

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Financial Position As At 30 June 2011

	Note	The Group		The Bank	
		Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
<u>ASSETS</u>					
Cash and short-term funds		30,476,610	15,729,736	17,349,793	13,975,897
Deposits and placements with financial institutions		5,415,383	7,470,559	6,131,473	7,004,664
Securities purchased under resale agreements		86	-	86	-
Financial assets held for trading	8	6,023,147	8,836,753	4,471,896	6,703,224
Financial investments available-for-sale	9	5,954,139	4,428,770	2,536,925	3,859,367
Financial investments held-to-maturity	10	7,820,548	6,641,003	7,922,570	7,042,610
Loans, advances and financing	11	81,950,757	37,749,070	38,548,822	33,589,093
Other assets	12	951,929	681,713	428,826	657,365
Derivative financial instruments		790,162	1,036,890	802,776	1,357,456
Amount due from subsidiaries		-	-	844,671	1,009,958
Statutory deposits with Bank Negara Malaysia		2,201,874	394,000	988,900	347,000
Investment in subsidiary companies		-	-	6,088,873	714,092
Investment in associated company		1,325,707	1,172,175	946,505	946,505
Investment in jointly controlled entity		75,252	76,023	76,711	76,711
Property and equipment		646,605	346,984	349,445	324,437
Intangible assets		106,365	49,410	59,536	46,935
Goodwill		1,360,174	-	-	-
Deferred tax assets		325,935	140,137	102,281	122,544
Total Assets		145,424,673	84,753,223	87,650,089	77,777,858
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>					
Deposits from customers	13	114,856,543	69,712,692	65,924,094	63,239,050
Deposits and placements of banks and other financial institutions	14	10,697,661	3,876,403	5,820,144	3,791,129
Bills and acceptances payable		683,996	304,140	350,474	285,366
Other liabilities	15	2,865,019	2,551,770	1,912,498	2,456,578
Derivative financial instruments		666,706	1,058,951	672,967	1,379,517
Senior bonds		910,810	-	910,810	-
Tier 2 subordinated bonds		2,858,493	650,454	1,713,260	650,454
Tier 2 capital cumulative subordinated loan		2,314,080	-	2,314,080	-
Non-innovative Tier 1 stapled securities		1,405,706	-	1,405,706	-
Innovative Tier 1 capital securities		503,069	-	-	-
Provision for taxation		197,343	86,490	58,930	72,401
Total Liabilities		137,959,426	78,240,900	81,082,963	71,874,495
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		6,556,884	5,620,124	5,658,763	5,011,164
Less: Treasury Shares		(671,744)	(687,908)	(671,744)	(687,908)
Total Shareholders' Equity		7,465,247	6,512,323	6,567,126	5,903,363
Total Liabilities and Equity		145,424,673	84,753,223	87,650,089	77,777,858
<u>COMMITMENTS AND CONTINGENCIES</u>	25	138,279,839	99,159,250	115,912,569	100,792,710
<u>CAPITAL ADEQUACY</u>					
<u>Before deducting proposed dividends</u>					
Core capital ratio	21	8.43%	15.72%	11.56%	13.57%
Risk-weighted capital ratio	21	14.05%	15.72%	11.56%	13.57%
<u>After deducting proposed dividends</u>					
Core capital ratio	21	8.25%	15.30%	11.19%	13.13%
Risk-weighted capital ratio	21	13.86%	15.30%	11.19%	13.13%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		5.13	4.49	4.52	4.07

* 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 30 June 2011

The Group

	Note	Current Quarter Ended 30/06/2011 RM'000	Corresponding Quarter Ended 30/06/2010 RM'000	Current Year Ended 30/06/2011 RM'000	Corresponding Year Ended 30/06/2010 RM'000
Interest income	16	1,094,485	658,175	3,254,984	2,552,857
Interest expense	17	(575,143)	(293,685)	(1,608,312)	(1,170,208)
Net interest income		519,342	364,490	1,646,672	1,382,649
Net income from Islamic Banking business		82,816	46,804	227,090	184,837
Other operating income	18	218,634	108,958	668,695	517,593
Net Income		820,792	520,252	2,542,457	2,085,079
Other operating expenses	19	(496,110)	(227,195)	(1,205,638)	(916,467)
Operating profit before allowances		324,682	293,057	1,336,819	1,168,612
Allowance for impairment losses on loans, advances and financing	20	(18,796)	(4,497)	(137,274)	(105,030)
Write back of impairment losses		2,094	858	2,094	6,939
Share of profit after tax of equity accounted associated company		307,980	289,418	1,201,639	1,070,521
		72,332	58,851	210,992	143,575
Share of profit after tax of equity accounted jointly controlled entity		157	(688)	(771)	(688)
Profit before taxation (and zakat)		380,469	347,581	1,411,860	1,213,408
Taxation		(83,846)	(44,600)	(276,861)	(204,244)
Zakat		(23)	(39)	(71)	(77)
Net profit for the period		296,600	302,942	1,134,928	1,009,087
Attributable to:					
Owners of the parent		296,600	302,942	1,134,928	1,009,132
Non-controlling interest		-	-	-	(45)
Net profit for the period		296,600	302,942	1,134,928	1,009,087
Earnings per share - basic (sen)		20.4	20.9	78.1	69.6
Earnings per share - fully diluted (sen)		20.3	20.9	77.7	69.6

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 30 June 2011

	The Group			
	Current Quarter Ended 30/06/2011 RM'000	Corresponding Quarter Ended 30/06/2010 RM'000	Current Year Ended 30/06/2011 RM'000	Corresponding Year Ended 30/06/2010 RM'000
Net profit for the financial period/year	296,600	302,942	1,134,928	1,009,087
Other comprehensive income/(loss):				
Share of other comprehensive income of associate company and jointly controlled entity	(24)	(3)	(24)	(3)
Currency translation difference	5,827	(3,408)	(39,161)	(24,737)
Net fair value changes on financial investments available-for-sale	18,844	(2,768)	8,113	58,352
Income tax relating to components of other comprehensive income/(loss)	(4,711)	692	(2,028)	(14,588)
Other comprehensive income/(loss) for the financial period/year	19,936	(5,487)	(33,100)	19,024
Total comprehensive income for the financial period/year, net of tax	<u>316,536</u>	<u>297,455</u>	<u>1,101,828</u>	<u>1,028,111</u>
Attributable to:				
- Owners of the parent	316,536	297,455	1,101,828	1,028,156
- Non-controlling interest	-	-	-	(45)
	<u>316,536</u>	<u>297,455</u>	<u>1,101,828</u>	<u>1,028,111</u>

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Income Statements
For The Financial Quarter Ended 30 June 2011

The Bank

	Note	Current Quarter Ended 30/06/2011 RM'000	Corresponding Quarter Ended 30/06/2010 RM'000	Current Year Ended 30/06/2011 RM'000	Corresponding Year Ended 30/06/2010 RM'000
Interest income	16	765,058	687,338	2,952,529	2,592,586
Interest expense	17	(418,014)	(322,376)	(1,501,193)	(1,209,792)
Net interest income		347,044	364,962	1,451,336	1,382,794
Other operating income	18	209,360	124,799	689,468	535,129
Net Income		556,404	489,761	2,140,804	1,917,923
Other operating expenses	19	(325,336)	(206,154)	(966,544)	(831,139)
Operating profit before allowances		231,068	283,607	1,174,260	1,086,784
Allowance for impairment losses on loans, advances and financing	20	1,930	383	(95,694)	(104,568)
Write back of impairment losses		-	858	-	6,939
Profit before taxation		232,998	284,848	1,078,566	989,155
Taxation		(68,133)	(58,579)	(271,073)	(200,226)
Profit after taxation		164,865	226,269	807,493	788,929
Profit attributable to shareholders		164,865	226,269	807,493	788,929
Earnings per share - basic (sen)		11.3	15.6	55.6	54.4
Earnings per share - fully diluted (sen)		11.3	15.6	55.3	54.4

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Quarter Ended 30 June 2011

	The Bank			
	Current Quarter Ended 30/06/2011 RM'000	Corresponding Quarter Ended 30/06/2010 RM'000	Current Year Ended 30/06/2011 RM'000	Corresponding Year Ended 30/06/2010 RM'000
Net profit for the financial period/year	<u>164,865</u>	<u>226,269</u>	<u>807,493</u>	<u>788,929</u>
Other comprehensive income/(loss):				
Currency translation difference	260	-	623	-
Net fair value changes on financial investments available-for-sale	19,013	(3,213)	14,660	59,791
Income tax relating to components of other comprehensive income	<u>(4,753)</u>	<u>803</u>	<u>(3,665)</u>	<u>(14,948)</u>
Other comprehensive gain/(loss) for the financial period/year	<u>14,520</u>	<u>(2,410)</u>	<u>11,618</u>	<u>44,843</u>
Total comprehensive income for the financial period/year, net of tax	<u><u>179,385</u></u>	<u><u>223,859</u></u>	<u><u>819,111</u></u>	<u><u>833,772</u></u>

