

HONG LEONG BANK BERHAD

(97141-X)

(Incorporated in Malaysia)

Condensed Financial Statements

Unaudited Statements of Financial Position As At 31 March 2013

	Note	The Group			The Bank		
		As at	Restated	Restated	As at	Restated	Restated
		31/03/2013	As at	As at	31/03/2013	As at	As at
		30/06/2012	01/07/2011	31/03/2013	30/06/2012	01/07/2011	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<b>ASSETS</b>							
Cash and short-term funds		18,115,005	19,636,026	30,476,610	16,199,332	18,410,084	25,563,128
Deposits and placements with financial institutions		2,871,680	4,565,819	5,415,383	3,209,914	4,414,150	6,826,115
Securities purchased under resale agreements		1,023,593	590,521	86	1,023,593	590,521	86
Financial assets held for trading	A8	15,812,363	21,818,413	6,090,870	14,504,440	17,758,836	4,919,332
Financial investments available-for-sale	A9	13,311,859	9,862,750	5,939,912	11,121,853	8,335,278	4,654,588
Financial investments held-to-maturity	A10	3,772,771	3,670,198	7,787,412	3,209,641	3,814,884	8,039,739
Loans, advances and financing	A11	92,593,415	88,572,895	81,709,161	79,432,285	76,402,911	70,888,013
Other assets	A12	1,431,225	541,593	968,370	1,053,180	424,756	4,731,726
Derivative financial instruments		683,985	955,350	790,162	778,475	1,027,682	828,023
Amount due from subsidiaries		-	-	-	614,488	615,390	615,390
Statutory deposits with Bank Negara Malaysia		3,440,986	3,331,437	2,201,874	2,964,000	2,880,250	1,848,847
Investment in subsidiary companies		-	-	-	2,078,046	2,081,933	2,035,676
Investment in associated company		1,679,527	1,540,288	1,325,707	946,505	946,505	946,505
Investment in jointly controlled entity		78,677	76,871	75,252	76,711	76,711	76,711
Property and equipment		736,639	727,096	697,266	711,465	701,018	618,841
Intangible assets		381,756	446,497	379,422	374,665	437,850	427,661
Goodwill		1,831,312	1,831,312	1,831,312	1,771,547	1,771,547	1,771,547
<b>Total Assets</b>		<b>157,764,793</b>	<b>158,167,066</b>	<b>145,688,799</b>	<b>140,070,140</b>	<b>140,690,306</b>	<b>134,791,928</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>							
Deposits from customers	A13	123,522,646	123,095,643	114,856,543	108,807,737	108,939,695	101,170,232
Deposits and placements of banks and other financial institutions	A14	7,157,255	9,790,696	10,697,661	5,982,960	7,877,364	10,796,946
Obligations on securities sold under repurchase agreements		1,070,985	633,797	-	1,070,985	633,797	-
Bills and acceptances payable		478,815	486,091	683,996	426,515	434,780	626,935
Other liabilities	A15	3,447,596	2,739,688	2,934,132	3,182,218	2,664,418	6,336,950
Derivative financial instruments		739,079	1,069,227	666,706	827,017	1,125,756	705,061
Senior bonds	A16	1,860,138	1,907,793	910,810	1,860,138	1,907,793	910,810
Tier 2 subordinated bonds	A17	4,405,085	4,389,859	2,905,578	4,405,083	4,389,251	2,910,233
Tier 2 capital cumulative subordinated loan		-	-	2,314,080	-	-	2,314,080
Non-innovative Tier 1 stapled securities	A18	1,426,282	1,407,283	1,405,706	1,426,282	1,407,283	1,405,706
Innovative Tier 1 capital securities	A19	549,852	574,581	595,720	549,852	573,115	597,816
Provision for taxation		322,759	227,716	56,960	271,312	191,136	158,716
Deferred tax liabilities		149,082	140,533	2,773	148,059	143,101	63,995
<b>Total Liabilities</b>		<b>145,129,574</b>	<b>146,462,907</b>	<b>138,030,665</b>	<b>128,958,158</b>	<b>130,287,489</b>	<b>127,997,480</b>
Share Capital		1,879,909	1,879,909	1,580,107	1,879,909	1,879,909	1,580,107
Reserves		11,439,390	10,539,042	6,749,771	9,916,153	9,237,700	5,886,085
Less: Treasury Shares		(684,080)	(714,792)	(671,744)	(684,080)	(714,792)	(671,744)
<b>Total Shareholders' Equity</b>		<b>12,635,219</b>	<b>11,704,159</b>	<b>7,658,134</b>	<b>11,111,982</b>	<b>10,402,817</b>	<b>6,794,448</b>
<b>Total Liabilities and Equity</b>		<b>157,764,793</b>	<b>158,167,066</b>	<b>145,688,799</b>	<b>140,070,140</b>	<b>140,690,306</b>	<b>134,791,928</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>149,996,937</b>	<b>148,989,018</b>	<b>138,279,839</b>	<b>148,353,873</b>	<b>146,771,470</b>	<b>140,295,537</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		7.20	6.68	5.27	6.33	5.94	4.67

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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012.

**HONG LEONG BANK BERHAD**  
**(97141-X)**  
**(Incorporated in Malaysia)**  
**Condensed Financial Statements**  
**Unaudited Income Statements**  
**For The Financial Quarter Ended 31 March 2013**

	Note	The Group			
		Current Quarter Ended 31/03/2013 RM'000	Restated Corresponding Quarter Ended 31/03/2012 RM'000	Current Period Ended 31/03/2013 RM'000	Restated Corresponding Period Ended 31/03/2012 RM'000
Interest income	A20	1,393,661	1,390,196	4,140,502	4,053,216
Interest expense	A21	(756,467)	(737,615)	(2,263,762)	(2,086,832)
Net interest income		637,194	652,581	1,876,740	1,966,384
Net income from Islamic Banking business	A22	116,708	122,495	347,612	332,688
Other operating income	A23	271,014	241,938	807,462	622,851
Net Income		1,024,916	1,017,014	3,031,814	2,921,923
Other operating expenses	A24	(457,975)	(457,153)	(1,352,439)	(1,474,767)
Operating profit before allowances		566,941	559,861	1,679,375	1,447,156
Allowance for impairment losses on loans, advances and financing	A25	(41,301)	140,515	(13,086)	99,874
Write back of impairment losses		157	1,985	5,016	12,296
		525,797	702,361	1,671,305	1,559,326
Share of profit after tax of equity accounted associated company		61,226	61,072	190,583	157,828
Share of profit after tax of equity accounted jointly controlled entity		895	670	1,806	801
Profit before taxation (and zakat)		587,918	764,103	1,863,694	1,717,955
Taxation		(133,655)	(174,748)	(423,706)	(379,941)
Zakat		(50)	(15)	(150)	(56)
Net profit for the period		454,213	589,340	1,439,838	1,337,958
<b>Attributable to:</b>					
Owners of the parent		454,213	589,340	1,439,838	1,337,958
Net profit for the period		454,213	589,340	1,439,838	1,337,958
Earnings per share - basic (sen)	B13	25.9	36.1	82.1	82.0
Earnings per share - fully diluted (sen)	B13	25.8	35.9	81.9	81.5

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Quarter Ended 31 March 2013**

	<b>The Group</b>			
	<b>Current</b>	<b>Restated</b>	<b>Current</b>	<b>Restated</b>
	<b>Quarter Ended</b>	<b>Corresponding</b>	<b>Period Ended</b>	<b>Corresponding</b>
	<b>31/03/2013</b>	<b>Quarter Ended</b>	<b>31/03/2013</b>	<b>Period Ended</b>
	<b>RM'000</b>	<b>31/03/2012</b>	<b>RM'000</b>	<b>31/03/2012</b>
		<b>RM'000</b>		<b>RM'000</b>
Net profit for the financial period	454,213	589,340	1,439,838	1,337,958
Other comprehensive income/(loss):				
Share of other comprehensive income of associate company and jointly controlled entity	-	-	(22)	(24)
Currency translation difference	3,423	(11,805)	(2,716)	(15,661)
Net fair value changes on financial investments available-for-sale	(767)	35,009	15,337	14,361
Income tax relating to components of other comprehensive (loss)/income	192	(8,752)	(3,834)	(3,590)
Other comprehensive income/(loss) for the financial period	2,848	14,452	8,765	(4,914)
Total comprehensive income for the financial period, net of tax	<u>457,061</u>	<u>603,792</u>	<u>1,448,603</u>	<u>1,333,044</u>
Attributable to:				
- Owners of the parent	<u>457,061</u>	<u>603,792</u>	<u>1,448,603</u>	<u>1,333,044</u>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Income Statements**  
**For The Financial Quarter Ended 31 March 2013**

**The Bank**

		Current Quarter Ended 31/03/2013 RM'000	Restated Corresponding Quarter Ended 31/03/2012 RM'000	Current Period Ended 31/03/2013 RM'000	Restated Corresponding Period Ended 31/03/2012 RM'000
	Note				
Interest income	A20	1,408,872	1,408,544	4,189,376	4,093,502
Interest expense	A21	(782,680)	(769,801)	(2,345,645)	(2,172,502)
Net interest income		626,192	638,743	1,843,731	1,921,000
Other operating income	A23	271,832	236,019	991,194	657,450
Net Income		898,024	874,762	2,834,925	2,578,450
Other operating expenses	A24	(405,466)	(411,554)	(1,189,919)	(1,310,483)
Operating profit before allowances		492,558	463,208	1,645,006	1,267,967
Allowance for impairment losses on loans, advances and financing	A25	(45,334)	97,918	(29,238)	61,475
Write back of impairment losses		157	1,037	5,016	8,857
Profit before taxation		447,381	562,163	1,620,784	1,338,299
Taxation		(114,168)	(139,417)	(418,621)	(336,463)
Profit after taxation		333,213	422,746	1,202,163	1,001,836
Profit attributable to shareholders		333,213	422,746	1,202,163	1,001,836
Earnings per share - basic (sen)	B13	19.0	25.9	68.6	61.4
Earnings per share - fully diluted (sen)	B13	19.0	25.8	68.4	61.0

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Quarter Ended 31 March 2013**

	<b>The Bank</b>			
	<b>Current Quarter Ended 31/03/2013 RM'000</b>	<b>Restated Corresponding Quarter Ended 31/03/2012 RM'000</b>	<b>Current Period Ended 31/03/2013 RM'000</b>	<b>Restated Corresponding Period Ended 31/03/2012 RM'000</b>
Net profit for the financial period	<u>333,213</u>	<u>422,746</u>	<u>1,202,163</u>	<u>1,001,836</u>
Other comprehensive income/(loss):				
Currency translation difference	(57)	-	11,181	(11,038)
Net fair value changes on financial investments available-for-sale	(788)	20,175	17,819	10,157
Income tax relating to components of other comprehensive income	<u>197</u>	<u>(5,044)</u>	<u>(4,455)</u>	<u>(2,539)</u>
Other comprehensive gain/(loss) for the financial period	<u>(648)</u>	<u>15,131</u>	<u>24,545</u>	<u>(3,420)</u>
Total comprehensive income for the financial period, net of tax	<u><u>332,565</u></u>	<u><u>437,877</u></u>	<u><u>1,226,708</u></u>	<u><u>998,416</u></u>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2013**

