

HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Financial Position As At 30 June 2013

	Note	The Group			The Bank		
		As at	Restated	Restated	As at	Restated	Restated
		30/06/2013	As at	As at	30/06/2013	As at	As at
		30/06/2012	1/07/2011	30/06/2012	30/06/2012	1/07/2011	
		RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS							
Cash and short-term funds		18,047,448	19,636,026	30,476,610	16,719,258	18,410,084	25,563,128
Deposits and placements with financial institutions		5,928,370	4,565,819	5,415,383	6,729,056	4,414,150	6,826,115
Securities purchased under resale agreements		1,025,253	590,521	86	1,025,253	590,521	86
Financial assets held-for-trading	A8	15,195,782	21,818,413	6,090,870	12,106,928	17,758,836	4,919,332
Financial investments available-for-sale	A9	13,827,062	9,862,750	5,939,912	11,635,449	8,335,278	4,654,588
Financial investments held-to-maturity	A10	4,161,012	3,670,198	7,787,412	4,115,805	3,814,884	8,039,739
Loans, advances and financing	A11	95,430,961	88,572,895	81,709,161	81,835,734	76,402,911	70,888,013
Other assets	A12	888,600	541,593	968,370	794,510	424,756	817,129
Derivative financial instruments		877,144	955,350	790,162	939,409	1,027,682	828,023
Amount due from subsidiaries		-	-	-	616,487	615,390	4,529,986
Statutory deposits with Central Banks		3,432,909	3,331,437	2,201,874	2,917,000	2,880,250	1,848,847
Investment in subsidiary companies		-	-	-	2,194,913	2,081,933	2,035,676
Investment in associated company		1,752,949	1,540,288	1,325,707	946,505	946,505	946,505
Investment in jointly controlled entity		79,945	76,871	75,252	76,711	76,711	76,711
Property and equipment		737,535	727,096	697,266	712,963	701,018	666,259
Intangible assets		369,415	446,497	379,422	362,855	437,850	380,244
Goodwill		1,831,312	1,831,312	1,831,312	1,771,547	1,771,547	1,771,547
Total Assets		163,585,697	158,167,066	145,688,799	145,500,383	140,690,306	134,791,928
LIABILITIES AND SHAREHOLDERS' FUNDS							
Deposits from customers	A13	123,637,070	123,095,643	114,856,543	109,168,631	108,939,695	101,170,232
Deposits and placements of banks and other financial institutions	A14	11,567,147	9,790,696	10,697,661	10,166,114	7,877,364	10,796,946
Obligations on securities sold under repurchase agreements		1,748,744	633,797	-	1,748,744	633,797	-
Bills and acceptances payable		800,680	486,091	683,996	656,892	434,780	626,935
Other liabilities	A15	3,266,447	2,739,688	2,934,132	2,880,272	2,664,418	6,336,950
Derivative financial instruments		954,187	1,069,227	666,706	1,011,249	1,125,756	705,061
Senior bonds	A16	1,902,171	1,907,793	910,810	1,902,171	1,907,793	910,810
Tier 2 subordinated bonds	A17	4,382,603	4,389,859	2,905,578	4,382,601	4,389,251	2,910,233
Tier 2 capital cumulative subordinated loan	A18	-	-	2,314,080	-	-	2,314,080
Non-innovative Tier 1 stapled securities	A19	1,408,992	1,407,283	1,405,706	1,408,992	1,407,283	1,405,706
Innovative Tier 1 capital securities	A20	556,042	574,581	595,720	556,042	573,115	597,816
Provision for taxation		213,555	227,716	56,960	165,974	191,136	158,716
Deferred tax liabilities		111,435	140,533	2,773	112,284	143,101	63,995
Total Liabilities		150,549,073	146,462,907	138,030,665	134,159,966	130,287,489	127,997,480
Share Capital		1,879,909	1,879,909	1,580,107	1,879,909	1,879,909	1,580,107
Reserves		11,818,524	10,539,042	6,749,771	10,122,317	9,237,700	5,886,085
Less: Treasury Shares		(661,809)	(714,792)	(671,744)	(661,809)	(714,792)	(671,744)
Total Shareholders' Equity		13,036,624	11,704,159	7,658,134	11,340,417	10,402,817	6,794,448
Total Liabilities and Equity		163,585,697	158,167,066	145,688,799	145,500,383	140,690,306	134,791,928
COMMITMENTS AND CONTINGENCIES							
	A31	159,578,751	148,989,018	138,279,839	158,249,385	146,771,470	140,295,537
Net asset per share attributable to ordinary equity holders of the parent (RM) *		7.41	6.68	5.27	6.44	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 Statements of Income
For The Financial Year Ended 30 June 2013

		The Group			
	Note	Current Quarter Ended 30/06/2013 RM'000	Restated Corresponding Quarter Ended 30/06/2012 RM'000	Current Year Ended 30/06/2013 RM'000	Restated Corresponding Year Ended 30/06/2012 RM'000
Interest income	A21	1,388,895	1,387,836	5,529,397	5,441,052
Interest expense	A22	(751,968)	(752,404)	(3,015,730)	(2,839,236)
Net interest income		636,927	635,432	2,513,667	2,601,816
Net income from Islamic Banking business	A23	107,275	114,910	454,887	447,598
Other operating income	A24	230,779	205,340	1,038,241	828,191
Net Income		974,981	955,682	4,006,795	3,877,605
Other operating expenses	A25	(494,586)	(450,129)	(1,847,025)	(1,924,896)
Operating profit before allowances		480,395	505,553	2,159,770	1,952,709
Allowance for impairment losses on loans, advances and financing	A26	(28,290)	(85,075)	(41,376)	14,799
Write back of impairment losses		2,458	37,774	7,474	50,070
Share of profit after tax of equity accounted associated company		454,563	458,252	2,125,868	2,017,578
Share of profit after tax of equity accounted jointly controlled entity		73,422	59,132	264,005	216,960
Share of profit after tax of equity accounted jointly controlled entity		1,268	818	3,074	1,619
Profit before taxation		529,253	518,202	2,392,947	2,236,157
Taxation	B5	(112,819)	(112,565)	(536,675)	(492,562)
Net profit for the financial year		416,434	405,637	1,856,272	1,743,595
Attributable to:					
Owners of the parent		416,434	405,637	1,856,272	1,743,595
Earnings per share - basic (sen)	B13(a)	23.7	24.4	105.8	105.0
Earnings per share - fully diluted (sen)	B13(b)	23.7	24.3	105.7	104.6

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HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2013

	The Group			
	Current Quarter Ended 30/06/2013 RM'000	Restated Corresponding Quarter Ended 30/06/2012 RM'000	Current Year Ended 30/06/2013 RM'000	Restated Corresponding Year Ended 30/06/2012 RM'000
Net profit for the financial year	<u>416,434</u>	<u>405,637</u>	<u>1,856,272</u>	<u>1,743,595</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income/(loss) of associate company and jointly controlled entity	-	2	(22)	(22)
Currency translation differences	9,744	21,729	7,028	6,068
Net fair value changes on financial investments available-for-sale	(54,967)	93,437	(39,629)	107,799
Income tax relating to components of other comprehensive loss/(income)	<u>13,742</u>	<u>(23,359)</u>	<u>9,907</u>	<u>(26,950)</u>
Other comprehensive (loss)/income for the financial year	<u>(31,481)</u>	<u>91,809</u>	<u>(22,716)</u>	<u>86,895</u>
Total comprehensive income for the financial year, net of tax	<u><u>384,953</u></u>	<u><u>497,446</u></u>	<u><u>1,833,556</u></u>	<u><u>1,830,490</u></u>
Attributable to:				
- Owners of the parent	<u><u>384,953</u></u>	<u><u>497,446</u></u>	<u><u>1,833,556</u></u>	<u><u>1,830,490</u></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 Statements of Income
For The Financial Year Ended 30 June 2013

	Note	The Bank			
		Current Quarter Ended 30/06/2013 RM'000	Restated Corresponding Quarter Ended 30/06/2012 RM'000	Current Year Ended 30/06/2013 RM'000	Restated Corresponding Year Ended 30/06/2012 RM'000
Interest income	A21	1,419,867	1,400,330	5,609,243	5,493,832
Interest expense	A22	(794,248)	(769,750)	(3,139,893)	(2,942,252)
Net interest income		625,619	630,580	2,469,350	2,551,580
Other operating income	A24	231,263	208,661	1,222,457	866,111
Net Income		856,882	839,241	3,691,807	3,417,691
Other operating expenses	A25	(440,421)	(401,882)	(1,630,340)	(1,712,365)
Operating profit before allowances		416,461	437,359	2,061,467	1,705,326
Allowance for impairment losses on loans, advances and financing	A26	(66,012)	(35,515)	(95,250)	25,960
Write back of impairment losses		2,459	37,774	7,475	46,631
Profit before taxation		352,908	439,618	1,973,692	1,777,917
Taxation	B5	(104,617)	(116,230)	(523,238)	(452,693)
Net profit for the financial year		248,291	323,388	1,450,454	1,325,224
Attributable to:					
Owners of the parent		248,291	323,388	1,450,454	1,325,224
Earnings per share - basic (sen)	B13(a)	14.2	19.5	82.7	79.8
Earnings per share - fully diluted (sen)	B13(b)	14.1	19.4	82.6	79.5

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HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Year Ended 30 June 2013

	The Bank			
	Current Quarter Ended 30/06/2013 RM'000	Restated Corresponding Quarter Ended 30/06/2012 RM'000	Current Year Ended 30/06/2013 RM'000	Restated Corresponding Year Ended 30/06/2012 RM'000
Net profit for the financial year	<u>248,291</u>	<u>323,388</u>	<u>1,450,454</u>	<u>1,325,224</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	28	-	11,209	(11,038)
Net fair value changes on financial investments available-for-sale	(48,448)	94,707	(30,629)	104,864
Income tax relating to components of other comprehensive loss/(income)	<u>12,112</u>	<u>(23,677)</u>	<u>7,657</u>	<u>(26,216)</u>
Other comprehensive (loss)/income for the financial year	<u>(36,308)</u>	<u>71,030</u>	<u>(11,763)</u>	<u>67,610</u>
Total comprehensive income for the financial year, net of tax	<u><u>211,983</u></u>	<u><u>394,418</u></u>	<u><u>1,438,691</u></u>	<u><u>1,392,834</u></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 Statement of Changes in Equity For The Financial Year Ended 30 June 2013

	Attributable to owners of the parent									
<u>The Group</u>	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
At 1 July 2012										
- as previously reported	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
- adoption of MFRS and full adoption of MFRS 139	-	-	-	8,872	-	-	-	275,976	-	284,848
As restated	<u>1,879,909</u>	<u>2,832,383</u>	<u>2,149,801</u>	<u>192,870</u>	<u>22,483</u>	<u>6,045</u>	<u>(20,780)</u>	<u>5,356,240</u>	<u>(714,792)</u>	<u>11,704,159</u>
Comprehensive income										
Net profit for the financial year	-	-	-	-	-	-	-	1,856,272	-	1,856,272
- Share of other comprehensive loss of associates	-	-	-	(22)	-	-	-	-	-	(22)
- Net fair value changes in financial investments available-for-sale	-	-	-	(29,722)	-	-	-	-	-	(29,722)
- Currency translation difference	-	-	-	-	-	-	7,028	-	-	7,028
Total comprehensive (loss)/income	-	-	-	<u>(29,744)</u>	-	-	<u>7,028</u>	<u>1,856,272</u>	-	<u>1,833,556</u>
Transactions with owners										
Transfer to statutory reserve/regulatory reserve	-	-	475,942	-	-	2,482	-	(478,424)	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(13)	(13)
Dividend paid	-	-	-	-	-	-	-	(552,613)	-	(552,613)
ESOS exercised	-	-	-	-	(15,738)	-	-	15,897	52,996	53,155
Option charge arising from ESOS granted	-	-	-	-	(1,620)	-	-	-	-	(1,620)
Total transactions with owners	-	-	<u>475,942</u>	-	<u>(17,358)</u>	<u>2,482</u>	-	<u>(1,015,140)</u>	<u>52,983</u>	<u>(501,091)</u>
At 30 June 2013	<u>1,879,909</u>	<u>2,832,383</u>	<u>2,625,743</u>	<u>163,126</u>	<u>5,125</u>	<u>8,527</u>	<u>(13,752)</u>	<u>6,197,372</u>	<u>(661,809)</u>	<u>13,036,624</u>
At 1 July 2011										
- as previously reported	1,580,107	539,664	1,936,654	102,211	21,121	726	(26,848)	3,985,874	(671,744)	7,467,765
- adoption of MFRS and full adoption of MFRS 139	-	-	-	9,832	-	-	-	180,537	-	190,369
As restated	<u>1,580,107</u>	<u>539,664</u>	<u>1,936,654</u>	<u>112,043</u>	<u>21,121</u>	<u>726</u>	<u>(26,848)</u>	<u>4,166,411</u>	<u>(671,744)</u>	<u>7,658,134</u>
Comprehensive income										
Net profit for the financial year	-	-	-	-	-	-	-	1,743,595	-	1,743,595
- Share of other comprehensive loss of associates	-	-	-	(22)	-	-	-	-	-	(22)
- Net fair value changes in financial investments available-for-sale	-	-	-	80,849	-	-	-	-	-	80,849
- Currency translation difference	-	-	-	-	-	-	6,068	-	-	6,068
Total comprehensive income	-	-	-	<u>80,827</u>	-	-	<u>6,068</u>	<u>1,743,595</u>	-	<u>1,830,490</u>
Transactions with owners										
Transfer to statutory reserve/regulatory reserve	-	-	213,147	-	-	5,319	-	(218,466)	-	-
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	-	-	-	-	(4,054)	-	-	5,523	30,586	32,055
Option charge arising from ESOS granted	-	-	-	-	5,416	-	-	-	-	5,416
Total transactions with owners	<u>299,802</u>	<u>2,292,719</u>	<u>213,147</u>	-	<u>1,362</u>	<u>5,319</u>	-	<u>(553,766)</u>	<u>(43,048)</u>	<u>2,215,535</u>
At 30 June 2012	<u>1,879,909</u>	<u>2,832,383</u>	<u>2,149,801</u>	<u>192,870</u>	<u>22,483</u>	<u>6,045</u>	<u>(20,780)</u>	<u>5,356,240</u>	<u>(714,792)</u>	<u>11,704,159</u>

