43,081,952	3,446,558

PSIA : Profit sharing investment account

OTC : Over the counter

MDB : Multilateral development bank

DFI : Development financial institution

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	Risk-Weighted Assets	Total Risk-Weighted Assets 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, DFI & 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 Mortgages	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
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	3,566,649
Total RWA And Capital Requirement				38,202,529	38,202,529
					3,056,205

PSIA : Profit sharing investment account

OTC : Over the counter

MDB : Multilateral development bank

DFI : Development financial institution

21 Capital adequacy (continued)

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

The Group 31 March 2011		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 & DFIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity Exposures		
0%	22,398,589	-	-	-	-	-	-	-	994,160	-	-	-	23,392,749	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	38,742	10,864,457	-	613,804	-	-	-	-	-	-	-	11,517,003	2,303,402
35%	-	-	-	-	-	-	9,539,052	-	-	-	-	-	9,539,052	3,338,668
50%	-	-	5,732,147	-	199,709	20,845	2,673,208	-	-	-	-	-	8,625,909	4,312,955
75%	-	-	-	-	-	19,858,557	-	-	-	-	-	-	19,858,557	14,893,918
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	15,657	29,104	13,330,610	21,534	594,063	-	883,227	-	-	-	14,874,197	14,874,195
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	539,875	130,867	-	156,801	-	-	-	-	827,543	1,241,314
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	22,398,589	38,742	16,612,261	29,104	14,683,998	20,031,803	12,806,323	156,801	1,877,387	-	-	-	88,635,010	40,964,452

PSE : Public Sector Entity

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
Supervisory Risk Weights %	Sovereigns & Central Banks	PSEs	Banks, MDBs & DFIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity 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%	-	-	-	-	344,151	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	11,187,595	15,667,467	11,993,123	47,623	1,698,838	-	-	-	76,605,938	33,410,804

PSE : Public Sector Entity

21 Capital adequacy (continued)

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

The Bank 31 March 2011		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 & DFIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity Exposures		
0%	19,380,287	-	-	-	-	-	-	-	995,605	-	-	-	20,375,893	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	38,742	10,601,299	-	306,090	-	-	-	-	-	-	-	10,946,131	2,189,226
35%	-	-	-	-	-	-	8,728,877	-	-	-	-	-	8,728,877	3,055,107
50%	-	-	5,997,166	-	199,709	20,790	2,340,720	-	-	-	-	-	8,558,385	4,279,192
75%	-	-	-	-	-	16,837,738	-	-	-	-	-	-	16,837,738	12,628,304
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	15,657	27,347	12,562,876	20,170	453,629	-	1,703,906	-	-	-	14,783,585	14,783,585
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	436,715	82,430	-	155,826	-	-	-	-	674,971	1,012,457
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,380,287	38,742	16,614,122	27,347	13,505,390	16,961,128	11,523,226	155,826	2,699,511	-	-	-	80,905,580	37,947,871

PSE : Public Sector Entity

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
Supervisory Risk Weights %	Sovereigns & Central Banks	PSEs	Banks, MDBs & DFIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation Exposures	Equity 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%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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

PSE : Public Sector Entity

21 Capital adequacy (continued)

e) Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Group 31 March 2011	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Total Risk - Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	176,083	176,080	-	167,729
Certain transaction related contingent items	292,015	146,008	-	133,354
Short-term self liquidating trade-related contingencies	442,505	88,501	-	86,890
Foreign exchange related contracts				
- one years or less	33,634,292	707,653	289,352	387,616
- over one year to five years	5,705,223	498,602	100,463	357,507
- over five years	250,728	66,220	26,725	33,110
Interest/ Profit rate related contracts				
- one years or less	6,527,957	24,381	283,359	9,120
- over one year to five years	31,589,415	897,660	156	438,988
- over five years	9,582,813	906,264	88	453,132
Commitment to extend credit:				
- maturity more than 1 year	6,945,284	1,365,765	-	1,027,296
- maturity less than 1 year	17,469,756	3,517,243	-	2,831,044
Equity related contracts				
- one years or less	127,154	8,676	1,047	5,421
- over one year to five years	6,600	528	-	106
Total	112,749,825	8,403,581	701,190	5,931,313

The Group 30 June 2010	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Total Risk - Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	175,141	175,141	-	164,269
Certain transaction related contingent items	257,429	128,715	-	117,040
Short-term self liquidating trade-related contingencies	533,384	106,677	-	104,316
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
Commitments that are unconditionally cancellable by the bank at any time 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

21 Capital adequacy (continued)

Disclosure on Off Balance Sheet and Counterparty Credit Risk

The Bank 31 March 2011	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Total Risk - Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	176,082	176,082	-	167,729
Certain transaction related contingent items	287,119	143,559	-	130,905
Short-term self liquidating trade-related contingencies	440,954	88,190	-	86,581
Foreign exchange related contracts				
- one years or less	33,216,288	707,653	289,352	387,615
- over one year to five years	9,215,589	875,252	161,179	734,156
- over five years	250,728	66,220	26,725	33,110
Interest/ Profit rate related contracts				
- one years or less	6,527,957	24,381	283,359	9,120
- over one year to five years	31,589,415	897,661	156	438,988
- over five years	9,582,813	906,264	88	453,132
Commitment to extend credit:				
- maturity more than 1 year	5,120,780	1,365,765	-	1,027,296
- maturity less than 1 year	17,162,088	3,090,809	-	2,462,396
Equity related contracts				
- one years or less	127,154	8,676	1,047	5,421
- over one year to five years	6,600	528	-	106
Total	113,703,567	8,351,040	761,906	5,936,555