The Group	Attributable to owners of the parent									
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Share options Reserve RM'000	Regulatory Reserve * RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000
<b>Balance as at 1 July 2012</b>	1,879,909	2,832,383	2,149,801	183,998	22,483	6,045	(20,780)	5,080,264	(714,792)	11,419,311
- Prior year adjustments	-	-	-	8,872	-	-	-	275,976	-	284,848
<b>Balance as at 1 July 2012, as restated</b>	<b>1,879,909</b>	<b>2,832,383</b>	<b>2,149,801</b>	<b>192,870</b>	<b>22,483</b>	<b>6,045</b>	<b>(20,780)</b>	<b>5,356,240</b>	<b>(714,792)</b>	<b>11,704,159</b>
<b>Comprehensive income</b>										
Net profit for the period/year	-	-	-	-	-	-	-	1,439,838	-	1,439,838
- Share of other comprehensive income of associates	-	-	-	(22)	-	-	-	-	-	(22)
- Net fair value changes in financial investments available-for-sale	-	-	-	11,503	-	-	-	-	-	11,503
- Currency translation difference	-	-	-	-	-	-	(2,716)	-	-	(2,716)
Total comprehensive income/(loss)	-	-	-	11,481	-	-	(2,716)	1,439,838	-	1,448,603
<b>Transactions with owners</b>										
Transfer to statutory reserve/regulatory reserve	-	-	83,054	-	-	2,462	-	(85,516)	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(13)	(13)
Dividend paid	-	-	-	-	-	-	-	(552,613)	-	(552,613)
ESOS exercised	-	-	-	-	(3,750)	-	-	4,072	30,725	31,047
Option charge arising from ESOS granted	-	-	-	-	4,036	-	-	-	-	4,036
Total transactions with owners	-	-	83,054	-	286	2,462	-	(634,057)	30,712	(517,543)
<b>Closing Balance @ 31 March 2013</b>	<b>1,879,909</b>	<b>2,832,383</b>	<b>2,232,855</b>	<b>204,351</b>	<b>22,769</b>	<b>8,507</b>	<b>(23,496)</b>	<b>6,162,021</b>	<b>(684,080)</b>	<b>12,635,219</b>
<b>Balance as at 1 July 2011</b>	1,580,107	539,664	1,936,654	102,211	21,121	726	(26,848)	3,985,874	(671,744)	7,467,765
- Prior year adjustments	-	-	-	9,832	-	-	-	180,537	-	190,369
<b>Balance as at 1 July 2011, as restated</b>	<b>1,580,107</b>	<b>539,664</b>	<b>1,936,654</b>	<b>112,043</b>	<b>21,121</b>	<b>726</b>	<b>(26,848)</b>	<b>4,166,411</b>	<b>(671,744)</b>	<b>7,658,134</b>
<b>Comprehensive income</b>										
Net profit for the period	-	-	-	-	-	-	-	1,337,958	-	1,337,958
- Share of other comprehensive income of associates	-	-	-	(24)	-	-	-	-	-	(24)
- Net fair value changes in financial investments available-for-sale	-	-	-	10,771	-	-	-	-	-	10,771
- Currency translation difference	-	-	-	-	-	-	(15,661)	-	-	(15,661)
Total comprehensive income/(loss)	-	-	-	10,747	-	-	(15,661)	1,337,958	-	1,333,044
<b>Transactions with owners</b>										
Transfer to statutory reserve/regulatory reserve	-	-	189,957	-	-	5,143	-	(189,957)	-	5,143
Dividend paid	-	-	-	-	-	-	-	(340,823)	-	(340,823)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(22)	(22)
Issuance of Rights Issue	299,802	2,292,719	-	-	-	-	-	-	(73,612)	2,518,909
ESOS exercised	-	-	-	-	(1,921)	-	-	3,066	13,116	14,261
Option charge arising from ESOS granted	-	-	-	-	4,182	-	-	-	-	4,182
Total transactions with owners	299,802	2,292,719	189,957	-	2,261	5,143	-	(527,714)	(60,518)	2,201,650
<b>Closing Balance @ 31 March 2012</b>	<b>1,879,909</b>	<b>2,832,383</b>	<b>2,126,611</b>	<b>122,790</b>	<b>23,382</b>	<b>5,869</b>	<b>(42,509)</b>	<b>4,976,655</b>	<b>(732,262)</b>	<b>11,192,828</b>

\* 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.

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**HONG LEONG BANK BERHAD**  
(97141-X)  
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**Condensed Financial Statements**  
**Unaudited Statement of Changes in Equity For The Financial Period Ended 31 March 2013**

	← Non-distributable →					Distributable →			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	Total RM'000
<b>The Bank</b>									
<b>Balance as at 1 July 2012</b>	1,879,909	2,832,383	1,879,909	184,783	22,483	25,114	3,988,722	(714,792)	10,098,511
- Prior year adjustments	-	-	-	8,872	-	-	295,434	-	304,306
<b>Balance as at 1 July 2012, as restated</b>	<u>1,879,909</u>	<u>2,832,383</u>	<u>1,879,909</u>	<u>193,655</u>	<u>22,483</u>	<u>25,114</u>	<u>4,284,156</u>	<u>(714,792)</u>	<u>10,402,817</u>
<u>Comprehensive income</u>									
Net profit for the period	-	-	-	-	-	-	1,202,163	-	1,202,163
- Net fair value changes in financial investments available-for-sale	-	-	-	13,364	-	-	-	-	13,364
- Currency translation difference	-	-	-	-	-	11,181	-	-	11,181
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,364</u>	<u>-</u>	<u>11,181</u>	<u>1,202,163</u>	<u>-</u>	<u>1,226,708</u>
<u>Transactions with owners</u>									
Dividend paid	-	-	-	-	-	-	(552,613)	-	(552,613)
Purchase of treasury shares	-	-	-	-	-	-	-	(13)	(13)
ESOS exercised	-	-	-	-	(3,750)	-	4,072	30,725	31,047
Options charge arising from ESOS granted	-	-	-	-	4,036	-	-	-	4,036
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>(548,541)</u>	<u>30,712</u>	<u>(517,543)</u>
<b>Closing Balance @ 31 March 2013</b>	<u><b>1,879,909</b></u>	<u><b>2,832,383</b></u>	<u><b>1,879,909</b></u>	<u><b>207,019</b></u>	<u><b>22,769</b></u>	<u><b>36,295</b></u>	<u><b>4,937,778</b></u>	<u><b>(684,080)</b></u>	<u><b>11,111,982</b></u>
<b>Balance as at 1 July 2011</b>	1,580,107	539,664	1,741,612	107,652	21,121	36,152	3,212,562	(671,744)	6,567,126
- Prior year adjustments	-	-	-	9,832	-	-	217,490	-	227,322
<b>Balance as at 1 July 2011, as restated</b>	<u>1,580,107</u>	<u>539,664</u>	<u>1,741,612</u>	<u>117,484</u>	<u>21,121</u>	<u>36,152</u>	<u>3,430,052</u>	<u>(671,744)</u>	<u>6,794,448</u>
<u>Comprehensive income</u>									
Net profit for the period	-	-	-	-	-	-	1,001,836	-	1,001,836
- Net fair value changes in financial investments available-for-sale	-	-	-	7,618	-	-	-	-	7,618
- Currency translation difference	-	-	-	-	-	(11,038)	-	-	(11,038)
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,618</u>	<u>-</u>	<u>(11,038)</u>	<u>1,001,836</u>	<u>-</u>	<u>998,416</u>
<u>Transactions with owners</u>									
Transfer to statutory reserve	-	-	138,297	-	-	-	(138,297)	-	-
Dividend paid	-	-	-	-	-	-	(340,823)	-	(340,823)
Purchase of treasury shares	-	-	-	-	-	-	-	(22)	(22)
Issuance of Rights Issue	299,802	2,292,719	-	-	-	-	-	(73,612)	2,518,909
ESOS exercised	-	-	-	-	(1,921)	-	3,066	13,116	14,261
Options charge arising from ESOS granted	-	-	-	-	4,182	-	-	-	4,182
Total transactions with owners	<u>299,802</u>	<u>2,292,719</u>	<u>138,297</u>	<u>-</u>	<u>2,261</u>	<u>-</u>	<u>(476,054)</u>	<u>(60,518)</u>	<u>2,196,507</u>
<b>Closing Balance @ 31 March 2012</b>	<u><b>1,879,909</b></u>	<u><b>2,832,383</b></u>	<u><b>1,879,909</b></u>	<u><b>125,102</b></u>	<u><b>23,382</b></u>	<u><b>25,114</b></u>	<u><b>3,955,834</b></u>	<u><b>(732,262)</b></u>	<u><b>9,989,371</b></u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012.

**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 31 March 2013**

	The Group		The Bank	
	Financial Period Ended 31/03/2013 RM'000	Financial Period Ended 31/03/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Period Ended 31/03/2012 RM'000
Profit before taxation and zakat	1,863,694	1,717,955	1,620,784	1,338,299
Adjustments for non-cash items	<u>(97,571)</u>	<u>(20,753)</u>	<u>(53,739)</u>	<u>80,840</u>
Operating profit before working capital changes	1,766,123	1,697,202	1,567,045	1,419,139
Changes in working capital:				
Net changes in operating assets	2,409,674	(19,761,170)	427,193	(16,183,774)
Net changes in operating liabilities	(1,486,525)	9,915,204	(1,501,522)	4,837,971
Income taxes and zakat paid	<u>(253,327)</u>	<u>(150,493)</u>	<u>(225,634)</u>	<u>(140,110)</u>
Net cash generated from/(used in) operating activities	<u>2,435,945</u>	<u>(8,299,257)</u>	<u>267,082</u>	<u>(10,066,774)</u>
<b>Cash flows from investing activities</b>				
Net purchases of financial investments available-for-sale	(3,127,082)	(3,922,704)	(2,483,787)	(3,714,116)
Net (purchases)/proceeds of financial investments held-to-maturity	(15,351)	3,368,130	706,241	3,355,300
Purchase of property and equipment	(90,998)	(176,500)	(88,508)	(173,088)
Proceeds from sale of property and equipment	1,735	8,419	1,663	6,713
(Purchase)/proceeds of intangible assets	(10,956)	(38,412)	(10,308)	9,513
Dividend received on financial investments available-for-sale and held-to-maturity	40,498	15,771	40,498	15,771
Dividend from associated company	51,344	2,379	51,344	2,379
Dividend from subsidiary company	-	-	111,239	46,000
Proceeds from sale of subsidiary companies	-	-	-	3,763,329
Net cash (used in)/generated from investing activities	<u>(3,150,810)</u>	<u>(742,917)</u>	<u>(1,671,618)</u>	<u>3,311,801</u>
<b>Cash flows from financing activities</b>				
Dividend paid	(552,613)	(340,823)	(552,613)	(340,823)
Repayment of Tier 2 capital cumulative subordinated loan	-	(2,300,000)	-	(2,300,000)
Issuance of Rights Shares	-	2,518,909	-	2,518,909
Purchase of treasury shares	(13)	(22)	(13)	(22)
Cash received from ESOS exercised	31,047	14,261	31,047	14,261
Interest paid on subordinated obligations	<u>(232,952)</u>	<u>(223,846)</u>	<u>(246,668)</u>	<u>(202,525)</u>
Net cash used in financing activities	<u>(754,531)</u>	<u>(331,521)</u>	<u>(768,247)</u>	<u>(310,200)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,469,396)</b>	<b>(9,373,695)</b>	<b>(2,172,783)</b>	<b>(7,065,173)</b>
<b>Currency translation differences</b>	<b>(51,625)</b>	<b>(3,070)</b>	<b>(37,969)</b>	<b>1,542</b>
<b>Cash and cash equivalents at the beginning of financial period</b>	<b>19,636,026</b>	<b>30,476,610</b>	<b>18,410,084</b>	<b>25,563,128</b>
<b>Cash and cash equivalents at the end of financial period</b>	<b>18,115,005</b>	<b>21,099,845</b>	<b>16,199,332</b>	<b>18,499,497</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 June 2012.*



**HONG LEONG BANK BERHAD**  
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**Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL PERIOD ENDED 31 MARCH 2013**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 March 2013 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 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 audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2012. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2012.

The unaudited condensed financial statements incorporated those activities relating to Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

Since the previous annual audited financial statements as at 30 June 2012 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 July 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysian existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standard ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2012, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 July 2012:

MFRS 1	"First-time Adoption of MFRS"
MFRS 139	"Financial Instruments: Recognition and Measurement"
Revised MFRS 124	"Related Party Disclosures"
Amendment to MFRS 112	"Income Taxes"
Amendment to MFRS 1	"First time Adoption on Fixed Assets and Hyperinflation"
Amendments to MFRS 7	"Financial Instruments: Disclosures on Transfers of Financial Assets"
Amendment to MFRS 101	"Presentation of Items of Other Comprehensive Income"

The change in accounting policies above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's and the Bank's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A32.

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**A1 Basis of preparation** (continued)

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2012**

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2012.

**A3 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.

**A4 Exceptional items or unusual events affecting financial statements**

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

**A5 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.

**A6 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 period ended 31 March 2013:-

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**A6 Issuance and repayment of debt and equity securities (continued)**

a) Share Buy-back

During the financial period ended 31 March 2013, the Bank purchased a total of 1,000 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 period ended 31 March 2013 were as follows:

<b>Month</b>	<b>No of shares bought back</b>	<b>Lowest price paid</b>	<b>Highest price paid</b>	<b>Average price paid</b>	<b>Total consideration (including transaction cost)</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Jul-12	1,000	13.48	13.48	13.48	13,538
Aug-12	-	-	-	-	-
Sep-12	-	-	-	-	-
Oct-12	-	-	-	-	-
Nov-12	-	-	-	-	-
Dec-12	-	-	-	-	-
Jan-13	-	-	-	-	-
Feb-13	-	-	-	-	-
Mar-13	-	-	-	-	-
<b>For the year</b>	<b>1,000</b>	<b>13.48</b>	<b>13.48</b>	<b>13.48</b>	<b>13,538</b>

The total number of Shares bought back, all of which were held as treasury shares as at 31 March 2013 amounted to 81,099,700 Shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to ESOS

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

During the financial period ended 31 March 2013, the trust did not purchase any new shares. As at 31 March 2013, the total number of Treasury Shares for ESOS was 42,795,128 at an average carrying value of RM5.90 per share.

