

BOARD RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Board Risk Management Committee ("BRMC") is established to oversee senior management's activities in managing risk exposures and to ensure alignment with the risk strategy and policies approved by the Board.

COMPOSITION

Mr Lim Beng Choon

(Chairman, Independent Non-Executive Director)

Ms Lim Lean See

(Independent Non-Executive Director)

YBhg Dato' Syed Faisal Albar bin Syed A.R. Albar

(Independent Non-Executive Director)

SECRETARY

The Secretary to the BRMC is the Chief Risk Officer of the Bank.

TERMS OF REFERENCE

Risk Management

- To oversee senior management's activities in managing credit, market, liquidity, operational, and IT risks and to ensure that the risk management process is in place and functioning which will include risks from the Bank and overseas branches, and subsidiaries of the Bank ("the Group").
- To review and approve all significant risk related policies and framework from all majority owned subsidiaries of the Bank to ensure alignment to the Group's risk management appetite, framework and policies.
- To review and report to the Board on measures taken to:
 - (a) Identify and examine principal risks faced by the Group; and
 - (b) Implement appropriate systems and internal controls to manage these risks.
- To oversee and monitor implementation of the Integrated Risk Management framework and activities adopted by the Group.
- To review, recommend and/or endorse the Bank's major risk management strategies, policies and risk tolerance for Board's approval.
- To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Group's risk taking activities.
- Reviewing periodic reports on, risk exposure, risk portfolio composition, and risk management activities.
- Other risk management functions as may be agreed to by the BRMC and the Board.

Compliance

- Oversight of the Group's compliance activities and ensuring the Group is in compliance to all established policies, guidelines and external regulations.
- To review and assess adequacy of compliance policies and framework and ensuring that they are operating effectively.
- To review all non-compliance incidences and recommend corrective actions where necessary.
- To review and consider the impact of new laws, regulations, guidelines affecting the Group's operations and ensuring adequate resources are committed and realistic action plans are carried out within the stipulated deadline set.
- Other compliance functions as may be agreed to by the BRMC and the Board.

BOARD RISK MANAGEMENT COMMITTEE REPORT

(continued)

AUTHORITY

The BRMC is authorised by the Board to review any activity of the Group within its terms of reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the BRMC.

The BRMC is authorised by the Board to obtain risk management professional advice if it considers necessary.

MEETINGS

The BRMC meets at least six (6) times a year and additional meetings may be called at any time as and when necessary.

There shall be in attendance at the meeting of the Committee by invitation, the Group Managing Director and such other persons as deemed necessary by the Committee, which may include:

- Chief Operating Officer – Group Strategic Support
- Chief Financial Officer
- Chief Internal Auditor – Group Internal Audit
- Chief Operating Officer – Group Wholesale Credit
- Chief Operating Officer – Group Consumer Credit & Collection
- Chief Operating Officer – Group Special Assets

A minimum of two (2) members of the BRMC, to be chaired by an independent and non-executive director, is required to form a quorum. In the absence of the Chairman of the Committee, another independent and non-executive director shall act as the Chairman of the meeting.

After each BRMC meeting, the BRMC shall make available the minutes of the meeting to the Board and further report and update the Board on significant issues and concerns discussed during the BRMC meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

BRMC carried out its duties in accordance with its Terms of Reference supported by Group Integrated Risk Management & Compliance (GIRMC).

For the financial year ended 30 June 2012, seven (7) Committee meetings were held and the attendance of the Committee members is recorded as follows:

Member	Attendance
Mr Lim Beng Choon	7/7
Ms Lim Lean See	7/7
YBhg Dato' Syed Faisal Albar bin Syed A.R. Albar	5/7

The BRMC reviewed periodic reports on risk exposure, risk portfolio composition and risk management activities for key areas of risks including regulatory risk weighted assets and capital requirements, preparation and key developments to comply with BNM's Revised Capital Adequacy Framework ("Basel II"), Risk Management Dashboards covering Credit Risk Management, Market Risk Management (including Liquidity Risk Management) and Operational Risk Management (including IT Risk Management). In addition BRMC also reviewed major risk management strategies, policies and risk tolerance levels for Board's approval. Where the significant risk policies and framework relate to the Group's majority owned subsidiaries, BRMC ensures alignment to the Group's risk management appetite, framework and policies.

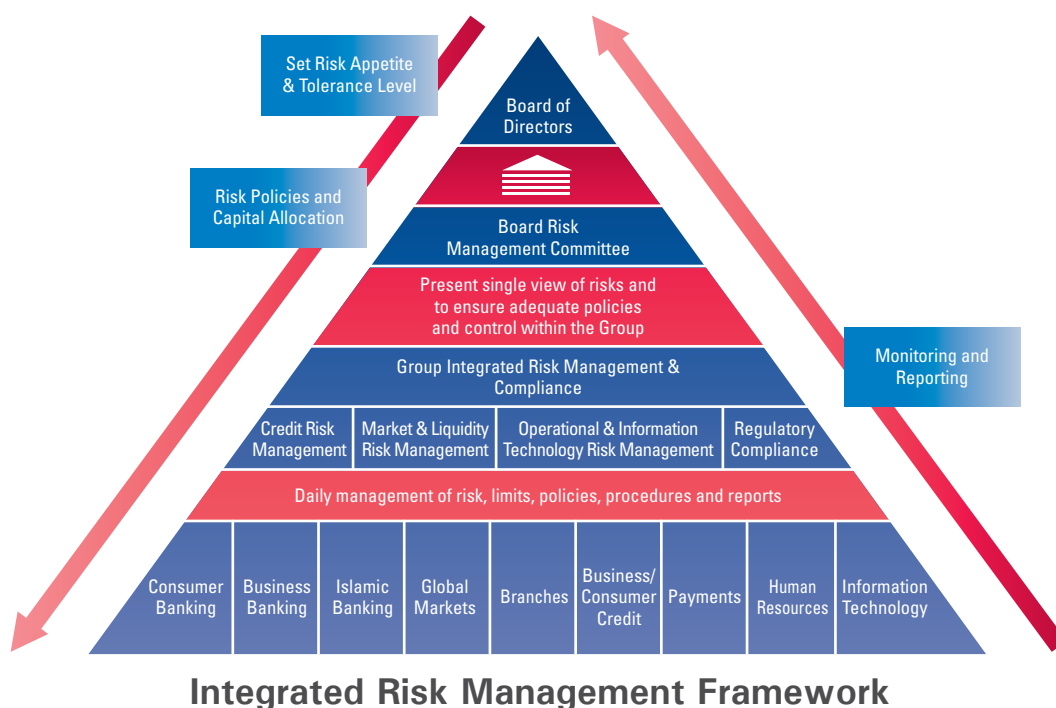
Bank-wide compliance matters are also deliberated in great length by the BRMC, including for the Bank's overseas branches, where the BRMC reviewed non-compliance incidences and recommendations for corrective actions. BRMC continuously provides oversight of the Group's compliance activities and ensuring the Group is in compliance to all established policies, guidelines and external regulations.

BOARD RISK MANAGEMENT COMMITTEE REPORT

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RISK MANAGEMENT

Managing risks is an integral part of the Group's overall business strategy, as risks, if left unchecked against a backdrop of rapidly changing financial landscape and increased uncertainty, can be detrimental to the Bank. Recognising the need to be proactive in the management of risks, the Bank has implemented an Integrated Risk Management ("IRM") framework where the Bank's risks are managed at various levels.



Integrated Risk Management Framework

At the Business and Operating Units level, the units are risk owners and accountable for the risks inherent in their business. They manage the day-to-day risks of their respective operations.

GIRMC monitors and reports the Group's Credit, Market, Liquidity, Operational and IT Risks and presents these risk in a single, consolidated view to the BRMC regularly.

The BRMC deliberates and evaluates the reports prepared by GIRMC on the adequacy and effectiveness of the controls to mitigate the Group's risks and thereafter reports and provide updates to the Board, and where appropriate, make the necessary recommendations to the Board.

BOARD RISK MANAGEMENT COMMITTEE REPORT

(continued)

RISK MANAGEMENT (continued)

At the apex of the IRM framework, the Board has the overall responsibility to ensure there is proper oversight of the management of risks in the Group. The Board sets the risk appetite and tolerance level and allocates the Group's capital that is consistent with the Group's overall business objectives and desired risk profile.

CREDIT RISK

Credit Risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its obligations.

OPERATIONAL RISK

Operational risk loss is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which also includes IT and legal risks.

MARKET RISK

Market Risk is the risk of loss in financial instruments or the balance sheet due to adverse movements in market factors such as interest and exchange rates, prices, spreads, volatilities, and/or correlations.

LIQUIDITY RISK

Liquidity Risk is the risk of loss resulting from the unavailability of sufficient funds to fulfill financial commitments, including customer' liquidity needs, as they fall due. Liquidity Risk also includes the risk of not being able to liquidate assets in a timely manner.

Hong Leong Bank Group's Key Risks

BASEL II AND III

The Group places great importance to Basel II and III and views Basel II and III as a bank-wide initiative that will ensure that the Bank continues to meet international best practices for the Bank's credit, market, operational and liquidity risk management practices. By adopting Basel II and III, the Group will be able to enhance and embed sound risk management practices within the Group and be equipped with the right risk management discipline, practices, processes and systems.

For Basel II Pillar 1, the Bank is currently in compliance with the regulatory standards that took effect from 1 January 2008. The Bank is progressively employing advance risk measurement in the respective businesses. For Basel II Pillar 2, the Bank has established an Internal Capital Adequacy Assessment Process ('ICAAP') framework that forms an integrated approach to manage the Bank's risk, capital and business strategy. For Basel II Pillar 3, which is related to market discipline and disclosure requirements, the Bank has provided the disclosures under a separate Pillar 3 section.

For Basel III, the Bank has put in place plans to continuously strengthen its capital and liquidity positions well ahead of the Basel Committee's time schedule and in advanced anticipation of any local jurisdiction guidelines in all the countries that the Bank operates in.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

“Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders.”

~ Finance Committee on Corporate Governance

The Board of Directors (“Board”) has reviewed the manner in which the Malaysian Code on Corporate Governance (“the Code”) is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A. DIRECTORS

I The Board

The Board assumes responsibility for effective stewardship and control of the Bank and has established terms of reference to assist in the discharge of this responsibility.

The role and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure and such other responsibilities that are required of them by Bank Negara Malaysia (“BNM”) as specified in guidelines and circulars issued by BNM from time to time.

The Board observes the Company Directors’ Code of Ethics established by the Companies Commission of Malaysia and BNM/GP7 Code of Ethics: Guidelines on Code of Conduct for Directors, Officers and Employees in the Banking industry.

II Board Balance

The Board of Directors comprises eleven (11) directors, ten (10) of whom are non-executive. Of the non-executive directors, five (5) are independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Bank.

The Chairman ensures the smooth and effective functioning of the Board.

The Group Managing Director/Chief Executive (“GMD”) is responsible for implementing the policies and decisions of the Board, overseeing the day-to-day operations, setting the plan and direction, benchmark and targets for operating companies, tracking compliance and business progress, initiating innovative business ideas to create competitive edge and development of business and corporate strategies with the aim of enhancing shareholders’ wealth.

The Board has identified Ms Lim Lean See, the Chairman of the Board Audit Committee (“BAC”), as the Independent Non-Executive Director of the Board to whom concerns may be conveyed, and who would bring the same to the attention of the Board.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

A. DIRECTORS (continued)

III Board Meetings

The Board met eight (8) times during the financial year ended 30 June 2012 ("FYE 2012") with timely notices of issues to be discussed. Details of attendance of each director are as follows:-

Director	Attendance
YBhg Tan Sri Quek Leng Chan	8/8
YBhg Datuk Yvonne Chia	8/8
Mr Kwek Leng Hai	8/8
YBhg Dato' Mohamed Nazim bin Abdul Razak	7/8
Mr Choong Yee How	8/8
Mr Quek Kon Sean	8/8
YBhg Datuk Kwek Leng San	8/8
Ms Lim Lean See	8/8
YBhg Tan Sri A. Razak bin Ramli	8/8
Mr Lim Beng Choon	7/8
YBhg Dato' Syed Faisal Albar bin Syed A.R Albar	8/8

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Group Company Secretary accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

IV Supply of Information

All Board members are supplied with information in a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, performance of the Bank and of the Group and management's proposals which require the approval of the Board.

All directors have access to the advice and services of the Group Company Secretary and Internal Auditors. All directors also have access to independent professional advice at the Bank's expense, in consultation with the Chairman or the GMD of the Bank.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

A. DIRECTORS (continued)

V Appointments to the Board

The Nominating Committee ("NC") was established on 17 June 2003 and the members are as follows:-

YBhg Dato' Mohamed Nazim bin Abdul Razak
(Chairman, Independent Non-Executive Director)

YBhg Tan Sri Quek Leng Chan
(Non-Independent Non-Executive Director)

Mr Choong Yee How
(Non-Independent Non-Executive Director)

Ms Lim Lean See
(Independent Non-Executive Director)

YBhg Tan Sri A. Razak bin Ramli
(Independent Non-Executive Director)

The NC's functions and responsibilities are set out in the terms of reference as follows:-

- Recommend to the Board the minimum requirements for appointments to the Board, Board committees and for the position of Chief Executive Officer.
- Review and recommend to the Board all Board appointments and re-appointments and removals including of the Chief Executive Officer.
- Review annually the overall composition of the Board in terms of the appropriate size and skills, the balance between executive directors, non-executive and independent directors, and mix of skills and other core competencies required.
- Assess annually the effectiveness of the Board and key senior management officers as a whole and the contribution by each individual director to the effectiveness of the Board and various Board committees based on criteria approved by the Board.
- Oversee the appointment, management succession planning and performance evaluation of key senior management officers and recommend their removal if they are found ineffective, errant and negligent in discharging their responsibilities.
- Ensure that the Board receives an appropriate continuous training programme.

In connection with the appointment and re-appointment of Directors and Chief Executive Officer of the Bank, the NC is guided by a Fit and Proper Policy.

The Fit and Proper Policy includes a policy in relation to the tenure for Independent Directors of the Bank ("Tenure Policy"). Pursuant to the Tenure Policy, an independent director who had served on the board of directors of any company in Hong Leong Financial Group Berhad and/or its subsidiaries for a period of 12 years continuously or more shall submit a Letter of Intent to the NC informing of his intention to continue in office or to retire from the Board as an independent director, upon:-

- a) expiry of his term of office approved by BNM; or
- b) the due date for his retirement either by rotation pursuant to the Articles of Association of the Bank or pursuant to Section 129(2) of the Companies Act, 1965 as the case may be.

If the intention of the independent director is to continue in office, the NC shall consider the re-appointment based on the assessment criteria and guidelines set out in the Fit & Proper Policy and make the appropriate recommendation to the Board. If the intention is to retire from office, an application shall be submitted to BNM to seek clearance, in accordance with the BNM Guidelines.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

A. DIRECTORS (continued)

V Appointments to the Board (continued)

During the FYE 2012, four (4) NC meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
YBhg Dato' Mohamed Nazim bin Abdul Razak	4/4
YBhg Tan Sri Quek Leng Chan	4/4
Mr Choong Yee How	4/4
Ms Lim Lean See	4/4
YBhg Tan Sri A. Razak bin Ramli	4/4

The NC reviewed the membership of the Board, the professional qualifications and experience of the directors and was satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent directors and mix of skills was adequate. The NC also reviewed the performance of the Board against its terms of reference and was satisfied that the Board was competent and effective in discharging its functions.

VI Re-election

All directors are required to submit themselves for re-election every three years.

VII Training and Education

All directors of the Bank have completed the Mandatory Accreditation Programme.

The Bank is guided by a Directors' Training Policy, which covers an Induction Programme for newly appointed directors to assist them to familiarise and to get acquainted with the Bank's business, governance process, roles and responsibilities as director of the Bank and Continuing Professional Development which encompasses areas related to the industry or business of the Bank, governance, risk management and regulations through a combination of briefings, courses and conferences.

As part of the training programme for its directors, the Bank has prepared for the use of its directors, the Director Manual and regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.

The Director Manual which is given to every director for their reference, highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same.