* 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
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Condensed Financial Statements
Unaudited Statement of Changes in Equity For The Financial Year Ended 30 June 2013

	← Non-distributable →					Distributable		Treasury Shares RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Share options Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000		
The Bank									
At 1 July 2012									
- as previously reported	1,879,909	2,832,383	1,879,909	184,783	22,483	25,114	3,988,722	(714,792)	10,098,511
- adoption of MFRS and full adoption of MFRS 139	-	-	-	8,872	-	-	295,434	-	304,306
As restated	<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>
Comprehensive income									
Net profit for the financial year	-	-	-	-	-	-	1,450,454	-	1,450,454
- Net fair value changes in financial investments available-for-sale	-	-	-	(22,972)	-	-	-	-	(22,972)
- Currency translation difference	-	-	-	-	-	11,209	-	-	11,209
Total comprehensive (loss)/income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,972)</u>	<u>-</u>	<u>11,209</u>	<u>1,450,454</u>	<u>-</u>	<u>1,438,691</u>
Transactions with owners									
Transfer to statutory reserves	-	-	362,614	-	-	-	(362,614)	-	-
Dividend paid	-	-	-	-	-	-	(552,613)	-	(552,613)
Purchase of treasury shares	-	-	-	-	-	-	-	(13)	(13)
ESOS exercised	-	-	-	-	(15,738)	-	15,897	52,996	53,155
Options charge arising from ESOS granted	-	-	-	-	(1,620)	-	-	-	(1,620)
Total transactions with owners	<u>-</u>	<u>-</u>	<u>362,614</u>	<u>-</u>	<u>(17,358)</u>	<u>-</u>	<u>(899,330)</u>	<u>52,983</u>	<u>(501,091)</u>
At 30 June 2013	1,879,909	2,832,383	2,242,523	170,683	5,125	36,323	4,835,280	(661,809)	11,340,417
At 1 July 2011									
- as previously reported	1,580,107	539,664	1,741,612	107,652	21,121	36,152	3,212,562	(671,744)	6,567,126
- adoption of MFRS and full adoption of MFRS 139	-	-	-	9,832	-	-	217,490	-	227,322
As restated	<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>
Comprehensive income									
Net profit for the financial year	-	-	-	-	-	-	1,325,224	-	1,325,224
- Net fair value changes in financial investments available-for-sale	-	-	-	78,648	-	-	-	-	78,648
- Currency translation difference	-	-	-	-	-	(11,038)	-	-	(11,038)
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,648</u>	<u>-</u>	<u>(11,038)</u>	<u>1,325,224</u>	<u>-</u>	<u>1,392,834</u>
Transactions with owners									
Effect of common control accounting	-	-	-	(2,477)	-	-	2,477	-	-
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	-	-	-	-	(4,054)	-	5,523	30,586	32,055
Options charge arising from ESOS granted	-	-	-	-	5,416	-	-	-	5,416
Total transactions with owners	<u>299,802</u>	<u>2,292,719</u>	<u>138,297</u>	<u>(2,477)</u>	<u>1,362</u>	<u>-</u>	<u>(471,120)</u>	<u>(43,048)</u>	<u>2,215,535</u>
At 30 June 2012	1,879,909	2,832,383	1,879,909	193,655	22,483	25,114	4,284,156	(714,792)	10,402,817

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HONG LEONG BANK BERHAD
(97141-X)
(Incorporated in Malaysia)
Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Year Ended 30 June 2013

	The Group		The Bank	
	Financial Year Ended 30/06/2013 RM'000	Financial Year Ended 30/06/2012 RM'000	Financial Year Ended 30/06/2013 RM'000	Financial Year Ended 30/06/2012 RM'000
Profit before taxation and zakat	2,392,947	2,236,157	1,973,692	1,777,917
Adjustments for non-cash items	(89,577)	48,511	42,198	148,188
Operating profit before working capital changes	2,303,370	2,284,668	2,015,890	1,926,105
Changes in working capital:				
Net changes in operating assets	(2,570,534)	(23,532,761)	(3,045,997)	(13,752,468)
Net changes in operating liabilities	4,152,946	7,991,600	3,796,369	(2,131,262)
Income taxes and zakat paid	(585,729)	(239,601)	(524,700)	(221,846)
Net cash generated from/(used in) operating activities	<u>3,300,053</u>	<u>(13,496,094)</u>	<u>2,241,562</u>	<u>(14,179,471)</u>
Cash flows from investing activities				
Net purchases of financial investments available-for-sale	(3,618,751)	(3,538,478)	(2,977,776)	(3,294,792)
Net (purchases)/proceeds of financial investments held-to-maturity	(384,754)	4,337,753	(170,803)	4,480,604
Purchase of property and equipment	(122,708)	(151,082)	(119,537)	(147,655)
Proceeds from sale of property and equipment	2,692	17,321	2,476	13,530
Net purchases of intangible assets	(22,731)	(142,594)	(21,982)	(135,988)
Dividend received on financial investments available-for-sale and held-to-maturity	57,785	22,942	57,785	22,942
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	-	-	-	3,961,025
Net cash (used in)/generated from investing activities	<u>(4,037,123)</u>	<u>548,241</u>	<u>(3,067,254)</u>	<u>4,948,045</u>
Cash flows from financing activities				
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	53,155	32,055	53,155	32,055
Proceeds from debt issuance				
- Senior bonds	-	911,031	-	911,031
- Tier 2 subordinated bonds	-	1,482,478	-	1,477,215
Interest paid on subordinated obligations	(349,713)	(281,577)	(367,309)	(288,344)
Net cash (used in)/generated from financing activities	<u>(849,184)</u>	<u>2,022,051</u>	<u>(866,780)</u>	<u>2,010,021</u>
Net decrease in cash and cash equivalents	(1,586,254)	(10,925,802)	(1,692,472)	(7,221,405)
Currency translation differences	(2,324)	85,218	1,646	68,361
Cash and cash equivalents at the beginning of financial year	19,636,026	30,476,610	18,410,084	25,563,128
Cash and cash equivalents at the end of financial year	18,047,448	19,636,026	16,719,258	18,410,084

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

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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 YEAR ENDED 30 JUNE 2013**

A1 Basis of preparation

The unaudited condensed financial statements for the financial year ended 30 June 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 Hong Leong Bank Berhad ("HLB" or "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 A33.

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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 year

There were no changes in estimates of amounts reported in the prior financial year that may have a material effect in the current year.

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 year ended 30 June 2013:-

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

a) Share Buy-back

During the financial year ended 30 June 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 year ended 30 June 2013 were as follows:

Month	No of shares bought back	Lowest price paid	Highest price paid	Average price paid	Total consideration (including transaction cost)
		RM	RM	RM	RM
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	-	-	-	-	-
Apr-13	-	-	-	-	-
May-13	-	-	-	-	-
Jun-13	-	-	-	-	-
For the year	1,000	13.48	13.48	13.48	13,538

The total number of Shares bought back, all of which were held as treasury shares as at 30 June 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 year ended 30 June 2013, the trust did not purchase any new shares. As at 30 June 2013, the total number of Treasury Shares for ESOS was 39,022,157 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 year ended 30 June 2013, a total of 8,978,039 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

A final dividend of 27.0 sen per share less income tax of 25% in respect of financial year ended 30 June 2012 amounting to RM355.3 million was paid on 20 November 2012. An interim dividend of 15.0 sen per share less income tax of 25% in respect of financial year ending 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>		
	30/06/2013	30/06/2012 Restated	1/07/2011 Restated	30/06/2013	30/06/2012 Restated	1/07/2011 Restated
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:						
Bank Negara Malaysia bills	4,961,614	11,044,525	767,821	2,535,880	7,386,564	99,624
Government treasury bills	352,727	253,388	49,185	352,727	253,388	49,185
Malaysian Government securities	704,705	236,879	116,718	704,705	236,879	116,718
Malaysian Government investment certificates	692,661	2,177,642	388,068	220,169	1,730,729	326,987
Bankers' acceptances and Islamic accepted bills	3,237,163	4,204,306	3,732,445	3,038,329	3,927,300	3,140,894
Negotiable instruments of deposit	4,400,751	2,975,604	458,928	4,602,982	3,378,954	608,219
Commercial papers	-	-	93,847	-	-	93,847
Cagamas bonds	20,573	72,214	-	20,573	72,214	-
	<u>14,370,194</u>	<u>20,964,558</u>	<u>5,607,012</u>	<u>11,475,365</u>	<u>16,986,028</u>	<u>4,435,474</u>
Quoted securities:						
Shares in Malaysia	1,326	9,024	13,730	1,326	9,024	13,730
Shares outside Malaysia	11,298	64,431	53,993	11,298	64,431	53,993
Unquoted securities:						
Private and Islamic debt securities	583,887	422,489	35,523	412,657	341,442	35,523
Foreign currency bonds	229,077	357,911	380,612	206,282	357,911	380,612
Total financial assets held-for-trading	<u>15,195,782</u>	<u>21,818,413</u>	<u>6,090,870</u>	<u>12,106,928</u>	<u>17,758,836</u>	<u>4,919,332</u>

On 1 July 2011, 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 RM67,723,368.

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A9 Financial investments available-for-sale

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	Restated RM'000	Restated RM'000	RM'000	Restated RM'000	Restated RM'000
Money market instruments:						
Government treasury bills	371,911	375,160	364,156	371,911	375,160	364,156
Malaysian Government securities	153,141	-	632,968	153,141	-	632,968
Malaysian Government investment certificates	3,104,568	1,369,664	1,911,745	2,079,978	731,842	872,308
Bank Negara Malaysia sukuk	-	-	114,695	-	-	-
Bank Negara Malaysia monetary notes	-	-	57,117	-	-	-
Bank Negara Malaysia bills	-	-	76,353	-	-	76,353
Negotiable instruments of deposit	142,045	11,826	522,051	142,574	12,658	897,066
Islamic negotiable instrument debt securities	-	-	28,833	-	-	15,866
Bankers acceptances and Islamic accepted bills	-	-	44,853	-	-	44,853
Other Government securities	455,868	120,818	-	-	-	-
Cagamas bonds	760,660	624,625	137,259	669,255	471,885	25,511
	<u>4,988,193</u>	<u>2,502,093</u>	<u>3,890,030</u>	<u>3,416,859</u>	<u>1,591,545</u>	<u>2,929,081</u>
Quoted Securities:						
Shares in Malaysia	81,372	85,079	96,644	81,372	85,079	96,644
Shares outside Malaysia	223	-	-	223	-	-
Loans stocks quoted in Malaysia	7,437	6,420	1,112	530	530	1,112
Wholesale fund	1,499,900	999,800	-	1,499,900	999,800	-
Unquoted securities:						
Private debt securities in Malaysia	2,583,522	2,848,788	1,216,104	2,060,501	2,316,113	891,897
Shares in Malaysia	326,513	307,517	224,191	326,446	307,448	224,023
Shares outside Malaysia	3,450	3,468	3,298	3,450	3,468	3,298
Foreign currency bonds in Malaysia	3,396,120	2,228,512	172,603	3,305,836	2,150,222	172,603
Foreign currency bonds outside Malaysia	940,332	881,073	335,930	940,332	881,073	335,930
Total financial investments available-for-sale	<u>13,827,062</u>	<u>9,862,750</u>	<u>5,939,912</u>	<u>11,635,449</u>	<u>8,335,278</u>	<u>4,654,588</u>

On 1 July 2011, 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 RM67,723,368.