The Bank 30 June 2010	Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Total Risk - Weighted Amount RM'000
Nature of item:				
Direct credit substitutes	175,141	175,141	-	164,269
Certain transaction related contingent items	256,300	128,151	-	116,476
Short-term self liquidating trade-related contingencies	531,631	106,326	-	103,965
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
Commitments that are unconditionally cancellable by the bank at any time 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

22 Group segmental reporting on revenue, profit and assets

	Financial quarter ended 31/03/2011				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Overseas Associate and Jointly Controlled Entity RM'000	Total RM'000
<u>By business segment</u>					
External revenue	327,449	1,941	248,524	-	577,914
Inter-segment revenue	63,471	77,828	(141,299)	-	-
Segment revenue	390,920	79,769	107,225	-	577,914
Segment profit before taxation	174,904	45,403	77,045	-	297,352
Share of profit after tax of equity accounted associated company				57,174	57,174
Share of profit after tax of equity accounted jointly controlled entity				(201)	(201)
Profit before taxation					354,325
Taxation and zakat					(64,629)
Profit after taxation					289,696

	Financial period ended 31/03/2011				
	Personal Financial Services RM'000	Business Banking Division RM'000	Treasury RM'000	Overseas Associate and Jointly Controlled Entity RM'000	Total RM'000
<u>By business segment</u>					
External revenue	1,000,324	6,304	715,037	-	1,721,665
Inter-segment revenue	171,026	236,540	(407,566)	-	-
Segment revenue	1,171,350	242,844	307,471	-	1,721,665
Segment profit before taxation	549,582	119,545	224,532	-	893,659
Share of profit after tax of equity accounted associated company				138,660	138,660
Share of profit after tax of equity accounted jointly controlled entity				(928)	(928)
Profit before taxation					1,031,391
Taxation and zakat					(193,063)
Profit after taxation					838,328
Segment assets	32,674,794	9,501,386	45,396,590	-	87,572,770
Unallocated assets					3,344,922
Total assets					90,917,692

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

	Corresponding quarter ended 31/03/2010				
	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	313,523	2,313	192,210	-	508,046
Inter-segment revenue	34,354	51,706	(86,060)	-	-
Segment revenue	<u>347,877</u>	<u>54,019</u>	<u>106,150</u>	<u>-</u>	<u>508,046</u>
Segment profit before taxation	145,243	9,832	77,935	-	233,010
Share of profit after tax of equity accounted associated company					27,005
Profit before taxation					<u>260,015</u>
Taxation and zakat					(32,060)
Profit after taxation					<u><u>227,955</u></u>

	Financial period ended 31/03/2010				
	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	936,521	27,313	573,535	1,758	1,539,127
Inter-segment revenue	118,138	139,397	(257,535)	-	-
Segment revenue	<u>706,782</u>	<u>112,691</u>	<u>209,850</u>	<u>1,758</u>	<u>1,539,127</u>
Segment profit before taxation	446,945	60,085	248,565	(192)	755,403
Share of profit after tax of equity accounted associated company					84,724
Profit before taxation					<u>840,127</u>
Taxation and zakat					(153,257)
Profit after taxation					<u><u>686,870</u></u>
Segment assets	28,822,242	7,997,819	43,613,026	-	80,433,087
Unallocated assets					2,708,644
Total assets					<u><u>83,141,731</u></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 period ended 31 March 2011 except for the following:-

- (i) On 29 April 2011, CIMB Investment Bank Berhad ("CIMB") on behalf of HLB, announced that EON Capital Berhad ("EON Cap") had on 28 April 2011 accepted the offer made by HLB for the acquisition of the entire assets and liabilities of EON Cap ("Proposed Acquisition") in accordance with the terms and conditions set out in HLB's letter of Offer dated 1 April 2010 (including all subsequent amendments/supplements thereto) subject to and conditional upon the following:

- (a) HLB confirming that it has no objection to EON Bank Berhad ("EON Bank") declaring and paying net dividend amounting to RM311,943,930 ("Proposed Interim Dividend") upon receipt by EON Bank of the approval from Bank Negara Malaysia ("BNM");
- (b) HLB shall acquire the assets and liabilities of EON Cap at the offer price of RM5,060,423,743.60 with no deduction for the payment of the Proposed Interim Dividend.

HLB had informed EON Cap that it is agreeable to the above conditions.

HLB and EON Cap also agreed that:

- (a) EON Cap/EON Bank shall submit the application to BNM for the Proposed Interim Dividend ("BNM Application");
 - (b) either party may submit the application to the Securities Commission ("SC") for the change in control of MIMB Investment Bank Berhad ("SC Application");
 - (c) the total liabilities at EON Cap company level less available cash at EON Cap company level liabilities shall not exceed RM14.1 million as at the completion date; and
 - (d) both parties shall complete the transaction once BNM's and SC's approvals for the BNM Application and SC Application, respectively are obtained.
- (ii) On 4 May 2011, CIMB on behalf of HLB, announced that SC had, through its letter dated 4 May 2011, given its approval for the proposed change in shareholding of MIMB Investment Bank Berhad.
- (iii) On 6 May 2011, CIMB on behalf of HLB, announced the following:-
 - (a) BNM has given its approval for EON Bank to declare and pay a net interim dividend amounting to RM312 million to EON Cap; and
 - (b) The Proposed Acquisition has been completed on 6 May 2011, in accordance with the terms of the offer made by HLB via its offer letter dated 1 April 2010 and all subsequent amendments, supplements thereto.