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 2011

	Attributable to owners of the parent							Retained Profit RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Share options Reserve RM'000	Regulatory Reserve RM'000	Exchange Fluctuation Reserve RM'000					
The Group												
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	-	-	-	7,310	-	86,400	-	86,400
- Prior year adjustments	-	-	-	-	-	-	-	88,300	-	88,300	-	88,300
Balance as at 1 July 2010, as restated	1,580,107	539,664	1,902,915	96,150	15,829	-	12,313	3,139,653	(687,908)	6,598,723	-	6,598,723
Comprehensive income												
Net profit for the period/year	-	-	-	-	-	-	-	1,134,928	-	1,134,928	-	1,134,928
Share of other comprehensive income of associates	-	-	-	(24)	-	-	-	-	-	(24)	-	(24)
- Net fair value changes in financial investments available-for-sale	-	-	-	6,085	-	-	-	-	-	6,085	-	6,085
- Currency translation difference	-	-	-	-	-	-	(39,161)	-	-	(39,161)	-	(39,161)
Total comprehensive income/(loss)	-	-	-	6,061	-	-	(39,161)	1,134,928	-	1,101,828	-	1,101,828
Transactions with owners												
Transfer to statutory reserve/regulatory reserve	-	-	33,739	-	-	726	-	(33,742)	-	723	-	723
Dividend paid	-	-	-	-	-	-	-	(261,518)	-	(261,518)	-	(261,518)
ESOS exercised	-	-	-	-	(2,314)	-	-	4,035	16,164	17,885	-	17,885
Option charge arising from ESOS granted	-	-	-	-	7,606	-	-	-	-	7,606	-	7,606
Total transactions with owners	-	-	33,739	-	5,292	726	-	(291,225)	16,164	(235,304)	-	(235,304)
Closing Balance @ 30 June 2011	1,580,107	539,664	1,936,654	102,211	21,121	726	(26,848)	3,983,356	(671,744)	7,465,247	-	7,465,247
Balance as at 1 July 2009	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
- Prior year adjustments	-	-	-	-	-	-	-	67,188	-	67,188	-	67,188
Balance as at 1 July 2009, as restated	1,580,107	539,664	1,860,821	(26,701)	13,022	-	37,050	2,423,514	(699,052)	5,728,425	42,988	5,771,413
Comprehensive income												
Net profit for the period	-	-	-	-	-	-	-	1,009,132	-	1,009,132	(45)	1,009,087
Share of other comprehensive income of associates	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
- Net fair value changes in financial investments available-for-sale	-	-	-	43,764	-	-	-	-	-	43,764	-	43,764
- Currency translation difference	-	-	-	-	-	-	(24,737)	-	-	(24,737)	-	(24,737)
Total comprehensive income/(loss)	-	-	-	43,761	-	-	(24,737)	1,009,132	-	1,028,156	(45)	1,028,111
Transactions with owners												
Transfer to statutory reserve	-	-	42,094	-	-	-	-	(42,094)	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(42,943)	(42,943)
Dividend paid	-	-	-	-	-	-	-	(260,924)	-	(260,924)	-	(260,924)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(17)	(17)	-	(17)
ESOS exercised	-	-	-	-	(1,642)	-	-	2,715	11,161	12,234	-	12,234
Option charge arising from ESOS granted	-	-	-	-	4,449	-	-	-	-	4,449	-	4,449
Total transactions with owners	-	-	42,094	-	2,807	-	-	(300,303)	11,144	(244,258)	(42,943)	(287,201)
Closing Balance @ 30 June 2010	1,580,107	539,664	1,902,915	17,060	15,829	-	12,313	3,132,343	(687,908)	6,512,323	-	6,512,323

* 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 Year Ended 30 June 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	
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	-	-	1,211	-	80,679
- Prior year adjustments	-	-	-	-	-	-	88,300	-	88,300
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>2,662,552</u>	<u>(687,908)</u>	<u>5,984,042</u>
<u>Comprehensive income</u>									
Net profit for the period	-	-	-	-	-	-	807,493	-	807,493
- Net fair value changes in financial investments available-for-sale	-	-	-	10,995	-	-	-	-	10,995
- Currency translation difference	-	-	-	-	-	623	-	-	623
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,995</u>	<u>-</u>	<u>623</u>	<u>807,493</u>	<u>-</u>	<u>819,111</u>
<u>Transactions with owners</u>									
Dividend paid	-	-	-	-	-	-	(261,518)	-	(261,518)
ESOS exercised	-	-	-	-	(2,314)	-	4,035	16,164	17,885
Options charge arising from ESOS granted	-	-	-	-	7,606	-	-	-	7,606
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,292</u>	<u>-</u>	<u>(257,483)</u>	<u>16,164</u>	<u>(236,027)</u>
Closing Balance @ 30 June 2011	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>107,652</u>	<u>21,121</u>	<u>36,152</u>	<u>3,212,562</u>	<u>(671,744)</u>	<u>6,567,126</u>
Balance as at 1 July 2009	1,580,107	539,664	1,741,612	(27,654)	13,022	35,529	2,063,433	(699,052)	5,246,661
- Prior year adjustments	-	-	-	-	-	-	67,188	-	67,188
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>2,130,621</u>	<u>(699,052)</u>	<u>5,313,849</u>
<u>Comprehensive income</u>									
Net profit for the period	-	-	-	-	-	-	788,929	-	788,929
- Net fair value changes in financial investments available-for-sale	-	-	-	44,843	-	-	-	-	44,843
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,843</u>	<u>-</u>	<u>-</u>	<u>788,929</u>	<u>-</u>	<u>833,772</u>
<u>Transactions with owners</u>									
Dividend paid	-	-	-	-	-	-	(260,924)	-	(260,924)
Purchase of treasury shares	-	-	-	-	-	-	-	(17)	(17)
ESOS exercised	-	-	-	-	(1,642)	-	2,715	11,161	12,234
Options charge arising from ESOS granted	-	-	-	-	4,449	-	-	-	4,449
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807</u>	<u>-</u>	<u>(258,209)</u>	<u>11,144</u>	<u>(244,258)</u>
Closing Balance @ 30 June 2010	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>17,189</u>	<u>15,829</u>	<u>35,529</u>	<u>2,661,341</u>	<u>(687,908)</u>	<u>5,903,363</u>

Hong Leong Bank Berhad
Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Year Ended 30 June 2011

	The Group		The Bank	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Operating activities				
Profit before taxation	1,411,860	1,185,258	1,078,566	961,005
Adjustments for non-cash items	<u>(802,048)</u>	<u>(407,039)</u>	<u>(742,467)</u>	<u>(291,576)</u>
Operating profit before working capital changes	609,812	778,219	336,099	669,429
Income taxes and zakat paid	(287,889)	(206,914)	(281,963)	(197,850)
Net changes in working capital	<u>2,615,550</u>	<u>(2,513,091)</u>	<u>2,170,504</u>	<u>(1,090,946)</u>
Net cash flow from operating activities	2,937,473	(1,941,786)	2,224,639	(619,367)
Net cash flow from investing activities	6,496,025	(359,045)	(4,224,594)	(937,266)
Net cash flow from financing activities	<u>5,361,469</u>	<u>(285,011)</u>	<u>5,383,463</u>	<u>(285,011)</u>
Changes in cash and cash equivalents	14,794,967	(2,585,842)	3,383,508	(1,841,644)
Currency translation differences	<u>(48,093)</u>	<u>(75,694)</u>	<u>(9,612)</u>	<u>(51,022)</u>
Cash and cash equivalents at the beginning of year	<u>15,729,736</u>	<u>18,391,272</u>	<u>13,975,897</u>	<u>15,868,563</u>
Cash and cash equivalents at the end of period	<u>30,476,610</u>	<u>15,729,736</u>	<u>17,349,793</u>	<u>13,975,897</u>

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL QUARTER ENDED 30 JUNE 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" issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the Group's audited annual financial statements for the last financial year ended 30 June 2010.

The accounting policies and presentation adopted by the Group and the Bank for the condensed financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2010, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective on or after 1 January 2010:

FRS 3 (revised)	"Business Combinations"
FRS 7	"Financial Instruments: Disclosures" and the related amendments
FRS 101 (revised)	"Presentation of Financial Statements"
FRS 123	"Borrowing Costs"
FRS127 (revised)	"Consolidated and Separate Financial Statements"
FRS 139	"Financial Instruments: Recognition and Measurement" and the related amendments
Amendments to FRS 1	"First-time Adoption of Financial Reporting Standards" and
Amendments to FRS 127	"Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
Amendments to FRS 2	"Share-based payment: Vesting Conditions and Cancellations"
Amendments to FRS 132	"Financial Instruments: Presentation" and
FRS 101 (Revised)	"Presentation of Financial Statements" - Puttable financial instruments and obligations arising on liquidation
IC Interpretation 9	"Reassessment of Embedded Derivative" and the related amendments
IC Interpretation 10	"Interim Financial Reporting and Impairment"
IC Interpretation 11	"FRS 2 Group and Treasury Share Transactions"
IC Interpretation 13	"Customer Loyalty Programmes"
IC Interpretation 14	"FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
IC Interpretation 16	"Hedges of a net investment in a foreign operation"
IC Interpretation 17	"Distribution of non-cash assets to owners"
TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"	
Improvements to FRSs (2009 and 2010)	

The adoption of the above standards, amendments to published standards and interpretations do not give rise to any material financial effects to the Group and Bank, other than the effects and change in accounting policies and prior year adjustments as disclosed in Note 27 and Note 28 respectively.

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

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy back and share cancellations, or resale of shares held as treasury shares during the financial year ended 30 June 2011:-

a) Share Buy-back

During the financial year ended 30 June 2011, the Bank purchased a total of 2,000 ordinary shares of RM1.00 each ('Shares') from the open market. The Shares purchased were being held as treasury shares in accordance with the provision of Section 67A subsection 3(A)(b) of the Companies Act, 1965.