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A10 Financial investments held-to-maturity

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Money market instruments:						
Malaysian Government securities	1,616,218	1,867,919	3,577,909	1,616,218	1,867,919	3,577,909
Malaysian Government investment certificates	2,303,940	1,086,401	1,123,311	1,465,068	530,163	903,689
Cagamas bonds	76,718	248,101	170,942	35,655	206,773	170,942
Negotiable instruments of deposit	5,833	20,593	2,677,278	943,717	1,016,326	3,194,188
Other Government securities	2,541	151,958	14,043	2,541	2,578	-
	<u>4,005,250</u>	<u>3,374,972</u>	<u>7,563,483</u>	<u>4,063,199</u>	<u>3,623,759</u>	<u>7,846,728</u>
Unquoted securities in Malaysia:						
Loan stocks	120	306	268	120	306	268
Private and Islamic debt securities	103,156	195,694	223,661	-	91,593	192,743
Unquoted bonds	486	47,226	-	486	47,226	-
Investment in preference shares	52,000	52,000	-	52,000	52,000	-
	<u>155,762</u>	<u>295,226</u>	<u>223,929</u>	<u>52,606</u>	<u>191,125</u>	<u>193,011</u>
Total financial investments held-to-maturity	<u>4,161,012</u>	<u>3,670,198</u>	<u>7,787,412</u>	<u>4,115,805</u>	<u>3,814,884</u>	<u>8,039,739</u>

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A11 Loans, advances and financing

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	<u>RM'000</u>	<u>Restated RM'000</u>	<u>Restated RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>	<u>Restated RM'000</u>
Overdrafts	4,346,203	4,073,003	4,185,914	4,154,195	3,862,683	3,967,521
Term loans:						
- Housing and shop loans/financing	41,135,376	37,066,670	31,761,748	34,134,679	31,312,244	27,764,442
- Syndicated term loan/financing	6,300,297	5,302,510	4,654,683	5,782,212	4,866,398	4,074,862
- Hire purchase receivables	17,408,072	17,373,330	17,214,483	13,612,858	13,513,532	13,075,777
- Lease receivables	-	-	4,486	-	-	-
- Other term loans/financing	9,829,885	10,220,953	10,484,564	8,273,558	8,624,704	8,930,391
Credit/charge card receivables	4,088,083	4,233,382	4,262,859	4,088,083	4,233,382	4,262,859
Bills receivables	1,292,482	651,240	354,250	1,287,605	640,523	352,071
Trust receipts	302,199	342,745	302,959	298,749	333,701	298,742
Claims on customers under acceptance credits	7,362,332	7,251,829	6,621,138	6,863,637	6,870,319	6,194,728
Block discounting	6,030	6,582	8,391	6,030	6,582	8,391
Revolving credits	4,890,478	3,769,403	3,749,153	4,573,967	3,499,655	3,491,362
Staff loans:						
Staffs other than directors	192,788	241,500	283,247	181,530	226,439	261,232
Other loans/financing	54,732	37,919	133,658	50,910	33,097	63,156
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>
Fair value changes arising from fair value hedges	(7,450)	23,852	-	(674)	16,722	-
Unamortised fair value changes arising from terminated fair value hedges	15,035	21,570	17,177	10,524	14,838	4,291
Allowance for impaired loans, advances and financing:						
- Collective assessment allowance	(1,259,563)	(1,501,615)	(1,536,489)	(1,032,022)	(1,188,198)	(1,214,976)
- Individual assessment allowance	(526,018)	(541,978)	(793,060)	(450,107)	(463,710)	(646,836)
Total net loans, advances and financing	<u>95,430,961</u>	<u>88,572,895</u>	<u>81,709,161</u>	<u>81,835,734</u>	<u>76,402,911</u>	<u>70,888,013</u>

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A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Domestic non-bank financial institutions	293,310	528,174	718,366	101,233	405,085	542,054
Domestic business enterprises						
- small and medium enterprises	14,516,722	12,049,541	12,199,764	13,466,490	11,024,021	11,236,893
- others	19,560,421	19,804,343	15,827,304	17,495,895	17,902,314	14,305,701
Government and statutory bodies	23,538	26,256	28,898	14,889	20,272	23,646
Individuals	58,705,833	55,475,122	52,469,045	48,474,121	46,179,091	44,157,603
Other domestic entities	231,638	29,549	30,678	195,723	26,955	27,166
Foreign entities	3,877,495	2,658,081	2,747,478	3,559,662	2,465,521	2,452,471
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Fixed rate						
- Housing and shop loans/financing	3,092,687	2,997,728	3,467,141	1,832,102	1,688,490	2,139,678
- Hire purchase receivables	17,032,101	16,843,527	17,158,926	13,240,138	12,998,512	13,020,104
- Other fixed rate loan/financing	7,210,801	7,788,523	7,738,751	6,263,631	6,652,746	6,252,886
Variable rate						
- Base lending rate plus	56,615,136	51,203,453	43,544,696	49,611,579	45,611,954	40,113,258
- Cost plus	12,612,686	11,482,332	11,597,328	11,797,480	10,829,309	10,899,377
- Other variables rates	645,546	255,503	514,691	563,083	242,248	320,231
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>

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A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>			<u>The Bank</u>		
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Purchase of securities	981,258	1,030,125	1,150,988	969,569	1,029,928	1,044,430
Purchase of transport vehicles	17,345,577	17,251,679	17,270,583	13,541,768	13,400,268	13,142,016
Purchase of landed properties						
- residential	34,216,321	30,689,119	27,648,543	28,257,239	25,753,364	23,908,342
- non-residential	10,858,636	9,985,329	9,059,391	9,860,975	9,155,652	8,452,387
Purchase of fixed assets (excluding landed properties)	555,874	638,350	668,935	519,919	595,691	554,604
Personal use	3,502,241	3,576,501	3,567,683	2,744,303	2,664,505	2,811,397
Credit card	4,088,083	4,233,382	4,262,859	4,088,083	4,233,382	4,262,859
Purchase of consumer durables	472	103	198	468	95	188
Construction	1,163,851	924,674	836,005	1,119,190	890,836	802,122
Mergers and acquisition	447,926	388,832	-	447,926	388,832	21,660
Working capital	21,770,180	19,907,488	17,831,469	19,746,342	18,194,609	16,208,699
Others	2,278,538	1,945,484	1,724,879	2,012,231	1,716,097	1,536,830
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>

A11d By geographical distribution

	<u>The Group</u>			<u>The Bank</u>		
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Malaysia	94,484,686	88,630,215	82,199,217	80,827,537	76,235,196	70,937,561
Singapore	2,480,476	1,767,575	1,807,973	2,480,476	1,767,575	1,807,973
Hong Kong	-	20,488	-	-	20,488	-
Vietnam	243,795	152,788	14,343	-	-	-
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>

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A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000	RM'000	RM'000	Restated RM'000
Within one year	27,488,901	25,774,287	23,002,022	25,704,301	24,202,531	21,398,640
One year to less than three years	7,418,422	7,140,438	5,753,032	6,327,512	5,904,892	4,735,216
Three years to less than five years	9,087,625	9,388,281	8,732,468	7,418,718	7,814,974	7,213,058
Five years and more	53,214,009	48,268,060	46,534,011	43,857,482	40,100,862	39,398,620
Gross loans, advances and financing	<u>97,208,957</u>	<u>90,571,066</u>	<u>84,021,533</u>	<u>83,308,013</u>	<u>78,023,259</u>	<u>72,745,534</u>

A11f Impaired loans, advances and financing by economic purpose

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000	RM'000	RM'000	Restated RM'000
Purchase of securities	6,895	9,941	10,259	6,854	9,899	10,259
Purchase of transport vehicles	220,106	216,114	185,001	170,886	170,994	145,091
Purchase of landed properties						
- residential	245,899	342,581	458,242	191,160	276,010	380,645
- non-residential	59,554	73,388	79,403	49,303	66,275	71,994
Purchase of fixed assets (excluding landed properties)	14,576	21,667	21,067	14,413	21,148	20,905
Personal use	72,209	86,654	93,742	62,319	78,392	80,788
Credit card	60,675	66,949	58,100	60,675	66,949	58,100
Purchase of consumer durables	4	7	17	4	7	17
Construction	9,266	26,388	31,075	7,609	24,627	29,329
Working capital	635,311	649,243	932,744	556,327	557,166	761,140
Others	34,948	39,082	45,751	34,623	38,719	45,663
	<u>1,359,443</u>	<u>1,532,014</u>	<u>1,915,401</u>	<u>1,154,173</u>	<u>1,310,186</u>	<u>1,603,931</u>

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A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	1,329,644	1,489,443	1,870,376	1,124,735	1,267,615	1,558,906
Singapore	29,438	42,571	45,025	29,438	42,571	45,025
Vietnam	361	-	-	-	-	-
	<u>1,359,443</u>	<u>1,532,014</u>	<u>1,915,401</u>	<u>1,154,173</u>	<u>1,310,186</u>	<u>1,603,931</u>

A11h Movements in impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012 Restated
	RM'000	RM'000	RM'000	RM'000
At 1 July				
- as previously stated	1,532,014	1,915,401	1,310,186	600,800
- vesting of assets and liabilities of Promino	-	-	-	1,003,131
As restated	<u>1,532,014</u>	<u>1,915,401</u>	<u>1,310,186</u>	<u>1,603,931</u>
Impaired during the financial year	1,851,753	2,078,452	1,585,079	1,789,034
Performing during the financial year	(966,418)	(1,081,218)	(799,385)	(893,761)
Amount written back in respect of recoveries	(503,594)	(800,135)	(441,384)	(712,422)
Amount written off	(554,051)	(584,256)	(500,350)	(477,386)
Exchange difference	(261)	3,770	27	790
At 30 June	<u>1,359,443</u>	<u>1,532,014</u>	<u>1,154,173</u>	<u>1,310,186</u>
Gross impaired 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:

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>30/06/2013</u>	<u>30/06/2012</u> <u>Restated</u>	<u>30/06/2013</u>	<u>30/06/2012</u> <u>Restated</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Collective Assessment Allowance</u>					
At 1 July					
- as previously stated		1,881,419	1,790,314	1,593,942	726,970
- vesting of assets and liabilities of Promino		-	-	-	791,101
- effect of full adoption of MFRS139	A33	(379,804)	(253,825)	(405,744)	(303,095)
As restated		<u>1,501,615</u>	<u>1,536,489</u>	<u>1,188,198</u>	<u>1,214,976</u>
Net allowance made during the year		183,884	335,326	221,498	308,299
Amount transferred (to)/from individual assessment		(4,800)	55,688	(4,800)	45,291
Disposal of subsidiary		-	(1,168)	-	-
Amount written off		(402,347)	(416,370)	(357,205)	(372,992)
Unwinding income		(18,751)	(8,819)	(15,657)	(7,871)
Exchange differences		(38)	469	(12)	495
At 30 June		<u><u>1,259,563</u></u>	<u><u>1,501,615</u></u>	<u><u>1,032,022</u></u>	<u><u>1,188,198</u></u>
As a % of gross loans, advances and financing less loans exempted from individual assessment allowance		<u>1.3%</u>	<u>1.7%</u>	<u>1.2%</u>	<u>1.5%</u>
<u>Individual Assessment Allowance</u>					
At 1 July					
- as previously stated		541,978	793,060	463,710	154,627
- vesting of assets and liabilities of Promino		-	-	-	492,209
As restated		<u>541,978</u>	<u>793,060</u>	<u>463,710</u>	<u>646,836</u>
Allowance made during the year		190,721	61,155	183,030	52,182
Amount transferred from/(to) collective assessment		4,800	(55,688)	4,800	(45,291)
Amount transferred to allowance for impairment losses on securities		(14,211)	-	(14,211)	-
Amount written back in respect of recoveries		(90,853)	(135,754)	(86,663)	(123,518)
Amount written off		(94,650)	(116,873)	(89,303)	(57,582)
Unwinding income		(11,524)	(9,716)	(11,301)	(9,407)
Exchange difference		(243)	5,794	45	490
At 30 June		<u><u>526,018</u></u>	<u><u>541,978</u></u>	<u><u>450,107</u></u>	<u><u>463,710</u></u>