During the FYE 2012, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the companies and other relevant legislation, rules and regulations from in-house professionals. The Bank also organised in-house programmes for its directors and senior management.

The directors of the Bank have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

A. DIRECTORS (continued)

VII Training and Education (continued)

During the FYE 2012, the directors of the Bank, collectively or on their own, attended the following training programmes, seminars, briefings and/or workshops:

- BNM – Financial Institutions Directors’ Education Programme
- Optimising IFRS/MFRS Convergence
- An Overview of the Amendments to the Main Market Listing Requirements and Corporate Governance Development
- Corporate Governance updates
- Financial Reporting
- Bursa Malaysia – Role of Audit Committee in Assuring Audit Quality
- Bursa Malaysia – Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012
- Risk Management Conference of Institute of Bankers in Malaysia (“IBBM”): After the Perfect Storm - The Future of Risk Management
- Connected Leadership and Creating Sustainable Value
- National Chamber of Commerce and Industry of Malaysia (NCCIM) – Malaysian-Vietnam Business Forum
- Wholesale Sales Convention
- Bursa Malaysia – Invest Malaysia-Hong Kong (Powering Global Excellence - change perspective)
- National Transformation Summit: Business Roundtable Discussion – Public-Private Partnership Transforming Malaysian Economy
- 2nd Annual Women in Leadership Forum Asia 2012
- 109 Financial Sector Talent Enrichment Programme (FSTEP)
- Young Corporate Malaysians CEO Series 39, Great Ladies at Work
- Asian Bankers – Dialogue Session with Dr Dick Kovacevich
- IBBM – The Asian-Pacific Association of Banking Institutes Conference on “Global Challenges, Local Opportunities”
- ICLIF Leadership Voices – Creating Cross-Boarder Champions
- Breakthrough Leadership Training Session
- Gallup Executive Roundtable Luncheon on Understanding Cross Selling
- Bursa Malaysia – Invest Malaysia KL 2012
- Introduction to Intellectual Property
- Formation of Contracts: Nuts & Bolts
- Transactional Perils under the Companies Act, 1965
- How to read a Contract
- Dispute Resolution

VIII Other Board Committees

Board Credit Supervisory Committee (“BCSC”)

The members of the BCSC are as follows:-

YBhg Tan Sri Quek Leng Chan (*Chairman*)
 YBhg Datuk Yvonne Chia
 Mr Choong Yee How
 Mr Quek Kon Sean
 Y.M. Raja Teh Maimunah Raja Abdul Aziz

The BCSC oversees the management of credit risk and other credit related activities of the Bank and all its subsidiaries.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

A. DIRECTORS (continued)

VIII Other Board Committees (continued)

During the FYE 2012, sixteen (16) BCSC meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
YBhg Tan Sri Quek Leng Chan	16/16
YBhg Datuk Yvonne Chia	16/16
Mr Choong Yee How	16/16
*Mr Quek Kon Sean	13/13
#Y.M. Raja Teh Maimunah Raja Abdul Aziz	8/11
^Encik Zulkiflee bin Hashim	2/3

Notes:

- * Appointed on 23 September 2011
- # Appointed on 28 October 2011
- ^ Retired as a member on 23 September 2011

Executive Committee ("EXCO")

The members of the EXCO are YBhg Tan Sri Quek Leng Chan, YBhg Datuk Yvonne Chia and Mr Choong Yee How and all matters were approved via circular resolutions. The duties and responsibilities of the EXCO includes, amongst others, approving all financial markets transactions; opening, operating and closing of various types of accounts with various financial institutions and to perform such other duties and functions as may be determined by the Board from time to time.

B. DIRECTORS' REMUNERATION

I Level and Make-Up of Remuneration

The Remuneration Committee ("RC") was established on 17 June 2003 and the members are as follows:-

YBhg Dato' Mohamed Nazim Bin Abdul Razak
(Chairman, Independent Non-Executive Director)

YBhg Tan Sri Quek Leng Chan
(Non-Independent Non-Executive Director)

Mr Choong Yee How
(Non-Independent Non-Executive Director)

The RC's functions and responsibilities are set out in the terms of reference as follows:-

- Recommend to the Board the framework governing the remuneration of the:
 - Directors;
 - Chief Executive Officer; and
 - Key senior management officers.
- Review and recommend to the Board the specific remuneration packages of executive directors and the Chief Executive Officer.
- Review the remuneration package of key senior management officers.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

B. DIRECTORS' REMUNERATION (continued)

I Level and Make-Up of Remuneration (continued)

During the FYE 2012, one (1) RC meeting was held and the attendance of the Committee members was as follows:

Member	Attendance
YBhg Dato' Mohamed Nazim bin Abdul Razak	1/1
YBhg Tan Sri Quek Leng Chan	1/1
Mr Choong Yee How	1/1

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmark to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

II Procedure

The RC, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices. The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Bank at its AGM.

III Disclosure

The aggregate remuneration of directors (including a director who has retired during the financial year, and remuneration earned as directors of subsidiaries) for the FYE 2012 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	70,000	5,009,340	5,079,340
Non-Executive Directors	1,170,000	362,000	1,532,000

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

B. DIRECTORS' REMUNERATION (continued)

III Disclosure (continued)

The number of directors whose remuneration (including a director who has retired during the FYE 2012) falls into the following bands is as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,001 – 100,000	-	2
100,001 – 150,000	-	2
150,001 – 200,000	-	4
200,001 – 250,000	1	2
4,850,001 – 4,900,000	1	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders, quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

The Bank has a website at <http://www.hlb.com.my> which the shareholders can access for information, including corporate information, announcements/press releases/briefings, financial information, products information and investor relations.

In addition, the Bank provides shareholders and investors with a channel of communication in which they can provide feedback to the Group.

Queries may be conveyed to the following persons:

GENERAL MANAGER, GROUP CORPORATE AFFAIRS & PUBLIC COMMUNICATIONS

Tel No : 03-2164 2828 ext 8565
 Fax No : 03-2164 8181
 e-mail address : norlina.yunus@hlbb.hongleong.com.my

MANAGER, CORPORATE DEVELOPMENT & STRATEGIC

Tel No : 03-2164 2828 ext 8493
 Fax No : 03-2164 1519
 e-mail address : WinleyKokLS@hlbb.hongleong.com.my

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

D. ACCOUNTABILITY AND AUDIT

The Board Audit Committee was established on 18 August 1994 and re-designated to Board Audit and Risk Management Committee ("BARMC") on 10 January 2002. The BARMC was re-grouped under two separate board committees namely, Board Audit Committee ("BAC") and Board Risk Management Committee ("BRMC") on 2 October 2006. The primary responsibilities of the BAC and BRMC are set out in the BAC Report and BRMC Report respectively.

During the FYE 2012, the BAC met nine (9) times and BRMC met seven (7) times. Details of attendance of the committee members are set out in the BAC Report appearing on pages 42 to 44 and BRMC Report appearing on pages 45 to 48 of the Annual Report. The Chief Financial Officer, the Chief internal auditor, the Chief Risk Officer and the CEO may attend the BAC and BRMC meetings, on the invitation of the respective committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the BAC meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the BAC members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the BAC and BRMC meetings are recorded in the minutes of the meetings. Where the BAC or BRMC is considering a matter in which a committee member has an interest, such member abstains from deliberating and voting on the subject matter.

The BAC which comprises 2 independent non executive directors and 1 non independent non executive director is supported by the Group Internal Audit Division whose principal responsibility is to conduct periodic audits on internal control matters to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the BAC and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BAC meetings where appropriate actions will be taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BAC, which assesses the financial statements with the assistance of the external auditors.

II Internal Control

The Board has overall responsibility for maintaining a system of internal controls which covers financial and operational controls and risk management. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

Following the re-grouping of the BARMC mentioned above into two separate committees, the BRMC is entrusted with the responsibility of identifying and communicating to the Board critical risks the Group faces, changes to the Group's risk profile and management's action plans to manage the risks.

The Statement on Internal Control as detailed under Section E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the BAC, which determines the remuneration of the external auditors.

During the financial year under review, the external auditors met with the BAC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

The external auditors meet with the BAC members at least twice a year without the presence of executive directors and management.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

E. STATEMENT ON INTERNAL CONTROL

I. Introduction

The Board recognizes the practice of good governance is an important continuous process and has established the BAC and BRMC to ensure maintenance of a sound system of internal controls and good risk management practices. The processes for risks and controls assessment and improvement are on-going and are regularly reviewed in accordance with the guidelines on the 'Statement on Internal Control: Guidance for Directors of Public Listed Companies'.

II Responsibilities

The Board acknowledges its overall responsibility for the internal control environment and its effectiveness in safeguarding shareholders' interests and Bank Group's assets. The internal control framework is designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of the Bank Group, and therefore only provide reasonable assurance and not absolute assurance, against material misstatement or loss.

The system of internal control that is instituted throughout the Bank Group is updated from time to time to align with the dynamic changes in the business environment as well as process improvement initiatives undertaken. The Board confirms that its Management team responsibly implements the Board policies, procedures and guidelines on risks and controls.

III Key Internal Control Processes

The key internal control processes that are established in reviewing the adequacy and integrity of the system of internal controls, are as follows:-

a. Risk Management Framework

The organizational structure of the Bank Group clearly defines the lines of accountability and responsibility. Risk assessment and evaluation is an integral part of the Bank Group's strategic planning cycle and in response to business environment and opportunities. Management committees are appropriately set up to ensure proper utilization and investment of the Group assets for effective risk return rewards or to limit losses. The Bank's Group Integrated Risk Management & Compliance (GIRMC) Division undertakes the implementation of an enterprise and integrated risk framework in the business and support units to create continuous risk awareness, understanding of procedures and controls and thus, improve the overall control environment.

Operationally, the Bank operates multiple lines of defences to effect a robust control framework. At the first level, the operating business and support units are responsible for the day-to-day management of risks inherent in the various business activities. GIRMC, at the second level, is responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Thirdly, the Internal Audit function complements GIRMC by its activity of monitoring and evaluating significant exposures to risk and contributing to the improvement of the risk management and control systems. It also provides from an independent perspective its assessment on the adequacy and effectiveness of the risk management framework.

b. Internal Audit

The Bank's Group Internal Audit Division (GIAD) performs the internal auditing function for the various entities in the financial services group. The GIAD regularly reviews the critical operations (as defined in BNM Guideline on Internal Audit Function) and critical controls in the Information Technology environment (as outlined in BNM GPIS) of the Bank Group to ensure the internal controls are in place and working effectively. All audit findings, having been discussed at management level and affirmative actions agreed in response to the audit recommendations, are duly documented in audit reports and tabled to the BAC. Implementation of audit recommendations are followed up on a monthly basis and reported to the BAC quarterly. Highlights of the BAC meetings are submitted to the Board for review and further deliberation.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

(continued)

E. STATEMENT ON INTERNAL CONTROL (continued)

III Key Internal Control Processes (continued)

c. Compliance

Regulatory and operational compliance units are set up in the various lines of businesses and support departments. They oversee the day-to-day compliance to critical or major regulatory requirements, business and process controls. In addition, overall oversight is provided by the Regulatory Compliance department, which is a unit of GIRMC. The Board Risk Management Committee reviews the efforts of the Bank in ensuring full regulatory compliance.

d. Other Major Internal Controls

- The Board receives and reviews regular reports from the Management on the key operating statistics, business dynamics, legal matters and regulatory issues.
- The BAC regularly reviews and holds discussions with management on the actions taken on internal control issues identified in reports prepared by the GIAD, external auditors and regulatory authorities.
- Policies on delegation and authority limits are strictly imposed to ensure a culture that respects integrity and honesty.
- Policies and procedures are set out in operation manuals and disseminated in the intranet for easy reference and in support of a learning environment.
- The competencies and professionalism of the Group's human resources are developed and maintained through rigorous recruitment process, training programs and a performance appraisal system. Proper guidelines are in place for the recruitment, promotion and termination of staff.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad require the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Bank as at the end of the financial year and of its financial performance and cash flows of the Group and of the Bank for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Bank for the FYE 2012, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance and Internal Control is made in accordance with the resolution of the Board of Directors.

DIRECTORS' REPORT

for the financial year ended 30 June 2012

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of commercial banking business and in the provision of related services. The principal activity of the significant subsidiary consist of Islamic Banking services. Other subsidiary companies are primarily engaged in real property investment, investment holding and nominee services. The details of the subsidiary companies are disclosed in Note 12 to the financial statements.

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

The Group seeks to assert the profitability and sustainability of its core businesses domestically by further scaling up its full-fledged franchise in deposits and branch banking, personal financial services, business and corporate banking, trade finance, treasury, wealth management and transaction banking. Digital banking offers opportunities for the Group to further broaden its market embedment within the community and deepen relationships with customers through integrated physical-virtual innovations that strengthen its reach into the customer base. The pace of building on the Group's regional franchises in ASEAN and China will continue. In pursuit of prime value creation, this post-merger year is a platform for the Group to deliver differentiating customer value propositions, improve the customer experience, extract scale and operating efficiencies, enhance productivity and pursue new business areas for transformative growth.

OUTLOOK AND BUSINESS PLAN FOR NEW FINANCIAL YEAR

The Group continues growing, strengthening and embedding our presence in the region. We will expand our network and distribution footprint to deliver value added branch banking and online banking services to customers and businesses. With the completion of the integration of systems, processes and policies into a single platform, we continue to realise merger synergies and transform to meet the needs of our customers in pursuit of prime value creation, scale efficiencies and product innovation.

PERFORMANCE REVIEW AND MANAGEMENT REPORTS

The Board receives and reviews regular reports from the Management on key financial and operating statistics as well as legal and regulatory matters. The performance of each business unit is assessed against the approved budgets and business objectives whilst explanation is provided for significant variances.

CREDIT INFORMATION RATING

On 29 May 2012, Rating Agency Malaysia Berhad has reaffirmed the Bank's long-term rating at AA1 and its short-term rating at P1, with stable outlook.

The ratings indicate that in the long-term, the Bank is adjudged to offer high safety for timely payment of financial obligations while in the short-term, the Bank is adjudged to have superior capacities for timely payment of obligations.

Details of the rating of the Bank and its debt securities are as follows:

Rating Agency	Date Accorded	Rating Classification	Definition
Rating Agency Malaysia Berhad	29-May-12	Long-Term Rating: AA1	Demonstrates strong capacity in meeting both long-term and short-term financial obligations. The financial institution is also resilient against adverse changes in circumstances, economic conditions and/or operations environments.
		Short-Term Rating: P1	
		Subordinated Notes: AA2	
		Capital Securities: AA3	

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

CREDIT INFORMATION RATING (continued)

Rating Agency	Date Accorded	Rating Classification	Definition
Moody's Investors Services Ltd	12-Apr-12	Long-Term Rating: A3	Indicates a mixture of above-average and average credit worthiness. However, elements may be present which suggest a susceptibility to impairment some time in the future.
		Short-Term Rating: P1	
	13-Apr-12	Senior Unsecured: A3	
Fitch Ratings Ltd	27-Jan-12	Long-Term Rating: BBB+	Ratings generally indicates good credit quality. There is currently a low expectation of credit risk and satisfactory capacity to meet timely payment of financial obligations. However, adverse changes in circumstances and in economic conditions are likely to impair the institution's capacity.
		Short-Term Rating: F2	
	18-Apr-12	Subordinated Debt: BBB+	

FINANCIAL RESULTS

	The Group	The Bank
	RM'000	RM'000
Profit before taxation and zakat	2,108,898	1,673,988
Taxation and zakat	(460,742)	(426,708)
Net profit for the financial year	1,648,156	1,247,280

DIVIDENDS

Since the last financial year ended 30 June 2011, a final dividend of 15.0 sen per share, less income tax of 25% amounting to RM196,625,008 in respect of the financial year ended 30 June 2011, was paid on 16 November 2011.

An interim dividend for the financial year ended 30 June 2012 of 11.0 sen per share less income tax of 25% amounting to RM144,197,666, was paid on 28 March 2012.