Details of the Shares bought back for the financial year ended 30 June 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
Apr-11	-	-	-	-	-
May-11	-	-	-	-	-
Jun-11	-	-	-	-	-
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 30 June 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.

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

b) Purchase of shares pursuant to ESOS

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

During the financial year ended 30 June 2011, the trust did not purchase any new shares. As at 30 June 2011, the total number of Treasury Shares for ESOS was 44,892,200 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 share options at an exercise price of RM7.49; and
- (e) 3,095,000 share 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 year ended 30 June 2011, a total of 3,022,800 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

The Bank had completed its inaugural Ringgit issuance of RM700 million and RM1.0 billion Tier 2 Subordinated Debt ("Sub Debt") on 10 August 2010 and 5 May 2011 respectively. The Sub Debt formed the Tier 2 Subordinated Notes Programme of RM1.7 billion, as approved by the Securities Commission vide its letter dated 27 July 2010.

Both RM700 million and RM1.0 billion Sub Debt have a maturity of 10 years and matures on 10 August 2020 and 5 May 2021 respectively, with call option of the Bank to redeem at year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM.

The RM700 million Sub Debt pays a semi annual coupon of 4.85% per annum whilst RM1.0 billion Sub Debt pays a semi annual coupon of 4.35% per annum.

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

e) Capital cumulative subordinated loan

On 6 May 2011, Hong Leong Financial Group Berhad (“HLFG”), the holding company of HLB provided a Tier 2 Capital Cumulative Subordinated Loan Facility for the amount of up to RM2.3 billion (the “Facility”) to HLB.

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.

f) Non-innovative Tier-1 stapled securities

On 5 May 2011, the Bank has completed its issuance of Non-Innovative Tier 1 Stapled Securities (“NIT-1 Stapled Securities”) of RM1.4 billion.

NIT-1 Stapled Securities, which is perpetual in nature and callable at the end of year 5 and on each coupon payment date subject to approval of BNM, pays a semi annual coupon of 5.05% per annum.

g) 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.

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

The following issuance of debt arises from the acquisition of assets and liabilities of EON Capital Berhad on 6 May 2011:-

a) Subordinated medium term notes

On 27 February 2009, Eon Bank Berhd ("EBB"), a subsidiary of the Bank issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

Subsequently, on 2 December 2009, EBB issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

Subsequently, on 30 December 2010, EBB issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will be remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

b) Innovative Tier-1 capital securities

On 10 September 2009, EBB issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500 million in nominal value under the RM1.0 billion IT-1 Capital Securities Programme. The RM500 million IT-1 Capital Securities has a tenor of 30 years and EBB has the option to redeem the RM500 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

7 Dividends paid

During the financial year ended 30 June 2011, the Bank has paid the following dividends:

- (a) a final dividend of 15.0 sen per shares less 25% income tax amounting to RM163.4 million in respect of the financial year ended 30 June 2010 was paid on 11 November 2010.
- (b) an interm dividend of 9.0 sen per shares less 25% income tax amounting to RM98.1 million in respect of financial year ended 30 June 2011 was paid on 30 March 2011.

8 Financial assets held-for-trading

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Bank Negara Malaysia bills	767,821	2,417,684	99,624	1,962,500
Malaysian Government treasury bills	49,185	251,599	49,185	-
Malaysian Government securities	116,718	1,107,934	116,718	1,107,934
Malaysian Government investment certificates	388,068	1,116,703	326,987	803,122
Bankers' acceptances and Islamic accepted bills	3,732,445	2,771,744	3,140,894	2,161,167
Negotiable instruments of deposit	458,928	739,705	357,876	287,117
Commercial papers	93,847	-	-	-
Cagamas bonds	-	254,998	-	204,998
	<u>5,607,012</u>	<u>8,660,367</u>	<u>4,091,284</u>	<u>6,526,838</u>
Quoted securities:				
Foreign currency bonds	380,612	115,516	380,612	115,516
Unquoted securities:				
Private and Islamic debt securities	35,523	60,870	-	60,870
Total financial assets held-for-trading	<u><u>6,023,147</u></u>	<u><u>8,836,753</u></u>	<u><u>4,471,896</u></u>	<u><u>6,703,224</u></u>

9 Financial investments available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Government treasury bills	364,156	533,551	344,180	533,551
Malaysian Government securities	632,968	1,076,631	394,444	1,076,631
Malaysian Government investment certificates	1,911,745	2,123,648	730,269	1,584,588
Bank Negara Malaysia sukuk	114,695	-	-	-
Bank Negara Malaysia monetary notes	57,117	-	-	-
Bank Negara Malaysia bills	76,353	-	-	-
Negotiable instruments of deposit	522,051	-	-	-
Islamic negotiable instrument debt securities	28,833	-	-	-
Bankers acceptances	44,853	-	-	-
Other Government securities	-	8,312	-	8,312
Cagamas bonds	137,259	125,715	20,375	100,377
	<u>3,890,030</u>	<u>3,867,857</u>	<u>1,489,268</u>	<u>3,303,459</u>
Quoted Securities:				
Shares and convertible loan stocks	111,486	91,650	110,374	91,650
Shares outside Malaysia	53,993	-	53,993	-
Foreign currency bonds in Malaysia	172,603	80,494	172,603	80,494
Foreign currency bonds outside Malaysia	335,930	255,387	335,930	255,387
Private debt securities in Malaysia	19,404	-	-	-
Unquoted securities:				
Private debt securities in Malaysia	1,196,700	133,382	224,356	128,377
Shares in Malaysia	170,695	-	150,401	-
Shares outside Malaysia	3,298	-	-	-
Total financial investments available-for-sale	<u>5,954,139</u>	<u>4,428,770</u>	<u>2,536,925</u>	<u>3,859,367</u>

10 Financial investments held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Money market instruments:				
Malaysian Government securities	3,577,909	4,144,712	3,577,909	4,144,712
Malaysian Government investment certificates	1,123,311	1,312,548	903,689	916,983
Cagamas bonds	170,942	279,872	170,942	279,872
Negotiable instruments of deposit	2,677,278	680,588	3,194,188	1,547,309
Other Government securities	14,043	3,374	-	-
	<u>7,563,483</u>	<u>6,421,094</u>	<u>7,846,728</u>	<u>6,888,876</u>
Unquoted securities in Malaysia:				
Shares	-	27,578	-	27,003
Loan stocks	268	769	268	769
Private and Islamic debt securities	256,797	191,562	75,574	125,962
	<u>257,065</u>	<u>219,909</u>	<u>75,842</u>	<u>153,734</u>
Total financial investments held-to-maturity	<u>7,820,548</u>	<u>6,641,003</u>	<u>7,922,570</u>	<u>7,042,610</u>

11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Overdrafts	4,185,914	2,036,810	2,097,307	2,033,395
Term loans:				
- Housing and shop loans/financing	31,796,741	22,534,948	20,010,166	18,200,159
- Syndicated term loan/financing	4,654,683	2,242,775	2,571,439	1,828,346
- Hire purchase receivables	17,315,908	5,650,823	3,015,843	3,183,902
- Lease receivables	4,486	11,866	-	-
- Other term loans/financing	10,478,950	2,244,026	2,514,792	2,098,015
Credit/charge card receivables	4,262,859	2,210,438	2,497,855	2,210,438
Bills receivables	354,250	268,725	344,927	268,725
Trust receipts	302,959	98,419	140,659	98,419
Claims on customers under acceptance credits	6,621,138	3,619,054	3,919,301	3,515,919
Block discounting	8,391	8,244	8,391	8,244
Revolving credits	3,749,153	1,365,401	2,165,632	1,365,401
Staff loans:				
Directors	-	-	-	-
Staffs other than directors	305,901	99,531	88,858	99,528
Other loans/financing	133,658	40,769	40,811	40,302
	<u>84,174,991</u>	<u>42,431,829</u>	<u>39,415,981</u>	<u>34,950,793</u>
Unearned interest and income *	-	(3,876,159)	-	(622,724)
Gross loans, advances and financing	<u>84,174,991</u>	<u>38,555,670</u>	<u>39,415,981</u>	<u>34,328,069</u>
Unamortised fair value changes arising from terminated fair value hedges	17,177	46,725	14,438	25,435
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(1,575,097)	-	(726,970)	-
- Individual assessment allowance	(666,314)	-	(154,627)	-
- General allowance	-	(577,822)	-	(511,615)
- Specific allowance	-	(275,503)	-	(252,796)
Total net loans, advances and financing	<u>81,950,757</u>	<u>37,749,070</u>	<u>38,548,822</u>	<u>33,589,093</u>

* Unearned interest and income has been reclassified to respective loan type in accordance with FRS 139 requirement.