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A12 Other assets

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreclosed properties	1,112	1,338	1,458	1,112	1,338	1,458
Sundry debtors and other prepayments	159,527	129,262	679,273	111,688	100,258	619,205
Treasury related receivables	136,362	220,591	62,352	254,632	220,591	62,352
Other receivables	591,599	190,402	225,287	427,078	102,569	134,114
	<u>888,600</u>	<u>541,593</u>	<u>968,370</u>	<u>794,510</u>	<u>424,756</u>	<u>817,129</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits	73,423,719	74,738,523	68,489,506	66,079,991	64,442,292	59,785,430
Negotiable instruments of deposit	8,147,193	5,828,928	5,584,465	6,709,548	6,437,718	4,535,391
	<u>81,570,912</u>	<u>80,567,451</u>	<u>74,073,971</u>	<u>72,789,539</u>	<u>70,880,010</u>	<u>64,320,821</u>
Demand deposits	17,563,960	14,675,678	14,944,455	16,037,087	12,298,456	12,776,737
Saving deposits	14,439,487	14,815,602	12,515,496	12,342,637	12,733,750	10,750,053
Short term corporate placement	9,743,050	12,641,446	12,916,173	7,685,837	12,641,446	12,916,173
Other	319,661	395,466	406,448	313,531	386,033	406,448
	<u>123,637,070</u>	<u>123,095,643</u>	<u>114,856,543</u>	<u>109,168,631</u>	<u>108,939,695</u>	<u>101,170,232</u>

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A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>			<u>The Bank</u>		
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Government and statutory bodies	3,486,932	3,861,648	5,571,964	2,492,761	2,663,604	4,035,603
Business enterprises	49,835,642	57,508,742	49,165,910	40,745,271	48,251,587	41,301,151
Individuals	66,104,854	59,427,462	51,478,647	62,295,411	55,981,810	48,639,370
Others	4,209,642	2,297,791	8,640,022	3,635,188	2,042,694	7,194,108
	<u>123,637,070</u>	<u>123,095,643</u>	<u>114,856,543</u>	<u>109,168,631</u>	<u>108,939,695</u>	<u>101,170,232</u>

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

	<u>The Group</u>			<u>The Bank</u>		
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated RM'000</u>
Due within six months	57,645,995	60,720,326	56,884,400	51,216,469	52,158,890	48,139,560
More than six months to one year	19,875,082	14,405,933	12,967,434	17,708,225	13,307,454	12,489,840
More than one year to five years	3,939,835	5,441,192	4,222,137	3,754,845	5,413,666	3,691,421
More than five years	110,000	-	-	110,000	-	-
	<u>81,570,912</u>	<u>80,567,451</u>	<u>74,073,971</u>	<u>72,789,539</u>	<u>70,880,010</u>	<u>64,320,821</u>

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A14 Deposits and placements of banks and other financial institution

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000	RM'000	RM'000	Restated RM'000
Licensed banks	9,840,902	7,422,997	7,160,611	9,785,220	7,422,996	8,077,215
Licensed investment banks	322,879	485,723	200,766	300,874	404,343	225,973
Licensed Islamic banks	930,887	1,831,951	682,217	-	-	-
Bank Negara Malaysia	-	-	1,897,375	-	-	1,890,554
Other financial institutions	472,479	50,025	756,692	80,020	50,025	603,204
	<u>11,567,147</u>	<u>9,790,696</u>	<u>10,697,661</u>	<u>10,166,114</u>	<u>7,877,364</u>	<u>10,796,946</u>
The maturity structure of deposits and placements of banks and other financial institutions:						
- One year or less (short term)	<u>11,567,147</u>	<u>9,790,696</u>	<u>10,697,661</u>	<u>10,166,114</u>	<u>7,877,364</u>	<u>10,796,946</u>

A15 Other liabilities

	<u>The Group</u>			<u>The Bank</u>		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000	RM'000	RM'000	Restated RM'000
Zakat	200	200	66	-	-	-
Post employment benefits obligation						
- defined contribution plan	2,948	3,079	3,102	2,948	3,079	3,102
Loan advance payment	1,603,098	1,444,836	1,122,560	1,309,788	1,244,798	1,014,815
Amount due to Cagamas Berhad	172,115	179,719	187,217	172,115	179,719	187,217
Amount due to subsidiary companies	-	-	-	129,742	219,443	3,830,755
Profit equalisation reserve	-	-	2,298	-	-	-
Treasury clearing	113,385	312	194,688	1,028	312	194,687
Cheque clearing	74,199	114,253	407,480	30,537	91,029	331,272
Treasury related payable	21,416	199,745	135,701	21,416	199,745	135,701
Sundry creditors and accruals	543,355	495,649	336,419	499,766	458,182	318,873
Provision for bonus and staff related expenses	151,144	124,500	56,384	145,552	119,508	54,719
Others	584,587	177,395	488,217	567,380	148,603	265,809
	<u>3,266,447</u>	<u>2,739,688</u>	<u>2,934,132</u>	<u>2,880,272</u>	<u>2,664,418</u>	<u>6,336,950</u>

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A16 Senior bonds

		<u>The Group and The Bank</u>		
		<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
USD 300 million senior bonds, at par	(a)	916,350	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200	-
Foreign exchange translations		60,150	69,750	(9,750)
		<u>1,895,700</u>	<u>1,905,300</u>	<u>906,600</u>
Add: Interest payable		16,192	16,274	9,822
		<u>1,911,892</u>	<u>1,921,574</u>	<u>916,422</u>
Less: Unamortised discounts		(9,721)	(13,781)	(5,612)
		<u>1,902,171</u>	<u>1,907,793</u>	<u>910,810</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>		
		<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Restated</u> <u>RM'000</u>
RM700 million Tier 2 subordinated debt, at par	(a)	700,000	700,000	700,000	700,000	700,000	700,000
Add: Interest payable		12,836	13,208	13,115	12,836	13,208	13,115
		<u>712,836</u>	<u>713,208</u>	<u>713,115</u>	<u>712,836</u>	<u>713,208</u>	<u>713,115</u>
Less: Unamortised discounts		(741)	(1,603)	(2,792)	(741)	(1,603)	(2,792)
		<u>712,095</u>	<u>711,605</u>	<u>710,323</u>	<u>712,095</u>	<u>711,605</u>	<u>710,323</u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Add: Interest payable		6,674	6,555	6,793	6,674	6,555	6,793
		<u>1,006,674</u>	<u>1,006,555</u>	<u>1,006,793</u>	<u>1,006,674</u>	<u>1,006,555</u>	<u>1,006,793</u>
Less: Unamortised discounts		(1,341)	(2,436)	(3,856)	(1,341)	(2,436)	(3,856)
		<u>1,005,333</u>	<u>1,004,119</u>	<u>1,002,937</u>	<u>1,005,333</u>	<u>1,004,119</u>	<u>1,002,937</u>

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A17 Subordinated bonds (continued)

		<u>30/06/2013</u>	<u>The Group</u> <u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2013</u>	<u>The Bank</u> <u>30/06/2012</u>	<u>1/07/2011</u> <u>Restated</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Subordinated medium term notes, at par	(c)	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
Add: Interest payable		9,307	9,267	8,983	9,307	9,267	8,983
		<u>1,169,307</u>	<u>1,169,267</u>	<u>1,168,983</u>	<u>1,169,307</u>	<u>1,169,267</u>	<u>1,168,983</u>
Less: Unamortised discounts		(6,985)	(14,214)	(23,750)	(6,985)	(14,822)	(24,587)
Fair value adjustments on completion of business combination accounting		3,829	18,000	47,085	3,827	18,000	52,577
		<u>1,166,151</u>	<u>1,173,053</u>	<u>1,192,318</u>	<u>1,166,149</u>	<u>1,172,445</u>	<u>1,196,973</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		1,295	1,664	-	1,295	1,664	-
		<u>1,501,295</u>	<u>1,501,664</u>	<u>-</u>	<u>1,501,295</u>	<u>1,501,664</u>	<u>-</u>
Less: Unamortised discounts		(2,271)	(582)	-	(2,271)	(582)	-
		<u>1,499,024</u>	<u>1,501,082</u>	<u>-</u>	<u>1,499,024</u>	<u>1,501,082</u>	<u>-</u>
		<u>4,382,603</u>	<u>4,389,859</u>	<u>2,905,578</u>	<u>4,382,601</u>	<u>4,389,251</u>	<u>2,910,233</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 HLB.

(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 Tier 2 capital cumulative subordinated loan

	<u>The Group and The Bank</u>		
	<u>30/06/2013</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM2.3 billion Tier 2 capital cumulative subordinated loan	-	-	2,300,000
Add: Interest payable	-	-	14,080
	<u>-</u>	<u>-</u>	<u>2,314,080</u>

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

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

On 18 October 2011, HLB had fully repaid the RM2.3 billion Tier 2 capital cumulative subordinated loan extended by HLFG following the completion of HLB's Rights Issue.

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A19 Non-innovative Tier 1 stapled securities

	The Group and The Bank		
	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000	1,400,000
Add: Interest payable	10,847	10,653	11,041
	<u>1,410,847</u>	<u>1,410,653</u>	<u>1,411,041</u>
Less: Unamortised discounts	(1,855)	(3,370)	(5,335)
	<u>1,408,992</u>	<u>1,407,283</u>	<u>1,405,706</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.

A20 Innovative Tier 1 capital securities

	The Group			The Bank		
	30/06/2013	30/06/2012	1/07/2011	30/06/2013	30/06/2012	1/07/2011
	RM'000	RM'000	RM'000	RM'000	RM'000	Restated RM'000
RM500 million Innovative Tier 1 capital securities at par	500,000	500,000	500,000	500,000	500,000	500,000
Add: Interest payable	12,658	12,545	12,658	12,658	12,545	12,658
	<u>512,658</u>	<u>512,545</u>	<u>512,658</u>	<u>512,658</u>	<u>512,545</u>	<u>512,658</u>
Less: Unamortised discounts	(10,012)	(9,708)	(9,589)	(10,012)	(11,174)	(11,255)
Fair value adjustments on completion of business combination accounting	53,396	71,744	92,651	53,396	71,744	96,413
	<u>556,042</u>	<u>574,581</u>	<u>595,720</u>	<u>556,042</u>	<u>573,115</u>	<u>597,816</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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A21 Interest income

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Group				
Loan, advances and financing	999,688	957,877	4,001,931	3,933,598
Money at call and deposit placements with financial institutions	135,103	132,613	391,142	578,584
Securities purchased under resale agreements	8,051	4,747	28,019	10,433
Financial assets held-for-trading	148,563	177,198	709,989	508,373
Financial investments available-for-sale	80,712	87,808	306,942	227,118
Financial investments held-to-maturity	16,745	26,630	91,110	181,232
Others	33	963	264	1,714
	<u>1,388,895</u>	<u>1,387,836</u>	<u>5,529,397</u>	<u>5,441,052</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>6,304</u>	<u>5,116</u>	<u>26,958</u>	<u>17,278</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Bank				
Loan, advances and financing	995,176	953,572	3,988,191	3,917,669
Money at call and deposit placements with financial institutions	156,222	129,446	419,295	554,477
Securities purchased under resale agreements	8,051	4,747	28,019	10,433
Financial assets held-for-trading	150,786	177,603	736,568	509,923
Financial investments available-for-sale	70,990	86,352	275,688	236,865
Financial investments held-to-maturity	27,027	36,497	115,168	216,442
Others	11,615	12,113	46,314	48,023
	<u>1,419,867</u>	<u>1,400,330</u>	<u>5,609,243</u>	<u>5,493,832</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>6,304</u>	<u>5,116</u>	<u>26,958</u>	<u>17,278</u>