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**A6 Issuance and repayment of debt and equity securities** (continued)

b) Purchase of shares pursuant to ESOS (continued)

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

- (i) 4,500,000 share options at an exercise price of RM5.72;
- (ii) 21,800,000 share options at an exercise price of RM6.05;
- (iii) 12,835,000 share options at an exercise price of RM5.99;
- (ix) 250,000 share options at an exercise price of RM5.75 (granted and lapsed in financial year ended 2009);
- (x) 200,000 share options at an exercise price of RM7.49;
- (xi) 3,095,000 share options at an exercise price of RM9.14;
- (xii) 1,000,000 share options at an exercise price of RM10.55; and
- (xiii) 1,151,408 share options arising from adjustment for rights issue.

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.

Arising from the completion of the Bank's Right issue on 18 October 2011, there was an adjustment to the exercise price and number of option shares. The unexercised share options and the exercise price adjusted for the rights issue are listed below :-

- (i) 75,063 share options at an exercise price of RM5.44;
- (ii) 13,165,125 share options at an exercise price of RM5.75;
- (iii) 6,294,724 share options at an exercise price of RM5.69;
- (ix) 154,884 share options at an exercise price of RM7.12;
- (x) 2,804,113 share options at an exercise price of RM8.69; and
- (xi) 1,000,000 share options at an exercise price of RM10.55

During the financial period ended 31 March 2013, a total of 5,205,068 ordinary shares of RM1 each for cash were exercised pursuant to the Company's ESOS at exercise price above per ordinary share.

**A7 Dividends paid**

An interim dividend of 15.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2013 amounting to RM197.4 million was paid on 26 March 2013.

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**A8 Financial assets held-for-trading**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Money market instruments:				
Bank Negara Malaysia bills	4,757,006	11,044,525	3,158,290	7,386,564
Government treasury bills	190,063	253,388	190,063	253,388
Malaysian Government securities	226,455	236,879	226,455	236,879
Malaysian Government investment certificates	401,316	2,177,642	265,946	1,730,729
Bankers' acceptances and Islamic accepted bills	4,399,041	4,204,306	4,120,408	3,927,300
Negotiable instruments of deposit	4,319,841	2,975,604	5,145,899	3,378,954
Cagamas bonds	85,564	72,214	35,533	72,214
	14,379,286	20,964,558	13,142,594	16,986,028
Quoted securities:				
Shares in Malaysia	7,541	9,024	7,541	9,024
Shares outside Malaysia	11,442	64,431	11,442	64,431
Unquoted securities:				
Private and Islamic debt securities	802,108	422,489	771,373	341,442
Foreign currency bonds	611,986	357,911	571,490	357,911
Total financial assets held-for-trading	15,812,363	21,818,413	14,504,440	17,758,836

On 1 July 2012, the Bank designated a previously held financial investments available-for-sale to financial assets held for trading, as allowed under MFRS 1. The fair value amount of the financial investments at the date of designation is RM71,566,499.

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**A9 Financial investments available-for-sale**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Money market instruments:				
Government treasury bills	349,316	375,160	349,316	375,160
Malaysian Government securities	53,251	-	53,251	-
Malaysian Government investment certificates	3,843,681	1,369,664	2,814,019	731,842
Negotiable instruments of deposit	99,017	11,826	99,621	12,658
Other Government securities	471,109	120,818	-	-
Cagamas bonds	632,441	624,625	541,669	471,885
	<u>5,448,815</u>	<u>2,502,093</u>	<u>3,857,876</u>	<u>1,591,545</u>
Quoted Securities:				
Shares in Malaysia	76,982	85,078	76,982	85,078
Loans stocks quoted in Malaysia	9,713	6,420	530	530
Wholesale fund	1,499,900	999,800	1,499,900	999,800
Unquoted securities:				
Private debt securities in Malaysia	2,614,647	2,848,788	2,074,831	2,316,113
Shares in Malaysia	307,977	307,517	307,908	307,448
Shares outside Malaysia	3,378	3,469	3,378	3,469
Foreign currency bonds in Malaysia	2,538,316	2,228,512	2,488,317	2,150,222
Foreign currency bonds outside Malaysia	812,131	881,073	812,131	881,073
Total financial investments available-for-sale	<u><u>13,311,859</u></u>	<u><u>9,862,750</u></u>	<u><u>11,121,853</u></u>	<u><u>8,335,278</u></u>

On 1 July 2012, the Bank designated a previously held financial investments available-for-sale to financial assets held for trading, as allowed under MFRS 1. The fair value amount of the financial investments at the date of designation is RM71,566,499.

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**A10 Financial investments held-to-maturity**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Money market instruments:				
Malaysian Government securities	1,078,899	1,867,919	1,078,899	1,867,919
Malaysian Government investment certificates	1,935,073	1,086,401	1,094,699	530,163
Cagamas bonds	76,993	248,101	35,662	206,773
Negotiable instruments of deposit	507,712	20,593	943,747	1,016,326
Other Government securities	17,275	151,958	2,526	2,578
	<u>3,615,952</u>	<u>3,374,972</u>	<u>3,155,533</u>	<u>3,623,759</u>
Unquoted securities in Malaysia:				
Loan stocks	122	306	122	306
Private and Islamic debt securities	102,711	195,694	-	91,593
Unquoted bonds	486	47,226	486	47,226
Investment in preference shares	53,500	52,000	53,500	52,000
	<u>156,819</u>	<u>295,226</u>	<u>54,108</u>	<u>191,125</u>
Total financial investments held-to-maturity	<u>3,772,771</u>	<u>3,670,198</u>	<u>3,209,641</u>	<u>3,814,884</u>

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**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Overdrafts	4,197,729	4,073,003	3,982,424	3,862,683
Term loans:				
- Housing and shop loans/financing	39,963,202	37,066,670	33,304,714	31,312,244
- Syndicated term loan/financing	5,975,765	5,302,510	5,458,886	4,866,398
- Hire purchase receivables	17,541,082	17,373,330	13,754,977	13,513,532
- Lease receivables	104,279	106,391	-	-
- Other term loans/financing	9,549,775	10,114,562	8,177,094	8,624,704
Credit/charge card receivables	4,062,513	4,233,382	4,062,513	4,233,382
Bills receivables	934,952	651,240	930,052	640,523
Trust receipts	320,023	342,745	314,934	333,701
Claims on customers under acceptance credits	6,949,170	7,251,829	6,410,883	6,870,319
Block discounting	6,420	6,582	6,420	6,582
Revolving credits	4,602,961	3,769,403	4,306,170	3,499,655
Staff loans:				
Staffs other than directors	205,855	241,500	194,241	226,439
Other loans/financing	40,460	37,919	38,525	33,097
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>
Fair value changes arising from fair value hedges	(6,587)	23,852	(2,055)	16,722
Unamortised fair value changes arising from terminated fair value hedges	20,836	21,570	14,886	14,838
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(1,425,800)	(1,501,615)	(1,143,012)	(1,188,198)
- Individual assessment allowance	(449,220)	(541,978)	(379,367)	(463,710)
Total net loans, advances and financing	<u><u>92,593,415</u></u>	<u><u>88,572,895</u></u>	<u><u>79,432,285</u></u>	<u><u>76,402,911</u></u>



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**A11 Loans, advances and financing** (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Domestic non-bank financial institutions	279,655	528,174	46,906	405,085
Domestic business enterprises:				
- small and medium enterprises	13,640,478	12,049,541	12,616,522	11,024,021
- others	18,931,735	19,804,343	16,965,535	17,902,314
Government and statutory bodies	19,601	26,256	13,670	20,272
Individuals	57,752,188	55,475,122	47,782,217	46,179,091
Other domestic entities	101,553	29,549	100,583	26,955
Foreign entities	3,728,976	2,658,081	3,416,400	2,465,521
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Fixed rate				
- Housing and shop loans/financing	3,157,631	2,997,728	1,845,763	1,688,490
- Hire purchase receivables	17,131,719	16,843,527	13,345,614	12,998,512
- Other fixed rate loan/financing	7,020,024	7,788,523	6,191,376	6,652,746
Variable rate				
- Base lending rate pegged	54,864,956	51,203,453	48,273,940	45,611,954
- Cost plus	11,923,932	11,482,332	11,088,854	10,829,309
- Other variables rates	355,924	255,503	196,286	242,248
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>

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**A11 Loans, advances and financing** (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Purchase of securities	982,347	1,030,125	970,096	1,029,928
Purchase of transport vehicles	17,451,421	17,251,679	13,664,338	13,400,268
Purchase of landed properties				
- residential	33,244,384	30,689,119	27,521,337	25,753,364
- non-residential	10,626,752	9,985,329	9,673,680	9,155,652
Purchase of fixed assets (excluding landed properties)	662,525	638,350	574,608	595,691
Personal use	3,495,837	3,576,501	2,713,129	2,664,505
Credit card	4,062,513	4,233,382	4,062,513	4,233,382
Purchase of consumer durables	69	103	65	95
Construction	1,083,725	924,674	1,054,888	890,836
Mergers and acquisition	451,124	388,832	451,124	388,832
Working capital	20,212,025	19,907,488	18,350,742	18,194,609
Others	2,181,464	1,945,484	1,905,313	1,716,097
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Malaysia	91,894,190	88,630,215	78,541,476	76,235,196
Singapore	2,400,357	1,767,575	2,400,357	1,767,575
Hong Kong	-	20,488	-	20,488
Vietnam	159,639	152,788	-	-
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>

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**A11 Loans, advances and financing** (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Within one year	25,850,188	25,774,287	24,073,830	24,202,531
One year to less than three years	7,199,234	7,140,438	6,077,769	5,904,892
Three years to less than five years	9,258,419	9,388,281	7,727,600	7,814,974
Five years and more	52,146,345	48,268,060	43,062,634	40,100,862
Gross loans, advances and financing	<u>94,454,186</u>	<u>90,571,066</u>	<u>80,941,833</u>	<u>78,023,259</u>

A11f Impaired loans, advances and financing/non-performing loans by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Purchase of securities	7,341	9,941	7,300	9,899
Purchase of transport vehicles	231,544	216,114	181,378	170,994
Purchase of landed properties				
- residential	276,501	342,581	211,371	276,010
- non-residential	61,319	73,388	52,406	66,275
Purchase of fixed assets (excluding landed properties)	21,945	21,667	21,646	21,148
Personal use	75,652	86,654	63,956	78,392
Credit card	57,790	66,949	57,790	66,949
Purchase of consumer durables	5	7	5	7
Construction	12,262	26,388	10,620	24,627
Working capital	544,723	649,243	465,502	557,166
Others	39,962	39,082	39,645	38,719
	<u>1,329,044</u>	<u>1,532,014</u>	<u>1,111,619</u>	<u>1,310,186</u>

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**A11 Loans, advances and financing** (continued)

A11g Impaired loans, advances and financing/non-performing loans by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Malaysia	1,299,650	1,489,443	1,082,225	1,267,615
Singapore	29,394	42,571	29,394	42,571
	<u>1,329,044</u>	<u>1,532,014</u>	<u>1,111,619</u>	<u>1,310,186</u>

A11h Movements in impaired loans, advances and financing/non-performing loans are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
As at beginning of the financial period/year				
- As previously reported	1,532,014	1,882,930	1,310,186	600,800
- fair value adjustments on completion of business combination accounting	-	32,471	-	-
As restated	1,532,014	1,915,401	1,310,186	600,800
Vesting of assets and liabilities of Promino	-	-	-	1,003,131
Impaired during the financial period/year	1,297,815	2,078,452	1,087,147	1,789,034
Performing during the financial period/ year	(737,950)	(1,081,218)	(610,275)	(893,761)
Amount written back in respect of recoveries	(388,339)	(800,135)	(338,668)	(712,422)
Amount written off	(373,004)	(584,256)	(336,755)	(477,386)
Exchange difference	(1,492)	3,770	(16)	790
As at end of the financial period/year	<u>1,329,044</u>	<u>1,532,014</u>	<u>1,111,619</u>	<u>1,310,186</u>
Gross impaired /non-performing loan as a % of gross loans advances and financing	<u>1.4%</u>	<u>1.7%</u>	<u>1.4%</u>	<u>1.7%</u>