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

- (iv) On 5 May 2011, HLB announced that it has successfully completed its issuances of Tier 2 Subordinated Debt (“Sub Debt”) of RM1.0 billion and Non-Innovative Tier 1 Stapled Securities (“NIT-1 Stapled Securities”) of RM1.4 billion respectively.

The Sub Debt is rated AA2 while the NIT-1 Stapled Securities is rated AA3 by RAM Rating Services Berhad.

The Sub Debt, with a maturity of 10 years and callable at the end of year 5 and on each subsequent coupon payment date, pays a semi annual coupon of 4.35% p.a., while the NIT-1 Stapled Securities, which is perpetual in nature and callable at the end of year 5 and on each coupon payment date, pays a semi annual coupon of 5.05% p.a. The call options on both the Sub Debt and the NIT-1 Stapled Securities shall be subject to the approval of BNM.

- (v) On 10 May 2011, HLB announced Hong Leong Financial Group Berhad (“HLFG”), the holding company of HLB, is providing a Tier 2 Capital Cumulative Subordinated Loan Facility for the amount of up to RM2.3 billion (the “Facility”) to HLB and HLB had on 6 May 2011 drawn down on the full facility amount of RM2.3 billion.

The Facility is a bridging loan to assist HLB with its Risk Weighted Capital Adequacy Ratio pending the completion of a proposed rights issue exercise to be undertaken by HLB (“Proposed HLB Rights Issue”).

The tenure of the Facility shall be 99 years from the date of the drawdown. HLB may, at any time, at its option and subject to the written approval of BNM, prepay the Facility in part or in whole provided that it has paid in full all accrued interest due on such prepayment date. However, upon completion of, inter alia, the Proposed HLB Rights Issue, HLB shall prepay the Facility in whole together with all accrued interest due.

Interest on the Facility shall be at the rate of 6 month Kuala Lumpur Interbank Offered Rate (KLIBOR) plus spread of 70 basis points per annum, payable quarterly in arrears. HLB may, in certain circumstances, defer payment of interest. However, any such deferral of interest shall be cumulative and payable on the next interest payment date on which interest is not deferred. All deferred interest amount shall be payable not later than the date the Facility is fully repaid or prepaid, as the case may be.

The approval of BNM for the Facility has been obtained. The Facility is not subject to the approval of the shareholders of HLB.

24(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2011 except for the following :-

- (i) 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.

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.

As at 31 March 2011, Prominic was dormant. 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 period Ended 31/03/2011			Financial Year Ended 30/06/2010		
	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	176,083	176,080	167,729	175,141	175,141	164,269
Certain transaction related contingent items	292,015	146,008	133,354	257,429	128,715	117,040
Short-term self liquidating trade-related contingencies	442,505	88,501	86,890	533,384	106,677	104,316
Underwriting Obligations	-	-	-	-	-	-
Commitment to extend credit:						
- maturity more than 1 year	6,945,284	1,365,765	1,027,296	-	-	-
- maturity less than 1 year	17,469,756	3,517,243	2,831,044	-	-	-
Commitments that are unconditionally cancellable by the bank at any time without prior notice	-	-	-	21,147,806	-	-
Foreign exchange related contracts	39,590,243	1,272,475	778,233	38,615,643	1,505,651	955,185
Interest rate related contracts	47,700,185	1,828,305	901,240	38,241,597	1,404,960	706,729
Equity related contracts	133,754	9,204	5,527	188,250	12,159	3,388
Total	112,749,825	8,403,581	5,931,313	99,159,250	3,333,303	2,050,927

25 Commitments and contingencies (continued)

	Financial period Ended 31/03/2011			Financial Year Ended 30/06/2010		
	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	176,082	176,082	167,729	175,141	175,141	164,269
Certain transaction related contingent items	287,119	143,559	130,905	256,300	128,151	116,476
Short-term self liquidating trade-related contingencies	440,954	88,190	86,581	531,631	106,326	103,965
Underwriting obligations	-	-	-	-	-	-
Commitment to extend credit:						
- maturity more than 1 year	5,120,780	1,365,765	1,027,296	-	-	-
- maturity less than 1 year	17,162,088	3,090,809	2,462,396	-	-	-
Commitments that are unconditionally cancellable by the bank at any time without prior notice	-	-	-	19,682,271	-	-
Foreign exchange related contracts	42,682,605	1,649,125	1,154,881	41,717,520	2,167,422	1,616,957
Interest rate related contracts	47,700,185	1,828,306	901,240	38,241,597	1,404,961	706,729
Equity related contracts	133,754	9,204	5,527	188,250	12,159	3,388
Total	113,703,567	8,351,040	5,936,555	100,792,710	3,994,160	2,711,784