The Directors now propose a final dividend of 27.0 sen per share, less income tax of 25%, on the Bank's adjusted issued and paid-up share capital (excluding the 81,098,700 treasury shares held pursuant to Section 67A of the Companies Act, 1965) of RM1,798,810,400 comprising 1,798,810,400 shares, amounting to RM364,259,106, for the financial year ended 30 June 2012.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 50 to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

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

The Proposed New ESOS is subject to the following:

- approval-in-principle of Bursa Securities for the listing of and quotation for the new HLB shares to be issued pursuant to the exercise of the Options under the Proposed New ESOS; and
- approval of the shareholders of HLB.

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR (continued)

- (b) Bursa Securities had, via its letter dated 18 September 2012, resolved to approve the listing of such number of additional new ordinary shares of RM1.00 each, representing up to 10% of the issued and paid-up ordinary share capital of HLB, to be issued pursuant to the exercise of options under the Proposed New ESOS.

SHARE CAPITAL

During the financial year ended 30 June 2012, the Bank increased its issued and paid-up capital from 1,580,107,034 to 1,879,909,100 via issuance of 299,802,066 new ordinary shares of RM1.00 each on the basis of 1 Rights Share for every 5 existing shares held by HLBB's entitled shareholders on 21 September 2011 at an issue price of RM8.65 per rights share.

SHARE BUY-BACK

The shareholders of the Bank, via an ordinary resolution passed at the Annual General Meeting held on 25 October 2011, had approved the Bank's plan to purchase its own shares up to 10% of existing total issued and paid-up share capital. The Directors of the Bank are committed to enhance the value of the Bank to its shareholders and believe that the share buyback plan can be applied in the best interests of the Bank and its shareholders.

During the financial year, the Bank bought back 2,000 (2011: 2,000) ordinary shares of RM1.00 each, as stated in Note 29 (a) to the financial statements at an average price of RM10.59 per share (2011: RM9.37), from the open market. The share buy-back transactions were financed by internally generated funds. As at 30 June 2012, the total number of shares bought was 81,098,700 (2011: 81,096,700) and were held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965. Accordingly, the adjusted issued and paid-up share capital of the Bank [excluding 81,098,700 (2011: 81,096,700) treasury shares] as at 30 June 2012 was RM1,798,810,400 (2011: RM1,499,010,334) comprising 1,798,810,400 (2011: 1,499,010,334) shares.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors who have held office since the date of the last report and at the date of this report are as follows:

YBhg Tan Sri Quek Leng Chan	<i>(Chairman, Non-Executive Non-Independent)</i>
YBhg Datuk Yvonne Chia	<i>(Group Managing Director/Chief Executive, Non-Independent)</i>
Mr Kwek Leng Hai	<i>(Non-Independent Non-Executive Director)</i>
YBhg Dato' Mohamed Nazim bin Abdul Razak	<i>(Independent Non-Executive Director)</i>
Mr Choong Yee How	<i>(Non-Independent Non-Executive Director)</i>
Mr Quek Kon Sean	<i>(Non-Independent Non-Executive Director)</i>
YBhg Datuk Kwek Leng San	<i>(Non-Independent Non-Executive Director)</i>
Ms Lim Lean See	<i>(Independent Non-Executive Director)</i>
YBhg Tan Sri A. Razak bin Ramli	<i>(Independent Non-Executive Director)</i>
Mr Lim Beng Choon	<i>(Independent Non-Executive Director)</i>
YBhg Dato' Syed Faisal Albar bin Syed A.R Albar	<i>(Independent Non-Executive Director)</i>
Encik Zulkiflee bin Hashim	<i>(Retired w.e.f. 1 November 2011)</i> <i>(Executive Director, Non-Independent)</i>

In accordance with Article 113 of the Bank's Articles of Association, Mr Kwek Leng Hai, YBhg Datuk Yvonne Chia, YBhg Datuk Kwek Leng San and Ms Lim Lean See retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965, the Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or preference shares and/or convertible bonds and/or options over ordinary shares of the Bank and/or its related corporations during the financial year are as follows:

Shareholdings in which Directors have direct interests					
Number of ordinary shares/preference shares/*shares issued or to be issued or acquired arising from the exercise of options/convertible bonds					
	Nominal value per share RM	As at 1.7.11	Acquired	Sold	As at 30.6.12
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Hong Leong Financial Group Berhad	1.00	4,989,600	-	-	4,989,600
Narra Industries Berhad	1.00	8,150,200	-	-	8,150,200
Guoco Group Limited	USD0.50	1,056,325	-	-	1,056,325
GuocoLand Limited	⁽¹⁾	13,333,333	-	-	13,333,333
GuocoLand (Malaysia) Berhad	0.50	19,506,780	-	-	19,506,780
GuocoLeisure Limited	USD0.20	735,000	-	-	735,000
Interests of Mr Kwek Leng Hai in:					
Hong Leong Company (Malaysia) Berhad	1.00	420,500	-	-	420,500
Guoco Group Limited	USD0.50	3,800,775	-	-	3,800,775
GuocoLand Limited	⁽¹⁾	35,290,914	-	-	35,290,914
Hong Leong Financial Group Berhad	1.00	2,316,800	-	-	2,316,800
Hong Leong Industries Berhad	0.50	190,000	-	-	190,000
Hong Leong Capital Berhad	1.00	1,000,000	-	-	1,000,000
Hong Leong Bank Berhad	1.00	3,955,700	794,300 ⁽⁸⁾	-	4,750,000
Lam Soon (Hong Kong) Limited	HKD1.00	2,300,000	-	-	2,300,000
GuocoLand (Malaysia) Berhad	0.50	226,800	-	-	226,800
Malaysian Pacific Industries Berhad	0.50	71,250	-	-	71,250
Interests of YBhg Datuk Yvonne Chia in:					
Hong Leong Bank Berhad	1.00	772,000	992,000 ⁽⁹⁾	(1,250,000)	866,800
			352,800 ⁽⁸⁾		
		5,408,000 *	219,240 ⁽¹⁵⁾	(992,000) ⁽⁹⁾	4,635,240 *
GuocoLand (Malaysia) Berhad	0.50	10,000	-	-	10,000
Hong Leong Financial Group Berhad	1.00	20,000	-	-	20,000

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' INTERESTS (continued)

Shareholdings in which Directors have direct interests					
Number of ordinary shares/preference shares/*shares issued or to be issued or acquired arising from the exercise of options/convertible bonds					
	Nominal value per share RM	As at 1.7.11	Acquired	Sold	As at 30.6.12
Interest of Mr Choong Yee How in:					
Hong Leong Financial Group Berhad	1.00	960,000	2,032,000 ⁽⁹⁾	-	2,992,000
		5,840,000 *	3,500,000 *	(2,032,000) ⁽⁹⁾ (1,120,000) ⁽¹⁰⁾	6,188,000 *
Interest of Mr Quek Kon Sean in:					
Hong Leong Financial Group Berhad	1.00	300,000	635,000 ⁽⁹⁾	-	935,000
		1,825,000 *	1,800,000 *	(635,000) ⁽⁹⁾ (350,000) ⁽¹⁰⁾	2,640,000 *
Interests of Datuk Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	117,500	-	-	117,500
Hong Leong Industries Berhad	0.50	2,520,000	-	-	2,520,000
Malaysian Pacific Industries Berhad	0.50	1,260,000	-	-	1,260,000
Hong Leong Capital Berhad	1.00	119,000	-	-	119,000
Hong Leong Bank Berhad	1.00	385,000	77,000 ⁽⁸⁾	-	462,000
Guoco Group Limited	USD0.50	209,120	-	-	209,120
Hong Leong Financial Group Berhad	1.00	600,000	-	-	600,000
Interest of Mr Lim Beng Choon in:					
Hong Leong Bank Berhad	1.00	14,000	-	-	14,000

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' INTERESTS (continued)

Shareholdings in which Directors have indirect interests Number of ordinary shares/preference shares/*shares issued or to be issued or acquired arising from the exercise of options/convertible bonds					
	Nominal value per share RM	As at 1.7.11	Acquired	Sold	As at 30.6.12
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	13,069,100	-	-	13,069,100
Hong Leong Financial Group Berhad	1.00	824,437,300	-	-	824,437,300
Hong Leong Capital Berhad	1.00	195,263,227	-	-	195,263,227
Hong Leong Bank Berhad	1.00	968,216,100	195,767,885 ⁽⁸⁾	-	1,163,983,985
Hong Leong MSIG Takaful Berhad	1.00	65,000,000	-	-	65,000,000
Hong Leong Assurance Berhad	1.00	140,000,000	-	-	140,000,000
Hong Leong Industries Berhad	0.50	246,136,603 ⁽⁶⁾	-	-	246,136,603 ⁽⁶⁾
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	-	-	17,352,872
	1.00	6,941 ⁽⁷⁾	-	-	6,941 ⁽⁷⁾
Guocera Tile Industries (Meru) Sdn Bhd	1.00	19,600,000	-	-	19,600,000
Hong Leong Maruken Sdn Bhd (In Members' Voluntary Liquidation)	1.00	1,750,000	-	-	1,750,000
Century Touch Sdn Bhd (formerly known as Guocera Tile Industries (Labuan) Sdn Bhd) (In Members' Voluntary Liquidation)	1.00	6,545,001	-	-	6,545,001
Varinet Sdn Bhd (In Members' Voluntary Liquidation)	1.00	10,560,627	-	-	10,560,627
RZA Logistics Sdn Bhd	1.00	7,934,247	-	-	7,934,247
Guocera Tile Industries (Vietnam) Co., Ltd	⁽⁵⁾	5,286,500	-	-	5,286,500
Malaysian Pacific Industries Berhad	0.50	110,245,457 ⁽⁶⁾	-	-	110,245,457 ⁽⁶⁾
Carter Realty Sdn Bhd	1.00	7	-	-	7
Carsem (M) Sdn Bhd	1.00	84,000,000	-	-	84,000,000
	100.00	22,400 ⁽⁷⁾	-	-	22,400 ⁽⁷⁾
Narra Industries Berhad	1.00	38,314,000	-	-	38,314,000
Guoco Group Limited	USD0.50	235,798,529	150,000	-	235,948,529

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' INTERESTS (continued)

Shareholdings in which Directors have indirect interests Number of ordinary shares/preference shares/*shares issued or to be issued or acquired arising from the exercise of options/convertible bonds					
	Nominal value per share RM	As at 1.7.11	Acquired	Sold	As at 30.6.12
Interests of YBhg Tan Sri Quek Leng Chan in: (continued)					
GuocoLand Limited	(1)	819,244,363 ⁽⁶⁾	-	-	819,244,363 ⁽⁶⁾
		8,724,438 *	283,875 *	(9,008,313) ^{*(14)}	-
Southern Steel Berhad	1.00	301,541,202 ⁽¹¹⁾	-	-	301,541,202
Southern Speciality Wire Sdn Bhd	1.00	5,625,000 ⁽¹¹⁾	1,875,000	-	7,500,000 ⁽¹²⁾
Southern Pipe Industry (Malaysia) Sdn Bhd	1.00	54,383,093 ⁽¹¹⁾	-	-	54,383,093
		100,000 ⁽⁷⁾⁽¹¹⁾	-	-	100,000 ⁽⁷⁾
Belmeth Pte. Ltd.	(1)	40,000,000	-	-	40,000,000
Guston Pte. Ltd.	(1)	8,000,000	-	-	8,000,000
Perfect Eagle Pte. Ltd.	(1)	24,000,000	-	-	24,000,000
First Garden Development Pte Ltd	(1)	63,000,000	-	-	63,000,000
Sanctuary Land Pte Ltd	(1)	90,000	-	-	90,000
Beijing Minghua Property Development Co., Ltd (In Members' Voluntary Liquidation)	(2)	150,000,000	-	-	150,000,000
Nanjing Mahui Property Development Co., Ltd	(2)	271,499,800	-	-	271,499,800
Nanjing Xinhaoning Property Development Co., Ltd	(3)	11,800,800	-	-	11,800,800
Nanjing Xinhaoxuan Property Development Co., Ltd	(3)	11,800,800	-	-	11,800,800
Shanghai Xinhaojia Property Development Co., Ltd	(2)	-	3,150,000,000	-	3,150,000,000
Shanghai Xinhaozhong Property Development Co., Ltd	(3)	19,600,000	-	-	19,600,000
Beijing Cheng Jian Dong Hua Real Estate Development Company Limited	(2)	50,000,000	-	-	50,000,000
Lam Soon (Hong Kong) Limited	HKD1.00	140,008,659	-	-	140,008,659

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' INTERESTS (continued)

Shareholdings in which Directors have indirect interests					
Number of ordinary shares/preference shares/*shares issued or to be issued or acquired arising from the exercise of options/convertible bonds					
	Nominal value per share RM	As at 1.7.11	Acquired	Sold	As at 30.6.12
Interests of YBhg Tan Sri Quek Leng Chan in: (continued)					
Kwok Wah Hong Flour Company Limited	HKD100.00	9,800	-	-	9,800
M.C. Packaging Offshore Limited	HKD0.01	812,695	-	(812,695) ⁽¹³⁾	-
Guangzhou Lam Soon Food Products Limited	⁽⁴⁾	6,570,000	-	-	6,570,000
GuocoLand (Malaysia) Berhad	0.50	456,055,616	-	-	456,055,616
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	277,000,000
JB Parade Sdn Bhd	1.00	28,000,000	-	-	28,000,000
	0.01	68,594,000 ⁽⁷⁾	-	-	68,594,000 ⁽⁷⁾
GuocoLeisure Limited	USD0.20	918,501,425	3,339,000	-	921,840,425
The Rank Group Plc	GBP13 ^{8/9} p	266,044,391	25,002,149	-	291,046,540
Park House Hotel Limited (In Members' Voluntary Liquidation)	GBP10p	2,883,440	-	-	2,883,440
Interest of YBhg Datuk Yvonne Chia in:					
Hong Leong Financial Group Berhad	1.00	10,000 ⁽¹⁶⁾	-	-	10,000 ⁽¹⁶⁾
Interests of Mr Quek Kon Sean in:					
Hong Leong Industries Berhad	0.50	750,000	-	-	750,000
Malaysian Pacific Industries Berhad	0.50	281,250	-	-	281,250

Notes:

- ⁽¹⁾ Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005
- ⁽²⁾ Capital contribution in RMB
- ⁽³⁾ Capital contribution in USD
- ⁽⁴⁾ Capital contribution in HKD
- ⁽⁵⁾ Capital contribution in VND
- ⁽⁶⁾ Inclusive of interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member
- ⁽⁷⁾ Redeemable Preference Shares
- ⁽⁸⁾ Inclusive of shares acquired from rights issue
- ⁽⁹⁾ Exercise of share options
- ⁽¹⁰⁾ Share options lapsed
- ⁽¹¹⁾ Shareholding as at 3 January 2012 when the corporation concerned became a related corporation
- ⁽¹²⁾ Became a wholly-owned subsidiary during the financial year
- ⁽¹³⁾ Struck off during the financial year
- ⁽¹⁴⁾ Inclusive of redemption of convertible bonds
- ⁽¹⁵⁾ Additional options - adjustment to the number of options arising from the rights issue pursuant to ESOS Bye-Laws
- ⁽¹⁶⁾ Interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank received or became entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Bank or of related corporations) by reason of a contract made by the Bank or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for:

YBhg Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or for the provision of services including but not limited to project and sales management and any other management and consultancy services; and/or for construction, development, leases, tenancy, licensing, dealership and distributorship; and/or for the provision of treasury functions, advances in the conduct of normal trading, banking, insurance, investment, stockbroking and/or other businesses between the Bank or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the share options granted pursuant to the Executive Share Option Scheme.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

It is the responsibility of the directors to ensure that the financial reporting of the Group and the Bank present a true and fair view of the state of affairs of the Group and the Bank as at 30 June 2012 and of financial results and cash flows of the Group and of the Bank for the financial year ended 30 June 2012.

The financial statements are prepared on the going concern basis and the directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

EXECUTIVE SHARE OPTION SCHEME ("ESOS" OR "SCHEME")

The Executive Share Option Scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Bank, which was approved by the shareholders of the Bank on 8 November 2005, was established on 23 January 2006 and would be in force for a period of ten (10) years.

On 18 January 2006, the Bank announced that Bursa Malaysia Securities Berhad had approved-in-principle the listing of new ordinary shares of the Bank to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Bank.