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**A11 Loans, advances and financing** (continued)

A11i Movements in allowance for impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
<u>Collective Assessment Allowance</u>				
As at beginning of the financial year				
- as previously stated	1,881,419	1,575,097	1,593,942	726,970
- fair value adjustments on completion of business combination accounting	-	215,217	-	-
- effect of change in accounting policy	(379,804)	(253,825)	(405,744)	(303,095)
As restated	1,501,615	1,536,489	1,188,198	423,875
Vesting of assets and liabilities of Promino	-	-	-	791,101
Allowance made during the period/year	713,215	794,400	579,982	679,925
Amount transferred from/(to) individual assessment	(4,800)	55,688	(4,800)	45,291
Disposal of subsidiary	-	(1,168)	-	-
Amount written back in respect of recoveries	(490,296)	(459,074)	(357,805)	(371,626)
Amount written off	(279,617)	(416,370)	(250,594)	(372,992)
Unwinding income	(14,291)	(8,819)	(11,969)	(7,871)
Exchange differences	(26)	469	-	495
As at end of the financial period/year	<u>1,425,800</u>	<u>1,501,615</u>	<u>1,143,012</u>	<u>1,188,198</u>
As a % of gross loans, advances and financing less loans exempted from individual assessment allowance	<u>1.5%</u>	<u>1.7%</u>	<u>1.4%</u>	<u>1.5%</u>
<u>Individual Assessment Allowance</u>				
As at beginning of the financial year				
- as previously stated	541,978	666,314	463,710	154,627
- fair value adjustments on completion of business combination accounting	-	126,746	-	-
As restated	541,978	793,060	463,710	154,627
Vesting of assets and liabilities of Promino	-	-	-	492,209
Allowance made during the period/year	43,955	61,155	42,695	52,182
Amount transferred from/(to) collective assessment	4,800	(55,688)	4,800	(45,291)
Amount transfer to provision for diminution in value	(14,211)	-	(14,211)	-
Amount written back in respect of recoveries	(65,372)	(135,754)	(62,715)	(123,518)
Amount written off	(51,612)	(116,873)	(46,266)	(57,582)
Unwinding income	(8,881)	(9,716)	(8,685)	(9,407)
Exchange difference	(1,437)	5,794	39	490
As at end of the financial period/year	<u>449,220</u>	<u>541,978</u>	<u>379,367</u>	<u>463,710</u>

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**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Foreclosed properties	1,112	1,338	1,112	1,338
Sundry debtors and other prepayments	165,406	129,262	100,707	100,258
Treasury related receivables	897,277	220,591	897,277	220,591
Other receivables	367,430	190,402	54,084	102,569
	<u>1,431,225</u>	<u>541,593</u>	<u>1,053,180</u>	<u>424,756</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Fixed deposits	72,985,950	74,738,523	63,590,598	64,442,292
Negotiable instruments of deposit	8,469,806	5,828,928	7,420,558	6,437,718
	<u>81,455,756</u>	<u>80,567,451</u>	<u>71,011,156</u>	<u>70,880,010</u>
Demand deposits	16,801,725	14,675,678	14,708,081	12,298,456
Saving deposits	14,013,757	14,815,602	11,951,640	12,733,750
Short term corporate placement	10,914,847	12,641,446	10,809,090	12,641,446
Other	336,561	395,466	327,770	386,033
	<u>123,522,646</u>	<u>123,095,643</u>	<u>108,807,737</u>	<u>108,939,695</u>

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**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Government and statutory bodies	2,944,286	3,861,648	1,742,407	2,663,604
Business enterprises	52,304,865	57,508,742	43,231,148	48,251,587
Individuals	63,459,602	59,427,462	59,631,123	55,981,810
Others	4,813,893	2,297,791	4,203,059	2,042,694
	<u>123,522,646</u>	<u>123,095,643</u>	<u>108,807,737</u>	<u>108,939,695</u>

A13c The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:-

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Period Ended 31/03/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Due within six months	57,422,029	60,720,326	48,723,623	52,158,890
More than six months to one year	19,440,210	14,405,933	18,225,958	13,307,454
More than one year to five years	4,593,517	5,441,192	4,061,575	5,413,666
	<u>81,455,756</u>	<u>80,567,451</u>	<u>71,011,156</u>	<u>70,880,010</u>

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**A14 Deposits and placements of banks and other financial institution**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>
Licensed banks	6,240,413	7,813,440	5,832,924	7,422,996
Licensed investment banks	-	485,723	-	404,343
Licensed Islamic banks	220,093	1,441,508	-	-
Other financial institutions	696,749	50,025	150,036	50,025
	<u>7,157,255</u>	<u>9,790,696</u>	<u>5,982,960</u>	<u>7,877,364</u>
The maturity structure of deposits and placements of banks and other financial institutions: - One year or less (short term)	<u>7,157,255</u>	<u>9,790,696</u>	<u>5,982,960</u>	<u>7,877,364</u>

**A15 Other liabilities**

	<u>The Group</u>		<u>The Bank</u>	
	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>
Zakat	369	200	-	-
Post employment benefits obligation				
- defined contribution plan	2,993	3,079	2,993	3,079
Loan advance payment	1,569,996	1,444,836	1,293,497	1,244,798
Amount due to Cagamas Berhad	174,043	179,719	174,043	179,719
Amount due to subsidiary companies	-	-	83,376	219,443
Treasury clearing	421	312	421	312
Cheque clearing	64,987	114,253	69,590	91,029
Treasury related payable	807,604	199,745	807,604	199,745
Sundry creditors & accruals	453,152	495,649	413,557	458,182
Provision for bonus and staff related expenses	113,560	124,500	109,120	119,508
Others	260,471	177,395	228,017	148,603
	<u>3,447,596</u>	<u>2,739,688</u>	<u>3,182,218</u>	<u>2,664,418</u>



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**A16 Senior bonds**

		<u>The Group and The Bank</u>	
		<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>
USD 300 million senior bonds, at par	(a)	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200
Foreign exchange translations		20,550	69,750
		<u>1,856,100</u>	<u>1,905,300</u>
Add: Interest payable		14,404	16,274
		<u>1,870,504</u>	<u>1,921,574</u>
Less: Unamortised discounts		(10,366)	(13,781)
		<u>1,860,138</u>	<u>1,907,793</u>

(a) 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.

(b) On 20 April, 2012, HLB completed its inaugural US dollar senior unsecured notes issuance of USD300 million (the "Senior Notes") under its Euro Medium Term Note Programme of up to USD1.5 billion (or its equivalent in other currencies) in nominal value (the "Programme") which was established on 9 April 2012.

The Senior Notes will have a tenor of five years, maturing on 19 April 2017. The Senior Notes will pay a coupon of 3.125% per annum which is equivalent to a yield to investors of 3.269%.

**A17 Subordinated bonds**

		<u>The Group</u>		<u>The Bank</u>	
		<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>
RM700 million Tier 2 subordinated debt, at par	(a)	700,000	700,000	700,000	700,000
Add: Interest payable		4,372	13,208	4,372	13,208
		<u>704,372</u>	<u>713,208</u>	<u>704,372</u>	<u>713,208</u>
Less: Unamortised discounts		(926)	(1,603)	(926)	(1,603)
		<u>703,446</u>	<u>711,605</u>	<u>703,446</u>	<u>711,605</u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000	1,000,000	1,000,000
Add: Interest payable		17,519	6,555	17,519	6,555
		<u>1,017,519</u>	<u>1,006,555</u>	<u>1,017,519</u>	<u>1,006,555</u>
Less: Unamortised discounts		(1,584)	(2,436)	(1,584)	(2,436)
		<u>1,015,935</u>	<u>1,004,119</u>	<u>1,015,935</u>	<u>1,004,119</u>

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**A17 Subordinated bonds** (continued)

		<u>The Group</u>		<u>The Bank</u>	
		<u>Financial Period Ended 31/03/2013 RM'000</u>	<u>Financial Year Ended 30/06/2012 RM'000</u>	<u>Financial Period Ended 31/03/2013 RM'000</u>	<u>Financial Year Ended 30/06/2012 RM'000</u>
Subordinated medium term notes, at par	(c)	1,160,000	1,160,000	1,160,000	1,160,000
Add: Interest payable		12,739	9,267	12,739	9,267
		<u>1,172,739</u>	<u>1,169,267</u>	<u>1,172,739</u>	<u>1,169,267</u>
Less: Unamortised discounts		(9,016)	(14,214)	(9,017)	(14,822)
Add: Fair value adjustments on completion of business combination accounting		6,321	18,000	6,321	18,000
		<u>1,170,044</u>	<u>1,173,053</u>	<u>1,170,043</u>	<u>1,172,445</u>
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable		18,123	1,664	18,123	1,664
		<u>1,518,123</u>	<u>1,501,664</u>	<u>1,518,123</u>	<u>1,501,664</u>
Less: Unamortised discounts		(2,463)	(582)	(2,464)	(582)
		<u>1,515,660</u>	<u>1,501,082</u>	<u>1,515,659</u>	<u>1,501,082</u>
		<u>4,405,085</u>	<u>4,389,859</u>	<u>4,405,083</u>	<u>4,389,251</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.

The 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.

(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 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 27 February 2009, Promino Sdn Bhd ("Promino") (formerly known as EON Bank Berhad), 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 Promino 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.

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**A17 Subordinated bonds** (continued)

(c) Subsequently, on 2 December 2009, Promino 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 Promino 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, Promino 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 Promino 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.

On 1 July 2011, the above Subordinated MTN was vested to HLB. The above tranches of Subordinated MTNs constitute unsecured liabilities of HLB 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 2 capital for the purpose of determining the capital adequacy ratio of the Group and HLBB.

(d) On 22 June 2012, the Bank had completed the issuance of RM1.5 billion nominal value of Tier 2 Subordinated Notes ("Sub Notes"). The RM1.5 billion Sub Notes will mature in 2024 and are callable on any interest payment date falling on or after the 7th anniversary of the issue date subject to approval of BNM. The Sub Notes which bears interest of 4.50% per annum is payable semi-annually in arrears.

The Sub Notes 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.

**A18 Non-innovative Tier 1 stapled securities**

	<b>The Group and The Bank</b>	
	<b>Financial Period Ended 31/03/2013 RM'000</b>	<b>Financial Year Ended 30/06/2012 RM'000</b>
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000
Add: Interest payable	28,474	10,653
	<u>1,428,474</u>	<u>1,410,653</u>
Less: Unamortised discounts	(2,192)	(3,370)
	<u><u>1,426,282</u></u>	<u><u>1,407,283</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.

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**A19 Innovative Tier 1 capital securities**

	<u>The Group</u>		<u>The Bank</u>	
	<u>Financial Period Ended 31/03/2013 RM'000</u>	<u>Financial Year Ended 30/06/2012 RM'000</u>	<u>Financial Period Ended 31/03/2013 RM'000</u>	<u>Financial Year Ended 30/06/2012 RM'000</u>
RM500 million Innovative Tier 1 capital securities at par	500,000	500,000	500,000	500,000
Add: Interest payable	2,373	12,545	2,373	12,545
	<u>502,373</u>	<u>512,545</u>	<u>502,373</u>	<u>512,545</u>
Less: Unamortised discounts	(10,252)	(9,708)	(10,252)	(11,174)
Add: Fair value adjustments on completion of business combination accounting	57,731	71,744	57,731	71,744
	<u>549,852</u>	<u>574,581</u>	<u>549,852</u>	<u>573,115</u>

On 10 September 2009, Promino 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 Promino 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.

On 1 July 2011, the above IT-Capital Securities was vested to HLB. The IT-1 Capital Securities constitute unsecured and subordinated obligations of HLB 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 the Bank.