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A22 Interest expense

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	24,503	43,896	94,737	100,234
Deposits from customers	569,208	543,698	2,255,452	2,143,368
Short term corporate placements	66,791	102,008	304,756	309,173
Senior bonds	16,612	15,175	67,557	42,756
Tier-2 subordinated bonds	47,801	20,612	185,842	109,936
Tier-2 capital cumulative subordinated loan	-	-	-	28,503
Non-innovative Tier-1 stapled securities	17,963	18,075	72,215	72,858
Innovative Tier-1 capital securities	6,190	7,311	23,742	21,198
Others	2,900	1,629	11,429	11,210
	<u>751,968</u>	<u>752,404</u>	<u>3,015,730</u>	<u>2,839,236</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	24,404	31,461	95,223	115,861
Deposits from customers	607,707	567,102	2,361,533	2,224,945
Short term corporate placements	66,791	102,008	304,756	309,173
Senior bonds	16,612	15,175	67,557	42,756
Tier-2 subordinated bonds	51,681	30,771	203,116	120,265
Tier-2 capital cumulative subordinated loan	-	-	-	28,503
Non-innovative Tier-1 stapled securities	17,963	18,075	72,215	72,858
Innovative Tier-1 capital securities	6,190	3,599	24,064	17,636
Others	2,900	1,559	11,429	10,255
	<u>794,248</u>	<u>769,750</u>	<u>3,139,893</u>	<u>2,942,252</u>

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A23 Net income from Islamic Banking business

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Group				
Income derived from investment of depositors' funds and others	226,035	210,276	848,865	861,386
of which Finance income	225,209	205,176	841,323	851,197
of which other operating income	826	5,100	7,542	10,189
Income derived from investment of shareholders' funds	22,199	11,822	85,520	74,119
of which Finance income	15,625	11,899	61,998	61,118
of which other operating income	6,574	(77)	23,522	13,001
Profit equalisation reserve	-	2,298	-	2,298
Income attributable to depositors	(140,959)	(109,486)	(479,498)	(490,205)
	107,275	114,910	454,887	447,598

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A24 Other operating income

Group	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
(a) Fee income:				
Commissions	34,372	31,977	134,721	118,645
Service charges and fees	14,853	11,629	49,308	46,116
Guarantee fees	3,858	4,000	21,695	17,696
Credit card related fees	69,854	70,453	270,152	274,448
Corporate advisory fees	311	257	1,951	5,494
Commitment fees	8,905	8,679	34,539	33,148
Fee on loans, advances and financing	15,000	24,916	66,359	74,145
Brokerage	-	605	-	6,745
Other fee income	3,188	4,011	13,287	20,080
	<u>150,341</u>	<u>156,527</u>	<u>592,012</u>	<u>596,517</u>
(b) Gain/(loss) arising from sale of financial assets:				
Net gain from sale of financial assets held-for-trading	787	8,092	40,150	28,085
Net (loss)/gain from sale of derivative financial instruments	(1,216)	3,990	37,833	83,151
Net (loss)/gain from sale of financial investments available-for-sale	(4,525)	29,046	75,171	42,815
Net gain from redemption of financial investments held-to-maturity	1	140	8,437	1,839
	<u>(4,953)</u>	<u>41,268</u>	<u>161,591</u>	<u>155,890</u>
(c) Gross dividend income from:				
Financial investments available-for-sale	<u>17,287</u>	<u>7,171</u>	<u>57,785</u>	<u>22,942</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	5,254	(4,533)	14,611	(3,352)
- Derivatives financial instruments	43,652	(18,959)	60,380	(114,803)
	<u>48,906</u>	<u>(23,492)</u>	<u>74,991</u>	<u>(118,155)</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>(3,924)</u>	<u>(14,146)</u>	<u>(26,614)</u>	<u>(28,336)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>329</u>	<u>(2,678)</u>	<u>10,917</u>	<u>8,774</u>
(g) <u>Other income:</u>				
Foreign exchange gain	16,566	34,064	143,912	163,328
Rental income	1,074	212	4,852	4,301
Gain on disposal of property and equipment (net)	14	140	880	821
Others	5,139	6,274	17,915	22,109
	<u>22,793</u>	<u>40,690</u>	<u>167,559</u>	<u>190,559</u>
Total other operating income	<u>230,779</u>	<u>205,340</u>	<u>1,038,241</u>	<u>828,191</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	34,275	31,939	134,474	118,295
Service charges and fees	14,822	11,826	49,279	48,019
Guarantee fees	3,842	3,995	21,619	17,648
Credit card related fees	69,854	70,453	270,152	274,448
Corporate advisory fees	311	(2)	1,951	1,461
Commitment fees	8,905	8,686	34,543	33,178
Fee on loans, advances and financing	15,000	24,916	66,359	74,145
Other fee income	3,042	4,002	13,489	20,062
	<u>150,051</u>	<u>155,815</u>	<u>591,866</u>	<u>587,256</u>
(b) <u>Gain/(loss) arising from sale of financial assets:</u>				
Net gain from sale of financial assets held-for-trading	787	8,092	40,150	28,057
Net (loss)/gain from sale of derivative financial instruments	(1,216)	3,990	37,833	83,151
Net (loss)/gain from sale of financial investments available-for-sale	(4,525)	26,728	75,153	39,500
Net gain from redemption of financial investments held-to-maturity	1	140	8,437	1,839
	<u>(4,953)</u>	<u>38,950</u>	<u>161,573</u>	<u>152,547</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	111,239	46,000
Associated company	-	-	70,361	2,379
Financial investments available-for-sale	17,287	7,171	57,785	22,942
	<u>17,287</u>	<u>7,171</u>	<u>239,385</u>	<u>71,321</u>

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A24 Other operating income (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets held-for-trading	5,254	(4,533)	14,611	(3,352)
- Derivatives financial instruments	43,652	(18,959)	60,380	(114,803)
	<u>48,906</u>	<u>(23,492)</u>	<u>74,991</u>	<u>(118,155)</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>(3,206)</u>	<u>(12,904)</u>	<u>(23,062)</u>	<u>(22,484)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>329</u>	<u>(2,678)</u>	<u>10,917</u>	<u>8,774</u>
(g) <u>Other income:</u>				
Foreign exchange gain	16,628	33,373	143,353	152,384
Rental income	1,074	486	4,852	6,048
Gain on disposal of property and equipment (net)	14	140	880	820
Others	5,133	11,800	17,702	27,600
	<u>22,849</u>	<u>45,799</u>	<u>166,787</u>	<u>186,852</u>
Total other operating income	<u>231,263</u>	<u>208,661</u>	<u>1,222,457</u>	<u>866,111</u>

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A25 Other operating expenses

Group	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
Personnel costs				
- Salaries, allowances and bonuses	218,847	187,464	864,649	900,046
- Voluntary separation scheme (VSS) *	-	(1,978)	-	113,651
- Medical expenses	8,122	9,596	24,348	28,930
- Training and convention expenses	13,287	7,248	31,630	26,356
- Staff welfare	4,005	6,803	14,572	22,491
- Others	(1,399)	8,988	18,671	19,139
Establishment costs				
- Depreciation of property and equipment	27,380	29,479	105,812	104,034
- Amortisation of intangible assets	23,644	21,844	99,243	74,614
- Rental	19,395	17,441	78,749	71,926
- Information technology expenses	39,075	26,134	112,445	90,488
- Security services	10,825	9,827	31,384	29,463
- Electricity, water and sewerage	5,484	5,719	27,176	23,924
- Hire of plant and machinery	4,173	2,719	13,895	13,511
- Others	10,990	6,071	31,033	23,412
Marketing expenses				
- Advertisement and publicity	18,024	20,552	49,531	37,405
- Credit card related fees	16,132	14,895	61,794	65,051
- Others	3,305	4,059	13,798	14,528
Administration and general expenses				
- Teletransmission expenses	4,344	3,835	15,364	15,005
- Stationery & printing	5,409	4,179	17,965	20,885
- Professional fees	23,802	16,930	88,591	71,637
- Insurance fees	7,954	4,417	21,695	20,431
- Stamp, postage and courier	6,710	6,292	24,698	25,588
- Credit card fees	18,763	16,223	69,649	64,813
- Travelling and transport expenses	1,408	1,914	6,790	6,889
- Registration and license fees	1,199	1,162	4,859	5,096
- Brokerage and commission	1,658	1,455	4,960	4,780
- Others	2,050	16,861	13,724	30,803
	494,586	450,129	1,847,025	1,924,896

* In FY 2012, the Group 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 Other operating expenses (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	188,054	153,315	735,585	764,098
- Voluntary separation scheme (VSS) *	-	676	-	100,217
- Medical expenses	6,865	6,609	20,480	23,710
- Training and convention expenses	11,463	6,460	27,719	23,874
- Staff welfare	3,160	1,401	11,950	15,120
- Others	(1,841)	12,454	14,520	19,496
<u>Establishment costs</u>				
- Depreciation of property and equipment	26,311	28,817	101,587	99,287
- Amortisation of intangible assets	23,001	22,343	96,471	78,382
- Rental	15,933	14,636	64,449	61,305
- Information technology expenses	35,648	22,610	99,975	84,217
- Security services	9,798	8,837	27,561	26,270
- Electricity, water and sewerage	5,160	5,290	25,864	21,840
- Hire of plant and machinery	3,555	3,137	12,076	12,992
- Others	4,809	4,508	9,971	10,052
<u>Marketing expenses</u>				
- Advertisement and publicity	17,390	20,061	44,488	34,834
- Credit card related fees	16,132	14,895	61,794	65,051
- Others	3,134	3,589	13,095	12,516
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,275	3,626	15,413	14,287
- Stationery & printing	5,241	4,259	17,573	20,262
- Professional fees	22,938	16,530	86,008	69,849
- Insurance fees	7,089	3,496	18,422	18,392
- Stamp, postage and courier	6,648	6,177	24,492	24,443
- Credit card fees	18,763	16,223	69,649	64,813
- Travelling and transport expenses	1,073	1,929	5,506	5,857
- Registration and license fees	1,106	1,141	4,589	4,668
- Brokerage and commission	1,365	1,369	4,341	4,445
- Others	3,351	17,494	16,762	32,088
	<u>440,421</u>	<u>401,882</u>	<u>1,630,340</u>	<u>1,712,365</u>

* In FY 2012, the 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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A26 Allowance for impairment losses on loans, advances and financing

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<u>Group</u>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	(39,035)	157,815	183,884	335,326
- individual assessment allowance	121,285	(23,248)	99,868	(74,599)
Impaired loans and financing:				
- written off	6,769	39,425	21,068	45,431
- recovered	(60,729)	(88,917)	(263,444)	(320,957)
	<u>28,290</u>	<u>85,075</u>	<u>41,376</u>	<u>(14,799)</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
<u>Bank</u>				
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	(679)	103,844	221,498	308,299
- individual assessment allowance	116,387	(21,864)	96,367	(71,336)
Impaired loans and financing:				
- written off	6,226	32,170	19,080	37,883
- recovered	(55,922)	(78,635)	(241,695)	(300,806)
	<u>66,012</u>	<u>35,515</u>	<u>95,250</u>	<u>(25,960)</u>

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A27 Capital adequacy

The Group's and the Bank's regulatory capital is governed by BNM Capital Adequacy Framework guidelines. With effect from 1 January 2013, the capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing the regulatory capital adequacy ratios, as well as the levels of the ratios at which banking institutions are required to operate. The Framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier I (CET I) capital ratio and Tier I capital ratio are 3.50% and 4.50% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.00% (2012: 8.00%) for total capital ratio.

The risk-weighted assets ("RWA") of the Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation.