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

EXECUTIVE SHARE OPTION SCHEME ("ESOS" OR "SCHEME") (continued)

The main features of the ESOS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Bank and its subsidiaries. The maximum allowable allotments for the full time Executive Directors had been approved by the shareholders of the Bank in a general meeting. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options.
2. The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Bank for the time being ("Aggregate Maximum Allocation").
3. The Scheme shall be in force for a period of ten (10) years from 23 January 2006.
4. The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Bank preceding the date of offer and shall in no event be less than the par value of the shares of the Bank.
5. The options granted to an option holder under the ESOS is exercisable by the option holder only during his employment with the HLB Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESOS.
6. The exercise of the options may, at the absolute discretion of the Board of Directors of the Bank, be satisfied by way of issuance of new shares; transfer of existing shares purchased by a trust established for the ESOS; or a combination of both new shares and existing shares.

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

- (a) 4,500,000 share options at an exercise price of RM5.72;
- (b) 21,800,000 share options at an exercise price of RM6.05;
- (c) 12,835,000 share options at an exercise price of RM5.99;
- (d) 250,000 share options at an exercise price of RM5.75 (granted and lapsed in financial year ended 2009);
- (e) 200,000 share options at an exercise price of RM7.49;
- (f) 3,095,000 share options at an exercise price of RM9.14;
- (g) 1,000,000 share options at an exercise price of RM10.55; and
- (h) 1,151,408 share options arising from adjustment for rights issue (per terms of approved ESOS Bye-Laws).

The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust established for the ESOS.

As at 30 June 2012, a total of 44,831,408 options have been granted under the ESOS, out of which 10,509,892 options have been exercised, with 13,024,665 options remaining outstanding. The aggregate options granted to directors and chief executives of the HLB Group under the ESOS amounted to 7,030,515, out of which 1,664,000 options have been exercised, with 4,646,515 options outstanding.

Since the commencement of the existing ESOS, the maximum allocation applicable to directors and senior management of the Bank is 50% of the Aggregate Maximum Allocation.

As at 30 June 2012, the actual percentage of options granted to directors and senior management of the HLB Group under the ESOS was 1.20% of the issued and paid up ordinary share capital (excluding treasury shares) of the Bank, and the actual percentage granted to the directors and senior management of the HLB Group during the financial year ended 30 June 2012 was 0.06% of the issued and paid up ordinary share capital (excluding treasury shares) of the Bank.

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

STATUTORY INFORMATION REGARDING THE GROUP AND THE BANK

(I) As at the end of the financial year

- (a) Before the statements of income and statements of financial position of the Group and the Bank were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and had satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing; and
 - (ii) to ensure that any current assets, other than debts and financing, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and the Bank during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Notes 55 and 56 to the financial statements.

(II) From the end of the financial year to the date of this report

- (a) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and the Bank, inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and the Bank misleading; and
 - (iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.
- (b) In the opinion of the Directors:
 - (i) the results of the operations of the Group and the Bank for the financial year ended 30 June 2011 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

(III) As at the date of this report

- (a) There are no charges on the assets of the Group and the Bank which had arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities which had arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and the Bank which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

for the financial year ended 30 June 2012
(continued)

DISCLOSURE OF SHARIAH ADVISORY COMMITTEE

The Group's Islamic banking and takaful business activities are subject to the Shariah compliance and confirmation by the Shariah Advisory Committee consisting of 5 scholars, at all times, appointed by the Board of Directors of Hong Leong Islamic Bank Berhad for a 2 year term.

The primary role of the Shariah Advisor is mainly advising on matters relating to the business operations and products of the Group and providing support by attending regular meetings with the Group to ensure that they are in conformity with Shariah principles.

HOLDING AND ULTIMATE HOLDING COMPANIES

The holding and ultimate holding companies are Hong Leong Financial Group Berhad and Hong Leong Company (Malaysia) Berhad respectively, both companies are incorporated in Malaysia.

AUDITORS

The auditors, Messrs PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 July 2012.

DATUK YVONNE CHIA

CHOONG YEE HOW

Kuala Lumpur
18 September 2012

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2012

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Assets					
Cash and short-term funds	3	19,636,026	30,476,610	18,410,084	17,349,793
Deposits and placements with banks and other financial institutions	4	4,565,819	5,415,383	4,414,150	6,131,473
Securities purchased under resale agreements		590,521	86	590,521	86
Financial assets held-for-trading	5	21,746,847	6,023,147	17,687,270	4,471,896
Financial investments available-for-sale	6	9,934,316	6,007,635	8,406,844	2,536,925
Financial investments held-to-maturity	7	3,670,198	7,787,412	3,814,884	7,922,570
Loans, advances and financing	8	88,193,091	81,455,336	75,997,167	38,548,822
Other assets	9	541,593	968,370	424,756	428,826
Derivative financial instruments	20	955,350	790,162	1,027,682	802,776
Amount due from subsidiaries	10	-	-	615,390	844,671
Statutory deposits with Bank Negara Malaysia	11	3,331,437	2,201,874	2,880,250	988,900
Investment in subsidiary companies	12	-	-	2,081,933	6,088,873
Investment in jointly controlled entity	13	76,871	75,252	76,711	76,711
Investment in associated company	14	1,540,288	1,325,707	946,505	946,505
Property and equipment	15	727,096	697,266	701,018	349,445
Intangible assets	16	446,497	379,422	437,850	59,536
Goodwill	57	1,831,312	1,831,312	1,771,547	-
Deferred tax assets	17	-	63,907	-	102,281
Total assets		157,787,262	145,498,881	140,284,562	87,650,089
Liabilities					
Deposits from customers	18	123,095,643	114,856,543	108,939,695	65,924,094
Deposits and placements of banks and other financial institutions	19	9,790,696	10,697,661	7,877,364	5,820,144
Obligations on securities sold under repurchase agreements		633,797	-	633,797	-
Bills and acceptances payable		486,091	683,996	434,780	350,474
Derivative financial instruments	20	1,069,227	666,706	1,125,756	672,967
Other liabilities	21	2,739,688	2,934,132	2,664,418	1,912,498
Senior bonds	22	1,907,793	910,810	1,907,793	910,810
Tier 2 subordinated bonds	23	4,389,859	2,905,578	4,389,251	1,713,260
Tier 2 capital cumulative subordinated loan	24	-	2,314,080	-	2,314,080
Non-innovative Tier 1 stapled securities	25	1,407,283	1,405,706	1,407,283	1,405,706
Innovative Tier 1 capital securities	26	574,581	595,720	573,115	-
Taxation		163,080	60,184	118,651	58,930
Deferred tax liabilities	17	110,213	-	114,148	-
Total liabilities		146,367,951	138,031,116	130,186,051	81,082,963
Equity					
Share capital	27	1,879,909	1,580,107	1,879,909	1,580,107
Reserves	28	10,254,194	6,559,402	8,933,394	5,658,763
Less: Treasury shares	29	(714,792)	(671,744)	(714,792)	(671,744)
Total equity		11,419,311	7,467,765	10,098,511	6,567,126
Total equity and liabilities		157,787,262	145,498,881	140,284,562	87,650,089
Commitments and contingencies	42	148,989,018	138,279,839	146,771,470	115,912,569

STATEMENTS OF INCOME

for the financial year ended 30 June 2012

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income	30	5,441,052	3,254,984	5,493,832	2,952,529
Interest expense	31	(2,839,236)	(1,599,058)	(2,942,252)	(1,501,193)
Net interest income		2,601,816	1,655,926	2,551,580	1,451,336
Income from Islamic Banking business	32	447,598	227,090	-	-
		3,049,414	1,883,016	2,551,580	1,451,336
Non-interest income	33	844,279	668,695	882,199	689,468
Net income		3,893,693	2,551,711	3,433,779	2,140,804
Overhead expenses	34	(1,924,896)	(1,211,536)	(1,712,365)	(966,544)
Operating profit before allowances		1,968,797	1,340,175	1,721,414	1,174,260
Allowance for impairment losses on loans, advances and financing	35	(111,180)	(137,274)	(76,689)	(95,694)
Write back of impairment losses		32,702	2,094	29,263	-
		1,890,319	1,204,995	1,673,988	1,078,566
Share of results of associated company	14	216,960	210,992	-	-
Share of results of jointly controlled entity	13	1,619	(771)	-	-
Profit before taxation and zakat		2,108,898	1,415,216	1,673,988	1,078,566
Taxation and zakat	38	(460,742)	(277,770)	(426,708)	(271,073)
Net profit for the financial year		1,648,156	1,137,446	1,247,280	807,493
Attributable to:					
Owners of the parent		1,648,156	1,137,446	1,247,280	807,493
Earnings per share for profit attributable to owners of the parent (sen):					
- basic	39	99.2	78.3	75.1	55.6
- diluted	39	98.9	77.8	74.8	55.3

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2012

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net profit for the financial year		1,648,156	1,137,446	1,247,280	807,493
Other comprehensive income/(loss):					
Share of other comprehensive income of associated company and jointly controlled entity		(22)	(24)	-	-
Currency translation difference		6,068	(39,161)	(11,038)	623
Net fair value changes on financial investments available-for-sale	41	109,079	8,113	106,144	14,660
Income tax relating to components of other comprehensive loss	41	(27,270)	(2,028)	(26,536)	(3,665)
Other comprehensive income/(loss) for the financial year, net of tax		87,855	(33,100)	68,570	11,618
Total comprehensive income for the financial year, net of tax		1,736,011	1,104,346	1,315,850	819,111

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2012

The Group	Note	Attributable to owners of the parent									
		Share capital RM'000	Share premium RM'000	Treasury shares* 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 profits RM'000	Total RM'000
Balance as at 1 July 2011											
- As previously reported		1,580,107	539,664	(671,744)	1,936,654	102,211	21,121	726	(26,848)	3,983,356	7,465,247
- Prior year adjustments	56	-	-	-	-	-	-	-	-	2,518	2,518
As restated		1,580,107	539,664	(671,744)	1,936,654	102,211	21,121	726	(26,848)	3,985,874	7,467,765
Comprehensive income											
Net profit for the financial year		-	-	-	-	-	-	-	-	1,648,156	1,648,156
Share of other comprehensive income of associates		-	-	-	-	(22)	-	-	-	-	(22)
Net fair value changes in financial investments available-for-sale	41	-	-	-	-	81,809	-	-	-	-	81,809
Currency translation difference		-	-	-	-	-	-	-	6,068	-	6,068
Total comprehensive income		-	-	-	-	81,787	-	-	6,068	1,648,156	1,736,011
Transactions with owners											
Transfer to statutory reserve/regulatory reserve		-	-	-	213,147	-	-	5,319	-	(218,466)	-
Purchase of treasury shares	29	-	-	(22)	-	-	-	-	-	-	(22)
Rights issue	27	299,802	2,292,719	(73,612)	-	-	-	-	-	-	2,518,909
Dividends paid:											
- final dividend for the financial year ended 30 June 2011	40	-	-	-	-	-	-	-	-	(196,625)	(196,625)
- interim dividend for the financial year ended 30 June 2012	40	-	-	-	-	-	-	-	-	(144,198)	(144,198)
ESOS exercised		-	-	30,586	-	-	(4,054)	-	-	5,523	32,055
Option charge arising from ESOS granted		-	-	-	-	-	5,416	-	-	-	5,416
Total transactions with owners		299,802	2,292,719	(43,048)	213,147	-	1,362	5,319	-	(553,766)	2,215,535
Balance as at 30 June 2012		1,879,909	2,832,383	(714,792)	2,149,801	183,998	22,483	6,045	(20,780)	5,080,264	11,419,311

* Treasury shares consist of two categories which are detailed in Note 29

** 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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2012
(continued)

Attributable to owners of the parent											
The Group	Note	Share capital RM'000	Share premium RM'000	Treasury shares* 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 profits RM'000	Total RM'000
Balance as at 1 July 2010		1,580,107	539,664	(687,908)	1,902,915	96,150	15,829	-	12,313	3,139,653	6,598,723
Comprehensive income											
Net profit for the financial year		-	-	-	-	-	-	-	-	1,137,446	1,137,446
Share of other comprehensive income of associates		-	-	-	-	(24)	-	-	-	-	(24)
Net fair value changes in financial investments available-for-sale	41	-	-	-	-	6,085	-	-	-	-	6,085
Currency translation difference		-	-	-	-	-	-	-	(39,161)	-	(39,161)
Total comprehensive income/(loss)		-	-	-	-	6,061	-	-	(39,161)	1,137,446	1,104,346
Transactions with owners											
Transfer to statutory reserve/regulatory reserve		-	-	-	33,739	-	-	726	-	(33,742)	723
Purchase of treasury shares	29	-	-	(19)	-	-	-	-	-	-	(19)
Dividends paid:											
- final dividend for the financial year ended 30 June 2010	40	-	-	-	-	-	-	-	-	(163,441)	(163,441)
- interim dividend for the financial year ended 30 June 2011	40	-	-	-	-	-	-	-	-	(98,077)	(98,077)
ESOS exercised		-	-	16,183	-	-	(2,314)	-	-	4,035	17,904
Option charge arising from ESOS granted		-	-	-	-	-	7,606	-	-	-	7,606
Total transactions with owners		-	-	16,164	33,739	-	5,292	726	-	(291,225)	(235,304)
Balance as at 30 June 2011		1,580,107	539,664	(671,744)	1,936,654	102,211	21,121	726	(26,848)	3,985,874	7,467,765

* Treasury shares consist of two categories which are detailed in Note 29

** 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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2012
(continued)

The Bank	Note	Non-distributable					Distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares* RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	
Balance as at 1 July 2011		1,580,107	539,664	(671,744)	1,741,612	107,652	21,121	36,152	3,212,562	6,567,126
Comprehensive income										
Net profit for the financial year		-	-	-	-	-	-	-	1,247,280	1,247,280
Net fair value changes in financial investments available-for-sale	41	-	-	-	-	79,608	-	-	-	79,608
Currency translation difference		-	-	-	-	-	-	(11,038)	-	(11,038)
Total comprehensive income/(loss)		-	-	-	-	79,608	-	(11,038)	1,247,280	1,315,850
Transactions with owners										
Effect of common control accounting	28	-	-	-	-	(2,477)	-	-	2,477	-
Transfer to statutory reserves		-	-	-	138,297	-	-	-	(138,297)	-
Purchase of treasury shares	29	-	-	(22)	-	-	-	-	-	(22)
Rights issue	27	299,802	2,292,719	(73,612)	-	-	-	-	-	2,518,909
Dividends paid:										
- final dividend for the financial year ended 30 June 2011	40	-	-	-	-	-	-	-	(196,625)	(196,625)
- interim dividend for the financial year ended 30 June 2012	40	-	-	-	-	-	-	-	(144,198)	(144,198)
ESOS exercised		-	-	30,586	-	-	(4,054)	-	5,523	32,055
Option charge arising from ESOS granted		-	-	-	-	-	5,416	-	-	5,416
Total transactions with owners		299,802	2,292,719	(43,048)	138,297	(2,477)	1,362	-	(471,120)	2,215,535
Balance as at 30 June 2012		1,879,909	2,832,383	(714,792)	1,879,909	184,783	22,483	25,114	3,988,722	10,098,511

* Treasury shares consist of two categories which are detailed in Note 29

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2012
(continued)

The Bank	Note	Non-distributable					Distributable			
		Share capital RM'000	Share premium RM'000	Treasury shares* RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 July 2010		1,580,107	539,664	(687,908)	1,741,612	96,657	15,829	35,529	2,662,552	5,984,042
Comprehensive income										
Net profit for the financial year		-	-	-	-	-	-	-	807,493	807,493
Net fair value changes in financial investments available-for-sale	41	-	-	-	-	10,995	-	-	-	10,995
Currency translation difference		-	-	-	-	-	-	623	-	623
Total comprehensive income		-	-	-	-	10,995	-	623	807,493	819,111
Transactions with owners										
Purchase of treasury shares	29	-	-	(19)	-	-	-	-	-	(19)
Dividends paid:										
- final dividend for the financial year ended 30 June 2010	40	-	-	-	-	-	-	-	(163,441)	(163,441)
- interim dividend for the financial year ended 30 June 2011	40	-	-	-	-	-	-	-	(98,077)	(98,077)
ESOS exercised		-	-	16,183	-	-	(2,314)	-	4,035	17,904
Option charge arising from ESOS granted		-	-	-	-	-	7,606	-	-	7,606
Total transactions with owners		-	-	16,164	-	-	5,292	-	(257,483)	(236,027)
Balance as at 30 June 2011		1,580,107	539,664	(671,744)	1,741,612	107,652	21,121	36,152	3,212,562	6,567,126