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**A20 Interest income**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Group</b>				
Loan, advances and financing	1,018,276	991,942	3,002,243	2,975,721
Money at call and deposit placements with financial institutions	78,170	165,291	256,039	445,971
Securities purchased under resale agreements	7,994	4,747	19,968	5,686
Financial assets held-for-trading	190,712	135,697	561,426	331,175
Financial investments available-for-sale	74,569	54,433	226,230	139,310
Financial investments held-to-maturity	23,903	37,677	74,365	154,602
Others	37	409	231	751
	<u>1,393,661</u>	<u>1,390,196</u>	<u>4,140,502</u>	<u>4,053,216</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>6,944</u>	<u>5,653</u>	<u>20,654</u>	<u>12,162</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Bank</b>				
Loan, advances and financing	1,014,598	987,602	2,993,015	2,964,097
Money at call and deposit placements with financial institutions	82,283	160,810	263,073	425,031
Securities purchased under resale agreements	7,994	4,747	19,968	5,686
Financial assets held-for-trading	199,806	136,842	585,782	332,320
Financial investments available-for-sale	64,903	58,970	204,698	150,513
Financial investments held-to-maturity	27,928	47,503	88,141	179,945
Others	11,360	12,070	34,699	35,910
	<u>1,408,872</u>	<u>1,408,544</u>	<u>4,189,376</u>	<u>4,093,502</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>6,944</u>	<u>5,653</u>	<u>20,654</u>	<u>12,162</u>

**HONG LEONG BANK BERHAD**  
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**A21 Interest expense**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	24,196	20,057	70,234	56,338
Deposits from customers	558,030	566,270	1,686,244	1,599,670
Short term corporate placements	84,006	85,151	237,965	207,165
Senior bonds	16,610	9,027	50,945	27,581
Tier-2 subordinated bonds	46,505	29,580	138,041	89,324
Tier-2 capital cumulative subordinated loan	-	-	-	28,503
Non-innovative Tier-1 stapled securities	17,798	18,104	54,252	54,783
Innovative Tier-1 capital securities	6,016	6,304	17,552	13,887
Others	3,306	3,122	8,529	9,581
	<u>756,467</u>	<u>737,615</u>	<u>2,263,762</u>	<u>2,086,832</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Bank</u></b>				
Deposits and placements of banks and other financial institutions	24,854	31,874	70,819	84,400
Deposits from customers	579,740	586,837	1,753,826	1,657,843
Short term corporate placements	84,006	85,151	237,965	207,165
Senior bonds	16,610	9,027	50,945	27,581
Tier-2 subordinated bonds	50,350	29,637	151,435	89,494
Tier-2 capital cumulative subordinated loan	-	-	-	28,503
Non-innovative Tier-1 stapled securities	17,798	18,104	54,252	54,783
Innovative Tier-1 capital securities	6,016	6,354	17,874	14,037
Others	3,306	2,817	8,529	8,696
	<u>782,680</u>	<u>769,801</u>	<u>2,345,645</u>	<u>2,172,502</u>

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**A22 Net income from Islamic Banking business**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	212,120	203,520	622,830	651,110
of which Finance income	211,829	202,220	616,114	646,021
of which other operating income	291	1,300	6,716	5,089
Income derived from investment of shareholders' funds	19,191	38,466	63,321	62,297
of which Finance income	15,943	19,311	46,373	49,219
of which other operating income	3,248	19,155	16,948	13,078
Income attributable to depositors	(114,603)	(119,491)	(338,539)	(380,719)
	116,708	122,495	347,612	332,688

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**A23 Other operating income**

<u>Group</u>	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<b>(a) Fee income:</b>				
Commissions	34,059	28,823	100,349	86,668
Service charges and fees	11,582	10,799	34,455	34,487
Guarantee fees	4,600	4,086	17,837	13,696
Credit card related fees	64,490	65,625	200,298	203,995
Corporate advisory fees	(25)	1,800	1,640	5,237
Commitment fees	8,471	8,185	25,634	24,469
Fee on loans, advances and financing	16,622	14,811	51,359	49,229
Brokerage	-	1,910	-	6,140
Other fee income	3,298	(1,515)	10,099	16,069
	<u>143,097</u>	<u>134,524</u>	<u>441,671</u>	<u>439,990</u>
<b>(b) Gain/(loss) arising from sale of financial assets:</b>				
Net gain from sale of financial assets held-for-trading	15,137	11,186	39,363	19,993
Net gain from sale of derivative financial instruments	27,587	11,634	31,560	79,161
Net gain from sale of financial investments available-for-sale	23,846	5,790	79,696	13,769
Net gain/(loss) from redemption of financial investments held-to-maturity	35	(352)	8,436	1,699
	<u>66,605</u>	<u>28,258</u>	<u>159,055</u>	<u>114,622</u>
<b>(c) Gross dividend income from:</b>				
Financial investments available-for-sale	<u>13,579</u>	<u>1,395</u>	<u>40,498</u>	<u>15,771</u>



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**A23 Other operating income** (continued)

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	(1,992)	8	9,357	1,181
- Derivatives financial instruments	5,069	4,441	22,481	(95,844)
	<u>3,077</u>	<u>4,449</u>	<u>31,838</u>	<u>(94,663)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(5,046)</u>	<u>(3,189)</u>	<u>(15,201)</u>	<u>(14,190)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>1,255</u>	<u>20,873</u>	<u>4,835</u>	<u>11,452</u>
(g) <u>Other income:</u>				
Foreign exchange gain	43,534	49,119	127,346	129,264
Rental income	1,196	1,400	3,778	4,089
Gain on disposal of property and equipment (net)	48	-	866	681
Others	3,669	5,109	12,776	15,835
	<u>48,447</u>	<u>55,628</u>	<u>144,766</u>	<u>149,869</u>
Total other operating income	<u>271,014</u>	<u>241,938</u>	<u>807,462</u>	<u>622,851</u>

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**A23 Other operating income** (continued)

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	34,015	28,736	100,199	86,356
Service charges and fees	11,570	11,238	34,457	36,193
Guarantee fees	4,580	4,074	17,777	13,653
Credit card related fees	64,490	65,625	200,298	203,995
Corporate advisory fees	(25)	(20)	1,640	1,463
Commitment fees	8,471	8,193	25,638	24,492
Fee on loans, advances and financing	16,622	14,811	51,359	49,229
Other fee income	3,268	(1,307)	10,447	16,060
	<u>142,991</u>	<u>131,350</u>	<u>441,815</u>	<u>431,441</u>
<b>(b) <u>Gain/(loss) arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets held-for-trading	15,137	11,191	39,363	19,965
Net gain from sale of derivative financial instruments	27,587	11,634	31,560	79,161
Net gain from sale of financial investments available-for-sale	23,846	6,454	79,678	12,772
Net gain from redemption of financial investments held-to-maturity	35	(352)	8,436	1,699
	<u>66,605</u>	<u>28,927</u>	<u>159,037</u>	<u>113,597</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	-	-	111,239	46,000
Associated company	-	-	70,361	2,379
Financial investments available-for-sale	13,579	1,395	40,498	15,771
	<u>13,579</u>	<u>1,395</u>	<u>222,098</u>	<u>64,150</u>

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**A23 Other operating income** (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012 Restated	31/03/2013	31/03/2012 Restated
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	(1,992)	8	9,357	1,181
- Derivatives financial instruments	5,069	4,441	22,481	(95,844)
	<u>3,077</u>	<u>4,449</u>	<u>31,838</u>	<u>(94,663)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(4,239)</u>	<u>(2,915)</u>	<u>(12,367)</u>	<u>(9,580)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>1,255</u>	<u>20,873</u>	<u>4,835</u>	<u>11,452</u>
(g) <u>Other income:</u>				
Foreign exchange gain	43,659	44,774	126,725	119,011
Rental income	1,196	1,882	3,778	5,562
Gain on disposal of property and equipment (net)	48	-	866	680
Others	3,661	5,284	12,569	15,800
	<u>48,564</u>	<u>51,940</u>	<u>143,938</u>	<u>141,053</u>
Total other operating income	<u>271,832</u>	<u>236,019</u>	<u>991,194</u>	<u>657,450</u>

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**A24 Other operating expenses**

<u>Group</u>	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	217,300	236,068	645,802	712,582
- Voluntary separation scheme (VSS) *	-	940	-	115,629
- Medical expenses	4,931	8,931	16,226	19,334
- Training and convention expenses	4,268	3,220	18,343	19,108
- Staff welfare	2,927	7,602	10,567	15,688
- Others	5,864	1,127	20,070	10,151
<u>Establishment costs</u>				
- Depreciation of property and equipment	27,263	25,181	78,432	74,555
- Amortisation of intangible assets	23,577	17,966	75,599	52,770
- Rental	19,128	18,511	59,354	54,485
- Information technology expenses	25,740	21,208	73,370	64,354
- Security services	5,977	6,519	20,559	19,636
- Electricity, water and sewerage	5,899	5,360	21,692	18,205
- Hire of plant and machinery	2,970	4,051	9,722	10,792
- Others	8,611	6,605	20,043	17,341
<u>Marketing expenses</u>				
- Advertisement and publicity	14,571	12,928	31,507	16,853
- Credit card related fees	13,700	21,126	45,662	50,156
- Others	3,308	(2,980)	10,493	10,469
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,817	3,446	11,020	11,170
- Stationery & printing	4,495	6,778	12,556	16,706
- Professional fees	28,271	15,862	64,789	54,707
- Insurance fees	5,270	5,167	13,741	16,014
- Stamp, postage and courier	5,732	6,550	17,988	19,296
- Credit card fees	17,342	16,309	50,886	48,590
- Travelling and transport expenses	1,918	1,597	5,382	4,975
- Registration and license fees	1,223	1,548	3,660	3,934
- Brokerage and commission	1,206	1,156	3,302	3,325
- Others	2,667	4,377	11,674	13,942
	<u>457,975</u>	<u>457,153</u>	<u>1,352,439</u>	<u>1,474,767</u>

\* In FY 2012, Hong Leong Bank had implemented a Voluntary Separation Scheme (VSS). This scheme was introduced as part of the Bank's effort to enhance productivity and efficiency within the organization, as well as an opportunity and option for staff who have expressed their desire for a change such as starting up own business, further studies, early retirement, change of work environment and pursue personal interest.

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**A24 Other operating expenses (continued)**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	184,926	204,660	547,531	610,783
- Voluntary separation scheme (VSS) *	-	99	-	99,541
- Medical expenses	4,131	8,823	13,615	17,101
- Training and convention expenses	3,681	3,265	16,256	17,414
- Staff welfare	2,493	6,947	8,790	13,719
- Others	4,950	(1,261)	16,361	7,042
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	26,206	23,858	75,276	70,470
- Amortisation of intangible assets	22,931	19,060	73,470	56,039
- Rental	15,429	15,859	48,516	46,669
- Information technology expenses	22,472	20,744	64,327	61,607
- Security services	5,108	5,847	17,763	17,433
- Electricity, water and sewerage	5,590	4,827	20,704	16,550
- Hire of plant and machinery	2,370	3,372	8,521	9,855
- Others	4,261	2,248	5,162	5,544
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	13,059	12,641	27,098	14,773
- Credit card related fees	13,700	21,126	45,662	50,156
- Others	3,040	(3,328)	9,961	8,927
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	3,740	3,328	11,138	10,661
- Stationery & printing	4,389	6,526	12,332	16,003
- Professional fees	27,832	17,284	63,070	53,319
- Insurance fees	4,568	4,956	11,333	14,896
- Stamp, postage and courier	5,673	6,771	17,844	18,266
- Credit card fees	17,342	16,309	50,886	48,590
- Travelling and transport expenses	1,554	1,116	4,433	3,928
- Registration and license fees	1,143	1,396	3,483	3,527
- Brokerage and commission	1,049	1,085	2,976	3,076
- Others	3,829	3,996	13,411	14,594
	<u>405,466</u>	<u>411,554</u>	<u>1,189,919</u>	<u>1,310,483</u>

\* In FY 2012, Hong Leong Bank had implemented a Voluntary Separation Scheme (VSS). This scheme was introduced as part of the Bank's effort to enhance productivity and efficiency within the organization, as well as an opportunity and option for staff who have expressed their desire for a change such as starting up own business, further studies, early retirement, change of work environment and pursue personal interest.