30 June 2013 - Basel III

- (a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank
Before deducting proposed dividends		
CET I capital ratio	10.627%	10.156%
Tier I capital ratio	12.319%	12.062%
Total capital ratio	<u>15.179%</u>	<u>13.592%</u>
After deducting proposed dividends		
CET I capital ratio	10.236%	9.715%
Tier I capital ratio	11.927%	11.621%
Total capital ratio	<u>14.787%</u>	<u>13.150%</u>

- (b) The components of CET 1, Tier I and Tier II capital under the revised Capital Components Framework are as follows:

	The Group RM'000	The Bank RM'000
CET I capital		
Paid-up share capital	1,879,909	1,879,909
Share premium	2,832,383	2,832,383
Retained profits	6,197,372	4,835,280
Other reserves	2,699,050	2,360,778
Less: Treasury shares	(661,809)	(661,809)
Less: Other Intangible Assets	(369,415)	(362,855)
Less: Goodwill	(1,831,312)	(1,771,547)
Total CET I capital	<u>10,746,178</u>	<u>9,112,139</u>
Additional Tier I capital		
Non-innovative Tier I stapled securities	1,260,000	1,260,000
Innovative Tier I capital securities	450,000	450,000
Total additional Tier I capital	<u>1,710,000</u>	<u>1,710,000</u>
Total Tier I capital	<u>12,456,178</u>	<u>10,822,139</u>
Tier II capital		
Collective assessment allowance [^]	800,960	666,131
Subordinated bonds	3,924,000	3,924,000
Total Tier II capital	<u>4,724,960</u>	<u>4,590,131</u>

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A27 Capital adequacy (continued)

30 June 2013 - Basel III

- (b) The components of CET 1, Tier I and Tier II capital under the revised Capital Components Framework are as follows (continued):

	The Group RM'000	The Bank RM'000
Less: Investment in subsidiary companies	-	(2,194,913)
Less: Investment in associated company	(1,752,949)	(946,505)
Less: Investment in jointly controlled entity	(79,945)	(76,711)
	<u>(1,832,894)</u>	<u>(3,218,129)</u>
Total capital	<u><u>15,348,244</u></u>	<u><u>12,194,141</u></u>

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

- (c) The breakdown of RWA by each major risk category is as follows:

	The Group RM'000	The Bank RM'000
Credit risk	91,059,541	80,746,066
Market risk	3,429,463	3,322,591
Operational risk	6,628,544	5,649,356
Total RWA	<u><u>101,117,548</u></u>	<u><u>89,718,013</u></u>

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

	Hong Leong Islamic Bank Berhad
Before deducting proposed dividends	
CET I capital ratio	11.070%
Tier I capital ratio	11.070%
Total capital ratio	<u><u>14.153%</u></u>
After deducting proposed dividends	
CET I capital ratio	10.720%
Tier I capital ratio	10.720%
Total capital ratio	<u><u>13.804%</u></u>

30 June 2012 - Basel II

- (a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank
Before deducting proposed dividends		
Core capital ratio	11.956%	12.042%
Risk-weighted capital ratio	<u><u>15.736%</u></u>	<u><u>14.340%</u></u>
After deducting proposed dividends		
Core capital ratio	11.579%	11.617%
Risk-weighted capital ratio	<u><u>15.359%</u></u>	<u><u>13.915%</u></u>

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A27 Capital adequacy (continued)

30 June 2012 - Basel II

(b) Components of Tier I and Tier II capital are as follows:

	The Group RM'000	The Bank RM'000
Tier I capital		
Paid-up share capital	1,879,909	1,879,909
Share premium	2,832,383	2,832,383
Retained profit	5,356,240	4,284,156
Other reserves	2,157,549	1,927,506
Non-innovative Tier I stapled securities	1,396,630	1,396,630
Innovative Tier I capital securities	490,292	488,826
Less: Treasury shares	(714,792)	(714,792)
Less: Goodwill	(1,831,312)	(1,771,547)
Total Tier I capital	11,566,899	10,323,071
Tier II capital		
Collective assessment allowance [^]	932,830	735,127
Subordinated bonds	4,341,165	4,340,557
Total Tier II capital	5,273,995	5,075,684
Total capital	16,840,894	15,398,755
Less: Investment in subsidiary companies	-	(2,081,933)
Less: Investment in associated company	(1,540,288)	(946,505)
Less: Investment in jointly controlled entity	(76,871)	(76,711)
Total capital base	15,223,735	12,293,606

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

(c) The breakdown of RWA by each major risk category is as follows:

	The Group RM'000	The Bank RM'000
Credit risk	87,900,369	77,788,537
Market risk	3,501,182	3,300,893
Operational risk	5,344,452	4,639,177
Total RWA	96,746,003	85,728,607

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

	Hong Leong Islamic Bank Berhad
Before deducting proposed dividends	
Core capital ratio	9.630%
Risk-weighted capital ratio	13.490%
After deducting proposed dividends	
Core capital ratio	9.343%
Risk-weighted capital ratio	13.203%

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A27 Capital adequacy (continued)

1 July 2011 - Basel II

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank
Before deducting proposed dividends		
Core capital ratio	8.756%	8.078%
Risk-weighted capital ratio	14.117%	11.422%
After deducting proposed dividends		
Core capital ratio	8.561%	7.877%
Risk-weighted capital ratio	13.923%	11.222%

(b) Components of Tier I and Tier II capital are as follows:

	The Group RM'000	The Bank RM'000
Tier I capital		
Paid-up share capital	1,580,107	1,580,107
Share premium	539,664	539,664
Retained profit	4,166,411	3,430,052
Other reserves	1,931,653	1,798,885
Non-innovative Tier I stapled securities	1,394,665	1,394,665
Innovative Tier I capital securities	490,411	488,745
Less: Treasury shares	(671,744)	(671,744)
Less: Goodwill	(1,831,312)	(1,771,547)
Total Tier I capital	7,599,855	6,788,827
Tier II capital		
Collective assessment allowance [^]	924,802	740,857
Capital cumulative subordinated loan	2,300,000	2,300,000
Subordinated bonds	2,829,602	2,828,765
Total Tier II capital	6,054,404	5,869,622
Total capital	13,654,259	12,658,449
Less: Investment in subsidiary companies	-	(2,035,676)
Less: Investment in associated company	(1,325,707)	(946,505)
Less: Investment in jointly controlled entity	(75,252)	(76,711)
Total capital base	12,253,300	9,599,557

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

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A27 Capital adequacy (continued)

1 July 2011 - Basel II

(c) The breakdown of RWA by each major risk category is as follows:

	The Group RM'000	The Bank RM'000
Credit risk	79,504,230	75,130,053
Market risk	3,053,245	2,547,302
Operational risk	4,241,563	6,364,159
Total RWA	<u>86,799,038</u>	<u>84,041,514</u>

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

	Hong Leong Islamic Bank Berhad
Before deducting proposed dividends	
Core capital ratio	16.557%
Risk-weighted capital ratio	<u>17.391%</u>
After deducting proposed dividends	
Core capital ratio	15.899%
Risk-weighted capital ratio	<u>16.733%</u>

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A28 Group segmental reporting on revenue, profit and assets

	Financial quarter ended 30/06/2013				Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<u>By business segment</u>					
External revenue	544,492	119,524	310,965	-	974,981
Inter-segment revenue	55,282	116,187	(171,469)	-	-
Segment revenue	<u>599,774</u>	<u>235,711</u>	<u>139,496</u>	<u>-</u>	<u>974,981</u>
Segment profit before taxation	241,263	128,610	84,690	-	454,563
Share of profit after tax of equity accounted associated company				73,422	73,422
Share of profit after tax of equity accounted jointly controlled entity				1,268	1,268
Profit before taxation and zakat					<u>529,253</u>
Taxation and zakat					<u>(112,819)</u>
Profit after taxation					<u>416,434</u>

	Financial year ended 30/06/2013				Total RM'000
	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas Associate and Jointly Controlled Entity RM'000	
<u>By business segment</u>					
External revenue	2,338,987	421,562	1,246,246	-	4,006,795
Inter-segment revenue	148,559	514,091	(662,650)	-	-
Segment revenue	<u>2,487,546</u>	<u>935,653</u>	<u>583,596</u>	<u>-</u>	<u>4,006,795</u>
Segment profit before taxation	1,127,480	607,393	390,995	-	2,125,868
Share of profit after tax of equity accounted associated company				264,005	264,005
Share of profit after tax of equity accounted jointly controlled entity				3,074	3,074
Profit before taxation and zakat					<u>2,392,947</u>
Taxation and zakat					<u>(536,675)</u>
Profit after taxation					<u>1,856,272</u>
Segment assets	66,289,033	29,868,595	58,199,523	-	154,357,151
Unallocated assets					<u>9,228,546</u>
Total assets					<u>163,585,697</u>

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A28 Group segmental reporting on revenue, profit and assets (continued)

Corresponding quarter ended 30 June 2012 (Restated)

	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	Total RM'000
<u>By business segment</u>						
External revenue	600,875	67,965	282,514	4,328	-	955,682
Inter-segment revenue	3,881	177,556	(181,437)	-	-	-
Segment revenue	<u>604,756</u>	<u>245,521</u>	<u>101,077</u>	<u>4,328</u>	<u>-</u>	<u>955,682</u>
Segment profit before taxation	178,915	184,722	84,887	9,728	-	458,252
Share of profit after tax of equity accounted associated company					59,132	59,132
Share of profit after tax of equity accounted jointly controlled entity					818	818
Profit before taxation and zakat						<u>518,202</u>
Taxation and zakat						(112,565)
Profit after taxation						<u><u>405,637</u></u>

Corresponding financial year ended 30 June 2012 (Restated)

	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	Total RM'000
<u>By business segment</u>						
External revenue	2,513,350	263,291	1,079,198	21,766	-	3,877,605
Inter-segment revenue	(10,498)	579,711	(569,213)	-	-	-
Segment revenue	<u>2,502,852</u>	<u>843,002</u>	<u>509,985</u>	<u>21,766</u>	<u>-</u>	<u>3,877,605</u>
Segment profit before taxation	1,012,382	691,041	321,362	(7,207)	-	2,017,578
Share of profit after tax of equity accounted associated company					216,960	216,960
Share of profit after tax of equity accounted jointly controlled entity					1,619	1,619
Profit before taxation and zakat						<u>2,236,157</u>
Taxation and zakat						(492,562)
Profit after taxation						<u><u>1,743,595</u></u>
Segment assets	62,440,863	26,876,006	60,177,108	-	-	149,493,977
Unallocated assets						8,673,089
Total assets						<u><u>158,167,066</u></u>

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A29 Property and equipment

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

A30(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 30 June 2013 except for the following:-

- (a) On 4 July 2013, HLB announced that Hong Leong Bank (Cambodia) PLC ("HLBCAM"), a wholly-owned subsidiary of HLB, had been granted the license to carry out banking operations in the Kingdom of Cambodia by the National Bank of Cambodia. HLBCAM commenced operations on 8 July 2013.
- (b) On 25 July 2013, HLB proposed to establish an executive share grant scheme for the eligible executives and/or Directors of HLB and its subsidiaries ("Proposed ESGS").

The Proposed ESGS is subject to approvals being obtained from the following:

- (i) the shareholders of HLB;
- (ii) Bursa Malaysia Securities Berhad ("Bursa Securities"), for the listing of and quotation for the new HLB shares to be issued pursuant to the vesting of Grants under the Proposed HLB ESGS; and
- (iii) other relevant authorities/parties, if required.

A30(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) The following wholly-owned subsidiaries of HLB were dissolved during the financial year:

<u>Name of Subsidiary</u>	<u>Date of Dissolution</u>
(i) CFB Nominees (Tempatan) Sdn Bhd	26 September 2012
(ii) Oriental Nominee (Tempatan) Sdn Bhd	26 September 2012
(iii) Perkasa Nominees (Tempatan) Sdn Bhd	1 March 2013
(iv) PFB Asa Berhad	1 March 2013
(v) EFB Berhad	1 May 2013

- (b) HLB had, on 1 March 2013, announced the incorporation of HLBCAM, a wholly-owned subsidiary in Cambodia on 18 February 2013, with a capital of USD37,500,000 which is approximately equivalent to RM116,175,000. HLBCAM commenced operations on 8 July 2013 after being granted the license to carry out banking operations by the National Bank of Cambodia.

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A31 Commitments and contingencies

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

The commitments and contingencies constitute the following:

	The Group			The Bank		
	30/06/2013 RM'000	30/06/2012 RM'000	1/07/2011 RM'000	30/06/2013 RM'000	30/06/2012 RM'000	Restated 1/07/2011 RM'000
Principal Amount						
Direct credit substitutes	282,262	444,051	559,290	280,859	435,503	546,838
Certain transaction related contingent items	1,629,933	1,410,727	1,394,682	1,559,520	1,336,034	1,278,599
Short term self liquidating trade related contingencies	891,468	1,557,667	616,404	845,800	1,534,557	598,406
Forward asset purchases	-	71,513	-	-	71,513	-
Underwriting obligations	-	-	72,000	-	-	-
Irrevocable commitments to extend credit:						
- maturity more than one year	14,108,639	12,720,869	12,488,631	11,415,226	9,341,832	9,886,287
- maturity less than one year	17,331,901	17,750,840	17,617,166	16,468,730	16,631,310	16,355,861
Foreign exchange related contracts:						
- less than one year	38,342,314	37,767,414	35,896,628	42,204,011	37,673,453	35,631,862
- one year to less than five years	3,649,055	1,174,381	1,736,341	3,682,060	4,795,712	5,373,987
- five years and above	603,465	686,519	250,376	603,465	686,519	250,376
Interest rate related contracts:						
- less than one year	17,140,615	13,416,046	12,791,226	17,040,615	13,376,046	12,791,226
- one year to less than five years	42,439,167	41,967,670	35,757,281	41,139,167	41,367,670	38,532,281
- five years and above	14,773,860	10,741,653	9,632,500	14,623,860	10,241,653	9,582,500
Equity related contracts:						
- less than one year	54,168	69,293	163,946	54,168	69,293	163,946
- one year to less than five years	-	9,748	6,600	-	9,748	6,600
Unutilised credit card lines	8,331,904	9,200,627	9,296,768	8,331,904	9,200,627	9,296,768
Total	159,578,751	148,989,018	138,279,839	158,249,385	146,771,470	140,295,537

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A32 Related party transactions

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

(a) Connected Parties (CP) Exposures

	The Group			The Bank		
	30/06/2013 RM'000	30/06/2012 RM'000	1/07/2011 RM'000	30/06/2013 RM'000	30/06/2012 RM'000	1/07/2011 RM'000
Aggregate Value of Outstanding Credit Exposures with Connected Parties	5,797,369	5,798,998	3,729,523	5,739,418	5,777,241	3,587,417
Outstanding Credit Exposures to Connected Parties as a Proportion of Total Credit Exposures (%)	5.08%	5.42%	3.79%	5.79%	6.22%	7.55%
Outstanding Credit Exposures with Connected Parties Which is Non-Performing or in Default as a Proportion of Total Credit Exposures (%)	0.001%	0.001%	0.023%	0.001%	0.001%	0.000%

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A33 Change in comparatives

(a) Adoption of MFRS

(i) MFRS 1 mandatory exceptions

Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(ii) MFRS 1 exemption options

Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 'Business combinations' prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 July 2011. Business combinations that occurred prior to 1 July 2011 have not been restated. In addition, the Group has also applied MFRS 127 'Consolidated and separate financial statements' from the same date.