* Treasury shares consist of two categories which are detailed in Note 29

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2012

	The Group		The Bank	
Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	2,108,898	1,415,216	1,673,988	1,078,566
Adjustment for:				
Depreciation of property and equipment	104,034	60,272	99,287	51,470
Amortisation of intangible assets	74,614	25,762	78,382	17,251
Net gain on disposal of property and equipment	157	(99)	154	(27)
Shares of associate's results	(216,960)	(210,992)	-	-
Shares of joint venture's results	(1,619)	771	-	-
Property and equipment written off	26	125	26	14
Intangible assets written off	969	-	-	-
Gain from redemption of financial investments held-to-maturity	(1,839)	(2,109)	(1,839)	(2,109)
Gain from disposal of financial investments available-for-sale	(42,815)	(10,214)	(39,500)	(7,025)
Gain from disposal of financial assets held-for-trading and derivatives	(111,236)	(36,818)	(111,208)	(41,874)
Allowances for impairment on loans, advances and financing	432,137	252,574	377,495	210,994
Net unrealised gain/(loss) on revaluation of securities held at fair value through profit or loss and derivatives	102,067	(78,902)	102,067	(77,478)
Net realised gain on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges	28,336	24,568	22,484	15,356
Writeback of allowance for impairment losses	(32,702)	(2,094)	(29,263)	-
Interest expense on subordinated obligations	275,251	94,620	282,018	77,880
Interest income from financial investments available-for-sale	(227,118)	(100,670)	(236,865)	(90,728)
Interest income from financial investments held-to-maturity	(181,232)	(444,834)	(216,442)	(465,405)
Dividend income from financial investments available-for-sale	(22,942)	(23,766)	(22,942)	(23,473)
Dividend income from associated company	-	-	(2,379)	(57,436)
Dividend income from subsidiary companies	-	-	(46,000)	(32,000)
Net unrealised gain on fair value changes arising from fair value hedges	(8,774)	(22,666)	(8,774)	(22,666)
Share option expenses	5,416	7,606	5,416	7,606
Operating profit before working capital changes	2,284,668	948,350	1,926,105	638,916

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2012
(continued)

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Increase)/Decrease in operating assets				
Deposits and placements with banks and other financial institutions	849,564	2,789,618	2,411,965	873,191
Securities purchased under resale agreements	(590,435)	(86)	(590,435)	(86)
Financial assets held-for-trading	(15,599,727)	3,357,598	(12,794,867)	2,246,042
Loans, advances and financing	(7,177,575)	(6,800,188)	(5,803,332)	(5,125,129)
Derivative financial instruments	(291,871)	348,457	(256,681)	675,594
Other assets	426,632	91,128	303,213	219,548
Amount due from subsidiaries	-	-	229,281	165,287
Statutory deposits with Bank Negara Malaysia	(1,129,563)	(1,118,207)	(1,031,403)	(641,900)
Increase/(Decrease) in operating liabilities				
Deposits from customers	8,239,100	3,153,278	7,769,463	2,685,044
Deposits and placements of banks and other financial institutions	(906,965)	1,809,664	(2,919,582)	2,029,015
Bills and acceptances payable	(197,905)	(25,401)	(192,155)	65,108
Derivative financial instruments	402,521	(392,245)	452,789	(706,550)
Other liabilities	(216,726)	(899,092)	(103,941)	(571,952)
Securities sold under repurchase agreements	633,797	-	633,797	-
Cash (used in)/generated from operations	(13,274,485)	3,262,874	(9,965,783)	2,552,128
Taxation paid	(239,601)	(287,889)	(221,846)	(281,963)
Net cash flows (used in)/generated from operating activities	(13,514,086)	2,974,985	(10,187,629)	2,270,165

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2012
(continued)

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from investing activities					
Dividends from subsidiaries		-	-	46,000	32,000
Subscription of new shares in subsidiaries		-	-	(200,000)	(309,025)
Acquisition of assets and liabilities of Promino Sdn Bhd (fka Eon Bank Berhad) ("Promino") net of cash acquired	55	-	4,729,494	4,411,206	(5,055,710)
Net (purchases)/proceeds of financial investments available-for-sale		(3,558,410)	2,387,355	(3,317,201)	1,567,526
Net proceeds/(purchases) of financial investments held-to-maturity		4,337,753	(609,679)	4,480,604	(438,963)
Proceeds from sale of subsidiary companies		-	-	3,955,943	-
Purchase of property and equipment		(151,082)	(88,964)	(195,073)	(77,697)
Proceeds from sale of property and equipment		17,466	1,870	13,530	1,717
Purchase of intangible assets		(142,594)	(33,512)	(88,571)	(29,852)
Dividend received on financial investments available-for-sale		22,942	23,766	22,942	23,473
Dividend from associated company		2,379	57,436	2,379	16,411
Net cash flows generated from/(used in) investing activities		528,454	6,467,766	9,131,759	(4,270,120)
Cash flows from financing activities					
Dividend paid		(340,823)	(261,518)	(340,823)	(261,518)
Repayment of subdebt USD 200 million		-	(650,454)	-	(650,454)
Issuance of Rights Shares		2,518,909	-	2,518,909	-
Purchase of treasury shares		(22)	(19)	(22)	(19)
Cash received from ESOS exercised		32,055	17,904	32,055	17,904
Repayment of Tier 2 capital cumulative subordinated loan		(2,300,000)	-	(2,300,000)	-
Proceeds from debt issuance					
- Senior bonds		910,959	910,738	910,959	910,738
- Tier-2 subordinated bonds		1,453,587	1,695,176	1,448,324	1,695,176
- Tier-2 capital cumulative subordinated loan		-	2,300,000	-	2,300,000
- Non-innovative Tier-1 stapled securities		-	1,394,665	-	1,394,665
Interest paid on subordinated obligations		(205,085)	(54,277)	(211,852)	(23,029)
Net cash flows generated from financing activities		2,069,580	5,352,215	2,057,550	5,383,463
Net (decrease)/increase in cash and cash equivalents		(10,916,052)	14,794,966	1,001,680	3,383,508
Effects of exchange rate changes		75,468	(48,092)	58,611	(9,612)
Cash and cash equivalents at the beginning of financial year		30,476,610	15,729,736	17,349,793	13,975,897
Cash and cash equivalents at the end of financial year	3	19,636,026	30,476,610	18,410,084	17,349,793

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements.

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Bank have been prepared in accordance with the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Bank Negara Malaysia ("BNM") Guidelines and comply with provisions of the Companies Act, 1965.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale securities and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements incorporate the activities relating to Islamic Banking which have been undertaken by Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The preparation of financial statements in conformity with Financial Reporting Standards 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 financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the management and Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 53.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are applicable and effective for the Group and the Bank for the financial year ended 30 June 2012 are as follows:

- * Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- * Revised FRS 127 "Consolidated and separate financial statements"
- * Amendment to FRS 2 "Share-based payment - Group cash-settled share-based payment transactions"
- * Amendment to FRS 7 "Financial instruments: Disclosures - Improving disclosures about financial instruments"
- * Amendments to FRS 1 "First-time adoption of financial reporting standards"
- * Amendment to FRS 132 "Financial instruments: Presentation - Classification of rights issues"
- * IC Interpretation 4 "Determining whether an arrangement contains a lease"
- * IC Interpretation 12 "Service concession arrangements"
- * IC Interpretation 18 "Transfers of assets from customers"

The adoption of the above new standards, amendments and improvements to published standards did not give rise to any material financial impact to the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

In the next financial year, the Group and the Bank will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group and the Bank will be applying MFRS 1 "First-time adoption of MFRS".

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 July 2012

- * MFRS 139 "Financial instruments: Recognition and measurement" (effective from 1 July 2012) - Bank Negara Malaysia has removed the transitional provision for banking institutions on loan impairment assessment and provisioning to comply with the MFRS 139 requirements.
- * The revised MFRS 124 "Related party disclosures" (effective from 1 July 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
 - The name of the government and the nature of their relationship;
 - The nature and amount of each individually significant transactions; and
 - The extent of any collectively significant transactions, qualitatively or quantitatively.
- * Amendment to MFRS 112 "Income taxes" (effective from 1 July 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. MFRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in MFRS 140 "Investment property". As a result of the amendments, IC Interpretation 121 "Income taxes - Recovery of revalued non-depreciable assets" will no longer apply to investment properties carried at fair value. The amendments also incorporate into MFRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.
- * Amendment to MFRS 1 "First time adoption on fixed dates and hyperinflation" (effective from 1 July 2012) includes two changes to MFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to MFRSs', thus eliminating the need for entities adopting MFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to MFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with MFRSs after a period when the entity was unable to comply with MFRSs because its functional currency was subject to severe hyperinflation.
- * Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 July 2012) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.
- * Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

- (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

(ii) Financial year beginning on/after 1 July 2013

- * MFRS 9 "Financial instruments - Classification and measurement of financial assets and financial liabilities" (effective from 1 July 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

- * MFRS 10 "Consolidated financial statements" (effective from 1 July 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation - Special purpose entities".
- * MFRS 11 "Joint arrangements" (effective from 1 July 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- * MFRS 12 "Disclosures of interests in other entities" (effective from 1 July 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- * MFRS 13 "Fair value measurement" (effective from 1 July 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

(ii) *Financial year beginning on/after 1 July 2013* (continued)

- * The revised MFRS 127 "Separate financial statements" (effective from 1 July 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- * The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 July 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.
- * Amendment to MFRS 119 "Employee benefits" (effective from 1 July 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.
- * Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 July 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.
- * Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 July 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

The Group has not finalised the financial impact of the change to MFRS and is expected to complete the process by the first quarter of the financial year ending 30 June 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Consolidation

(i) *Subsidiaries*

The Bank treats as subsidiaries those corporations, partnerships or other entities (including special purpose entities) in which the Bank has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than half of the voting rights.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where there is an indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount.

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A Consolidation (continued)

(i) *Subsidiaries* (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting, except for business combinations which were accounted for using predecessor basis of accounting as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 122₂₀₀₄ "Business Combinations"
- internal group reorganisations, as defined in FRS 122₂₀₀₄, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2005 where:
 - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
 - the minorities' share of net assets of the Group is not altered by the transfer
- business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006

The Group has taken advantage of the transitional provision provided by FRS 122₂₀₀₄, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in profit or loss.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior financial years is not restated.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A Consolidation (continued)

(i) *Subsidiaries* (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to the parent.

For business combinations involving entities or businesses under common control, the Group applies predecessor (or common control) accounting, whereby no assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. No new goodwill arises in predecessor accounting.

The acquirer only incorporates the acquired entity's results and balance sheet prospectively from the date on which the business combination between entities under common control occurred. Consequently, the acquirer's financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous financial year are also not restated.

Predecessor accounting may lead to a difference between the cost of the transaction and the carrying value of the net assets. The difference is recorded in retained profits.

(ii) *Transactions with non-controlling interests*

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

(iii) *Investment in jointly controlled entity*

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A Consolidation (continued)

(iv) Associated companies

Associated companies are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is power to participate in financial and operating policy decisions of associated companies but not power to exercise control over those policies.

Investments in associated companies are accounted for using equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of associated companies' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associated company equals or exceeds its interest in the associated company, the Group discontinues recognising its share of further losses. The interest in an associated company is the carrying amount of the investment in the associated company under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associated company. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

(v) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

B Recognition of interest/profit income and interest/profit expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Recognition of fees and other income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled. Guarantee fees which are material are recognised as income based on time apportionment. Services charges and other fee income are recognised as income when the services are rendered.

Commitment fees for loans, advances and financing that are likely to be drawn down and deferred (together with direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is regarded as an adjustment to the effective interest rate of the financial instrument.

Dividends from securities held at fair value through profit or loss, financial investments available-for-sale securities, held-to-maturity and subsidiary companies are recognised when the right to receive payment is established.

Net profit from securities held at fair value through profit or loss and financial investment available-for-sale are recognised upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.

D Financial assets

(i) Classification

The Group and the Bank classify their financial assets into the following categories: at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classifications of its securities up-front at the point when transactions are entered into.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held-for-trading and other financial assets designated by the Group and the Bank as fair value through profit or loss upon initial recognition.

A financial asset is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable as the positive intent and ability to hold to maturity. If the Group or the Bank sell other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(d) Financial investments available-for-sale

Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Financial assets (continued)

(ii) *Recognition and initial measurement*

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the profit and loss.

(iii) *Subsequent measurement*

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the profit or loss in the financial period which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in equity, until the securities are derecognised or impaired at which time the cumulative gains or losses previously recognised in equity are recognised in the profit or loss. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the profit and loss in the financial period it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the profit or loss.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity is calculated using the effective interest method and is recognised in the profit or loss. Dividends from available-for-sale equity instruments are recognised in the profit or loss when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans is included in the profit or loss. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the profit or loss.

(iv) *Reclassification of financial assets*

The Group and the Bank may choose to reclassify a non-derivative financial assets held-for-trading out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial liabilities are derecognised when extinguished.

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

F Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of income during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	Over the remaining period of the lease or 100 years (1%) whichever is shorter	
Buildings on freehold land		2%
Buildings on leasehold land	Over the remaining period of the lease or 50 years (2%) whichever is shorter	
Office furniture, fittings, equipment and renovations and computer equipment		20% - 33%
Motor vehicles		20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Property and equipment are reviewed for impairment at each statement of financial position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in non-interest income.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associated companies over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill on acquisition of associates is included in 'Investment in associated company' and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Impairment testing is performed annually by comparing the present value of the CGU's projected cash flows against the carrying amount of its net assets which include allocated goodwill.

(iii) Other intangible assets

Other intangible assets include core deposits and customer relationships. These intangible assets were acquired in a business combination and are valued using income approach methodologies. These intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of the intangible assets are as follows:

Core deposit: 7 years

Customer relationships: 10 years

H Leases

(i) Finance lease

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Bank are capitalised under property and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to profit or loss.

(ii) Operating lease

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I Impairment of non-financial assets

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

J Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of financial instruments available-for-sale, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statements of income together with the deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

K Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statements of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits immediately.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designated certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K Derivative financial instruments and hedging (continued)

At the inception of the transaction, the Group and the Bank document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statements of income. Amounts accumulated in equity are recycled to the statements of income in the financial periods in which the hedged item will affect statements of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statements of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statements of income.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statements of income.

Gains and losses accumulated in the equity are included in the statements of income when the foreign operation is partially disposed or sold.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statements of income.

L Currency translations

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L Currency translations (continued)

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are recognised in income as part of the financial instruments fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of the statements of financial position;
- income and expenses for each statements of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

M Employee benefits

(i) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M Employee benefits (continued)

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial periods.

The Group and Bank contributes to a national defined contribution plan (the Employee Provident Fund) on a mandatory basis and the amounts contributed to the plan are charged to the statement of income in the financial period to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share-based compensation

The Bank operates an equity-settled, share-based compensation plan for the employees of the Bank. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Bank revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to equity.

A trust has been set up for the Executive Share Option Scheme ("ESOS") 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 with FRS 132 – Financial Instruments: Presentation, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares" in equity on the statements of financial position. The cost of operating the ESOS scheme would be charged to the statements of income when incurred in accordance with accounting standards.

N Impairment of financial assets

(i) Assets carried at amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Group and the Bank use to determine that there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N Impairment of financial assets (continued)

(i) *Assets carried at amortised cost* (continued)

The Group and the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan or financial investments held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

(ii) *Assets classified as available-for-sale*

The Group and the Bank assess at each date of the statement of financial position whether there is objective evidence that the financial asset is impaired. For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for "assets carried at amortised cost" above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity instruments classified as financial investments available-for-sale, in addition to the criteria for assets carried at amortised cost above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is an objective evidence that an impairment loss on financial investments available-for-sale has been incurred, the cumulative loss that has been recognised directly in equity is removed from equity and recognised in the profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Bank under standard repurchase agreements transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

P Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with FRS 137 "Provision, Contingent Liabilities and Contingent Assets", and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the profit or loss.