26 Related party transactions

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

27 a) Interest/Profit rate risk

Group As at 31 March 2011	← 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	858,817	-	-	-	-	16,631,306	-	17,490,123	2.7
Deposits & placement with banks & other financial institution	-	6,763,175	1,489,854	-	-	-	-	8,253,029	2.7
Securities purchased under resale agreement	-	-	-	-	-	-	-	-	-
Securities held at fair value through profit and loss	-	-	-	-	-	-	7,728,459	7,728,459	3.4
Securities available-for-sale	-	351,195	1,466,595	2,089,375	-	297,569	-	4,204,734	3.7
Securities held-to-maturity	1,423,316	1,400,000	1,692,354	2,963,043	-	754	-	7,479,467	3.4
Loans, advances and financing									
- performing	35,640,768	62,604	420,861	3,183,471	2,369,025	(650,255)	-	41,026,474	5.7
- impaired loans	-	-	-	-	-	796,186	-	796,186	-
Other assets	-	-	-	-	-	1,321,581	-	1,321,581	-
Statutory deposits with BNM	-	-	-	-	-	674,450	-	674,450	-
Investment in associated companies	-	-	-	-	-	1,310,835	-	1,310,835	-
Investment in jointly controlled company	-	-	-	-	-	75,095	-	75,095	-
Prepaid land lease payments	-	-	-	-	-	13,774	-	13,774	-
Property, plant and equipment	-	-	-	-	-	355,961	-	355,961	-
Intangible assets	-	-	-	-	-	56,723	-	56,723	-
Deferred tax assets	-	-	-	-	-	130,801	-	130,801	-
Total assets	37,922,901	8,576,974	5,069,664	8,235,889	2,369,025	21,014,780	7,728,459	90,917,692	
Liabilities									
Deposits from customers	33,269,200	12,660,567	14,417,857	3,276,043	-	8,608,230	-	72,231,897	2.2
Deposits & placement of banks & other financial institutions	3,724,411	2,023,129	399,538	-	-	3,037	-	6,150,115	1.1
Bills and acceptance payable	3,832	23,805	10,858	-	-	425,857	-	464,353	2.3
Other liabilities	-	-	-	-	-	3,291,113	-	3,291,113	-
Senior Bonds	-	-	-	902,399	-	-	-	902,399	3.4
Subordinated Bonds	-	-	-	696,859	-	-	-	696,859	4.4
Provision for taxation	-	-	-	-	-	111,642	-	111,642	-
Total liabilities	36,997,443	14,707,501	14,828,253	4,875,301	-	12,439,879	-	83,848,378	
Shareholders funds	-	-	-	-	-	7,069,314	-	7,069,314	-
Total liabilities and Shareholders' funds	36,997,443	14,707,501	14,828,253	4,875,301	-	19,509,193	-	90,917,692	
On-balance sheet profit sensitivity gap	925,458	(6,130,527)	(9,758,589)	3,360,588	2,369,025				

27 b) Interest/Profit rate risk

Group 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	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 and 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		
General and Family Takaful fund assets	-	-	-	-	-	-	-	-		
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 c) Interest/Profit rate risk

Bank As at 31 March 2011	← 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	857,016	-	-	-	-	14,908,007	-	15,765,023	2.7
Deposits & placement with banks & other financial instrument	-	6,606,766	1,301,024	-	-	-	-	7,907,790	2.7
Securities purchased under resale agreement	-	-	-	-	-	-	-	-	-
Securities held at fair value through profit and loss	-	-	-	-	-	-	5,636,003	5,636,003	3.3
Securities available-for-sale	-	351,197	124,011	2,089,373	-	297,497	-	2,862,078	3.9
Securities held-to-maturity	1,127,562	1,400,001	1,689,457	3,527,763	-	754	-	7,745,537	3.4
Loans, advances and financing									
- performing	32,966,981	58,927	359,771	1,997,823	1,113,803	(569,747)	-	35,927,558	5.7
- impaired loans	-	-	-	-	-	745,984	-	745,984	-
Other assets	-	-	-	-	-	1,302,323	-	1,302,323	-
Amount due from subsidiaries	-	-	-	-	-	939,236	-	939,236	-
Statutory deposits with BNM	-	-	-	-	-	520,000	-	520,000	-
Investment in subsidiary	-	-	-	-	-	1,023,117	-	1,023,117	-
Investment in associated companies	-	-	-	-	-	946,505	-	946,505	-
Investment in jointly controlled company	-	-	-	-	-	76,711	-	76,711	-
Prepaid land lease payments	-	-	-	-	-	12,915	-	12,915	-
Property, plant and equipment	-	-	-	-	-	332,694	-	332,694	-
Intangible assets	-	-	-	-	-	53,727	-	53,727	-
Deferred tax assets	-	-	-	-	-	108,809	-	108,809	-
Total assets	34,951,559	8,416,891	3,474,263	7,614,959	1,113,803	20,698,532	5,636,003	81,906,010	
Liabilities									
Deposits from customers	30,165,614	9,810,512	13,619,930	2,764,790	-	8,036,176	-	64,397,022	2.2
Deposits & placement of banks & other financial institutions	3,524,410	2,023,053	399,350	-	-	3,037	-	5,949,850	0.8
Bills and acceptance payable	3,193	19,556	8,816	-	-	322,328	-	353,893	2.6
Other liabilities	-	-	-	-	-	3,204,943	-	3,204,943	-
Senior Bonds	-	-	-	902,399	-	-	-	902,399	3.4
Subordinated Bonds	-	-	-	696,859	-	-	-	696,859	4.4
Provision for taxation	-	-	-	-	-	94,659	-	94,659	-
Total liabilities	33,693,217	11,853,121	14,028,096	4,364,048	-	11,661,143	-	75,599,625	
Shareholders funds						6,306,385		6,306,385	
Total liabilities and Shareholders' funds	33,693,217	11,853,121	14,028,096	4,364,048	-	17,967,528	-	81,906,010	
On-balance sheet profit sensitivity gap	1,258,342	(3,436,230)	(10,553,833)	3,250,911	1,113,803				

27 d) Interest/Profit rate risk

Bank As at 30 June 2010	← Non-trading book →					Non Interest Sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short term funds	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	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
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				