11 Loans, advances and financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Domestic non-bank financial institutions	718,374	178,501	118,720	174,251
Domestic business enterprises:				
- small and medium enterprises	12,199,078	3,349,519	3,717,642	3,074,735
- others	15,827,270	8,271,816	9,014,645	7,683,774
Government and statutory bodies	28,900	278	-	278
Individuals	52,623,181	25,519,745	24,481,830	22,216,564
Other domestic entities	30,675	14,395	9,816	13,247
Foreign entities	2,747,513	1,221,416	2,073,328	1,165,220
Gross loans, advances and financing	84,174,991	38,555,670	39,415,981	34,328,069

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Fixed rate				
- Housing and shop loans/financing	3,545,531	530,012	756,353	238,678
- Hire purchase receivables	17,263,403	4,924,898	2,963,250	2,757,962
- Other fixed rate loan/financing	7,748,261	3,279,953	3,958,910	3,209,150
Variable rate				
- Base lending rate plus	43,520,900	25,141,613	26,569,853	23,546,220
- Cost plus	11,597,328	4,606,547	5,055,260	4,503,412
- Other variables rates	499,568	72,647	112,355	72,647
Gross loans, advances and financing	84,174,991	38,555,670	39,415,981	34,328,069

11 Loans, advances and financing (continued)

11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Purchase of securities	1,150,991	414,513	543,518	414,420
Purchase of transport vehicles	17,373,379	4,834,160	3,098,694	2,753,057
Purchase of landed properties				
- residential	27,698,836	14,930,332	16,244,598	13,582,028
- non-residential	9,050,882	4,436,355	5,125,385	4,239,732
Personal use	3,572,467	2,994,401	1,929,546	2,929,720
Credit card	4,262,859	2,210,438	2,497,855	2,210,438
Purchase of consumer durables	199	62	70	62
Construction	835,551	298,512	299,515	273,602
Working capital	17,831,471	8,388,912	9,525,206	7,885,786
Others	2,398,356	47,985	151,594	39,224
Gross loans, advances and financing	<u>84,174,991</u>	<u>38,555,670</u>	<u>39,415,981</u>	<u>34,328,069</u>

11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Malaysia	82,352,675	37,633,753	37,608,008	33,406,152
Singapore	1,807,973	921,917	1,807,973	921,917
Vietnam	14,343	-	-	-
Gross loans, advances and financing	<u>84,174,991</u>	<u>38,555,670</u>	<u>39,415,981</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Within one year	23,003,752	11,078,560	13,219,190	9,057,329
One year to less than three years	5,768,612	2,737,654	2,420,188	2,041,299
Three years to less than five years	8,754,965	3,050,511	2,688,947	2,280,991
Five years and more	46,647,662	21,688,945	21,087,656	20,948,450
Gross loans, advances and financing	<u>84,174,991</u>	<u>38,555,670</u>	<u>39,415,981</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Purchase of securities	8,828	10,264	4,737	10,264
Purchase of transport vehicles	185,001	40,252	20,992	23,512
Purchase of landed properties				
- residential	458,242	201,359	181,876	185,699
- non-residential	79,403	55,633	15,846	55,028
Purchase of fixed assets (excluding landed properties)	21,067	-	-	-
Personal use	93,742	53,792	66,998	53,407
Credit card	58,100	27,859	24,770	27,859
Purchase of consumer durables	17	-	-	-
Construction	31,075	15,907	6,412	15,772
Working capital	916,295	321,662	278,885	318,863
Others	31,160	7	284	7
	<u>1,882,930</u>	<u>726,735</u>	<u>600,800</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Malaysia	1,837,905	685,504	555,775	649,180
Singapore	45,025	41,231	45,025	41,231
	<u>1,882,930</u>	<u>726,735</u>	<u>600,800</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
As at beginning of the financial period/year				
- As previously reported	726,735	800,159	690,411	753,899
- Effect of adopting FRS 139	203,467	-	197,035	-
As restated	<u>930,202</u>	<u>800,159</u>	<u>887,446</u>	<u>753,899</u>
Acquisition of assets and liabilities of ECB	1,294,351	-	-	-
Impaired during the financial period/year	883,652	2,910,070	592,997	2,674,909
Performing during the financial period/ year	(493,248)	(2,482,001)	(321,635)	(2,270,796)
Amount written back in respect of recoveries	(459,440)	(287,538)	(336,457)	(263,371)
Amount written off	(277,596)	(211,944)	(224,157)	(202,219)
Exchange difference	5,009	(2,011)	2,606	(2,011)
As at end of the financial period/year	<u>1,882,930</u>	<u>726,735</u>	<u>600,800</u>	<u>690,411</u>
Gross impaired /non-performing loan as a % of gross loans advances and financing	<u>2.2%</u>	<u>1.9%</u>	<u>1.5%</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 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	-
Acquisition of assets and liabilities of ECB	742,983	-	-	-
Allowance made during the period/year	390,985	-	292,817	-
Amount written back in respect of recoveries	(101,191)	-	(70,874)	-
Amount written off	(217,424)	-	(170,822)	-
Unwinding income	(11,018)	-	(10,064)	-
Exchange differences	1,217	-	1,243	-
Closing balance	<u>1,575,097</u>	<u>-</u>	<u>726,970</u>	<u>-</u>
As a % of gross loans, advances and financing less loans exempted from individual assessment allowance	<u>1.9%</u>	<u>-</u>	<u>1.9%</u>	<u>-</u>
<u>Individual Assessment Allowance</u>				
As at beginning of the financial year				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	228,018	-	226,724	-
As restated	228,018	-	226,724	-
Acquisition of assets and liabilities of ECB	505,525	-	-	-
Allowance made during the period/year	72,277	-	27,370	-
Amount written back in respect of recoveries	(83,129)	-	(48,159)	-
Amount written off	(44,200)	-	(37,891)	-
Unwinding income	(14,974)	-	(14,836)	-
Exchange difference	2,797	-	1,419	-
As at end of the financial period/year	<u>666,314</u>	<u>-</u>	<u>154,627</u>	<u>-</u>

11 Loans, advances and financing (continued)

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

General Allowance

As at beginning of the financial year				
- As previously reported	577,822	544,823	511,615	471,305
- Effect of adopting FRS 139	(577,822)	-	(511,615)	-
As restated	-	544,823	-	471,305
Net allowance made during the period/year	-	33,593	-	40,905
Exchange difference	-	(594)	-	(595)
As at end of the financial period/year	-	577,822	-	511,615
As a % of gross loans, advances and financing less specific allowance	-	1.5%	-	1.5%

Specific Allowance

As at beginning of the financial year				
- As previously reported	275,503	327,834	252,796	306,807
- Effect of adopting FRS 139	(275,503)	-	(252,796)	-
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 difference	-	(1,267)	-	(1,267)
As at end of the financial period/year	-	275,503	-	252,796

12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Foreclosed properties	1,458	1,277	475	1,277
Other debtors, deposits and prepayments	950,471	507,281	428,351	501,658
Interest/Income receivable	-	173,155	-	154,430
	<u>951,929</u>	<u>681,713</u>	<u>428,826</u>	<u>657,365</u>

13 Deposits from customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
<u>By type of customer</u>				
Government and statutory bodies	5,571,964	856,715	998,891	301,097
Business enterprises	49,165,910	34,198,672	28,760,256	30,186,453
Individuals	51,478,647	33,353,132	34,896,549	31,601,960
Others	8,640,022	1,304,173	1,268,398	1,149,540
	<u>114,856,543</u>	<u>69,712,692</u>	<u>65,924,094</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 Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Licensed banks	8,043,594	3,583,826	5,820,144	3,577,032
Bank Negara Malaysia	1,897,375	-	-	-
Other financial institutions	756,692	292,577	-	214,097
	<u>10,697,661</u>	<u>3,876,403</u>	<u>5,820,144</u>	<u>3,791,129</u>

15 Other liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Interest/Profit payable	-	377,061	-	339,044
Zakat	66	50	-	-
Post employment benefits obligation				
- defined contribution plan	3,102	3,113	3,102	3,113
Loan advance payment	1,122,560	982,043	1,014,815	927,380
Amount due to cagamas	187,217	-	-	-
Amount due to subsidiary companies	-	-	28,626	70,968
Others	1,552,074	1,189,503	865,955	1,116,073
	<u>2,865,019</u>	<u>2,551,770</u>	<u>1,912,498</u>	<u>2,456,578</u>

16 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing	775,281	420,500	2,122,425	1,630,985
Money at call and deposit placements with financial institutions	176,021	104,264	527,889	355,588
Securities purchased under resale agreements	264	-	2,011	166
Financial assets held-for-trading	7,869	13,096	55,879	58,503
Financial investments available-for-sale	29,525	26,386	100,670	129,359
Financial investments held-to-maturity	105,599	93,461	444,834	377,126
Others	(74)	468	1,276	1,130
	<u>1,094,485</u>	<u>658,175</u>	<u>3,254,984</u>	<u>2,552,857</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,281</u>	<u>-</u>	<u>24,900</u>	<u>-</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing	477,652	423,608	1,823,502	1,642,557
Money at call and deposit placements with financial institutions	140,096	100,876	469,291	345,018
Securities purchased under resale agreements	264	-	2,011	166
Financial assets held-for-trading	5,809	12,857	53,819	58,503
Financial investments available-for-sale	19,583	26,386	90,728	129,092
Financial investments held-to-maturity	109,871	99,009	465,405	382,674
Others	11,783	24,602	47,773	34,576
	<u>765,058</u>	<u>687,338</u>	<u>2,952,529</u>	<u>2,592,586</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,281</u>	<u>-</u>	<u>24,900</u>	<u>-</u>