Q Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell.

R Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

S Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term funds.

U Zakat

Zakat provision is calculated based on 2.5% of net asset method.

V Treasury shares

The Bank has repurchased its shares and designated as treasury shares in accordance with FRS 132 – Financial Statements: Presentation. Treasury shares consist of those own shares purchased pursuant to Section 67A of the Companies Act, 1965 and those purchased pursuant to ESOS scheme. Details of treasury shares are as detailed in Note 29 of the financial statements.

W Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of income over the period of the borrowings using the effective interest method.

X Segment reporting

Segment reporting is presented for enhanced assessment of the Bank's risk and return. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Y Non-current assets/disposal groups held-for-sale

Non-current assets/disposal groups are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Z Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(ii) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends

Dividends on ordinary shares are recognised as a liability when the shareholders' right to receive the dividend is established.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AA Contingent assets and contingent liabilities

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and balances with banks and other financial institutions	1,234,187	1,841,163	1,203,248	1,488,556
Money at call and deposit placements maturing within one month	18,401,839	28,635,447	17,206,836	15,861,237
	19,636,026	30,476,610	18,410,084	17,349,793
Included in the cash and short-term funds are client's monies placed in trust accounts maintained by a subsidiary as follows:				
Cash and balances with banks and other financial institutions	-	6,804	-	-
Money at call and deposit placements maturing within one month	-	37,657	-	-
	-	44,461	-	-

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Licensed banks	2,419,097	3,758,592	2,267,428	4,701,523
Licensed investment banks	25,004	60,204	25,004	60,204
Bank Negara Malaysia	954,422	-	954,422	-
Other financial institutions	1,167,296	1,596,587	1,167,296	1,369,746
	4,565,819	5,415,383	4,414,150	6,131,473

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

5 FINANCIAL ASSETS HELD-FOR-TRADING

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Money market instruments				
Bank Negara Malaysia bills	11,044,525	767,821	7,386,564	99,624
Government treasury bills	253,388	49,185	253,388	49,185
Malaysian Government securities	236,879	116,718	236,879	116,718
Malaysian Government investment certificates	2,177,642	388,068	1,730,729	326,987
Bankers' acceptances and Islamic accepted bills	4,204,306	3,732,445	3,927,300	3,140,894
Negotiable instruments of deposit	2,975,604	458,928	3,378,954	357,876
Commercial papers	-	93,847	-	-
Cagamas bonds	72,214	-	72,214	-
Quoted securities				
Shares outside Malaysia	1,889	-	1,889	-
	20,966,447	5,607,012	16,987,917	4,091,284
Unquoted securities				
Private and Islamic debt securities	422,489	35,523	341,442	-
Foreign currency bonds	357,911	380,612	357,911	380,612
	21,746,847	6,023,147	17,687,270	4,471,896

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

6 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Money market instruments				
Government treasury bills	375,160	364,156	375,160	344,180
Malaysian Government securities	-	632,968	-	394,444
Malaysian Government investment certificates	1,369,664	1,911,745	731,842	730,269
Bank Negara Malaysia sukuk	-	114,695	-	-
Bank Negara Malaysia monetary notes	-	57,117	-	-
Bank Negara Malaysia bills	-	76,353	-	-
Negotiable instruments of deposit	11,826	522,051	12,658	-
Islamic negotiable instrument debt securities	-	28,833	-	-
Bankers' acceptances and Islamic accepted bills	-	44,853	-	-
Other Government securities	120,818	-	-	-
Cagamas bonds	624,625	137,259	471,885	20,375
	2,502,093	3,890,030	1,591,545	1,489,268
Quoted securities				
Shares quoted in Malaysia	102,513	110,374	102,513	110,374
Loan stocks quoted in Malaysia	6,420	1,112	530	-
Shares outside Malaysia	71,499	53,993	71,499	53,993
Wholesale fund	999,800	-	999,800	-
	3,682,325	4,055,509	2,765,887	1,653,635
Unquoted securities				
Private debt securities in Malaysia	2,848,788	1,216,104	2,316,113	224,356
Shares in Malaysia	312,759	229,433	312,690	150,401
Shares outside Malaysia	3,468	3,298	3,468	-
Foreign currency bonds in Malaysia	2,228,512	172,603	2,150,222	172,603
Foreign currency bonds outside Malaysia	881,073	335,930	881,073	335,930
	9,956,925	6,012,877	8,429,453	2,536,925
Accumulated impairment losses	(22,609)	(5,242)	(22,609)	-
	9,934,316	6,007,635	8,406,844	2,536,925

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group	The Bank
	RM'000	RM'000
As at 1 July 2011	5,242	-
Vesting of assets and liabilities of Promino	-	5,242
Allowance made during the financial year	17,367	17,367
As at 30 June 2012	22,609	22,609
As at 1 July 2010	-	-
Acquisition of assets and liabilities of EON Capital Berhad ("ECB")	5,242	-
As at 30 June 2011	5,242	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

7 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Money market instruments				
Malaysian Government securities	1,867,919	3,577,909	1,867,919	3,577,909
Malaysian Government investment certificates	1,086,401	1,123,311	530,163	903,689
Cagamas bonds	248,101	170,942	206,773	170,942
Negotiable instruments of deposit	20,593	2,677,278	1,016,326	3,194,188
Other Government securities	151,958	14,043	2,578	-
	3,374,972	7,563,483	3,623,759	7,846,728
Unquoted securities in Malaysia				
Loan stocks	11,781	2,953	11,781	2,953
Private and Islamic debt securities	195,694	424,732	91,593	75,574
Unquoted bonds	204,884	-	204,884	-
Investment in preference shares	52,000	-	52,000	-
	3,839,331	7,991,168	3,984,017	7,925,255
Accumulated impairment losses	(169,133)	(203,756)	(169,133)	(2,685)
	3,670,198	7,787,412	3,814,884	7,922,570

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group	The Bank
	RM'000	RM'000
As at 1 July 2011		
- as previously reported	170,620	2,685
- fair value adjustments on completion of business combination accounting	33,136	-
As restated	203,756	2,685
Vesting of assets and liabilities of Promino	-	167,388
Allowance made during the financial year	1,790	-
Amount written back in respect of recoveries	(36,413)	(940)
As at 30 June 2012	169,133	169,133
As at 1 July 2010	4,673	4,673
Acquisition of assets and liabilities of ECB	168,000	-
Amount written back in respect of recoveries	(2,053)	(1,988)
Fair value adjustments on completion of business combination accounting	33,136	-
As at 30 June 2011	203,756	2,685

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Overdrafts	4,073,003	4,185,914	3,862,683	2,097,307
Term loans/financing:				
- Housing and shop loans/financing	37,066,670	31,761,748	31,312,244	20,010,166
- Syndicated term loans/financing	5,302,510	4,654,683	4,866,398	2,571,439
- Hire purchase receivables	17,373,330	17,214,483	13,513,532	3,015,843
- Lease receivables	106,391	4,486	-	-
- Other term loans/financing	10,114,562	10,484,564	8,624,704	2,514,792
Credit/charge card receivables	4,233,382	4,262,859	4,233,382	2,497,855
Bills receivable	651,240	354,250	640,523	344,927
Trust receipts	342,745	302,959	333,701	140,659
Claims on customers under acceptance credits	7,251,829	6,621,138	6,870,319	3,919,301
Block discounting	6,582	8,391	6,582	8,391
Revolving credit	3,769,403	3,749,153	3,499,655	2,165,632
Staff loans/financing	241,500	283,247	226,439	88,858
Other loans/financing	37,919	133,658	33,097	40,811
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981
Fair value changes arising from fair value hedges	23,852	-	16,722	-
Unamortised fair value changes arising from terminated fair value hedges	21,570	17,177	14,838	14,438
Allowance for impaired loans, advances and financing:				
- Collective assessment allowance	(1,881,419)	(1,790,314)	(1,593,942)	(726,970)
- Individual assessment allowance	(541,978)	(793,060)	(463,710)	(154,627)
	(2,423,397)	(2,583,374)	(2,057,652)	(881,597)
Total net loans, advances and financing	88,193,091	81,455,336	75,997,167	38,548,822

The Group and the Bank have designation fair value hedges on certain receivables using interest rate swaps during the current financial year. The total fair value loss of the said interest rate swaps related to these hedges at 30 June 2012 amounted to RM51,380,000 and RM36,395,000 at Group and Bank respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING (continued)

(i) The maturity structure of loans, advances and financing is as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Maturing within:				
- one year	25,774,287	23,002,022	24,202,531	13,219,190
- one year to three years	7,140,438	5,753,032	5,904,892	2,420,188
- three years to five years	9,388,281	8,732,468	7,814,974	2,688,947
- over five years	48,268,060	46,534,011	40,100,862	21,087,656
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981

(ii) The loans, advances and financing are disbursed to the following types of customers:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Domestic non-bank financial institutions other than stockbroking companies	528,174	718,366	405,085	118,720
Domestic business enterprises:				
- small medium enterprises	12,049,541	12,199,764	11,024,021	3,717,642
- others	19,804,343	15,827,304	17,902,314	9,014,645
Government and statutory bodies	26,256	28,898	20,272	-
Individuals	55,475,122	52,469,045	46,179,091	24,481,830
Other domestic entities	29,549	30,678	26,955	9,816
Foreign entities	2,658,081	2,747,478	2,465,521	2,073,328
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING (continued)

(iii) Loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed rate:				
- Housing and shop loans/financing	2,997,728	3,467,141	1,688,490	756,353
- Hire purchase receivables	16,843,527	17,158,926	12,998,512	2,963,250
- Credit card	4,233,382	4,262,859	4,233,382	2,497,855
- Other fixed rate loan/financing	3,555,141	3,475,892	2,419,364	1,461,055
Variable rate:				
- Base lending rate plus	51,203,453	43,544,696	45,611,954	26,569,853
- Cost plus	11,482,332	11,597,328	10,829,309	5,055,260
- Other variable rates	255,503	514,691	242,248	112,355
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981

(iv) Loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of securities	1,030,125	1,150,988	1,029,928	543,518
Purchase of transport vehicles	17,251,679	17,270,583	13,400,268	3,098,694
Residential property (housing)	30,689,119	27,648,543	25,753,364	16,244,598
Non-residential property	9,985,329	9,059,391	9,155,652	5,125,385
Purchase of fixed assets (excluding landed properties)	638,350	668,935	595,691	-
Personal use	3,576,501	3,567,683	2,664,505	1,929,546
Credit card	4,233,382	4,262,859	4,233,382	2,497,855
Purchase of consumer durables	103	198	95	70
Construction	924,674	836,005	890,836	299,515
Mergers and acquisition	388,832	-	388,832	-
Working capital	19,907,488	17,831,469	18,194,609	9,525,206
Other purpose	1,945,484	1,724,879	1,716,097	151,594
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING (continued)

(v) Loans, advances and financing analysed by their geographical distribution are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
In Malaysia	88,630,215	82,199,217	76,235,196	37,608,008
Outside Malaysia:				
- Singapore operations	1,767,575	1,807,973	1,767,575	1,807,973
- Hong Kong operations	20,488	-	20,488	-
- Vietnam operations	152,788	14,343	-	-
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981

(vi) Impaired loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of securities	9,941	10,259	9,899	4,737
Purchase of transport vehicles	216,114	185,001	170,994	20,992
Residential property (housing)	342,581	458,242	276,010	181,876
Non-residential property	73,388	79,403	66,275	15,846
Purchase of fixed assets (excluding landed properties)	21,667	21,067	21,148	-
Personal use	86,654	93,742	78,392	66,998
Credit card	66,949	58,100	66,949	24,770
Purchase of consumer durables	7	17	7	-
Construction	26,388	31,075	24,627	6,412
Working capital	649,243	932,744	557,166	278,885
Others	39,082	45,751	38,719	284
Gross impaired loans, advances and financing	1,532,014	1,915,401	1,310,186	600,800

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING (continued)

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

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
As at beginning of the financial year					
- as previously reported		1,882,930	930,202	600,800	887,446
- fair value adjustments on completion of business combination accounting		32,471	-	-	-
As restated		1,915,401	930,202	600,800	887,446
Acquisition of assets and liabilities of ECB		-	1,294,351	-	-
Fair value adjustments on completion of business combination accounting	55	-	32,471	-	-
Vesting of assets and liabilities of Promino		-	-	1,003,131	-
Impaired during the financial year		2,078,452	883,652	1,789,034	592,997
Performing during the financial year		(1,081,218)	(493,248)	(893,761)	(321,635)
Amount written back in respect of recoveries		(800,135)	(459,440)	(712,422)	(336,457)
Amount written off		(584,256)	(277,596)	(477,386)	(224,157)
Exchange difference		3,770	5,009	790	2,606
As at end of the financial year		1,532,014	1,915,401	1,310,186	600,800
Gross impaired loans as a % of gross loans, advances and financing		1.7%	2.3%	1.7%	1.5%

(viii) Impaired loans, advances and financing analysed by their geographical distribution are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
In Malaysia	1,489,443	1,870,376	1,267,615	555,775
Outside Malaysia:				
- Singapore operations	42,571	45,025	42,571	45,025
Gross impaired loans, advances and financing	1,532,014	1,915,401	1,310,186	600,800

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

8 LOANS, ADVANCES AND FINANCING (continued)

(ix) Movements in the allowance for impaired loans, advances and financing are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Collective assessment allowance				
As at beginning of the financial year				
- as previously reported	1,575,097	769,545	726,970	684,670
- fair value adjustments on completion of business combination accounting	215,217	-	-	-
As restated	1,790,314	769,545	726,970	684,670
Acquisition of assets and liabilities of ECB	-	742,983	-	-
Fair value adjustments on completion of business combination accounting	-	215,217	-	-
Vesting of assets and liabilities of Promino	-	-	791,101	-
Allowances made during the financial year	794,400	390,985	679,925	292,817
Amount transferred from individual assessment	55,688	-	45,291	-
Disposal of subsidiary	(1,168)	-	-	-
Amount written back in respect of recoveries	(333,095)	(101,191)	(268,977)	(70,874)
Amount written off	(416,370)	(217,424)	(372,992)	(170,822)
Unwinding income	(8,819)	(11,018)	(7,871)	(10,064)
Exchange difference	469	1,217	495	1,243
As at end of the financial year	1,881,419	1,790,314	1,593,942	726,970
Individual assessment allowance				
As at beginning of the financial year				
- as previously reported	666,314	228,018	154,627	226,724
- fair value adjustments on completion of business combination accounting	126,746	-	-	-
As restated	793,060	228,018	154,627	226,724
Acquisition of assets and liabilities of ECB	-	505,525	-	-
Fair value adjustments on completion of business combination accounting	-	126,746	-	-
Vesting of assets and liabilities of Promino	-	-	492,209	-
Allowances made during the financial year	61,155	72,277	52,182	27,370
Amount transferred to collective assessment	(55,688)	-	(45,291)	-
Amount written back in respect of recoveries	(135,754)	(83,129)	(123,518)	(48,159)
Amount written off	(116,873)	(44,200)	(57,582)	(37,891)
Unwinding income	(9,716)	(14,974)	(9,407)	(14,836)
Exchange difference	5,794	2,797	490	1,419
As at end of the financial year	541,978	793,060	463,710	154,627

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

9 OTHER ASSETS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Foreclosed properties	1,338	1,458	1,338	475
Sundry debtors and other prepayments	129,262	679,273	100,258	231,885
Treasury related receivables	220,591	62,352	220,591	62,352
Other receivables	190,402	225,287	102,569	134,114
	541,593	968,370	424,756	428,826

10 AMOUNT DUE FROM SUBSIDIARIES

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Redeemable Preference Shares in Famehub Capital Sdn Bhd	-	-	613,800	613,800
Intercompany settlement	-	-	1,590	230,635
Others	-	-	-	236
	-	-	615,390	844,671

The amount due from Famehub Capital Sdn Bhd, a special purpose vehicle incorporated in Malaysia, bears an interest rate of 7.5% per annum, payable semi-annually and will be fully repaid by 9 October 2013.