28 Operations of Islamic Banking

28a Unaudited Statement of Financial Position as at 31 March 2011

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
ASSETS		
Cash and short-term funds	1,423,676	2,096,269
Deposits and placements with bank and other financial institutions	344,531	469,178
Financial assets Securities - Held-for-trading	2,092,455	2,133,529
Securities - Available-for-trading	1,342,656	569,403
Securities - Held-to-maturity	295,753	461,739
Financing, advances and other financing	5,117,732	4,138,867
Other assets	21,579	26,791
Statutory deposits with Bank Negara Malaysia	154,450	47,000
Property, plant and equipment	3,442	1,977
Deferred tax assets	21,992	17,593
Total Assets	<u>10,818,266</u>	<u>9,962,346</u>
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>		
Deposits from customers	9,017,621	7,731,615
Deposits and placements of banks and other financial institutions	357,630	865,979
Obligations on securities sold under purchase agreements	-	-
Bills and acceptance payable	110,460	18,774
Other liabilities	476,507	521,766
Provision for taxation	8,394	5,402
Total Liabilities	<u>9,970,612</u>	<u>9,143,536</u>
Islamic banking capital fund	500,000	500,000
Reserves	347,654	318,810
Islamic Banking Funds	<u>847,654</u>	<u>818,810</u>
Total Liabilities and Islamic Banking Funds	<u>10,818,266</u>	<u>9,962,346</u>
COMMITMENTS AND CONTINGENCIES	<u>2,138,620</u>	<u>1,468,416</u>

28 Operations of Islamic Banking (continued)

28b Unaudited Statement of Comprehensive Income for the 3rd Quarter and Cumulative Nine Months Ended 31 March 2011

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Group				
Income derive from investment of deposits' funds and others	91,340	71,699	273,990	218,376
Income derive from investment of shareholders' funds	10,425	9,107	31,627	29,290
Allowance for losses on financing	(5,615)	3,811	(20,556)	4,302
Profit equalisation reserve	734	(2,135)	3,454	2,507
Total distributable income	96,884	82,482	288,515	254,475
Income attributable to deposits	(54,438)	(36,607)	(164,798)	(112,141)
Total net income	42,446	45,875	123,717	142,334
Other operating expenses	(20,912)	(20,132)	(57,027)	(54,135)
Profit before taxation and zakat	21,534	25,743	66,690	88,199
Zakat	(17)	(12)	(48)	(37)
Taxation	(5,405)	(6,461)	(16,673)	(22,085)
Profit after taxation and zakat	16,112	19,270	49,969	66,077
Profit attributable to shareholders	16,112	19,270	49,969	66,077
Earning per share - basic (sen)	3.22	3.85	9.99	13.22
Earning per share - fully diluted (sen)	3.22	3.85	9.99	13.22

28 Operations of Islamic Banking (continued)28c Unaudited Statement of Comprehensive Income for the 3rd Quarter and Cumulative Nine Months Ended 31 March 2011

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Profit after taxation and zakat	16,112	19,270	49,969	66,077
Other comprehensive income/(loss):				
Net fair value changes on available for sale securities	(4,243)	(687)	(6,379)	(1,556)
Income tax relating to components of other comprehensive income	1,061	172	1,595	389
Other comprehensive gain/(loss) for the financial period	(3,182)	(515)	(4,784)	(1,167)
Total comprehensive income for the financial period, net of tax	12,930	18,755	45,185	64,910

28 Operations of Islamic Banking (continued)

28d Financing, advances and other financing

(i) By type

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Cash line	954	3,613
Term financing		
- Housing financing	6,864,023	4,334,789
- Hire purchase receivable	2,535,695	2,466,921
- Lease receivable	4,984	11,806
- Other term financing	964,342	560,441
Bills receivable	-	-
Claims on customers under acceptance credit	192,488	103,135
Staff financing	1	3
Revolving credit	25,068	-
Others	350	467
	<u>10,587,905</u>	<u>7,481,175</u>
Less: Unearned income	(5,361,682)	(3,253,426)
	<u>5,226,223</u>	<u>4,227,749</u>
Less: Allowance for bad and doubtful financing		
- Collective assessment	(105,448)	-
- Individual assessment	(3,043)	-
- General	-	(66,175)
- Specific	-	(22,707)
Total net financing, advances and other financing	<u><u>5,117,732</u></u>	<u><u>4,138,867</u></u>

(ii) By contract

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Bai' Bithaman Ajil (deferred payment sale)	2,789,188	1,941,026
Ijarah (lease)	4,964	11,687
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,214,516	2,171,901
Murabahah (cost-plus)	217,555	103,135
	<u>5,226,223</u>	<u>4,227,749</u>

28 Operations of Islamic Banking (continued)

28d Financing, advances and other financing (continued)

Non-performing financing

(i) Movements in impaired loans, advances and financing are as follows:

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
At 1 July		
- as previously stated	36,324	46,260
- effect of adopting FRS 139	6,432	-
At 1 July, as restated	<u>42,756</u>	<u>46,260</u>
Classified as non-performing during the period	49,634	235,161
Reclassified as performing	(26,466)	(211,205)
Amount recovered	(14,957)	(24,167)
Amount written off	-	(9,725)
At end	<u><u>50,967</u></u>	<u><u>36,324</u></u>
Gross impaired /non-performing loan as a % of gross loans advances and financing	<u><u>1.0%</u></u>	<u><u>0.9%</u></u>

28 Operations of Islamic Banking (continued)

28d Financing, advances and other financing (continued)