17 Interest expense

Group	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	31,454	10,522	76,746	33,145
Deposits from customers	432,194	208,911	1,199,199	875,960
Short term corporate placements	42,979	65,092	235,634	225,145
Senior bonds	8,810	-	10,108	-
Tier-2 subordinated bonds	26,222	8,389	52,628	35,089
Tier-2 capital cumulative subordinated loan	14,080	-	14,080	-
Non-innovative Tier-1 stapled securites	11,412	-	11,412	-
Innovative Tier-1 capital securities	6,392	-	6,392	-
Others	1,600	771	2,113	869
	<u>575,143</u>	<u>293,685</u>	<u>1,608,312</u>	<u>1,170,208</u>

Bank	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	20,620	10,752	66,414	34,665
Deposits from customers	303,940	238,047	1,120,453	914,699
Short term corporate placements	42,979	65,092	235,634	225,145
Senior bonds	8,810	-	10,108	-
Tier-2 subordinated bonds	15,874	8,389	42,280	35,089
Tier-2 capital cumulative subordinated loan	14,080	-	14,080	-
Non-innovative Tier-1 stapled securites	11,412	-	11,412	-
Others	299	96	812	194
	<u>418,014</u>	<u>322,376</u>	<u>1,501,193</u>	<u>1,209,792</u>

18 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Group				
(a) <u>Fee income:</u>				
Commissions	22,232	17,653	75,367	70,870
Service charges and fees	11,546	4,258	25,516	17,119
Guarantee fees	3,352	1,317	7,739	6,171
Other fee income	93,859	48,529	275,984	206,632
	<u>130,989</u>	<u>71,757</u>	<u>384,606</u>	<u>300,792</u>
(b) <u>Gain/loss arising from sale of financial assets:</u>				
Net gain/(loss) from sale of financial assets held-for-trading and derivatives	5,544	6,394	42,602	29,243
Net gain from sale of financial investments available-for-sale	2,317	1,588	10,214	10,070
Net gain from redemption of financial investments held-to-maturity	1,173	7	2,109	1,318
	<u>9,034</u>	<u>7,989</u>	<u>54,925</u>	<u>40,631</u>
(c) <u>Gross dividend income from:</u>				
Financial investments available-for-sale	5,943	11,031	23,766	14,087
Financial investments held-to-maturity	-	906	-	7,020
	<u>5,943</u>	<u>11,937</u>	<u>23,766</u>	<u>21,107</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of financial assets held-for-trading and derivatives</u>	19,978	(13,481)	73,763	(9,037)
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	(10,070)	(2,693)	(30,352)	513
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	8,715	573	27,805	3,472
(g) <u>Other income:</u>				
Foreign exchange gain	41,262	25,438	107,140	134,654
Rental income	339	211	881	641
Gain on disposal of property and equipment (net)	296	3	448	465
Profit from Takaful investments	-	-	-	1,758
Others	12,148	7,224	25,713	22,597
	54,045	32,876	134,182	160,115
Total other operating income	218,634	108,958	668,695	517,593

18 Other operating income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Bank				
(a) <u>Fee income:</u>				
Commissions	19,516	17,643	72,605	70,811
Service charges and fees	5,520	4,248	19,508	17,118
Guarantee fees	1,378	1,317	5,765	6,171
Other fee income	58,592	48,535	240,739	206,657
	<u>85,006</u>	<u>71,743</u>	<u>338,617</u>	<u>300,757</u>
(b) <u>Gain/loss arising from sale of financial assets:</u>				
Net gain/(loss) from sale of financial assets held-for-trading and derivatives	4,816	(7,909)	41,874	24,986
Net gain from sale of financial investments available-for-sale	(872)	1,588	7,025	10,070
Net gain from redemption of financial investments held-to-maturity	1,173	7	2,109	1,318
	<u>5,117</u>	<u>(6,314)</u>	<u>51,008</u>	<u>36,374</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	32,000	6,100
Associated company	57,436	16,682	57,436	16,682
Financial investments available-for-sale	5,650	11,031	23,473	14,087
Financial investments held-to-maturity	-	906	-	7,020
	<u>63,086</u>	<u>28,619</u>	<u>112,909</u>	<u>43,889</u>

18 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of financial assets held-for-trading and derivatives</u>	23,693	821	77,478	(6,726)
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	(2,435)	(2,693)	(15,356)	4,770
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	3,576	573	22,666	1,486
(g) <u>Other income:</u>				
Foreign exchange gain	22,203	25,143	79,306	134,757
Rental income	225	211	767	641
Gain on disposal of property and equipment (net)	174	4	326	465
Loss from disposal of subsidiary	-	-	-	(2,239)
Others	8,715	6,692	21,747	20,955
	<u>31,317</u>	<u>32,050</u>	<u>102,146</u>	<u>154,579</u>
Total other operating income	<u>209,360</u>	<u>124,799</u>	<u>689,468</u>	<u>535,129</u>

19 Other operating expenses

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	217,770	107,750	568,962	422,879
- Others	(1,556)	3,013	32,930	36,549
<u>Establishment costs</u>				
- Depreciation of property and equipment	20,327	12,969	60,127	49,275
- Amortisation of intangible assets	7,145	4,349	20,009	14,068
- Rental	14,252	10,892	48,628	43,709
- Information technology expenses	31,797	8,257	73,460	42,441
- Others	19,647	12,192	56,005	44,258
<u>Marketing expenses</u>				
- Advertisement and publicity	16,018	16,499	33,644	64,821
- Handling fees	-	943	-	1,861
- Others	14,765	11,751	55,237	47,570
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,350	3,165	7,206	8,746
- Stationery & printing	5,108	3,329	13,106	10,261
- Others	148,487	32,086	236,324	130,029
	<u>496,110</u>	<u>227,195</u>	<u>1,205,638</u>	<u>916,467</u>

* Including merger related cost charge of RM78 million resulted from EON acquisition.

19 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	104,876	94,047	407,186	368,318
- Others	12,266	1,700	42,777	31,744
<u>Establishment costs</u>				
- Depreciation of property and equipment	13,704	12,568	51,470	46,998
- Amortisation of intangible assets	4,835	4,094	17,251	13,733
- Rental	9,919	9,286	39,769	39,225
- Information technology expenses	18,772	7,969	59,553	41,381
- Others	12,654	8,904	43,278	36,104
<u>Marketing expenses</u>				
- Advertisement and publicity	5,526	15,535	22,858	62,417
- Handling fees	-	526	-	383
- Others	17,346	11,460	57,579	46,001
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,900	3,086	7,590	8,553
- Stationery & printing	2,899	3,122	10,694	9,885
- Others	119,639	33,857	206,539	126,397
	<u>325,336</u>	<u>206,154</u>	<u>966,544</u>	<u>831,139</u>

* Including merger related cost charge of RM78 million resulted from EON acquisition.

20 Allowance for impairment losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	116,727	-	289,794	-
- individual assessment allowance	(18,101)	-	(10,852)	-
- general allowance (net)	-	20,397	-	33,593
- specific allowance	-	59,807	-	289,332
- specific allowance written back	-	(51,383)	-	(128,452)
Impaired loans and financing written off	3,740	3,200	10,576	8,799
Impaired loans and financing recovered	(83,570)	(27,524)	(152,244)	(98,242)
	<u>18,796</u>	<u>4,497</u>	<u>137,274</u>	<u>105,030</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	70,453	-	221,943	-
- individual assessment allowance	(26,185)	-	(20,789)	-
- general allowance (net)	-	16,688	-	40,905
- specific allowance	-	54,725	-	269,501
- specific allowance written back	-	(48,517)	-	(120,026)
Impaired loans and financing written off	3,582	2,944	9,840	8,129
Impaired loans and financing recovered	(49,780)	(26,223)	(115,300)	(93,941)
	<u>(1,930)</u>	<u>(383)</u>	<u>95,694</u>	<u>104,568</u>

21 Capital adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 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	3,983,356	3,132,343	3,212,562	2,661,341
Other reserves	1,931,653	1,931,057	1,798,885	1,792,970
Non-innovative Tier-1 stapled securities	1,394,665	-	1,394,665	-
Innovative Tier-1 capital securities	490,273	-	-	-
Less: Treasury shares	(671,744)	(687,908)	(671,744)	(687,908)
Less: Deferred tax assets	(325,935)	(140,137)	(102,281)	(122,544)
Less: Goodwill	(1,360,174)	-	-	-
Total Tier-1 capital	7,561,865	6,355,126	7,751,858	5,763,630
Tier-2 capital				
Collective assessment allowance ^	1,298,856	-	587,106	-
General allowance	-	577,822	-	511,615
Subordinated bonds	2,833,327	647,500	1,693,352	647,500
Capital cumulative subordinated loan	2,300,000	-	2,300,000	-
Total Tier-2 capital	6,432,183	1,225,322	4,580,458	1,159,115
Total capital	13,994,048	7,580,448	12,332,316	6,922,745
Less: Investment in subsidiary companies	-	-	(6,088,873)	(714,092)
Less: Investment in associated company	(1,325,707)	(1,172,175)	(946,505)	(946,505)
Less: Investment in jointly controlled entity	(75,252)	(76,023)	(76,711)	(76,711)
Less: Holding of other banking institutions' capital	-	-	-	-
Total capital base	12,593,089	6,332,250	5,220,227	5,185,437
<u>Before deducting proposed dividends</u>				
Core capital ratio	8.43%	15.72% *	11.56% *	13.57% *
Risk-weighted capital ratio	14.05%	15.72% *	11.56% *	13.57% *
<u>After deducting proposed dividends</u>				
Core capital ratio	8.25%	15.30% *	11.19% *	13.13% *
Risk-weighted capital ratio	13.86%	15.30% *	11.19% *	13.13% *

^ Excludes collective assessment 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.