Inter-company settlement and others are unsecured, interest-free and generally short-term in nature.

11 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amount of which is determined at set percentages of total eligible liabilities.

12 INVESTMENT IN SUBSIDIARY COMPANIES

	The Bank	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost:		
- in Malaysia	1,806,312	6,088,849
- outside Malaysia	11	11
Subordinated financing facility	275,597	-
Arising from translation of a foreign subsidiary company	13	13
	2,081,933	6,088,873

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

12 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

		The Bank	
		2012 RM'000	2011 RM'000
As at beginning of the financial year		6,088,873	714,092
Add: Subscription of new shares in subsidiary companies	(i)	-	309,025
Add: Subscription of new shares in subsidiary companies	(ii)	200,000	-
Add: Acquisition of new subsidiary companies	(iii)	-	5,065,756
Less: Disposal of subsidiaries	(iv)	(3,936,329)	-
Less: Redemption of Redeemable Preference Shares by subsidiary company	(v)	(19,611)	-
Less: Effect of common control accounting	(vi)	(251,000)	-
As at end of the financial year		2,081,933	6,088,873

- (i) The subscription of new shares in subsidiary companies is in relation to subscription of shares in Hong Leong Bank Vietnam Berhad ("HLBVN") in 2011.
- (ii) The subscription of new shares in subsidiary companies is in relation to a RM200 million rights issues by Hong Leong Islamic Bank Berhad ("HLISB").
- (iii) Promino Sdn Bhd ("Promino", formerly known as EON Bank Berhad), Promitol Sdn Bhd (formerly known as EONCAP Islamic Bank Berhad), MIMB Investment Bank Berhad ("MIMB") and related subsidiaries became wholly-owned subsidiaries of the Bank with effect from 6 May 2011, pursuant to the acquisition of the assets and liabilities of ECB. The acquisition was settled via cash consideration of RM5.06 billion.
- (iv) Being disposal of Promino and MIMB during the financial year.
- (v) During the financial year, HLB Principal Investments (L) Limited had fully redeemed its Redeemable Preference Shares.
- (vi) Based on predecessor/common control accounting, upon vesting of assets and liabilities of Promino to the Bank on 1 July 2011, the Bank's cost of investment in Promino is reclassified to goodwill.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

12 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies of the Bank are as follows:

Name	Percentage (%) of equity held		Principal activities
	2012	2011	
(a) HLB Nominees (Tempatan) Sdn Bhd	100	100	Agent and nominee for Malaysian clients
(b) HLB Nominees (Asing) Sdn Bhd	100	100	Agent and nominee for foreign clients
(c) HL Bank Nominees (Singapore) Pte Ltd ⁺	100	100	Agent and nominee for clients
(d) HLF Credit (Perak) Bhd and its subsidiary companies:	100	100	Investment holding
(i) Gensource Sdn Bhd and its subsidiary company:	100	100	Investment holding
- Pelita Terang Sdn Bhd	100	100	Dormant
(ii) WTB Corporation Sdn Bhd ("WTB") and its subsidiary companies:	100	100	Investment holding
- Wah Tat Nominees (Tempatan) Sdn Bhd	100	100	Agent and nominee for Malaysian clients
- Wah Tat Nominees (Asing) Sdn Bhd	100	100	Agent and nominee for foreign clients
(iii) Chew Geok Lin Finance Sdn Bhd	100	100	Investment holding
(iv) Hong Leong Leasing Sdn Bhd [*]	100	100	Investment holding
(v) HL Leasing Sdn Bhd	100	100	Investment holding
(vi) HLB Realty Sdn Bhd	100	100	Real property investment and investment holding
(e) HLB Trade Services (Hong Kong) Limited ⁺	100	100	Ceased operations
(f) Hong Leong Islamic Bank Berhad	100	100	Islamic Banking business and related financial services
(g) HLB Principal Investments (L) Limited and its subsidiary company	100	100	Holding of or dealing in offshore securities and investment holding
(i) Promino Sdn Bhd (formerly known as EON Bank Berhad)	100	100	Ceased operations
(h) EFB Berhad	100	100	In member's voluntary liquidation
(i) EB Nominees (Tempatan) Sdn Bhd	100	100	Nominees services
(j) EB Nominees (Asing) Sdn Bhd	100	100	Nominees services
(k) EB Realty Sdn Bhd	100	100	Property investment
(l) OBB Realty Sdn Bhd	100	100	Property investment
(m) Oriental Nominee (Tempatan) Sdn Bhd	100	100	In member's voluntary liquidation
(n) OFB Berhad	100	100	In member's voluntary liquidation
(o) CFB Asa Berhad	100	100	In member's voluntary liquidation
(p) CFB Nominees (Tempatan) Sdn Bhd	100	100	In member's voluntary liquidation
(q) PFB Asa Berhad	100	100	In member's voluntary liquidation
(r) Perkasa Nominees (Tempatan) Sdn Bhd	100	100	In member's voluntary liquidation
(s) Prominic Berhad	100	100	To issue Subordinated Notes under a Stapled Securities structure and to on-lend the proceeds from the issuance to Hong Leong Bank Berhad, the issuer of the Capital Securities

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

12 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies of the Bank are as follows: (continued)

Name	Percentage (%) of equity held		Principal activities
	2012	2011	
(t) Hong Leong Bank Vietnam Limited ⁺	100	100	Commercial banking business
(u) Promitol Sdn Bhd (formerly known EONCap Islamic Bank Berhad)	100	100	Ceased operations
(v) Unincorporated trust for ESOS ^{Ω*}	-	-	Special purpose vehicle for ESOS
(w) Famehub Quest Sdn Bhd ^{Ω*}	-	-	Special purpose vehicle
(x) Famehub Capital Sdn Bhd ^{Ω*}	-	-	Special purpose vehicle
(y) Allegra Capital Investments Ltd ^{Ω@*}	-	-	Special purpose vehicle
(z) GoldPearl International Ltd ^{Ω@*}	-	-	Special purpose vehicle

* Not audited by PricewaterhouseCoopers

⁺ Audited by member firms of PricewaterhouseCoopers International

^Ω Deemed subsidiary pursuant to IC 112 - Consolidation: Special Purpose Entities

[@] Compartment subsidiary consolidated pursuant to IC 112 - Consolidation: Special Purpose Entities

All the subsidiary companies are incorporated in Malaysia with the exception of HL Bank Nominees (Singapore) Pte Ltd, which is incorporated in Singapore, HLB Trade Services (Hong Kong) Limited which is incorporated in Hong Kong, Allegra Capital Investments Ltd and GoldPearl International Ltd which are incorporated in the British Virgin Islands and Hong Leong Bank Vietnam Limited which is incorporated in Vietnam.

13 INVESTMENT IN JOINTLY CONTROLLED ENTITY

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares outside Malaysia, at cost	76,711	76,711	76,711	76,711
Cumulative share of results	160	(1,459)	-	-
	76,871	75,252	76,711	76,711

(a) The Group's share of income and expenses of the jointly controlled entity is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Revenue	6,749	2,188
Profit/(Loss) after taxation	1,619	(771)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

13 INVESTMENT IN JOINTLY CONTROLLED ENTITY (continued)

(b) The Group's share of assets and liabilities of the jointly controlled entity is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Total assets	79,105	72,101
Total liabilities	620	244

Details of the jointly controlled entity held by the Bank are as follows:

Name	Percentage (%) of equity held		Principal activities
	2012	2011	
Sichuan Jincheng Consumer Finance Limited Company	49%	49%	Consumer finance

14 INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares outside Malaysia, at cost	946,505	946,505	946,505	946,505
Cumulative share of results, net of dividends received	594,492	379,911	-	-
Cumulative share of changes in other comprehensive income	(709)	(709)	-	-
	1,540,288	1,325,707	946,505	946,505

(a) The Group's share of income and expenses of the associate is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Revenue	853,975	444,164
Profit after taxation	216,960	210,992

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

14 INVESTMENT IN ASSOCIATED COMPANIES (continued)

(b) The Group's share of assets and liabilities of the associate is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Total assets	20,033,349	15,021,769
Total liabilities	18,874,326	14,094,107

Details of the associates held by the Bank are as follows:

Name	Percentage (%) of equity held		Principal activities
	2012	2011	
Bank of Chengdu Co., Ltd	20%	20%	Commercial banking
Community CSR Sdn Bhd	20%	-	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

15 PROPERTY AND EQUIPMENT

The Group	Note	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
2012												
Cost												
As at beginning of the financial year												
- as previously reported		85,935	155,331	5,271	22,696	2,944	110,101	379,074	566,484	13,349	33,159	1,374,344
- fair value adjustments on completion of business combination accounting	55	12,030	38,257	-	-	-	106	45,042	29,604	799	-	125,838
As restated		97,965	193,588	5,271	22,696	2,944	110,207	424,116	596,088	14,148	33,159	1,500,182
Additions		-	-	-	-	-	-	50,120	81,811	27	19,124	151,082
Reclassification		-	4,150	-	-	-	(3,856)	(2,349)	(1,689)	6	(347)	(4,085)
Disposal of subsidiary		-	-	-	-	-	-	(5,105)	(4,547)	(8)	-	(9,660)
Disposals/Write off		-	(5,153)	-	-	-	-	(14,437)	(14,463)	(2,895)	-	(36,948)
Exchange fluctuation		-	-	-	-	-	-	(285)	508	17	-	240
As at end of the financial year		97,965	192,585	5,271	22,696	2,944	106,351	452,060	657,708	11,295	51,936	1,600,811
Accumulated depreciation												
As at beginning of the financial year		-	23,467	2,226	1,678	887	8,665	251,319	432,869	6,628	-	727,739
- fair value adjustments on completion of business combination accounting	55	-	531	-	-	-	115	46,284	27,169	933	-	75,032
As restated		-	23,998	2,226	1,678	887	8,780	297,603	460,038	7,561	-	802,771
Charge for the financial year		-	702	210	420	5	5,020	39,627	56,119	1,931	-	104,034
Reclassification		-	(2,307)	-	-	-	1,202	4,005	395	152	-	3,447
Disposal of subsidiary		-	-	-	-	-	-	(4,074)	(2,894)	(8)	-	(6,976)
Disposals/Write off		-	(474)	-	-	-	-	(13,150)	(14,218)	(1,673)	-	(29,515)
Exchange fluctuation		-	-	-	-	-	-	(355)	304	5	-	(46)
As at end of the financial year		-	21,919	2,436	2,098	892	15,002	323,656	499,744	7,968	-	873,715
Net book value as at 30 June 2012		97,965	170,666	2,835	20,598	2,052	91,349	128,404	157,964	3,327	51,936	727,096

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

15 PROPERTY AND EQUIPMENT (continued)

The Group	Note	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2011												
Cost												
As at beginning of the financial year		45,327	31,354	5,271	12,335	2,683	95,374	212,924	350,595	8,503	26,046	790,412
Acquisition of assets and liabilities of ECB	55	40,608	124,271	-	915	261	9,027	138,023	192,899	4,302	-	510,306
Fair value adjustments on completion of business combination accounting	55	12,030	38,257	-	-	-	106	45,042	29,604	799	-	125,838
Additions		-	-	-	9,500	-	5,700	38,963	26,171	1,517	7,113	88,964
Disposals/Write off		-	(294)	-	(54)	-	-	(10,499)	(2,949)	(1,015)	-	(14,811)
Exchange fluctuation		-	-	-	-	-	-	(337)	(232)	42	-	(527)
As at end of the financial year		97,965	193,588	5,271	22,696	2,944	110,207	424,116	596,088	14,148	33,159	1,500,182
Accumulated depreciation												
As at beginning of the financial year		-	6,288	2,181	1,286	775	4,809	160,550	262,910	4,629	-	443,428
Acquisition of assets and liabilities of ECB	55	-	16,621	-	202	75	1,841	78,769	138,589	1,159	-	237,256
Fair value adjustments on completion of business combination accounting	55	-	531	-	-	-	115	46,284	27,169	933	-	75,032
Charge for the financial year		-	743	45	190	37	2,015	20,977	34,448	1,817	-	60,272
Disposals/Write off		-	(40)	-	-	-	-	(8,992)	(2,882)	(1,000)	-	(12,914)
Exchange fluctuation		-	-	-	-	-	-	15	(196)	23	-	(158)
As at end of the financial year		-	24,143	2,226	1,678	887	8,780	297,603	460,038	7,561	-	802,916
Net book value as at 30 June 2011		97,965	169,445	3,045	21,018	2,057	101,427	126,513	136,050	6,587	33,159	697,266

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

15 PROPERTY AND EQUIPMENT (continued)

The Bank	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
2012											
Cost											
As at beginning of the financial year	35,752	28,603	4,011	20,730	2,674	97,230	231,014	361,802	8,826	32,693	823,335
Vesting of assets and liabilities of Promino	52,638	162,203	-	915	-	9,133	174,408	218,838	3,734	-	621,869
Additions	-	-	-	-	-	-	48,242	80,596	27	18,790	147,655
Reclassification	-	4,150	-	-	-	(3,856)	(2,241)	(1,630)	6	-	(3,571)
Disposals/Write off	-	(5,153)	-	-	-	-	(13,761)	(14,326)	(2,317)	-	(35,557)
Exchange fluctuation	-	-	-	-	-	-	89	312	17	-	418
As at end of the financial year	88,390	189,803	4,011	21,645	2,674	102,507	437,751	645,592	10,293	51,483	1,554,149
Accumulated depreciation											
As at beginning of the financial year	-	5,544	967	1,277	812	4,769	166,784	288,292	5,445	-	473,890
Vesting of assets and liabilities of Promino	-	17,359	-	206	-	1,983	119,920	164,142	1,445	-	305,055
Charge for the financial year	-	651	210	410	-	4,942	37,096	54,304	1,674	-	99,287
Reclassification	-	(2,307)	-	-	-	1,202	4,005	359	152	-	3,411
Disposals/Write-off	-	(474)	-	-	-	-	(12,826)	(14,166)	(1,363)	-	(28,829)
Exchange fluctuation	-	-	-	-	-	-	62	250	5	-	317
As at end of the financial year	-	20,773	1,177	1,893	812	12,896	315,041	493,181	7,358	-	853,131
Net book value as at 30 June 2012	88,390	169,030	2,834	19,752	1,862	89,611	122,710	152,411	2,935	51,483	701,018

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

15 PROPERTY AND EQUIPMENT (continued)

The Bank	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2011											
Cost											
As at beginning of the financial year	35,752	28,897	4,011	11,284	2,674	91,530	206,421	343,581	7,664	25,822	757,636
Additions	-	-	-	9,500	-	5,700	33,463	20,647	1,516	6,871	77,697
Disposals/Write off	-	(294)	-	(54)	-	-	(9,112)	(2,896)	(396)	-	(12,752)
Exchange fluctuation	-	-	-	-	-	-	242	470	42	-	754
As at end of the financial year	35,752	28,603	4,011	20,730	2,674	97,230	231,014	361,802	8,826	32,693	823,335
Accumulated depreciation											
As at beginning of the financial year	-	5,403	922	1,099	776	2,859	156,739	261,123	4,278	-	433,199
Charge for the financial year	-	181	45	178	36	1,910	17,659	29,936	1,525	-	51,470
Disposals/Write off	-	(40)	-	-	-	-	(7,763)	(2,864)	(381)	-	(11,048)
Exchange fluctuation	-	-	-	-	-	-	149	97	23	-	269
As at end of the financial year	-	5,544	967	1,277	812	4,769	166,784	288,292	5,445	-	473,890
Net book value as at 30 June 2011	35,752	23,059	3,044	19,453	1,862	92,461	64,230	73,510	3,381	32,693	349,445