Designation of previously recognised financial instruments

MFRS 1 "First time adoption of MFRS" allows an entity to designate a previously recognised financial instrument as available-for-sale or fair value through profit or loss on the transition date, provided the criteria in MFRS 139 "Financial Investment: Recognition and Measurement" are met. Consequently, the Group has designated previously recognised financial investments available-for-sale with fair value amount of RM67,723,368 as financial assets held-for-trading at transition date.

(iii) Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows:

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior years. The following tables represent the reconciliations from FRS to MFRS for the respective years noted:

Reconciliation of Equity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2012</u>	<u>1/07/2011</u>	<u>30/06/2012</u>	<u>1/07/2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Equity as reported under FRS	11,419,311	7,467,765	10,098,511	6,567,126
Add Transitioning adjustments:				
Effect of full adoption of MFRS 139	284,848	190,369	304,306	227,322
Equity on transition to MFRS	<u>11,704,159</u>	<u>7,658,134</u>	<u>10,402,817</u>	<u>6,794,448</u>

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A33 Change in comparatives (continued)

(a) Adoption of MFRS (continued)

(iii) Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows (continued):

Reconciliation of Total Comprehensive Income

	<u>The Group</u> 30/06/2012 RM'000	<u>The Bank</u> 30/06/2012 RM'000
Total comprehensive income as reported under FRS	1,736,011	1,315,850
Add/(Less) Transitioning adjustments:		
Effect of full adoption of MFRS 139	94,479	76,984
Effect of adoption of MFRS 1	960	960
Redesignation of financial investments available-for-sale to held-for-trading	(1,280)	(1,280)
Income tax arising from transitional adjustments	320	320
Total comprehensive income upon transition to MFRS	<u>1,830,490</u>	<u>1,392,834</u>

Impact to Statement of Cash Flows

The transition from FRS to MFRS has had no effect on the reported cash flows generated by the Group and the Bank.

(b) Change in accounting policies

(i) MFRS 139 Financial Instruments: Recognition and Measurement

Previously, the Group applied the Amendment to FRS 139 'Financial Instruments: Recognition and Measurement', which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia (BNM) prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institutions on collective assessment of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. 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 in the financial statements.

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A33 Change in comparatives (continued)

The impact of the above to the financial statements of the Group and the Bank are set out as follows:

Group	As previously reported RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
As at 30 June 2012				
Statements of financial position				
Assets				
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				
- Net loans, advances and financing	88,193,091	-	379,804	88,572,895
- Collective impairment allowances	(1,881,419)	-	379,804	(1,501,615)
Liabilities				
Taxation	163,080	(2,958)	67,594	227,716
Deferred tax liabilities	110,213	2,958	27,362	140,533
Statements of changes in equity				
Retained profits	5,080,264	(8,872)	284,848	5,356,240
Fair value reserve	183,998	8,872	-	192,870
Group	As previously reported RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
As at 1 July 2011				
Statements of financial position				
Assets				
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				
- Net 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)	-
Liabilities				
Taxation	60,184	(3,277)	53	56,960
Deferred tax liabilities	-	-	2,773	2,773
Statements of changes in equity				
Retained profits	3,985,874	(9,832)	190,369	4,166,411
Fair value reserve	102,211	9,832	-	112,043
Bank	As previously reported RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
As at 30 June 2012				
Statements of financial position				
Assets				
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				
- Net loans, advances and financing	75,997,167	-	405,744	76,402,911
- Collective impairment allowances	(1,593,942)	-	405,744	(1,188,198)
Liabilities				
Taxation	118,651	(2,958)	75,443	191,136
Deferred tax liabilities	114,148	2,958	25,995	143,101
Statements of changes in equity				
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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A33 Change in comparatives (continued)

The impact of the above to the financial statements of the Group and the Bank are set out as follows: (continued)

Bank	As previously reported RM'000	Vesting of assets and liabilities of Promino * RM'000	As at 1 July 2011 RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
As at 1 July 2011						
Statements of financial position						
Assets						
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						
- Net loans, advances and financing	38,548,822	32,036,096	70,584,918	-	303,095	70,888,013
- 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)
Other assets	428,826	388,303	817,129	-	-	817,129
Derivative financial instruments	802,776	25,247	828,023	-	-	828,023
Amount due from subsidiaries	844,671	3,685,315	4,529,986	-	-	4,529,986
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	316,814	666,259	-	-	666,259
Intangible assets	59,536	320,708	380,244	-	-	380,244
Goodwill	-	1,771,547	1,771,547	-	-	1,771,547
Deferred tax assets	102,281	(87,226)	15,055	(3,277)	(11,778)	-
Total assets	87,650,089	46,853,799	134,503,888	(3,277)	291,317	134,791,928
Liabilities						
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
Total liabilities	81,082,963	46,853,799	127,936,762	(3,277)	63,995	127,997,480
Equity						
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)
Total equity	6,567,126	-	6,567,126	-	227,322	6,794,448
Total equity and liabilities	87,650,089	46,853,799	134,503,888	(3,277)	291,317	134,791,928
Commitments and contingencies	115,912,569	24,382,968	140,295,537	-	-	140,295,537

* The assets and liabilities of Promino vested to the Bank as at 1 July 2011. The comparative financial statements as at 1 July 2011 is restated to capture the vested amount.

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A33 Change in comparatives (continued)

The impact of the above to the financial statements of the Group and the Bank are set out as follows: (continued)

Bank	As previously reported RM'000	Vesting of assets and liabilities of Promino RM'000	As at 1 July 2011 RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
As at 1 July 2011						
Statements of changes in equity						
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
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Group			As previously reported RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
For the financial year ended 30 June 2012						
Statements of income						
Non-interest income			844,279	(16,088)	-	828,191
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading			12,736	(16,088)	-	(3,352)
Allowance for impairment losses on loans, advances and financing			(111,180)	-	125,979	14,799
- collective assessment allowance			(461,305)	-	125,979	(335,326)
Write back of impairment losses			32,702	17,368	-	50,070
Taxation			(460,742)	(320)	(31,500)	(492,562)
Profit before taxation			2,108,898	1,280	125,979	2,236,157
Net profit for the financial year			1,648,156	960	94,479	1,743,595
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Group			As previously reported RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
Statements of Comprehensive Income						
Net profit for the financial year			1,648,156	960	94,479	1,743,595
Revaluation reserve of financial investments available-for-sale						
- Net gain from change in fair value			109,079	(1,280)	-	107,799
- Income tax benefits			(27,270)	320	-	(26,950)
Total comprehensive income for the financial year			1,736,011	-	94,479	1,830,490

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A33 Change in comparatives (continued)

The impact of the above to the financial statements of the Group and the Bank are set out as follows: (continued)

Group	As previously reported RM'000	MFRS 3 adjustment RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
For the financial quarter ended 30 June 2012					
Statements of income					
Non-interest income	215,593	-	(10,253)	-	205,340
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	5,720	-	(10,253)	-	(4,533)
Overhead expenses	(476,018)	25,889	-	-	(450,129)
Establishment cost					
Depreciation of property and equipment	(29,479)	-	-	-	(29,479)
Amortisation of intangible assets	(47,733)	25,889	-	-	(21,844)
Allowance for impairment losses					
on loans, advances and financing	(66,828)	-	-	(18,247)	(85,075)
- collective assessment allowance	(139,568)	-	-	(18,247)	(157,815)
Write back of impairment losses	20,406	-	17,368	-	37,774
Taxation	(108,873)	(6,472)	(1,779)	4,559	(112,565)
Bank					
For the financial year ended 30 June 2012					
Statements of income					
Non-interest income		882,199	(16,088)	-	866,111
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading		12,736	(16,088)	-	(3,352)
Allowance for impairment losses					
on loans, advances and financing:		(76,689)	-	102,649	25,960
- collective assessment allowance		(410,948)	-	102,649	(308,299)
Write back of impairment losses		29,263	17,368	-	46,631
Taxation		(426,708)	(320)	(25,665)	(452,693)
Profit before taxation		1,673,988	1,280	102,649	1,777,917
Net profit for the financial year		1,247,280	960	76,984	1,325,224
Bank					
Statements of Comprehensive Income					
Net profit for the financial year		1,247,280	960	76,984	1,325,224
Revaluation reserve of financial investments available-for-sale					
- Net gain from change in fair value		106,144	(1,280)	-	104,864
- Income tax benefits		(26,536)	320	-	(26,216)
Total comprehensive income for the financial year		1,315,850	-	76,984	1,392,834

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A33 Change in comparatives (continued)

The impact of the above to the financial statements of the Group and the Bank are set out as follows: (continued)

Bank	As previously reported RM'000	MFRS 3 adjustment RM'000	Effect of adopting MFRS 1 RM'000	Effect of full adoption of MFRS 139 RM'000	As restated RM'000
For the financial quarter ended 30 June 2012					
Statements of income					
Non-interest income	218,914	-	(10,253)	-	208,661
Net unrealised gain/(loss) on revaluation of financial assets held-for-trading	5,720	-	(10,253)	-	(4,533)
Overhead expenses	(432,086)	30,204	-	-	(401,882)
Establishment cost					
Depreciation of property and equipment	(28,817)	-	-	-	(28,817)
Amortisation of intangible assets	(52,547)	30,204	-	-	(22,343)
Allowance for impairment losses					
on loans, advances and financing:	(57,889)	-	-	22,374	(35,515)
- collective assessment allowance	(126,218)	-	-	22,374	(103,844)
Write back of impairment losses	20,406	-	17,368	-	37,774
Taxation	(101,306)	(7,551)	(1,779)	(5,594)	(116,230)

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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 RM529.3 million for the current financial quarter ended 30 June 2013, an increase of RM11.1 million or 2.1% as compared to previous restated corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM19.3 million and lower allowance for impairment losses on loans, advances and financing of RM56.8 million coupled with higher share of profit from Bank of Chengdu and joint venture totalling RM14.7 million. This was offset by higher operating expenses of RM44.5 million and higher charged resulting a lower net write back of impairment losses of RM35.3 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 RM241.3 million for the 4th quarter ended June 2013 as compared to previous restated corresponding quarter of RM178.9 million.

Personal Financial Services's loan base grew from RM61.6 billion in June 2012 to RM65.7 billion in June 2013. Higher pre-tax profit mainly due to lower CA provision as compared to previous quarter.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM128.6 million for the 4th quarter ended June 2013 as compared to previous restated corresponding quarter of RM184.7 million.

Business and Corporate Banking's loan base increased from RM26.6 billion in June 2012 to RM 29.7 billion in June 2013. However, the deposit base registered a dropped from RM35.2 billion to RM32.5 billion. Lower pre-tax profit mainly due to higher loan impaired provision and lower impairment writeback.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM84.7 million for the 4th quarter ended June 2013 as compared to previous restated corresponding quarter of RM84.9 million.

Treasury earning assets dropped from RM58.9 billion in June 2012 to RM56.7 billion in June 2013.