(ii) Movements in allowance for bad and doubtful financing

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Collective assessment allowance		
At 1 July		
- as previously stated	-	-
- effect of adopting FRS 139	84,875	-
At 1 July, as restated	84,875	-
Allowance made / (written back)	21,283	-
Unwinding income	(710)	-
At end	<u>105,448</u>	<u>-</u>
Individual assessment allowance		
At 1 July		
- as previously stated	-	-
- effect of adopting FRS 139	1,294	-
At 1 July, as restated	1,294	-
Allowance made / (written back)	1,853	-
Amount recovered	-	-
Amount written off	-	-
Unwinding income	(104)	-
At end	<u>3,043</u>	<u>-</u>
General allowance		
At 1 July		
- as previously stated	66,175	73,486
- effect of adopting FRS 139	(66,175)	-
At 1 July, as restated	-	73,486
Allowance made / (written back)	-	(7,311)
At end	<u>-</u>	<u>66,175</u>
As % of gross financing, advances and other financing less specific allowance	<u>0.0%</u>	<u>1.9%</u>
Specific allowance		
At 1 July		
- as previously stated	22,707	21,027
- effect of adopting FRS 139	(22,707)	-
At 1 July, as restated	-	21,027
Allowance made / (written back)	-	19,831
Amount recovered	-	(8,426)
Amount written off	-	(9,725)
At end	<u>-</u>	<u>22,707</u>

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

	<u>The Group</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Non-Mudharabah		
Demand deposits	588,584	453,133
Saving deposits	676,802	631,211
Negotiable Islamic Debt Certificate	2,039,372	1,254,754
Others	-	-
	<u>3,304,758</u>	<u>2,339,098</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	703,522	636,172
General investment deposits	2,594,740	2,287,927
Specific investment deposits	2,414,601	2,468,418
Others	-	-
	<u>5,712,863</u>	<u>5,392,517</u>
	<u>9,017,621</u>	<u>7,731,615</u>

29 Change in Accounting Policies

(a) Change in Accounting Policies

During the current reporting period, the Group and the Bank adopted the following significant standards and amendments to standards:

- i) FRS 139 Financial Instruments : Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) FRS7 Financial Instruments : Disclosures
- iv) Amendment to FRS 139 "Financial Instruments : Recognition and Measurement", FRS 7 "Financial Instruments : disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

FRS 139 establishes the principles for recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. BNM's Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') which was effective since 1 January 2005 had addressed a significant portion of the requirements under FRS 139. Therefore, the adoption of FRS 139 on 1 July 2010 has resulted in some additional requirements implemented by the Group and the Bank as follows:

The change in accounting policy has been accounted for prospectively in line with the transitional arrangements under para 103AA of FRS 139.

1) Impairment of Loans, Advances and Financing

Prior to 1 July 2010, the Group and the Bank's loan loss allowances were determined in accordance with BNM/GP3 Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts ("BNM/GP3").

Under FRS 139, the Group and the Bank assess at each reporting date whether there is any objective evidence that a loan or a group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or group of loans that can be reliably estimated.

The Group and the Bank first assess whether objective evidence of impairment exists individually for loans which are individually significant, and individually or collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ('EIR') of loans, advances and financing. The carrying amount of the loans, advances and financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 26 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Group and the Bank as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

The adoption of FRS 139 and the transitional provision has resulted in the following adjustment against the retained profit of the Group and the Bank as at 1 July 2010:

29 Change in Accounting Policies (continued)

1) Impairment of Loans, Advances and Financing (continued)

	Group	Bank
	RM'000	RM'000
i) Write back of specific allowance	275,503	252,796
ii) Write back of general allowance	577,822	511,615
iii) Opening adjustment in collective assessment allowance	769,545	684,670
iv) Opening adjustment in individual assessment allowance	228,018	226,724

2) Recognition of Interest Income

Prior to 1 July 2010, interest on loans, advances and financing was recognised in the income statement at contracted interest rates. FRS 139 requires interest income to be recognised on an EIR basis. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not the future credit losses.

The change in accounting policy has resulted in an adjustment of RM57,207,000 and RM54,984,000 (before tax effects) respectively for the Group and the Bank to opening retained profits.

Prior to the adoption of FRS 139, where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of the income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans shall be recognised as income on cash basis.

Upon adoption of FRS 139, once a loan has been written down due to impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Accordingly, all prior years' interest-in-suspense of RM119,894,000 and RM 114,112,000 (before tax effects) has been written back to the opening retained profits of the Group and the Bank.

3) Recognition of Embedded Derivatives

Upon adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the host contract and the fair value of the resulting derivative can be reliably measured.

There is no effect to the results as the Group and the Bank do not have any material embedded derivatives.

4) Fair Valuation of Unquoted Equity Securities

Upon adoption of FRS 139, all unquoted equity securities are now required to be excluded from financial investments held-to-maturity and to be fair valued. These securities have been reclassified to financial investments available-for-sale, with changes in fair value recognised directly to AFS reserves.

The effect of this change has been accounted for as an adjustment to the opening balance of the AFS reserves of RM105,454,000 and RM105,957,000 for the Group and the Bank.

29 Change in Accounting Policies (continued)

(b) Summary of Adjustments due to Change in Accounting Policies

The changes in accounting policies described above have resulted in adjustments to opening reserves of the Group and the Bank as follows:

	Group			Bank		
	Balance as at 1 July, as previously reported RM'000	Effects on adoption of FRS 139 RM'000	As restated RM'000	Balance as at 1 July, as previously reported RM'000	Effects on adoption of FRS 139 RM'000	As restated RM'000
Retained profits	3,044,043	24,655	3,068,698	2,573,041	16,585	2,589,626
Available-for-sale reserve	17,060	79,090	96,150	17,189	79,468	96,657

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

1 Review of performance

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM354.3 million for the current financial quarter ended 31 March 2011, an increase of RM94.3 million or 36.3% as compared to previous corresponding quarter. The increase was due to higher net income of RM69.9 million coupled with higher share of profit from Bank of Chengdu of RM30.2 million. This is offset by higher allowance for impaired loans of RM3.1 million and higher other operating expenses of RM2.5 million.