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**A25 Allowance for impairment losses on loans, advances and financing**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<b><u>Group</u></b>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	104,782	(68,917)	222,919	177,511
- individual assessment allowance	(10,275)	(8,108)	(21,417)	(51,351)
Impaired loans and financing written off	4,185	1,857	14,299	6,006
Impaired loans and financing recovered	(57,391)	(65,347)	(202,715)	(232,040)
	<u>41,301</u>	<u>(140,515)</u>	<u>13,086</u>	<u>(99,874)</u>

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>Restated RM'000</b>	<b>RM'000</b>	<b>Restated RM'000</b>
<b><u>Bank</u></b>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	102,343	(30,858)	222,177	204,455
- individual assessment allowance	(8,952)	(6,769)	(20,020)	(49,472)
Impaired loans and financing written off	3,631	1,811	12,854	5,713
Impaired loans and financing recovered	(51,688)	(62,102)	(185,773)	(222,171)
	<u>45,334</u>	<u>(97,918)</u>	<u>29,238</u>	<u>(61,475)</u>

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**A26 Capital adequacy**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated * RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated * RM'000
<b><u>Components of Capital</u></b>				
<b>Tier-1 capital</b>				
Paid-up share capital	1,879,909	1,879,909	1,879,909	1,879,909
Share premium	2,832,383	2,832,383	2,832,383	2,832,383
Retained profit	5,737,128	4,991,981	4,603,124	3,919,897
Other reserves	2,299,370	2,244,341	2,032,132	2,014,651
Less: Treasury shares	(684,080)	(714,792)	(684,080)	(714,792)
Less: Other Intangible Assets	(381,756)	(446,497)	(374,665)	(437,850)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
<b>Common equity Tier-1 capital</b>	<b>9,851,642</b>	<b>8,956,013</b>	<b>8,517,256</b>	<b>7,722,651</b>
Non-innovative Tier-1 stapled securities	1,258,027	1,256,967	1,258,027	1,256,967
Innovative Tier-1 capital securities	440,773	441,263	440,773	439,943
<b>Total Tier-1 capital</b>	<b>11,550,442</b>	<b>10,654,243</b>	<b>10,216,056</b>	<b>9,419,561</b>
Collective assessment allowance ^	893,891	932,830	715,774	735,127
Subordinated bonds	3,911,408	3,906,501	3,911,408	3,906,501
	<u>4,805,299</u>	<u>4,839,331</u>	<u>4,627,182</u>	<u>4,641,628</u>
<b>Total capital</b>	<b>16,355,742</b>	<b>15,493,574</b>	<b>14,843,239</b>	<b>14,061,190</b>
Less: Investment in subsidiary companies	-	-	(2,078,046)	(2,081,933)
Less: Investment in associated company	(1,679,527)	(1,540,288)	(946,505)	(946,505)
Less: Investment in jointly controlled entity	(78,677)	(76,871)	(76,711)	(76,711)
<b>Total capital base</b>	<b>14,597,538</b>	<b>13,876,415</b>	<b>11,741,977</b>	<b>10,956,041</b>

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**A26 Capital adequacy (continued)**

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Common equity Tier-1 capital ratio	10.08%	9.29%	9.93%	9.04%
Tier-1 capital ratio	11.82%	11.05%	11.91%	11.03%
Total capital ratio	14.93%	14.39%	13.69%	12.83%

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

\* The above capital adequacy ratios has been adjusted for the effect of the adoption of MFRS 139 and MFRS 1.

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

<b>Hong Leong Islamic Bank Berhad</b>		
	31/03/2013	30/06/2012 Restated
Common equity Tier-1 capital ratio	9.10%	9.29%
Tier-1 capital ratio	9.10%	9.29%
Total capital ratio	<u>12.24%</u>	<u>12.47%</u>



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**A26 Capital adequacy (continued)**

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

	<u>The Group</u>		<u>The Bank</u>	
	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000	Financial Period Ended 31/03/2013  RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Risk-weighted assets for credit risk	88,346,196	87,484,431	77,320,553	77,367,462
Risk-weighted assets for market risk	3,064,760	3,694,052	3,077,860	3,494,548
Risk-weighted assets for operational risk	6,334,017	5,238,374	5,391,431	4,532,667
Total risk-weighted assets	<u>97,744,973</u>	<u>96,416,857</u>	<u>85,789,844</u>	<u>85,394,677</u>

The Group's and the Bank's regulatory capital is governed by BNM Capital Adequacy Framework guidelines. On 28 November 2012, BNM issued its finalised Basel III capital adequacy guidelines, with a phased implementation timeline commencing 1 January 2013, and full phase-in by 1 January 2019.

With effect from 1 Jan 2013 , the Group and the Bank has adopted the new Basel III capital adequacy guidelines. The comparative for 30 June 2012, has been restated on a pro-forma basis to reflect the BNM's Basel III requirement.

The Group and the Bank has adopted the Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk computation.

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**A27 Group segmental reporting on revenue, profit and assets**

	Financial quarter ended 31/03/2013					Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<b><u>By business segment</u></b>						
External revenue	625,878	109,936	289,102	-	-	1,024,916
Inter-segment revenue	36,003	125,846	(161,849)	-	-	-
Segment revenue	<u>661,881</u>	<u>235,782</u>	<u>127,253</u>	<u>-</u>	<u>-</u>	<u>1,024,916</u>
Segment profit before taxation	306,989	148,703	70,105	-	-	525,797
Share of profit after tax of equity accounted associated company					61,226	61,226
Share of profit after tax of equity accounted jointly controlled entity					895	895
Profit before taxation and zakat						<u>587,918</u>
Taxation and zakat						<u>(133,705)</u>
Profit after taxation						<u>454,213</u>

	Financial period ended 31/03/2013					Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<b><u>By business segment</u></b>						
External revenue	1,794,495	302,038	935,281	-	-	3,031,814
Inter-segment revenue	93,277	397,904	(491,181)	-	-	-
Segment revenue	<u>1,887,772</u>	<u>699,942</u>	<u>444,100</u>	<u>-</u>	<u>-</u>	<u>3,031,814</u>
Segment profit before taxation	886,217	478,783	306,305	-	-	1,671,305
Share of profit after tax of equity accounted associated company					190,583	190,583
Share of profit after tax of equity accounted jointly controlled entity					1,806	1,806
Profit before taxation and zakat						<u>1,863,694</u>
Taxation and zakat						<u>(423,856)</u>
Profit after taxation						<u>1,439,838</u>
Segment assets	65,261,647	28,062,418	54,623,722	-	-	147,947,787
Unallocated assets						9,817,006
Total assets						<u>157,764,793</u>

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**A27 Group segmental reporting on revenue, profit and assets (continued)**

	Corresponding quarter ended 31/03/2012 (Restated)					Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<b><u>By business segment</u></b>						
External revenue	648,819	49,084	314,481	4,630	-	1,017,014
Inter-segment revenue	(2,665)	158,815	(156,150)	-	-	-
Segment revenue	<u>646,154</u>	<u>207,899</u>	<u>158,331</u>	<u>4,630</u>	<u>-</u>	<u>1,017,014</u>
Segment profit before taxation	375,061	215,695	110,947	658	-	702,361
Share of profit after tax of equity accounted associated company					61,072	61,072
Share of profit after tax of equity accounted jointly controlled entity					670	670
Profit before taxation and zakat						<u>764,103</u>
Taxation and zakat						(174,763)
Profit after taxation						<u><u>589,340</u></u>

	Corresponding financial period ended 31/03/2012 (Restated)					Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Investment Banking Division RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<b><u>By business segment</u></b>						
External revenue	1,912,475	195,326	796,684	17,438	-	2,921,923
Inter-segment revenue	(14,379)	402,155	(387,776)	-	-	-
Segment revenue	<u>1,898,096</u>	<u>597,481</u>	<u>408,908</u>	<u>17,438</u>	<u>-</u>	<u>2,921,923</u>
Segment profit before taxation	833,467	506,319	236,475	(16,935)	-	1,559,326
Share of profit after tax of equity accounted associated company					157,828	157,828
Share of profit after tax of equity accounted jointly controlled entity					801	801
Profit before taxation and zakat						<u>1,717,955</u>
Taxation and zakat						(379,997)
Profit after taxation						<u><u>1,337,958</u></u>
Segment assets	61,454,690	24,293,878	61,326,638	355,807	-	147,431,013
Unallocated assets						9,639,870
Total assets						<u><u>157,070,883</u></u>

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**A28 Property and equipment**

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

**A29(a) Material events subsequent to the end of the reporting period**

There are no materials events subsequent to the end of the financial period ended 31 March 2013.

**A29(b) Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial period and up to the date of this report except for the following:

- (a) CFB Nominees (Tempatan) Sdn Bhd and Oriental Nominee (Tempatan) Sdn Bhd, the wholly-owned subsidiaries of HLB, were dissolved on 26 September 2012.
- (b) On 30 November 2012, HLB announced that the liquidator of Perkasa Nominees (Tempatan) Sdn Bhd and PFB Asa Berhad ("Subsidiaries"), wholly-owned subsidiaries of HLB, had convened final meetings for the respective Subsidiaries to conclude the member's voluntary winding-up of the respective Subsidiaries.

The Return by Liquidator Relating to Final Meeting of the respective Subsidiaries was lodged on 30 November 2012 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, the Subsidiaries will be dissolved.

The Subsidiaries were dissolved on 1 March 2013.

- (c) On 31 January 2013, HLB announced that the liquidator of EFB Berhad ("EFB"), wholly-owned subsidiary of HLB, had convened final meeting for the EFB to conclude the member's voluntary winding-up of EFB.

The Return by Liquidator Relating to Final Meeting of EFB was lodged on 31 January 2013 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, EFB will be dissolved.

EFB was dissolved on 1 May 2013.

- (d) HLB announced that HLB had, on 18 February 2013, incorporated a wholly-owned subsidiary known as Hong Leong Bank (Cambodia) PLC ("HLBCAM") in Cambodia with a capital of USD37,500,000 which is approximately equivalent to RM116,175,000. The intended activity for HLBCAM is to carry out commercial banking business.

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**A30 Commitments and contingencies**

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

The commitments and contingencies constitute the following:

	Financial Period Ended 31/03/2013			Financial Year Ended 30/06/2012		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk - Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk - Weighted Amount RM'000
<b>The Group</b>						
Direct credit substitutes	506,941	506,941	441,333	444,051	444,051	403,746
Certain transaction related contingent items	1,528,747	764,373	724,491	1,410,727	705,363	667,229
Short term self liquidating trade related contingencies	828,832	165,766	162,131	1,557,667	311,533	304,601
Forward asset purchases	5,262	5,262	1,052	71,513	71,513	14,303
Irrevocable commitments to extend credit:						
- maturity more than one year	14,027,169	7,012,232	5,829,166	12,720,869	6,360,277	5,377,784
- maturity less than one year	17,849,622	3,569,476	3,178,801	17,750,840	3,549,668	2,991,929
Foreign exchange related contracts:						
- less than one year	32,485,817	490,615	253,598	37,767,414	605,763	260,715
- one year to less than five years	2,372,419	286,795	134,120	1,174,381	140,359	80,086
- five years and above	1,389,861	57,022	45,949	686,519	139,323	86,814
Interest rate related contracts:						
- less than one year	15,939,972	50,609	21,121	13,416,046	43,810	20,081
- one year to less than five years	39,427,146	1,011,934	510,113	41,967,670	1,326,970	635,849
- five years and above	15,157,562	1,347,790	680,271	10,741,653	1,069,531	540,557
Equity related contracts:						
- less than one year	93,011	6,162	4,157	69,293	4,953	3,283
- one year to less than five years	-	-	-	9,748	780	390
Unutilised credit card lines	8,384,576	1,676,915	1,259,688	9,200,627	1,840,125	1,380,420
<b>Total</b>	<b>149,996,937</b>	<b>16,951,892</b>	<b>13,245,991</b>	<b>148,989,018</b>	<b>16,614,019</b>	<b>12,767,787</b>

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**A30 Commitments and contingencies (continued)**

	Financial Period Ended 31/03/2013			Financial Year Ended 30/06/2012		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk - Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk - Weighted Amount RM'000
<b>The Bank</b>						
Direct credit substitutes	502,191	502,191	436,582	435,503	435,503	395,198
Certain transaction related contingent items	1,450,268	725,134	685,252	1,336,034	668,017	629,882
Short term self liquidating trade related contingencies	815,507	163,101	159,466	1,534,557	306,911	299,979
Forward asset purchases	5,262	5,262	1,052	71,513	71,513	14,303
Irrevocable commitments to extend credit:						
- maturity more than one year	10,898,941	5,449,470	4,535,362	9,341,832	4,670,916	3,933,182
- maturity less than one year	16,685,342	3,337,068	2,968,135	16,631,310	3,326,262	2,783,647
Foreign exchange related contracts:						
- less than one year	36,321,815	699,860	466,662	37,673,453	605,763	260,715
- one year to less than five years	2,372,419	286,795	134,120	4,795,712	430,557	370,284
- five years and above	1,389,861	57,022	45,949	686,519	139,323	86,814
Interest rate related contracts:						
- less than one year	15,889,972	50,569	21,101	13,376,046	43,710	20,031
- one year to less than five years	38,837,146	994,967	501,632	41,367,670	1,310,270	627,502
- five years and above	14,707,562	1,320,570	666,661	10,241,653	1,040,531	526,057
Equity related contracts:						
- less than one year	93,011	6,162	4,157	69,293	4,953	3,283
- one year to less than five years	-	-	-	9,748	780	390
Unutilised credit card lines	8,384,576	1,676,915	1,259,688	9,200,627	1,840,125	1,380,420
<b>Total</b>	<b>148,353,873</b>	<b>15,275,086</b>	<b>11,885,819</b>	<b>146,771,470</b>	<b>14,895,134</b>	<b>11,331,687</b>

**A31 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.

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**A32 Change in accounting policy and restatement of comparatives**

(a) During the financial period, the Group and the Bank changed the following accounting policy upon adoption of MFRS

(i) MFRS 1 "First time Adoption of Malaysia Reporting Standards" ("MFRS 1")

MFRS 1 allows entity to designate a previously recognised financial asset or financial liability at fair value through profit or loss or a financial asset as available-for-sale. Consequently, the Group and the Bank have designate a previously financial assets available-for-sale to held-for-trading in accordance with adoption of MFRS 1.