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 (1)	EON Bank Berhad (2)	EONCAP Islamic Bank Berhad (3)	MIMB Investment Bank Berhad (4)
As at 30 June 2011				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	16.06%	11.51%	11.18%	62.20%
Risk-weighted capital ratio	<u>17.65%</u>	<u>13.34%</u>	<u>17.59%</u>	<u>62.79%</u>
<u>After deducting proposed dividends:</u>				
Core capital ratio	15.41%	11.51%	11.18%	62.20%
Risk-weighted capital ratio	<u>16.99%</u>	<u>13.34%</u>	<u>17.59%</u>	<u>62.79%</u>
As at 30 June 2010				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	19.74%			
Risk-weighted capital ratio	<u>21.37%</u>			
<u>After deducting proposed dividends:</u>				
Core capital ratio	19.15%			
Risk-weighted capital ratio	<u>20.78%</u>			

1 The capital adequacy ratios of Hong Leong Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB"), which is based on the Basel II capital accord. HLISB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

2 The capital adequacy ratios of EON Bank Berhad are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework ("RWCAF")–Basel II. EBB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

3 The capital adequacy ratios of EONCAP Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB"), which is based on the Basel II capital accord. EIBB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

The Financing facility granted by the EBB to EIBB qualified for inclusion as part of EIBB's Tier II capital funds for purposes of computation of EIBB's capital adequacy ratios.

4 The capital adequacy ratios of MIMB are computed in accordance with BNM's revised RWCAF– Basel II. MIMB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

21 Capital adequacy (continued)

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
Risk-weighted assets for credit risk	79,593,636	33,410,804	39,331,761	31,915,225
Risk-weighted assets for market risk	2,925,259	2,959,318	2,120,012	2,720,655
Risk-weighted assets for operational risk	7,136,364	3,912,306	3,707,107	3,566,649
Total risk-weighted assets	<u>89,655,259</u>	<u>40,282,428</u>	<u>45,158,880</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.

22 Group segmental reporting on revenue, profit and assets

Financial quarter ended 30/06/2011

	Group Consumer Banking RM'000	Group Business Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	Total RM'000
<u>By business segment</u>						
External revenue	572,717	87,285	157,418	3,372	-	820,792
Inter-segment revenue	(32,709)	84,212	(51,503)	-	-	-
Segment revenue	540,008	171,497	105,915	3,372	-	820,792
Segment profit before taxation	111,773	166,517	31,056	(1,366)	-	307,980
Share of profit after tax of equity accounted associated company					72,332	72,332
Share of profit after tax of equity accounted jointly controlled entity					157	157
Profit before taxation and zakat						380,469
Taxation and zakat						(83,869)
Profit after taxation						296,600

Financial year ended 30/06/2011

	Group Consumer Banking RM'000	Group Business Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	Total RM'000
<u>By business segment</u>						
External revenue	1,573,041	93,589	872,455	3,372	-	2,542,457
Inter-segment revenue	138,317	320,752	(459,069)	-	-	-
Segment revenue	1,711,358	414,341	413,386	3,372	-	2,542,457
Segment profit before taxation	661,355	286,062	255,588	(1,366)	-	1,201,639
Share of profit after tax of equity accounted associated company					210,992	210,992
Share of profit after tax of equity accounted jointly controlled entity					(771)	(771)
Profit before taxation and zakat						1,411,860
Taxation and zakat						(276,932)
Profit after taxation						1,134,928
Segment assets	55,468,254	24,291,325	55,142,402	531,186	-	135,433,167
Unallocated assets						9,991,506
Total assets						145,424,673

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

Corresponding quarter ended 30/06/2010

	Group Consumer Banking RM'000	Group Business Banking RM'000	Global Markets RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	317,678	9,162	193,412	-	520,252
Inter-segment revenue	36,191	61,689	(97,880)	-	-
Segment revenue	353,869	70,851	95,532	-	520,252
Segment profit before taxation	161,088	55,719	72,611	-	289,418
Share of profit after tax of equity accounted associated company					58,851
Share of profit after tax of equity accounted jointly controlled entity					(688)
Profit before taxation and zakat					347,581
Taxation and zakat					(44,639)
Profit after taxation					302,942

Financial year ended 30/06/2010

	Group Consumer Banking RM'000	Group Business Banking RM'000	Global Markets RM'000	Takaful Business RM'000	Total RM'000
<u>By business segment</u>					
External revenue	1,254,199	36,475	792,647	1,758	2,085,079
Inter-segment revenue	154,329	201,086	(355,415)	-	-
Segment revenue	706,782	112,691	209,850	1,758	2,085,079
Segment profit before taxation	608,033	115,804	346,876	(192)	1,070,521
Share of profit after tax of equity accounted associated company					143,575
Share of profit after tax of equity accounted jointly controlled entity					(688)
Profit before taxation and zakat					1,213,408
Taxation and zakat					(204,321)
Profit after taxation					1,009,087
Segment assets	29,429,769	8,670,736	43,941,450	-	82,041,955
Unallocated assets					2,663,618
Total assets					84,705,573

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 material events subsequent to the end of the financial year ended 30 June 2011 except for the following:-

- (a) On 17 June 2011, HLB announced that the High Court have granted a Vesting Order transferring the entire business including all assets and liabilities of EON Bank Berhad ("EBB") to HLB with effect from 1 July 2011. On 1 July 2011, HLB announced that the whole of the business including all assets and liabilities of EBB have been vested to HLB effective 1 July 2011 ("Vesting").

Following the Vesting, EBB has surrendered its banking licence to Bank Negara Malaysia ("BNM") on 1 July 2011 and has ceased operations.

On 15 July 2011, EBB changed its name to Promino Berhad and subsequently was converted into a private limited company on 18 July 2011 and is now known as Promino Sdn Bhd.

- (b) Pursuant to an internal reorganisation exercise, HLB had, on 1 July 2011, entered into a share sale agreement ("SSA") with HLB Principal Investments (L) Limited ("HLBPI"), a wholly-owned subsidiary of HLB, for the transfer by HLB of its entire equity interest in EBB to HLBPI ("Transfer").

The SSA was completed on 1 July 2011 immediately following the vesting of business from EBB to HLB and the surrender of EBB's banking licence to BNM.

24(i) Changes in the composition of the Group

- (a) 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.

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

Prominic's 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.

- (b) On 6 May 2011, the proposed acquisition by HLB of the assets and liabilities of EON Capital Berhad for RM5.06 billion has been completed and EBB and its subsidiaries including EONCAP Islamic Bank Bhd, and MIMB Investment Bank Bhd and its subsidiaries has become part of Hong Leong Bank Group.
- (c) On 1 July 2011, following the Vesting as set out in item (a) of Note 24(a), all of the direct subsidiaries of EBB which including EIBB and MIMB became direct subsidiaries of HLB .
- (d) On July 2011, pursuant to an internal reorganisation exercise as set out in item (b) of Note 24(a), EBB became a wholly owned subsidiary of HLBPI, which is in turn a wholly owned subsidiary of HLB.

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:

	The Group		The Bank	
	30/06/2011 Principal Amount RM'000	30/06/2010 Principal Amount RM'000	30/06/2011 Principal Amount RM'000	30/06/2010 Principal Amount RM'000
The Group				
Direct credit substitutes	559,290	175,141	195,694	175,141
Certain transaction related contingent items	1,394,682	257,429	268,190	256,300
Short term self liquidating trade related contingencies	616,404	533,384	469,521	531,631
Underwriting obligations	72,000	-	-	-
Irrevocable commitments to extend credit:				
- maturity more than one year	12,488,631	4,947,481	5,109,037	371,1127
- maturity less than one year	17,617,166	9,109,785	9,707,861	8,880,604
Foreign exchange related contracts:				
- less than one year	35,896,628	32,233,967	33,894,516	32,233,967
- one year to less than five years	1,736,341	6,113,446	5,360,137	9,215,323
- five years and above	250,376	268,230	250,376	268,230
Interest rate related contracts:				
- less than one year	12,791,226	10,171,714	11,566,226	10,171,714
- one year to less than five years	35,757,281	21,886,133	32,737,281	21,886,133
- five years and above	9,632,500	6,183,750	9,582,500	6,183,750
Equity related contracts:				
- less than one year	163,946	155,350	163,946	155,350
- one year to less than five years	6,600	32,900	6,600	32,900
Unutilised credit card lines	9,296,768	7,090,540	6,600,684	7,090,540
Total	138,279,839	99,159,250	115,912,569	100,792,710

* Disclosure of the credit equivalent amount and risk-weighted asset amount of the commitments and contingencies above, as required under Bank Negara Malaysia's ("BNM") revised Risk-Weighted Capital Adequacy Framework ("RWCAF") and Capital Adequacy Framework for Islamic Banks ("CAFIB"), will be presented in the Pillar 3 Disclosures Section of the 2011 Annual Report .

26 Related party transactions

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

a) Connected Parties (CP) Exposures as at 30 June 2011

	The Group RM 000	The Bank RM 000
Aggregate Value of Outstanding Credit Exposures with Connected Parties	3,729,523	3,587,417
Outstanding Credit Exposures to Connected Parties as a Proportion of Total Credit Exposures (%)	3.8%	7.6%
Outstanding Credit Exposures with Connected Parties Which is Non-Performing or in Default as a Proportion of Total Credit Exposures (%)	0.023%	0.000%

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

27 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.