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

The Group pre-tax profit for the nine months ended 31 March 2011 stood at RM1,031.4 million, an increase of RM191.3 million or 22.8% as compared to RM840.1 million in the previous corresponding period. The increase was due to higher net income by RM182.5 million and higher share of profit from Bank of Chengdu of RM53.9 million. This is however mitigated by higher allowance for impaired loans of RM17.9 million, higher other operating expenses of RM20.3 million and impairment charge of RM6.1 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM354.3 million as compared to RM359.7 million in the preceding quarter, a decrease of RM5.4 million mainly from lower in other operating income of RM30.0 million and lower net income from Islamic banking business by RM1.3 million. This is offset by higher net interest income of RM5.2 million, lower operating expenses of RM5.6 million, lower allowance for impaired loans of RM2.3 million and higher share of profit from Bank of Chengdu of RM12.5 million.

3 Current year prospects

The Group continues to be optimistic about the economic outlook for the rest of the year despite the recent geopolitical events in the Middle East and the massive natural disaster that had struck Japan. There are opportunities to assert our liquidity franchise to strongly grow our scale. The Group will continue to focus on its core businesses emphasizing efficiency and optimal returns on client relationships as well as capitalising on improving business opportunities in Malaysia and the region.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax	72,017	32,047	207,171	152,600
Oversea tax	-	-	-	-
	<u>72,017</u>	<u>32,047</u>	<u>207,171</u>	<u>152,600</u>
Transfer from/(to) deferred taxation	(7,405)	-	(14,156)	619
	<u>64,612</u>	<u>32,047</u>	<u>193,015</u>	<u>153,219</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	72,868	28,054	214,826	137,086
Oversea tax	-	-	-	-
	<u>72,868</u>	<u>28,054</u>	<u>214,826</u>	<u>137,086</u>
Transfer from/(to) deferred taxation	(6,988)	-	(11,886)	(1,864)
	<u>65,880</u>	<u>28,054</u>	<u>202,940</u>	<u>135,222</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:-

On 10 May 2011, CIMB, on behalf of HLB announced that HLB proposes to increase the size of the renounceable rights issue by RM1,000 million from up to RM1,600 million (as approved by HLB's shareholders at the extraordinary general meeting ("EGM") on 4 October 2010) to up to RM2,600 million ("Proposed Enlarged Rights Issue").

The Proposed Enlarged Rights Issue will allow HLB to raise an aggregate gross proceeds of up to RM2,600 million. The entitlement basis for the Proposed Enlarged Rights Issue and the issue price for the new ordinary shares of RM1.00 each in HLB to be issued under the Proposed Enlarged Rights Issue ("Rights Shares") ("Issue Price") have not been fixed at this juncture to provide flexibility to the Board of Directors of HLB in respect of the pricing of the Rights Shares and the number of Rights Shares to be issued.

The Proposed Enlarged Rights Issue is to further strengthen the capital base of the HLB group and for working capital purposes. With the stronger capital base, HLB will be in a better position to take advantage of growth and market opportunities to extend its market share and profitability.

The Proposed Enlarged Rights Issue is subject to the following approvals being obtained for the additional RM1,000 million rights issue:

- (i) Bank Negara Malaysia / Minister of Finance;
- (ii) shareholders of HLBB at an EGM to be convened;
- (iii) Bursa Malaysia Securities Berhad for the listing of and quotation for the Rights Shares to be issued; and
- (iv) any other relevant authorities and/or parties, where required.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Deposits from customers				
Fixed deposits	41,864,393	38,508,805	36,867,049	33,762,006
Negotiable instruments of deposit	5,393,614	2,580,634	4,530,062	2,800,837
Demand deposits	8,612,197	8,012,103	8,036,176	7,364,677
Saving deposits	8,855,187	8,392,327	7,457,229	7,092,707
Short term corporate placement	7,147,792	11,963,804	7,147,792	11,963,804
Other	358,714	255,019	358,714	255,019
	<u>72,231,897</u>	<u>69,712,692</u>	<u>64,397,022</u>	<u>63,239,050</u>
The maturity structure of fixed deposits and negotiable instruments:				
One year or less (short term)	43,796,176	39,992,231	38,632,321	35,487,392
More than one year (medium/long term)	3,461,831	1,097,208	2,764,790	1,075,451
	<u>47,258,007</u>	<u>41,089,439</u>	<u>41,397,111</u>	<u>36,562,843</u>

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	5,837,636	3,583,826	5,837,636	3,577,032
Other financial institutions	312,479	292,577	112,214	214,097
	<u>6,150,115</u>	<u>3,876,403</u>	<u>5,949,850</u>	<u>3,791,129</u>
The maturity structure of deposits and placements of banks and other financial institutions:				
One year or less (short term)	6,150,115	3,876,403	5,949,850	3,791,129
More than one year (medium/long term)	-	-	-	-
	<u>6,150,115</u>	<u>3,876,403</u>	<u>5,949,850</u>	<u>3,791,129</u>

11 Senior bonds

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Senior Bonds	902,399	-

On 17 March 2011, the Bank issued USD300 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

The Bonds will constitute direct, general, unsubordinated and (subject to the provisions of *Negative Pledge Condition*) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer.