(ii) MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing

Prior to the transition to MFRS 139, the Group and the Bank had maintained their collective assessment allowance of at least 1.5% of total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the transition to MFRS 139 on 1 July 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Group and the Bank have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans which were not individually assessed and where there is no objective evidence of impairment are also included in the group of loans for collective assessment. These loans are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statements and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statements of financial positions.

(b) During the financial period, the Group and the Bank have restated certain comparatives

(i) The Group and the Bank had finalised the fair value exercise and purchase price allocation in respect of the acquisition of the assets and liabilities of EON Capital Berhad in the last quarter of financial year ended 30 June 2012 as allowed by previous FRS 3 or MFRS 3 "Business Combinations". Arising from this, certain comparatives for the first quarter of previous financial year end have been restated.

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**A32 Change in accounting policy and restatement of comparatives (continued)**

A summary of the financial impact of the change in accounting policy and restatement of comparatives of the Group and the Bank are as follows:

<b>Group</b>	<b>As previously reported RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>As at 30 June 2012</b>				
<b>Statement of financial position</b>				
<b>Assets</b>				
Financial assets held-for-trading	21,746,847	71,566	-	21,818,413
Financial investments available-for-sale	9,934,316	(71,566)	-	9,862,750
Loans, advances and financing	88,193,091	-	379,804	88,572,895
- Collective impairment allowances	(1,881,419)	-	379,804	(1,501,615)
<b>Liabilities</b>				
Taxation	163,080	(2,958)	67,594	227,716
Deferred tax liabilities	110,213	2,958	27,362	140,533
<b>Statement of changes in equity</b>				
Retained profits	5,080,264	(8,872)	284,848	5,356,240
Fair value reserve	183,998	8,872	-	192,870
<hr/>				
<b>Group</b>	<b>As previously reported RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>As at 1 July 2011</b>				
<b>Statement of financial position</b>				
<b>Assets</b>				
Financial assets held-for-trading	6,023,147	67,723	-	6,090,870
Financial investments available-for-sale	6,007,635	(67,723)	-	5,939,912
Loans, advances and financing	81,455,336	-	253,825	81,709,161
- Collective impairment allowances	(1,790,314)	-	253,825	(1,536,489)
Deferred tax assets	63,907	(3,277)	(60,630)	-
<b>Liabilities</b>				
Taxation	60,184	(3,277)	53	56,960
Deferred tax liabilities	-	-	2,773	2,773
<b>Statement of changes in equity</b>				
Retained profits	3,985,874	(9,832)	190,369	4,166,411
Fair value reserve	102,211	9,832	-	112,043
<hr/>				
<b>Bank</b>	<b>As previously reported RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>As at 30 June 2012</b>				
<b>Statement of financial position</b>				
<b>Assets</b>				
Financial assets held-for-trading	17,687,270	71,566	-	17,758,836
Financial investments available-for-sale	8,406,844	(71,566)	-	8,335,278
Loans, advances and financing	75,997,167	-	405,744	76,402,911
- Collective impairment allowances	(1,593,942)	-	405,744	(1,188,198)
<b>Liabilities</b>				
Taxation	118,651	(2,958)	75,443	191,136
Deferred tax liabilities	114,148	2,958	25,995	143,101
<b>Statement of changes in equity</b>				
Retained profits	3,988,722	(8,872)	304,306	4,284,156
Fair value reserve	184,783	8,872	-	193,655
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**A32 Change in accounting policy and restatement of comparatives (continued)**

A summary of the financial impact of the change in accounting policy and restatement of comparatives of the Group and the Bank are as follows: (continued)

<b>Bank</b>	<b>As previously reported RM'000</b>	<b>Vesting of assets and liabilities of Promino RM'000</b>	<b>As at 1 July 2011 RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>As at 1 July 2011</b>						
<b>Statement of financial position</b>						
<b>Assets</b>						
Cash and short-term funds	17,349,793	8,213,335	25,563,128	-	-	25,563,128
Deposits and placements with banks and other financial institutions	6,131,473	694,642	6,826,115	-	-	6,826,115
Securities purchased under resale agreements	86	-	86	-	-	86
Financial assets held-for-trading	4,471,896	379,713	4,851,609	67,723	-	4,919,332
Financial investments available-for-sale	2,536,925	2,185,386	4,722,311	(67,723)	-	4,654,588
Financial investments held-to-maturity	7,922,570	117,169	8,039,739	-	-	8,039,739
Loans, advances and financing	38,548,822	32,036,096	70,584,918	-	303,095	70,888,013
Other assets	428,826	4,302,900	4,731,726	-	-	4,731,726
Derivative financial instruments	802,776	25,247	828,023	-	-	828,023
Amount due from subsidiaries	844,671	(229,281)	615,390	-	-	615,390
Statutory deposits with Bank Negara Malaysia	988,900	859,947	1,848,847	-	-	1,848,847
Investment in subsidiary companies	6,088,873	(4,053,197)	2,035,676	-	-	2,035,676
Investment in jointly controlled entity	76,711	-	76,711	-	-	76,711
Investment in associated company	946,505	-	946,505	-	-	946,505
Property and equipment	349,445	269,396	618,841	-	-	618,841
Intangible assets	59,536	368,125	427,661	-	-	427,661
Goodwill	-	1,771,547	1,771,547	-	-	1,771,547
Deferred tax assets	102,281	(87,226)	15,055	(3,277)	(11,778)	-
<b>Total assets</b>	<b>87,650,089</b>	<b>46,853,799</b>	<b>134,503,888</b>	<b>(3,277)</b>	<b>291,317</b>	<b>134,791,928</b>
<b>Liabilities</b>						
Deposits from customers	65,924,094	35,246,138	101,170,232	-	-	101,170,232
Deposits and placements of banks and other financial institutions	5,820,144	4,976,802	10,796,946	-	-	10,796,946
Bills and acceptances payable	350,474	276,461	626,935	-	-	626,935
Derivative financial instruments	672,967	32,094	705,061	-	-	705,061
Other liabilities	1,912,498	4,424,452	6,336,950	-	-	6,336,950
Senior bonds	910,810	-	910,810	-	-	910,810
Tier 2 subordinated bonds	1,713,260	1,196,973	2,910,233	-	-	2,910,233
Tier 2 capital cumulative subordinated loan	2,314,080	-	2,314,080	-	-	2,314,080
Non-innovative Tier 1 stapled securities	1,405,706	-	1,405,706	-	-	1,405,706
Innovative Tier 1 capital securities	-	597,816	597,816	-	-	597,816
Taxation	58,930	103,063	161,993	(3,277)	-	158,716
Deferred tax liabilities	-	-	-	-	63,995	63,995
<b>Total liabilities</b>	<b>81,082,963</b>	<b>46,853,799</b>	<b>127,936,762</b>	<b>(3,277)</b>	<b>63,995</b>	<b>127,997,480</b>
<b>Equity</b>						
Share capital	1,580,107	-	1,580,107	-	-	1,580,107
Reserves	5,658,763	-	5,658,763	-	227,322	5,886,085
Less: Treasury shares	(671,744)	-	(671,744)	-	-	(671,744)
<b>Total equity</b>	<b>6,567,126</b>	<b>-</b>	<b>6,567,126</b>	<b>-</b>	<b>227,322</b>	<b>6,794,448</b>
<b>Total equity and liabilities</b>	<b>87,650,089</b>	<b>46,853,799</b>	<b>134,503,888</b>	<b>(3,277)</b>	<b>291,317</b>	<b>134,791,928</b>
<b>Commitments and contingencies</b>	<b>115,912,569</b>	<b>24,382,968</b>	<b>140,295,537</b>	<b>-</b>	<b>-</b>	<b>140,295,537</b>

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**A32 Change in accounting policy and restatement of comparatives (continued)**

A summary of the financial impact of the change in accounting policy and restatement of comparatives of the Group and the Bank are as follows: (continued)

<b>Bank</b>	<b>As previously reported RM'000</b>	<b>Vesting of assets and liabilities of Promino RM'000</b>	<b>As at 1 July 2011 RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>As at 1 July 2011</b>						
<b>Statement of financial position</b>						
Loans, advances and financing of which:						
- Gross loans, advances and financing	39,415,981	33,329,553	72,745,534	-	-	72,745,534
- Collective impairment allowances	(726,970)	(791,101)	(1,518,071)	-	303,095	(1,214,976)
- Individual impairment allowances	(154,627)	(492,209)	(646,836)	-	-	(646,836)
<b>Statement of changes in equity</b>						
Retained profits	3,212,562	-	3,212,562	(9,832)	227,322	3,430,052
Fair value reserve	107,652	-	107,652	9,832	-	117,484
<hr/>						
<b>Group</b>	<b>As previously reported RM'000</b>	<b>MFRS 3 adjustment RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>	
<b>For the financial period ended 31 March 2012</b>						
<b>Statement of changes in equity</b>						
Retained profits	4,711,744	(19,417)	(14,208)	298,536	4,976,655	
Fair value reserve	108,582	-	14,208	-	122,790	
<b>Statement of income</b>						
Non-interest income	628,686	-	(5,835)	-	622,851	
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	7,016	-	(5,835)	-	1,181	
Overhead expenses	(1,448,878)	(25,889)	-	-	(1,474,767)	
Establishment cost						
Depreciation of property and equipment	(74,555)	-	-	-	(74,555)	
Amortisation of intangible assets	(26,881)	(25,889)	-	-	(52,770)	
Allowance for impairment losses						
on loans, advances and financing	(44,352)	-	-	144,226	99,874	
- collective assessment allowance	(321,737)	-	-	144,226	(177,511)	
Taxation	(351,813)	6,472	1,459	(36,059)	(379,941)	
<hr/>						
<b>Group</b>	<b>As previously reported RM'000</b>	<b>MFRS 3 adjustment RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>	
<b>For the financial quarter ended 31 March 2012</b>						
<b>Statement of income</b>						
Non-interest income	232,596	-	9,342	-	241,938	
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	(9,334)	-	9,342	-	8	
Overhead expenses	(448,524)	(8,629)	-	-	(457,153)	
Establishment cost						
Depreciation of property and equipment	(25,181)	-	-	-	(25,181)	
Amortisation of intangible assets	(9,337)	(8,629)	-	-	(17,966)	
Allowance for impairment losses						
on loans, advances and financing	(24,423)	-	-	164,938	140,515	
- collective assessment allowance	(96,021)	-	-	164,938	68,917	
Taxation	(133,334)	2,157	(2,335)	(41,236)	(174,748)	
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**A32 Change in accounting policy and restatement of comparatives (continued)**

A summary of the financial impact of the change in accounting policy and restatement of comparatives of the Group and the Bank are as follows: (continued)

<b>Bank</b>	<b>As previously reported RM'000</b>	<b>MFRS 3 adjustment RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>For the financial period ended 31 March 2012</b>					
<b>Statement of changes in equity</b>					
Retained profits	3,705,169	(22,653)	(14,208)	287,526	3,955,834
Fair value reserve	110,894	-	14,208	-	125,102
<b>Statement of income</b>					
Non-interest income	663,285	-	(5,835)	-	657,450
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	7,016	-	(5,835)	-	1,181
Overhead expenses	(1,280,279)	(30,204)	-	-	(1,310,483)
Establishment cost					
Depreciation of property and equipment	(70,470)	-	-	-	(70,470)
Amortisation of intangible assets	(25,835)	(30,204)	-	-	(56,039)
Allowance for impairment losses					
on loans, advances and financing:					
- collective assessment allowance	(18,800)	-	-	80,275	61,475
- collective assessment allowance	(284,730)	-	-	80,275	(204,455)
Taxation	(325,402)	7,551	1,459	(20,071)	(336,463)

<b>Bank</b>	<b>As previously reported RM'000</b>	<b>MFRS 3 adjustment RM'000</b>	<b>Effect of adopting MFRS 1 RM'000</b>	<b>Effect of adopting MFRS 139 RM'000</b>	<b>As restated RM'000</b>
<b>For the financial quarter ended 31 March 2012</b>					
<b>Statement of income</b>					
Non-interest income	226,677	-	9,342	-	236,019
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	(9,334)	-	9,342	-	8
Overhead expenses	(401,486)	(10,068)	-	-	(411,554)
Establishment cost					
Depreciation of property and equipment	(23,858)	-	-	-	(23,858)
Amortisation of intangible assets	(8,992)	(10,068)	-	-	(19,060)
Allowance for impairment losses					
on loans, advances and financing:					
- collective assessment allowance	(22,490)	-	-	120,408	97,918
- collective assessment allowance	(89,550)	-	-	120,408	30,858
Taxation	(109,496)	2,517	(2,335)	(30,103)	(139,417)

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1 Review of performance**

**Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a pre-tax profit of RM587.9 million for the current financial quarter ended 31 March 2013, a decrease of RM176.2 million or -23.1% as compared to previous restated corresponding quarter. The decrease in pre-tax profit was mainly due to higher operating expenses of RM0.8 million, higher allowance for impaired loans of RM181.8 million and lower write back of impairment loss of RM1.8 million. This was offset by higher net income of RM7.9 million and higher share of profit from Bank of Chengdu and joint venture totalling RM0.4 million.