27 Change in Accounting Policies (continued)

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

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:

	Group RM'000	Bank 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.

27 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	7,310	3,051,353	2,573,041	1,211	2,574,252
Available-for-sale reserve	17,060	79,090	96,150	17,189	79,468	96,657

28 Prior Year Adjustments

During the financial year, the Bank has adjusted differences in respect of revaluation of foreign currency balances that the Bank noted, arising from a previous major enhancement to the general ledger system from a single currency to a multi currency general ledger in the financial year ended 30 June 2010. The said adjusted differences were a gain of RM47,649,939 (2010: loss of RM72,627,499).

The Bank has also corrected the accounting for certain derivative financial instruments resulting in a gain of RM40,650,000.

The Bank has effected a prior year adjustment to the above in accordance with FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors.

	Group				Bank			
	Effects from prior year adjustments				Effects from prior year adjustments			
	accounting on certain revaluation			As restated RM'000	accounting on certain revaluation			As restated RM'000
	As previously reported RM'000	derivative financial instruments RM'000	of foreign currency balances RM'000		As previously reported RM'000	derivative financial instruments RM'000	of foreign currency balances RM'000	
As at 30 June 2010								
Statements of financial position								
Cash and short term funds	15,682,086	-	47,650	15,729,736	13,928,247	-	47,650	13,975,897
Other liabilities	3,664,921	(54,200)	-	3,610,721	3,890,295	(54,200)	-	3,836,095
Taxation	72,940	13,550	-	86,490	58,851	13,550	-	72,401
For the financial year ended 30 June 2010								
Statements of income								
Non-interest income	489,443	28,150	-	517,593	506,979	28,150	-	535,129
Profit before taxation	1,185,258	28,150	-	1,213,408	961,005	28,150	-	989,155
Taxation and zakat	(197,283)	(7,038)	-	(204,321)	(193,188)	(7,038)	-	(200,226)
Profit after taxation	987,975	21,112	-	1,009,087	767,817	21,112	-	788,929
As at 30 June 2010								
Statements of changes in equity								
Retained profits	3,044,043	40,650	47,650	3,132,343	2,573,041	40,650	47,650	2,661,341

28 Prior Year Adjustments (continued)

	Group				Bank			
	Effects from prior year adjustments				Effects from prior year adjustments			
	accounting				accounting			
	on certain revaluation				on certain revaluation			
As	derivative	of foreign	As	As	derivative	of foreign	As	
previously	financial	currency	restated	previously	financial	currency	restated	
reported	instruments	balances	RM'000	reported	instruments	balances	RM'000	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 30 June 2009								
Statements of financial position								
Cash and short term funds	18,343,622	-	47,650	18,391,272	15,820,913	-	47,650	15,868,563
Other liabilities	2,393,344	(26,050)	-	2,367,294	2,327,155	(26,050)	-	2,301,105
Taxation	48,541	6,512	-	55,053	27,947	6,512	-	34,459
For the financial year ended 30 June 2009								
Statements of income								
Non-interest income	569,511	25,150	-	594,661	511,537	25,150	-	536,687
Profit before taxation	1,132,231	(25,150)	-	1,107,081	886,395	(25,150)	-	861,245
Taxation and zakat	(227,606)	6,288	-	(221,318)	(226,717)	6,288	-	(220,429)
Profit after taxation	904,625	(18,862)	-	885,763	659,678	(18,862)	-	640,816
As at 30 June 2009								
Statements of changes in equity								
Retained profits	2,356,326	19,538	47,650	2,423,514	2,063,433	19,538	47,650	2,130,621

**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 RM380.5 million for the current financial quarter ended 30 June 2011, an increase of RM32.9 million or 9.5% as compared to previous corresponding quarter. The increased was due to higher net income by RM300.5 million, higher share of profit from Bank of Chengdu of RM13.5 million, write-back of impairment losses of RM1.2 million but offset by higher other operating expenses of RM268.9 million and higher allowance for impaired loans of RM14.3 million.

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

The Group pre-tax profit for the twelve months ended 30 June 2011 stood at RM1,411.9 million, an increase of RM198.5 million or 16.4% as compared to RM1,213.4 million in the previous corresponding period. The increase was due to higher net income by RM457.4 million, higher share of profit from Bank of Chengdu of RM67.4 million. This is however mitigated by higher allowance for impaired loans of RM32.2 million, higher other operating expenses of RM289.2 million and lower write back of impairment losses by RM4.8 million.

2 Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM380.5 million as compared to RM354.3 million in the preceding quarter, an increase of RM26.1 million mainly from higher net income of RM242.9 million, lower allowance for impaired loans of RM18.8 million, writeback of impairment losses of RM2.1 million coupled with higher share of profit from Bank of Chengdu of RM15.2 million. This is offset by higher other operating expenses of RM253.2 million.

3 Prospects for the new financial year 2011/2012

The Group continues to be cautiously optimistic about the economic outlook for the rest of the year. Arising from the merger with EON, we continue to be on track for the full intergration. The intergration brings opportunities for the combined Group to reassert our market positioning, expand our business reach, serve our customers and community, achieve greater economies of scale and efficiency, and increase our talent capacity for our domestic and regional aspirations. We will leverage our collective strengths for value creation, growth and profitability.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax	72,861	46,412	280,032	205,437
Oversea tax	-	-	-	-
	<u>72,861</u>	<u>46,412</u>	<u>280,032</u>	<u>205,437</u>
Transfer from/(to) deferred taxation	10,985	(1,812)	(3,171)	(1,193)
	<u>83,846</u>	<u>44,600</u>	<u>276,861</u>	<u>204,244</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax	66,357	59,524	281,183	203,035
Oversea tax	-	-	-	-
	<u>66,357</u>	<u>59,524</u>	<u>281,183</u>	<u>203,035</u>
Transfer from/(to) deferred taxation	1,776	(945)	(10,110)	(2,809)
	<u>68,133</u>	<u>58,579</u>	<u>271,073</u>	<u>200,226</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:-

- (a) 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 adjourned 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 to further strengthen its capital base and for working capital purposes. With the stronger capital base, HLB will be in a better position to take advantage of growth and business opportunities to extend its market share and profitability.

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") will only be fixed after all the approvals in respect of the Proposed Enlarged Rights Issue have been obtained. This will be shorten the time gap between the price fixing date and the offering period and provide the Board of Directors of HLB with flexibility to manage the parameters of the Proposed Enlarged Rights Issue such that the objective of raising the intended gross proceeds of up to RM2,600 million can be met.

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 HLB 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.

On 28 June 2011, CIMB announced on behalf of HLB that Bursa Malaysia Securities Berhad ("Bursa Securities") had, via its letter dated 27 June 2011, granted its approval for the listing of and quotation for such number of Rights Shares to be issued under the Proposed Enlarged Rights Issue on the Main Market of Bursa Securities.

In addition, CIMB had announced on behalf of HLB that Bursa Securities had, via its letter dated 15 June 2011, granted its approval for the extension of time to complete the Original Rights Issue by 6 months, from 26 May 2011 to 26 November 2011.

On 4 July 2011, CIMB, on behalf of HLB announced that BNM had, through its letter dated 27 June 2011, granted its approval for the Proposed Enlarged Rights Issue.

On 21 July 2011, CIMB, on behalf of HLB announced that the shareholders of HLB had, at the EGM held on 21 July 2011, approved the Proposed Enlarged Rights Issue.

9 Group borrowings

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

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011	Financial Year Ended 30/06/2010	Financial Year Ended 30/06/2011	Financial Year Ended 30/06/2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Fixed deposits	68,489,506	38,508,805	38,749,415	33,762,006
Negotiable instruments of deposit	5,584,465	2,580,634	4,535,391	2,800,837
Demand deposits	14,944,455	8,012,103	8,576,091	7,364,677
Saving deposits	12,515,496	8,392,327	7,665,531	7,092,707
Short term corporate placement	12,916,173	11,963,804	5,991,218	11,963,804
Other	406,448	255,019	406,448	255,019
	114,856,543	69,712,692	65,924,094	63,239,050

The maturity structure of fixed deposits and negotiable instruments:

One year or less (short term)	69,851,834	39,992,231	40,520,878	35,487,392
More than one year (medium/long term)	4,222,137	1,097,208	2,763,928	1,075,451
	74,073,971	41,089,439	43,284,806	36,562,843

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011	Financial Year Ended 30/06/2010	Financial Year Ended 30/06/2011	Financial Year Ended 30/06/2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	7,461,626	3,583,826	5,820,144	3,577,032
Licensed Islamic banks	581,968	-	-	-
Bank Negara Malaysia	1,897,375	-	-	-
Other financial institutions	756,692	292,577	-	214,097
	10,697,661	3,876,403	5,820,144	3,791,129

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

One year or less (short term)	10,697,661	3,876,403	5,820,144	3,791,129
More than one year (medium/long term)	-	-	-	-
	10,697,661	3,876,403	5,820,144	3,791,129

11 Senior bonds

	<u>The Group and The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
USD 300 million senior bonds, at par	916,350	-
Foreign exchange translations	(9,750)	-
	906,600	-
Add: Interest payable	9,822	-
	916,422	-
Less: Unamortised discounts	(5,612)	-
	910,810	-

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 Bank which will at all times rank parri passu among themselves and at least parri passu with all other present and future unsecured obligations of the Bank.