12 Subordinated bonds

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Subordinated bonds - USD200 million	-	650,454

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.

On 3 August 2010, the Bank had fully redeemed its US\$200 million Bonds. The Bonds has been delisted from the Official Listing of the Singapore Exchange Securities Trading Limited following the redemption.

	<u>The Group and The Bank</u>	
	Financial Period Ended 31/03/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Subordinated debt	696,859	-

On 10 August 2010, the Bank 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 has a maturity of 10 years and matures on 10 August 2020. Subject to BNM's approval, the Bank has the option to redeem the Sub Debt early at the end of year 5, which is on 10 August 2015 and on each subsequent coupon payment dates thereafter. The Sub Debt's interest rate is 4.85% per annum payable semi-annually in arrears for the tenor of the notes.

The Sub Debt 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.

13 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2011

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	25,829,178	128,014	(254,953)
(ii) 1 year to 3 years	12,105	21	(90)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,937,398	148,328	(47,238)
(ii) 1 year to 3 years	5,009,796	97,588	(50,944)
(iii) More than 3 years	350,594	26,725	(32,429)
Options			
(i) Less than 1 year	2,314,084	13,010	(11,937)
(ii) 1 year to 3 years	137,088	2,854	(2,854)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,561,436	120	(2,823)
(ii) 1 year to 3 years	1,205,000	156	(250)
(iii) More than 3 years	700,000	88	(33)
Swaps			
(i) Less than 1 year	43,946,924	283,239	(246,737)
(ii) 1 year to 3 years	66,825	-	(257)
(iii) More than 3 years	220,000	-	-
Equity related contracts			
(i) Less than 1 year	127,154	1,047	(1,047)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	87,424,182	701,190	(651,592)

13 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2011

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	25,784,135	128,014	(254,953)
(ii) 1 year to 3 years	12,105	21	(90)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,564,437	148,328	(47,238)
(ii) 1 year to 3 years	8,520,162	158,304	(111,660)
(iii) More than 3 years	350,594	26,725	(32,429)
Options			
(i) Less than 1 year	2,314,084	13,010	(11,937)
(ii) 1 year to 3 years	137,088	2,854	(2,854)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,561,436	120	(2,823)
(ii) 1 year to 3 years	1,205,000	156	(250)
(iii) More than 3 years	700,000	88	(33)
Swaps			
(i) Less than 1 year	43,946,924	283,239	(246,737)
(ii) 1 year to 3 years	66,825	-	(257)
(iii) More than 3 years	220,000	-	-
Equity related contracts			
(i) Less than 1 year	127,154	1,047	(1,047)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	90,516,544	761,906	(712,308)

13 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 RM552,046,125 (FYE June 2010: RM569,392,174) and RM42,851,110,209 (FYE June 2010: RM33,587,897,090) 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 RM745,165,346 (FYE June 2010: RM1,339,766,178). 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 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.

13 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.

14 Material litigation

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

15 Dividend

No interim dividend has been proposed for the current quarter.

For financial period ended 31 March 2011, a total dividend of 9 sen per share less tax at 25% has been paid (2009/2010 : 9 sen per share less tax at 25%).

16 Realised and Unrealised Profits

	The Group
	Financial Period Ended 31/03/2011 RM'000
Total retained profits of Hong Leong Bank Berhad and it's subsidiaries	
- Realised	2,776,673
- Unrealised	479,313
	<hr/> 3,255,986
Total share of retained profits from associated company	
- Realised	381,009
Total share of retained profits /(accumulated losses) from jointly controlled entity	
- Realised	(928)
	<hr/> 3,636,067
Less Consolidation Adjustment	(13,029)
Total Group's Retained Profit	<hr/> <hr/> <u>3,623,038</u>

The breakdown of realised and unrealised profits is derived based on the Guidance on Special Note No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Banking Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Banking Group and are deemed realised.

17 Earnings per share

a) Basic earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	289,696	227,955	838,328	686,915
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	(127,700)	(130,654)	(127,700)	(130,654)
	<u>1,452,407</u>	<u>1,449,453</u>	<u>1,452,407</u>	<u>1,449,453</u>
Basic earnings per share (sen)	19.9	15.7	57.7	47.4
<u>The Bank</u>				
Net profit attributable to shareholders of the company	198,240	178,448	642,628	543,385
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	(127,700)	(130,654)	(127,700)	(130,654)
	<u>1,452,407</u>	<u>1,449,453</u>	<u>1,452,407</u>	<u>1,449,453</u>
Basic earnings per share (sen)	13.6	12.3	44.2	37.5

17 Earnings per share (continued)

b) Fully diluted earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	289,696	227,955	838,328	686,915
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,452,407	1,449,453	1,452,407	1,449,453
- adjustment for ESOS	-	-	-	-
	<u>1,452,407</u>	<u>1,449,453</u>	<u>1,452,407</u>	<u>1,449,453</u>
Fully diluted earnings per share (sen)	19.9	15.7	57.7	47.4
<u>The Bank</u>				
Net profit attributable to shareholders of the company	198,240	178,448	642,628	543,385
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,452,407	1,449,453	1,452,407	1,449,453
- adjustment for ESOS	-	-	-	-
	<u>1,452,407</u>	<u>1,449,453</u>	<u>1,452,407</u>	<u>1,449,453</u>
Fully diluted earnings per share (sen)	13.6	12.3	44.2	37.5

Dated this 10 May 2011