A detailed analysis of the performance of major operating segments of the group are as follows:-

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM307.0 million for the 3rd quarter ended March 2013 as compared to previous restated corresponding quarter of RM375.1 million.

Personal Financial Services's loan base grew from RM60.9 billion in March 2012 to RM64.6 billion in March 2013.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM148.7 million for the 3rd quarter ended March 2013 as compared to previous restated corresponding quarter of RM215.7 million.

Business and Corporate Banking's loan base increased from RM24.2 billion in March 2012 to RM28.0 billion in March 2013. As a result, total income increased from RM207.9 million to RM235.8 million.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM70.1 million for the 3rd quarter ended March 2013 as compared to previous restated corresponding quarter of RM110.9 million.

Treasury earning assets dropped from RM60.0 billion in March 2012 to RM53.6 billion in March 2013.

**Current Year-to-date vs. Previous Year-to-date**

The Group pre-tax profit for the nine months ended 31 March 2013 stood at RM1,863.7 million, an increase of RM145.7 million or 8.5% as compared to RM1,718.0 million in the previous restated corresponding period. The increase was due to higher net income by RM109.9 million, lower other operating expenses of RM122.3 million and higher share of profit from Bank of Chengdu and joint venture totalling RM33.8 million. This is however mitigated by higher allowance for impaired loans of RM112.9 million coupled with lower write-back of impairment losses of RM7.3 million.

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A detailed analysis of the performance of major operating segments of the group are as follows:-

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM886.2 million for the financial period ended March 2013 compared to previous year restated corresponding period of RM833.5 million.

Business and Corporate Banking

The Group Business and Corporate Banking's segment recorded a pre-tax profit of RM478.8 million for the financial period ended March 2013 compared to previous year restated corresponding period of RM506.3 million. The increase in pre-tax profit arising from higher net interest income and non interest income.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM306.3 million for the financial period ended March 2013 compared to previous year restated corresponding period of RM236.5 million. Higher non interest income this year mainly due to mark-to-market gain on interest rates derivatives in the current period.

**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM587.9 million as compared to RM638.3 million in the preceding quarter, a decrease of RM50.4 million arising from higher operating expenses of RM6.4 million, higher allowance for impaired loans of RM54.8 million, lower write-back of impairment losses of RM3.4 million coupled with lower share of profit from Bank of Chengdu and joint venture of RM6.3 million. This was offset by higher net income of RM20.5 million.

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**B3 Current year prospects**

The Group will continue to pursue its balanced growth agenda and explore regional opportunities in ASEAN. With customer focus as part of our long term agenda, we will continue to deliver value added services to our customers through effective transformation and differentiated banking services, in both conventional distribution and innovative digital channels. We will further enhance our efficiency through prudent information management to minimise risk, at the same time, realise synergies from our post-merger integrated businesses and position ourselves for future growth.

**B4 Variance in profit forecast and shortfall in profit guarantee**

This note is not applicable to the Group.

**B5 Taxation**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<b>The Group</b>				
Malaysian income tax	131,533	177,094	419,182	377,662
Overseas tax	-	-	-	-
	<u>131,533</u>	<u>177,094</u>	<u>419,182</u>	<u>377,662</u>
Transfer from/(to) deferred taxation	2,122	(2,346)	4,524	2,279
	<u>133,655</u>	<u>174,748</u>	<u>423,706</u>	<u>379,941</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<b>The Bank</b>				
Malaysian income tax	112,046	141,644	418,116	346,858
Overseas tax	-	-	-	-
	<u>112,046</u>	<u>141,644</u>	<u>418,116</u>	<u>346,858</u>
Transfer from/(to) deferred taxation	2,122	(2,227)	505	(10,395)
	<u>114,168</u>	<u>139,417</u>	<u>418,621</u>	<u>336,463</u>

The Group's effective tax rate for the financial period is lower than the statutory tax rate as certain income was not subject to tax.

**B6 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.

**B7 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.

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**B8 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 26 July 2012, Hong Leong Bank Berhad ("HLB") proposed to establish a new executive share option scheme of up to 10% of the issued and paid-up share capital of HLB (excluding treasury shares)("Proposed New ESOS").

The Proposed New ESOS is subject to the following:

- (i) approval-in-principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new HLB shares to be issued pursuant to the exercise of the options under the Proposed New ESOS ("Proposed Listing of New Shares"); and

- (ii) approval of the shareholders of HLB.

Bursa Securities had, via its letter dated 18 September 2012, resolved to approve the Proposed Listing of New Shares and the shareholders of HLB had, at the Annual General Meeting held on 25 October 2012, approved the Proposed New ESOS.

- (b) Further to HLB's announcement dated 6 March 2012 in connection with the member's voluntary winding-up of, inter alia, EFB Berhad ("EFB"), a wholly-owned subsidiary of HLB, on 31 January 2013 HLB writes to inform that the liquidator of EFB had convened the final meeting for EFB to conclude the member's voluntary winding-up of EFB.

The Return by Liquidator Relating to Final Meeting of EFB was lodged on 31 January 2013 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, EFB will be dissolved.

- (c) On 1 March 2013, HLB writes to inform that on 28 February 2013, HLB had received the Certificate of Incorporation from the Ministry of Commerce, Cambodia certifying that HLBCAM had been incorporated on 18 February 2013. The National Bank of Cambodia had on 11 January 2013 granted Approval in Principle to HLB to incorporate and operate a 100% wholly owned, locally incorporated commercial bank subsidiary in Cambodia. The capital of HLBCAM is USD37,500,000 which is approximately equivalent to RM116,175,000 at current exchange rates. HLBCAM shall commence operations in Cambodia within 6 months from the date of issuance of the Approval in Principle.

With the establishment of a bank in Cambodia, HLB will be able to contribute to the banking sector as well as the broader economy of Cambodia, which has a population of over 14 million. This is part of HLB's commitment to its regionalisation agenda and deepening presence in Asia.

- (d) On 12 March 2013, Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) announced on behalf of HLB that HLB has established the new executive share option scheme (New ESOS). The New ESOS will be in force for a period of ten (10) years.

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**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 31 March 2013:

**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	23,752,298	76,396	(88,829)
(ii) 1 year to 3 years	9,281	-	(16)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,136,821	49,481	(38,300)
(ii) 1 year to 3 years	714,599	7,097	(4,366)
(iii) More than 3 years	2,825,557	50,318	(53,397)
Options			
(i) Less than 1 year	3,596,697	13,274	(15,733)
(ii) 1 year to 3 years	212,844	3,380	(3,380)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	2,394,400	150	(297)
(ii) 1 year to 3 years	210,000	11	(371)
(iii) More than 3 years	39,851	-	(4)
Swaps			
(i) Less than 1 year	13,495,572	24,353	(23,009)
(ii) 1 year to 3 years	23,141,924	63,406	(104,445)
(iii) More than 3 years	31,242,933	395,537	(406,350)
Equity related contracts			
(i) Less than 1 year	93,011	582	(582)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
<b>Total</b>	<b>106,865,788</b>	<b>683,985</b>	<b>(739,079)</b>



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**B9 Off-balance sheet financial instruments (continued)**

Details of financial instruments with off-balance sheet risk as at 31 March 2013:

**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	23,979,336	75,164	(87,260)
(ii) 1 year to 3 years	9,281	-	(16)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	8,745,781	148,690	(137,340)
(ii) 1 year to 3 years	714,599	7,097	(4,366)
(iii) More than 3 years	2,825,557	50,318	(53,397)
Options			
(i) Less than 1 year	3,596,697	13,274	(15,733)
(ii) 1 year to 3 years	212,844	3,380	(3,380)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	2,394,400	150	(297)
(ii) 1 year to 3 years	210,000	11	(371)
(iii) More than 3 years	39,851	-	(4)
Swaps			
(i) Less than 1 year	13,445,572	24,353	(22,968)
(ii) 1 year to 3 years	22,921,924	63,406	(103,141)
(iii) More than 3 years	30,422,933	392,050	(398,162)
Equity related contracts			
(i) Less than 1 year	93,011	582	(582)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
<b>Total</b>	<b>109,611,786</b>	<b>778,475</b>	<b>(827,017)</b>

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**B9 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 RM522,639,709 (FYE June 2012: RM681,275,001) and RM62,832,520,264 (FYE June 2012: RM57,680,193,113) 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 year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM738,093,460 (FYE June 2012: RM987,969,092). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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**B9 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

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.

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**B10 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.

**B11 Dividend**

No interim dividend has been proposed for the current quarter.

For financial period ended 31 March 2013, a total dividend of 15 sen per share less tax at 25% has been paid (2011/2012 : 11 sen per share less tax at 25%).

**B12 Realised and Unrealised Profits**

	<b>The Group</b>	
	<b>Financial Period Ended 31/03/2013  RM'000</b>	<b>Financial Year Ended 30/06/2012 Restated RM'000</b>
Total retained profits of Hong Leong Bank Berhad and it's subsidiaries		
- Realised	4,659,782	3,599,048
- Unrealised	736,492	1,031,292
	5,396,274	4,630,340
Total share of retained profits from associated company		
- Realised	861,572	670,989
Total share of retained profits /(accumulated losses) from jointly controlled entity		
- Realised	1,966	160
	6,259,812	5,301,489
Less Consolidation Adjustment	(97,791)	54,751
Total Group's Retained Profit	6,162,021	5,356,240

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.

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**B13 Earnings per share**

**a) Basic earnings per share**

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2013 RM'000	31/03/2012 RM'000	31/03/2013 RM'000	31/03/2012 RM'000
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	454,213	589,340	1,439,838	1,337,958
Weighted average number of ordinary shares in issue ('000)	1,790,623	1,580,107	1,790,623	1,580,107
Less: Treasury shares held	(37,095)	51,661	(37,095)	51,661
	<u>1,753,528</u>	<u>1,631,768</u>	<u>1,753,528</u>	<u>1,631,768</u>
<b>Basic earnings per share (sen)</b>	25.9	36.1	82.1	82.0
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	333,213	422,746	1,202,163	1,001,836
Weighted average number of ordinary shares in issue ('000)	1,790,623	1,580,107	1,790,623	1,580,107
Less: Treasury shares held	(37,095)	51,661	(37,095)	51,661
	<u>1,753,528</u>	<u>1,631,768</u>	<u>1,753,528</u>	<u>1,631,768</u>
<b>Basic earnings per share (sen)</b>	19.0	25.9	68.6	61.4

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**B13 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.

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to shareholders of the company	454,213	589,340	1,439,838	1,337,958
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,753,528	1,631,768	1,753,528	1,631,768
- adjustment for ESOS	3,800	9,677	3,800	9,677
	<u>1,757,328</u>	<u>1,641,445</u>	<u>1,757,328</u>	<u>1,641,445</u>
<b>Fully diluted earnings per share (sen)</b>	<b>25.8</b>	<b>35.9</b>	<b>81.9</b>	<b>81.5</b>
<b><u>The Bank</u></b>				
Net profit attributable to shareholders of the company	333,213	422,746	1,202,163	1,001,836
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,753,528	1,631,768	1,753,528	1,631,768
- adjustment for ESOS	3,800	9,677	3,800	9,677
	<u>1,757,328</u>	<u>1,641,445</u>	<u>1,757,328</u>	<u>1,641,445</u>
<b>Fully diluted earnings per share (sen)</b>	<b>19.0</b>	<b>25.8</b>	<b>68.4</b>	<b>61.0</b>