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

The Group pre-tax profit for the year ended 30 June 2013 stood at RM2,392.9 million, an increase of RM156.8 million or 7.0% as compared to RM2,236.2 million in the previous restated corresponding year. The increase was due to higher net income by RM129.2 million, lower operating expenses of RM77.9 million and higher share of profit from Bank of Chengdu and joint venture totalling RM48.5 million. This is however mitigated by higher allowance for impairment losses on loans, advances and financing of RM56.2 million coupled with higher charge resulting a lower net write back of impairment losses of RM42.6 million.

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B1 Review of performance (continued)

Current Year-to-date vs. Previous Year-to-date (continued)

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 RM1,127.5 million for the financial year ended June 2013 compared to previous year restated corresponding period of RM1,012.4 million. The increase in pre-tax profit due to lower in loan impaired provision, offset by lower net income.

Business and Corporate Banking

The Group Business and Corporate Banking's segment recorded a pre-tax profit of RM607.4 million for the financial year ended June 2013 compared to previous year restated corresponding period of RM691.0 million. Lower pre-tax profit contributed by higher loan impaired provision and lower impairment provision, partially offset by higher net interest income.

Global Markets

The Global Market's segment recorded a pre-tax profit of RM391.0 million for the financial year ended June 2013 compared to previous year restated corresponding period of RM321.4 million. Higher pre-tax profit mainly contributed from higher gain from the sale of securities and gain from MTM on Interest Rate Derivative.

B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM529.3 million as compared to RM587.9 million in the preceding quarter, a decrease of RM58.7 million arising from lower net income of RM49.9 million and higher operating expenses of RM36.6 million. This was offset by lower allowance for impairment losses on loans, advances and financing of RM13.0 million, higher write back of impairment losses of RM2.3 million coupled with higher share of profit from Bank of Chengdu and joint venture of RM12.6 million.

B3 Prospects for the new financial year 2013/2014

The Group will continue to strive for sustainable profitability through a universal banking model in the domestic market and strengthen the contributions of our franchises in the region.

Domestically, we will leverage our close engagement with Personal, Business and Islamic Banking customers to offer a more comprehensive community banking proposition while continuing to build up our strong deposit base and strengthening our Wealth Management, Treasury and Transaction Banking offerings. We will continue to scale up our Personal Financing and Business & Corporate Banking businesses through convergence of Digital Banking and Customer Analytics capabilities to give us the critical edge.

In the meantime, regionally, our teams in ASEAN and China will leverage our Home Office expertise to scale up their businesses while seeking organic transformational growth opportunities.

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B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
The Group				
Malaysian income tax	138,672	(1,918)	558,004	375,800
Transfer (to)/from deferred taxation	(25,853)	114,483	(21,329)	116,762
	<u>112,819</u>	<u>112,565</u>	<u>536,675</u>	<u>492,562</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	Restated RM'000	RM'000	Restated RM'000
The Bank				
Malaysian income tax	129,503	48,451	547,619	395,309
Transfer (to)/from deferred taxation	(24,886)	67,779	(24,381)	57,384
	<u>104,617</u>	<u>116,230</u>	<u>523,238</u>	<u>452,693</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 year under review.

B7 Purchase and disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year under review other than those purchased or disposed in the ordinary course of business.

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:-

On 25 July 2013, HLB proposed to establish an executive share grant scheme for the eligible executives and/or Directors of HLB and its subsidiaries ("Proposed ESGS").

The Proposed ESGS is subject to approvals being obtained from the following:

- (i) the shareholders of HLB;
- (ii) Bursa Malaysia Securities Berhad ("Bursa Securities"), for the listing of and quotation for the new HLB shares to be issued pursuant to the vesting of Grants under the Proposed HLB ESGS; and
- (iii) other relevant authorities/parties, if required.

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B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 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	28,863,648	232,738	(237,759)
(ii) 1 year to 3 years	146,597	327	(2,392)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	5,564,615	42,485	(91,037)
(ii) 1 year to 3 years	989,845	13,347	(13,938)
(iii) More than 3 years	2,864,735	70,888	(85,567)
Options			
(i) Less than 1 year	3,914,051	32,849	(30,562)
(ii) 1 year to 3 years	251,343	4,896	(4,896)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,899,258	129	(1,896)
(ii) 1 year to 3 years	50,001	-	(116)
(iii) More than 3 years	81,462	53	(12)
Swaps			
(i) Less than 1 year	15,241,357	24,259	(23,000)
(ii) 1 year to 3 years	24,873,960	65,362	(100,308)
(iii) More than 3 years	32,207,604	388,209	(361,102)
Equity related contracts			
(i) Less than 1 year	54,168	1,602	(1,602)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Total	117,002,644	877,144	(954,187)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2012:

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	26,166,755	121,473	(190,163)
(ii) 1 year to 3 years	27,944	-	(408)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	7,643,081	101,796	(51,221)
(ii) 1 year to 3 years	387,551	3,438	(8,519)
(iii) More than 3 years	1,220,814	40,122	(46,653)
Options			
(i) Less than 1 year	3,957,578	21,620	(22,096)
(ii) 1 year to 3 years	224,591	4,746	(4,746)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,771,810	30	(952)
(ii) 1 year to 3 years	332,199	-	(486)
(iii) More than 3 years	50,000	111	-
Swaps			
(i) Less than 1 year	9,644,236	26,188	(25,159)
(ii) 1 year to 3 years	22,748,629	124,236	(165,247)
(iii) More than 3 years	29,578,495	510,794	(552,781)
Equity related contracts			
(i) Less than 1 year	69,293	796	(796)
(ii) 1 year to 3 years	9,748	-	-
(iii) More than 3 years	-	-	-
Total	105,832,724	955,350	(1,069,227)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 1 July 2011:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	23,651,141	85,600	(156,680)
(ii) 1 year to 3 years	25,687	30	(232)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	9,100,041	223,413	(122,771)
(ii) 1 year to 3 years	1,468,298	91,587	(43,347)
(iii) More than 3 years	357,608	25,558	(31,192)
Options			
(i) Less than 1 year	3,145,446	10,322	(11,292)
(ii) 1 year to 3 years	135,124	2,650	(2,650)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,265,525	159	(2,202)
(ii) 1 year to 3 years	1,175,000	69	(352)
(iii) More than 3 years	150,000	4	(35)
Swaps			
(i) Less than 1 year	11,525,701	18,843	(31,918)
(ii) 1 year to 3 years	18,148,745	118,023	(98,084)
(iii) More than 3 years	25,916,036	212,470	(164,517)
Equity related contracts			
(i) Less than 1 year	163,946	1,434	(1,434)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	96,234,898	790,162	(666,706)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 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	29,468,496	230,869	(232,506)
(ii) 1 year to 3 years	179,602	296	(2,257)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	8,821,464	117,160	(165,714)
(ii) 1 year to 3 years	989,845	13,347	(13,938)
(iii) More than 3 years	2,864,735	70,888	(85,567)
Options			
(i) Less than 1 year	3,914,051	32,849	(30,562)
(ii) 1 year to 3 years	251,343	4,896	(4,896)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,899,258	129	(1,896)
(ii) 1 year to 3 years	50,001	-	(116)
(iii) More than 3 years	81,462	53	(12)
Swaps			
(i) Less than 1 year	15,141,357	24,259	(22,422)
(ii) 1 year to 3 years	24,543,960	65,362	(96,940)
(iii) More than 3 years	31,087,604	377,699	(352,821)
Equity related contracts			
(i) Less than 1 year	54,168	1,602	(1,602)
(ii) 1 year to 3 years	-	-	-
(iii) More than 3 years	-	-	-
Total	119,347,346	939,409	(1,011,249)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2012:

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	26,157,263	121,384	(190,163)
(ii) 1 year to 3 years	27,944	-	(408)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	7,558,612	101,299	(51,218)
(ii) 1 year to 3 years	4,008,882	76,356	(81,437)
(iii) More than 3 years	1,220,814	40,122	(46,653)
Options			
(i) Less than 1 year	3,957,578	21,620	(22,096)
(ii) 1 year to 3 years	224,591	4,746	(4,746)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,771,810	30	(952)
(ii) 1 year to 3 years	332,199	-	(486)
(iii) More than 3 years	50,000	111	-
Swaps			
(i) Less than 1 year	9,604,236	26,188	(24,965)
(ii) 1 year to 3 years	22,548,629	124,236	(162,670)
(iii) More than 3 years	28,678,495	510,794	(539,166)
Equity related contracts			
(i) Less than 1 year	69,293	796	(796)
(ii) 1 year to 3 years	9,748	-	-
(iii) More than 3 years	-	-	-
Total	108,220,094	1,027,682	(1,125,756)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 1 July 2011:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	23,614,162	85,329	(156,680)
(ii) 1 year to 3 years	25,687	30	(232)
(iii) More than 3 years	-	-	-
Swaps			
(i) Less than 1 year	8,872,254	220,428	(122,771)
(ii) 1 year to 3 years	5,092,094	126,628	(79,920)
(iii) More than 3 years	371,458	27,090	(31,192)
Options			
(i) Less than 1 year	3,145,446	10,322	(11,292)
(ii) 1 year to 3 years	135,124	2,650	(2,650)
(iii) More than 3 years	-	-	-
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,265,525	159	(2,202)
(ii) 1 year to 3 years	1,175,000	69	(352)
(iii) More than 3 years	150,000	4	(35)
Swaps			
(i) Less than 1 year	11,525,701	17,485	(27,557)
(ii) 1 year to 3 years	19,363,745	120,147	(99,953)
(iii) More than 3 years	27,426,036	216,248	(168,791)
Equity related contracts			
(i) Less than 1 year	163,946	1,434	(1,434)
(ii) 1 year to 3 years	6,600	-	-
(iii) More than 3 years	-	-	-
Total	102,332,778	828,023	(705,061)

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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 RM1,306,394,187 (FYE June 2012: RM681,275,001) and RM67,883,822,274 (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 RM907,598,806 (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 (i.e. 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 (i.e. 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 statements of income 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 statements of income. 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 statements of income.

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 statements of income. The deferred gains and losses are then released to the statements of income in the periods when the hedged items affects the statements of income.

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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

An final dividend of 30.0 sen per share less income tax of 25% has been proposed for the current quarter.

- (i) Amount per share: 30.0 sen (less 25% taxation).
- (ii) Previous corresponding quarter: 27.0 sen per share (less 25% taxation).
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

B12 Realised and Unrealised Profits

	The Group	
	Financial Year Ended 30/06/2013 RM'000	Financial Year Ended 30/06/2012 Restated RM'000
Total retained profits of Hong Leong Bank Berhad and it's subsidiaries		
- Realised	4,233,197	3,599,048
- Unrealised	937,705	1,031,292
	5,170,902	4,630,340
Total share of retained profits from associated company		
- Realised	934,994	670,989
Total share of retained profits from jointly controlled entity		
- Realised	3,234	160
	6,109,130	5,301,489
Less Consolidation Adjustment	88,242	54,751
Total Group's Retained Profit	6,197,372	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 year.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	416,434	405,637	1,856,272	1,743,595
Weighted average number of ordinary shares in issue ('000)	1,790,623	1,790,623	1,790,623	1,790,623
Less: Treasury shares held	(36,279)	(129,602)	(36,279)	(129,602)
	<u>1,754,344</u>	<u>1,661,021</u>	<u>1,754,344</u>	<u>1,661,021</u>
Basic earnings per share (sen)	23.7	24.4	105.8	105.0
<u>The Bank</u>				
Net profit attributable to shareholders of the company	248,291	323,388	1,450,454	1,325,224
Weighted average number of ordinary shares in issue ('000)	1,790,623	1,790,623	1,790,623	1,790,623
Less: Treasury shares held	(36,279)	(129,602)	(36,279)	(129,602)
	<u>1,754,344</u>	<u>1,661,021</u>	<u>1,754,344</u>	<u>1,661,021</u>
Basic earnings per share (sen)	14.2	19.5	82.7	79.8

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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.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the company	416,434	405,637	1,856,272	1,743,595
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,754,344	1,661,021	1,754,344	1,661,021
- adjustment for ESOS	1,805	5,994	1,805	5,994
	<u>1,756,149</u>	<u>1,667,015</u>	<u>1,756,149</u>	<u>1,667,015</u>
Fully diluted earnings per share (sen)	23.7	24.3	105.7	104.6
<u>The Bank</u>				
Net profit attributable to shareholders of the company	248,291	323,388	1,450,454	1,325,224
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	1,754,344	1,661,021	1,754,344	1,661,021
- adjustment for ESOS	1,805	5,994	1,805	5,994
	<u>1,756,149</u>	<u>1,667,015</u>	<u>1,756,149</u>	<u>1,667,015</u>
Fully diluted earnings per share (sen)	14.1	19.4	82.6	79.5