12 Subordinated bonds

	Note	<u>The Group</u>		<u>The Bank</u>	
		Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
RM700 million Tier 2 subordinated debt, at par	(a)	700,000	-	700,000	-
Add: Interest payable		13,115	-	13,115	-
		713,115	-	713,115	-
Less: Unamortised discounts		(2,792)	-	(2,792)	-
		710,323	-	710,323	-
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	-	1,000,000	-
Add: Interest payable		6,793	-	6,793	-
		1,006,793	-	1,006,793	-
Less: Unamortised discounts		(3,856)	-	(3,856)	-
		1,002,937	-	1,002,937	-
USD 200 million subordinated obligations, at par	(c)	-	749,250	-	749,250
Foreign exchange translations		-	(101,734)	-	(101,734)
		-	647,516	-	647,516
Add: Unamortised fair value changes arising from terminated fair value hedge		-	2,954	-	2,954
Less: Unaccreted discount		-	(16)	-	(16)
		-	650,454	-	650,454

12 Subordinated bonds (continued)

		<u>The Group</u>		<u>The Bank</u>	
		<u>Financial Year Ended 30/06/2011</u>	<u>Financial Year Ended 30/06/2010</u>	<u>Financial Year Ended 30/06/2011</u>	<u>Financial Year Ended 30/06/2010</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Subordinated medium term notes, at par	(d)	1,160,000	-	-	-
Interest payable		8,983	-	-	-
		<u>1,168,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts		(23,750)	-	-	-
		<u>1,145,233</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,858,493</u>	<u>650,454</u>	<u>1,713,260</u>	<u>650,454</u>

- (a) On 10 August 2010, HLB had completed the first issuance of RM700 million nominal value of Tier 2 Subordinated Debt ("Sub Debt") out of its RM1.7 billion Tier 2 Subordinated Notes Programme. The RM700 million Sub Debt will mature in 2020 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Sub Debt which bears interest of 4.85% per annum is payable semi-annually in arrears.
- (b) On 5 May 2011, HLB issued the remaining RM1.0 billion nominal value of Sub Debt which will mature in 2021 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The second issuance of Sub Debt bears interest at the rate of 4.35% per annum and is payable semi-annually in arrears.

The above Sub Debt constitute unsecured liabilities of the Bank, and is 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.

- (c) 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) On 27 February 2009, EBB, a wholly owned subsidiary of the Bank, has successfully issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

Subsequently, on 2 December 2009, EBB issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

12 Subordinated bonds (continued)

- (d) Subsequently, on 30 December 2010, EBB issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

The above tranches of Subordinated MTNs constitute unsecured liabilities of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Subordinated MTNs. The Subordinated MTNs qualify as Tier II capital for the purpose of determining the capital adequacy ratio of the Group and EBB.

13 Tier 2 capital cumulative subordinated loan

	<u>The Group and The Bank</u>	
	Financial	Financial
	Year	Year
	Ended	Ended
	30/06/2011	30/06/2010
	RM'000	RM'000
RM2.3 billion Tier 2 capital cumulative subordinated loan	2,300,000	-
Add: Interest payable	14,080	-
	<u>2,314,080</u>	<u>-</u>

On 6 May 2011, Hong Leong Financial Group Berhad (“HLFG”), the holding company of HLB provided a Tier 2 Capital Cumulative Subordinated Loan Facility for the amount of up to RM2.3 billion (the “Facility”) to HLB.

The facility provided by HLFG 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 i.e. 6 May 2011. 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.

14 Non-innovative Tier 1 stapled securities

	<u>The Group and The Bank</u>	
	Financial	Financial
	Year	Year
	Ended	Ended
	30/06/2011	30/06/2010
	RM'000	RM'000
	<hr/>	<hr/>
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	-
Add: Interest payable	11,041	-
	<hr/>	<hr/>
	1,411,041	-
Less: Unamortised discounts	(5,335)	-
	<hr/>	<hr/>
	<u>1,405,706</u>	<u>-</u>

On 5 May 2011, HLB had completed its issuance of Non-Innovative Tier 1 Stapled Securities ("NIT-1 Stapled Securities") of RM1.4 billion. 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% per annum. The call option shall be subject to the approval of BNM.

The NIT-1 Stapled Securities constitute unsecured liabilities of the Bank, and is 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 1 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

15 Innovative Tier 1 capital securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000	Financial Year Ended 30/06/2011 RM'000	Financial Year Ended 30/06/2010 RM'000
RM500 million Innovative Tier 1 capital securities at par	500,000	-	-	-
Add: Interest payable	12,658	-	-	-
	<u>512,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts	(9,589)	-	-	-
	<u>503,069</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 10 September 2009, EBB issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500 million in nominal value, from its RM1.0 billion IT-1 Capital Securities Programme. The IT-1 Capital Securities is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by BNM.

The RM500 million IT-1 Capital Securities has a tenor of 30 years and EBB has the option to redeem the RM500 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

The IT-1 Capital Securities constitute unsecured and subordinated obligations of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities which rank equally in, and/or junior to, the rights of payment of the IT-1 Capital Securities. The IT-1 Capital Securities qualify as Tier 1 capital for the purpose of computing the capital adequacy ratio of the Group and EBB.

16 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 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	23,643,586	85,600	(156,680)
(ii) 1 year to 3 years	33,242	30	(232)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	9,100,041	223,413	(122,771)
(ii) 1 year to 3 years	1,468,298	91,587	(43,347)
(iii) More than 3 years	357,608	25,558	(31,192)
Options			
(i) Less than 1 year	3,145,446	10,322	(11,292)
(ii) 1 year to 3 years	135,124	2,650	(2,650)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,265,525	159	(2,202)
(ii) 1 year to 3 years	1,175,000	69	(352)
(iii) More than 3 years	150,000	4	(35)
Swaps			
(i) Less than 1 year	11,525,701	18,843	(31,918)
(ii) 1 year to 3 years	18,148,745	118,023	(98,084)
(iii) More than 3 years	25,916,036	212,468	(164,515)
Equity related contracts			
(i) Less than 1 year	163,946	1,434	(1,434)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	96,234,898	790,160	(666,704)

16 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 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	21,869,261	80,145	(143,619)
(ii) 1 year to 3 years	33,242	30	(232)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	8,872,254	220,428	(122,771)
(ii) 1 year to 3 years	5,092,094	126,628	(79,920)
(iii) More than 3 years	357,608	25,558	(31,192)
Options			
(i) Less than 1 year	3,145,446	10,322	(11,292)
(ii) 1 year to 3 years	135,124	2,650	(2,650)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,265,525	159	(2,202)
(ii) 1 year to 3 years	1,175,000	69	(352)
(iii) More than 3 years	150,000	4	(35)
Swaps			
(i) Less than 1 year	10,300,701	16,438	(26,455)
(ii) 1 year to 3 years	16,218,745	112,608	(88,875)
(iii) More than 3 years	24,776,036	206,302	(161,936)
Equity related contracts			
(i) Less than 1 year	163,946	1,434	(1,434)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	93,561,582	802,775	(672,965)

16 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 RM607,463,001 (FYE June 2010: RM569,392,174) and RM50,272,681,745 (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 RM760,163,989 (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' contact 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.

16 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.

17 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.

18 Dividend

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

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

19 Realised and Unrealised Profits

	The Group
	Financial Year Ended 30/06/2011 RM'000
Total retained profits of Hong Leong Bank Berhad and it's subsidiaries	
- Realised	2,607,458
- Unrealised	993,792
	<hr/>
	3,601,250
Total share of retained profits from associated company	
- Realised	454,029
Total share of retained profits /(accumulated losses) from jointly controlled entity	
- Realised	(1,459)
	<hr/>
	4,053,820
Less Consolidation Adjustment	(70,464)
	<hr/>
Total Group's Retained Profit	<u>3,983,356</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.

20 Earnings per share

a) Basic earnings per share

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

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	296,600	302,942	1,134,928	1,009,132
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	(127,376)	(130,364)	(127,376)	(130,364)
	<u>1,452,731</u>	<u>1,449,743</u>	<u>1,452,731</u>	<u>1,449,743</u>
Basic earnings per share (sen)	20.4	20.9	78.1	69.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	164,865	226,269	807,493	788,929
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	(127,376)	(130,364)	(127,376)	(130,364)
	<u>1,452,731</u>	<u>1,449,743</u>	<u>1,452,731</u>	<u>1,449,743</u>
Basic earnings per share (sen)	11.3	15.6	55.6	54.4

20 Earnings per share (continued)

b) Fully diluted earnings per share

The Bank has only one category of dilutive potential ordinary share, share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	296,600	302,942	1,134,928	1,009,132
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,452,731	1,449,743	1,452,731	1,449,743
- adjustment for ESOS	8,593	-	8,593	-
	<u>1,461,324</u>	<u>1,449,743</u>	<u>1,461,324</u>	<u>1,449,743</u>
Fully diluted earnings per share (sen)	20.3	20.9	77.7	69.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	164,865	226,269	807,493	788,929
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,452,731	1,449,743	1,452,731	1,449,743
- adjustment for ESOS	8,593	-	8,593	-
	<u>1,461,324</u>	<u>1,449,743</u>	<u>1,461,324</u>	<u>1,449,743</u>
Fully diluted earnings per share (sen)	11.3	15.6	55.3	54.4

Dated this 26 August 2011