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

16 INTANGIBLE ASSETS

The Group 2012	Core deposits RM'000	Customer relationships RM'000	Computer software RM'000	Total RM'000
Cost or valuation				
As at 1 July 2011				
- As previously reported	-	-	278,387	278,387
- Prior year adjustments	152,434	127,426	2,241	282,101
As restated	152,434	127,426	280,628	560,488
Additions	-	-	142,594	142,594
Disposal of subsidiary	-	-	(1,619)	(1,619)
Written off	-	-	(119)	(119)
Exchange fluctuation	-	-	119	119
As at 30 June 2012	152,434	127,426	421,603	701,463
Amortisation and impairment				
As at 1 July 2011				
- As previously reported	-	-	172,021	172,021
- Prior year adjustments	3,629	2,124	3,292	9,045
As restated	3,629	2,124	175,313	181,066
Amortisation during the financial year	21,777	12,742	40,095	74,614
Disposal of subsidiary	-	-	(650)	(650)
Written off	-	-	(119)	(119)
Exchange fluctuation	-	-	55	55
As at 30 June 2012	25,406	14,866	214,694	254,966
Net book value as at 30 June 2012	127,028	112,560	206,909	446,497

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

16 INTANGIBLE ASSETS (continued)

The Group 2011	Core deposits RM'000	Customer relationships RM'000	Computer software RM'000	Total RM'000
Cost or valuation				
As at 1 July 2010	-	-	158,582	158,582
Acquisition of assets and liabilities of ECB	-	-	86,733	86,733
Fair value adjustments on completion of business combination accounting	152,434	127,426	2,242	282,102
Additions	-	-	33,512	33,512
Exchange fluctuation	-	-	(441)	(441)
As at 30 June 2011	152,434	127,426	280,628	560,488
Amortisation and impairment				
As at 1 July 2010	-	-	109,172	109,172
Acquisition of assets and liabilities of ECB	-	-	42,826	42,826
Fair value adjustments on completion of business combination accounting	-	-	3,292	3,292
Amortisation during the financial year	3,629	2,124	20,009	25,762
Exchange fluctuation	-	-	14	14
As at 30 June 2011	3,629	2,124	175,313	181,066
Net book value as at 30 June 2011	148,805	125,302	105,315	379,422

The Bank 2012	Core deposits RM'000	Customer relationships RM'000	Computer software RM'000	Total RM'000
Cost or valuation				
As at 1 July 2011	-	-	185,705	185,705
Vesting of assets and liabilities of Promino	152,434	127,426	88,265	368,125
Additions	-	-	135,988	135,988
Written off	-	-	(119)	(119)
As at 30 June 2012	152,434	127,426	409,839	689,699
Amortisation and impairment				
As at 1 July 2011	-	-	126,169	126,169
Vesting of assets and liabilities of Promino	-	-	47,417	47,417
Amortisation during the financial year	25,406	14,866	38,110	78,382
Written off	-	-	(119)	(119)
As at 30 June 2012	25,406	14,866	211,577	251,849
Net book value as at 30 June 2012	127,028	112,560	198,262	437,850

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

16 INTANGIBLE ASSETS (continued)

The Bank 2011	Computer software RM'000
Cost or valuation	
As at 1 July 2010	155,853
Addition	29,852
As at 30 June 2011	185,705
Amortisation and impairment	
As at 1 July 2010	108,918
Amortisation during the financial year	17,251
As at 30 June 2011	126,169
Net book value as at 30 June 2011	59,536

The Group recognised RM322,717,000 (includes computer software) intangible assets in relation to the acquisition of the banking business and related assets and liabilities of ECB. The intangible assets were in the form of business banking customer relationships, core deposits and computer software.

Customer relationships acquired in a business combination have value when they represent an identifiable and predictable source of future cash flows to the combined business.

The valuation of business banking customer relationships was determined using an income approach, specifically the multi-period excess earnings method ("MEEM"). This was done by discounting forecasted incremental customer revenues attributable solely to EON Banking Group's existing business banking customer.

Core deposits comprising savings and current accounts are low cost source of funds. The valuation of core deposits was derived using an income approach, specifically the cost savings method under the incremental cash flow method. This was done by discounting forecast net interest savings from core deposits.

The discount rate used in discounting incremental cashflows was based on the risk associated with the identified intangible assets. The remaining amortisation period of core deposits and customer relationships are 6 to 9 years, respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

17 DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the financial year are as follows:

	Note	Loans, advances and financing RM'000	Property and equipment RM'000	Financial instruments available- for-sale RM'000	Intangible assets RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)							
The Group							
2012							
As at beginning of the financial year							
- as previously reported		341,704	(48,096)	(41,727)	-	74,054	325,935
- prior year adjustments	56	(128,664)	(12,402)	(13,514)	(68,527)	(38,921)	(262,028)
As restated		213,040	(60,498)	(55,241)	(68,527)	35,133	63,907
Credited/(Charged) to statement of income	38	(170,241)	(45,700)	-	8,630	54,508	(152,803)
Transferred to equity		-	-	(21,317)	-	-	(21,317)
As at end of the financial year		42,799	(106,198)	(76,558)	(59,897)	89,641	(110,213)
2011							
As at beginning of the financial year		144,259	(15,206)	(32,429)	-	16,953	113,577
Acquisition of assets and liabilities of ECB	55	167,619	(30,536)	(7,649)	-	81,402	210,836
Fair value adjustments on completion of business combination accounting	55	(128,664)	(12,439)	(13,514)	(69,965)	(38,921)	(263,503)
Credited/(Charged) to statement of income	38	29,826	(2,317)	-	1,438	(24,301)	4,646
Transferred to equity		-	-	(1,649)	-	-	(1,649)
As at end of the financial year		213,040	(60,498)	(55,241)	(68,527)	35,133	63,907

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

17 DEFERRED TAXATION (continued)

The movements in deferred tax assets and liabilities during the financial year are as follows (continued):

	Note	Loans, advances and financing RM'000	Property and equipment RM'000	Financial instruments available- for-sale RM'000	Intangible assets RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)							
The Bank							
2012							
As at beginning of the financial year		146,777	(16,837)	(35,875)	-	8,216	102,281
Vesting of assets and liabilities of Promino	55	23,455	(42,133)	(18,015)	(69,965)	19,432	(87,226)
Credited/(Charged) to statement of income	38	(132,672)	(44,220)	-	10,068	59,662	(107,162)
Transferred to equity		-	-	(22,041)	-	-	(22,041)
As at end of the financial year		37,560	(103,190)	(75,931)	(59,897)	87,310	(114,148)
2011							
As at beginning of the financial year		127,675	(14,357)	(32,220)	-	14,728	95,826
Credited/(Charged) to statement of income	38	19,102	(2,480)	-	-	(6,512)	10,110
Transferred to equity		-	-	(3,655)	-	-	(3,655)
As at end of the financial year		146,777	(16,837)	(35,875)	-	8,216	102,281

18 DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed deposits	74,738,523	68,489,506	64,442,292	38,749,415
Negotiable instruments of deposit	5,828,928	5,584,465	6,437,718	4,535,391
	80,567,451	74,073,971	70,880,010	43,284,806
Demand deposits	14,675,678	14,944,455	12,298,456	8,576,091
Savings deposits	14,815,602	12,515,496	12,733,750	7,665,531
Short-term corporate placements	12,641,446	12,916,173	12,641,446	5,991,218
Others	395,466	406,448	386,033	406,448
	123,095,643	114,856,543	108,939,695	65,924,094

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

18 DEPOSITS FROM CUSTOMERS (continued)

- (i) The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Due within:				
- six months	60,720,326	56,884,400	52,158,890	32,498,154
- six months to one year	14,405,933	12,967,434	13,307,454	8,022,724
- one year to five years	5,441,192	4,222,137	5,413,666	2,763,928
	80,567,451	74,073,971	70,880,010	43,284,806

- (ii) The deposits are sourced from the following customers:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Government and statutory bodies	3,861,648	5,571,964	2,663,604	998,891
Business enterprises	57,508,742	49,165,910	48,251,587	28,760,256
Individuals	59,427,462	51,478,647	55,981,810	34,896,549
Others	2,297,791	8,640,022	2,042,694	1,268,398
	123,095,643	114,856,543	108,939,695	65,924,094

19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Licensed banks	7,813,440	7,308,864	7,422,996	5,820,144
Licensed investment banks	485,723	152,762	404,343	-
Licensed Islamic banks	1,441,508	581,968	-	-
Bank Negara Malaysia	-	1,897,375	-	-
Other financial institutions	50,025	756,692	50,025	-
	9,790,696	10,697,661	7,877,364	5,820,144

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

20 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Derivatives at fair value through profit or loss:				
- interest rate swaps	621,646	345,011	621,646	331,024
- cross currency swaps	94,910	274,024	167,331	306,080
- foreign currency forwards	171,919	152,165	171,830	146,710
- foreign currency options	26,366	12,972	26,366	12,972
- futures	142	232	142	232
- equity options	796	1,434	796	1,434
- swaption	39,571	4,324	39,571	4,324
Total derivative financial instruments assets	955,350	790,162	1,027,682	802,776
Derivatives at fair value through profit or loss:				
- interest rate swaps	(650,110)	(290,948)	(650,110)	(273,697)
- cross currency swaps	(67,335)	(178,096)	(140,250)	(214,669)
- foreign currency forwards	(229,629)	(176,127)	(229,629)	(163,066)
- foreign currency options	(26,842)	(13,943)	(26,842)	(13,943)
- equity options	(796)	(1,434)	(796)	(1,434)
- futures	(1,437)	(2,589)	(1,437)	(2,589)
- swaption	(40,297)	(3,569)	(40,297)	(3,569)
Derivatives designated as fair value hedge:				
- interest rate swaps	(52,781)	-	(36,395)	-
Total derivative financial instruments liabilities	(1,069,227)	(666,706)	(1,125,756)	(672,967)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

21 OTHER LIABILITIES

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Zakat	200	66	-	-
Post employment benefits obligation				
- defined contribution plan	3,079	3,102	3,079	3,102
Loan advance payment	1,444,836	1,122,560	1,244,798	1,014,815
Amount due to Cagamas Berhad	179,719	187,217	179,719	-
Amount due to subsidiary companies	-	-	219,443	28,626
Profit equalisation reserve	-	2,298	-	-
Treasury clearing	312	194,688	312	194,687
Cheque clearing	114,253	407,480	91,029	41,548
Treasury related payable	199,745	135,701	199,745	135,701
Sundry creditors & accruals	495,649	336,419	458,182	198,237
Provision for bonus and staff related expenses	124,500	56,384	119,508	54,719
Others	177,395	488,217	148,603	241,063
	2,739,688	2,934,132	2,664,418	1,912,498

22 SENIOR BONDS

		The Group and The Bank	
	Note	2012 RM'000	2011 RM'000
USD 300 million senior bonds, at par	(a)	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	-
Foreign exchange translations		69,750	(9,750)
		1,905,300	906,600
Add: Interest payable		16,274	9,822
		1,921,574	916,422
Less: Unamortised discounts		(13,781)	(5,612)
		1,907,793	910,810

- (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% which 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 unsecured obligations of the Bank which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

22 SENIOR BONDS (continued)

- (b) On 20 April, 2012, HLB announced that it has 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%.

23 TIER 2 SUBORDINATED BONDS

Note	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
RM700 million Tier 2 subordinated debt, at par (a)	700,000	700,000	700,000	700,000
Add: Interest payable	13,208	13,115	13,208	13,115
	713,208	713,115	713,208	713,115
Less: Unamortised discounts	(1,603)	(2,792)	(1,603)	(2,792)
	711,605	710,323	711,605	710,323
RM1.0 billion Tier 2 subordinated debt, at par (b)	1,000,000	1,000,000	1,000,000	1,000,000
Add: Interest payable	6,555	6,793	6,555	6,793
	1,006,555	1,006,793	1,006,555	1,006,793
Less: Unamortised discounts	(2,436)	(3,856)	(2,436)	(3,856)
	1,004,119	1,002,937	1,004,119	1,002,937
Subordinated medium term notes, at par (c)	1,160,000	1,160,000	1,160,000	-
Add: Interest payable	9,267	8,983	9,267	-
	1,169,267	1,168,983	1,169,267	-
Less: Unamortised discounts	(14,214)	(23,750)	(14,822)	-
Add: Fair value adjustments on completion of business combination accounting	18,000	47,085	18,000	-
	1,173,053	1,192,318	1,172,445	-
RM1.5 billion Tier 2 subordinated debt, at par (d)	1,500,000	-	1,500,000	-
Add: Interest payable	1,664	-	1,664	-
	1,501,664	-	1,501,664	-
Less: Unamortised discounts	(582)	-	(582)	-
	1,501,082	-	1,501,082	-
	4,389,859	2,905,578	4,389,251	1,713,260

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

23 TIER 2 SUBORDINATED BONDS (continued)

- (a) On 10 August 2010, the Bank 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, a wholly owned subsidiary of the Bank, issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should 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.

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 EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

Subsequently, on 30 December 2010, 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 the Bank.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

24 TIER 2 CAPITAL CUMULATIVE SUBORDINATED LOAN

	The Group and The Bank	
	2012 RM'000	2011 RM'000
RM2.3 billion Tier 2 capital cumulative subordinated loan	-	2,300,000
Add: Interest payable	-	14,080
	-	2,314,080

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.

25 NON-INNOVATIVE TIER 1 STAPLED SECURITIES

	The Group and The Bank	
	2012 RM'000	2011 RM'000
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000
Add: Interest payable	10,653	11,041
	1,410,653	1,411,041
Less: Unamortised discounts	(3,370)	(5,335)
	1,407,283	1,405,706

On 5 May 2011, the Bank 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

26 INNOVATIVE TIER 1 CAPITAL SECURITIES

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000	500,000	-
Add: Interest payable	12,545	12,658	12,545	-
	512,545	512,658	512,545	-
Less: Unamortised discounts	(9,708)	(9,589)	(11,174)	-
Add: Fair value adjustments on completion of business combination accounting	71,744	92,651	71,744	-
	574,581	595,720	573,115	-

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.

27 SHARE CAPITAL

	The Group and The Bank		
	Note	2012 RM'000	2011 RM'000
Authorised:			
3,000,000,000 shares of RM1.00 each		3,000,000	3,000,000
Issued and fully paid:			
Ordinary shares of RM1.00 each			
As at beginning of the financial year		1,580,107	1,580,107
Add: New ordinary shares issued during the financial year	(i)	299,802	-
As at end of the financial year		1,879,909	1,580,107

- (i) During the financial year ended 30 June 2012, the Bank increased its issued and paid-up capital from 1,580,107,034 to 1,879,909,100 via issuance of 299,802,066 new ordinary shares of RM1.00 each on the basis of 1 Rights Share for every 5 existing shares held by HLBB's entitled shareholders on 21 September 2011 at an issue price of RM8.65 per rights share.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

28 RESERVES

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Retained profits	(a)	5,080,264	3,985,874	3,988,722	3,212,562
Share premium		2,832,383	539,664	2,832,383	539,664
Statutory reserve	(b)	2,149,801	1,936,654	1,879,909	1,741,612
Share options reserve	(c)	22,483	21,121	22,483	21,121
Fair value reserve	(d)	183,998	102,211	184,783	107,652
Regulatory reserve (HLBVN)	(f)	6,045	726	-	-
Exchange fluctuation reserve	(e)	(20,780)	(26,848)	25,114	36,152
		5,173,930	2,573,528	4,944,672	2,446,201
		10,254,194	6,559,402	8,933,394	5,658,763

- (a) Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

However, companies who have not utilised fully their Section 108 credits balances up to 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits under the special transitional provisions of the Finance Act 2007 and pay single-tier dividends. As at 30 June 2012 and 30 June 2011, subject to agreement with the tax authorities, the Bank has sufficient Section 108 tax credits and tax exempt income to pay in full all of the retained profits of the Bank as franked and exempt dividends.

- (b) The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividend.
- (c) The share options reserve arose from share options granted to eligible executives of the Bank pursuant to the ESOS. Terms of the ESOS are disclosed in Note 52 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

28 RESERVES (continued)

(d) Movement of the fair value reserve is as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
As at beginning of the financial year	102,211	96,150	107,652	96,657
Net gain from change in fair value	129,261	20,942	123,782	21,675
Adjustment for common control	-	-	(2,477)	-
Reclassification adjustment to net profit on disposal and impairment	(25,448)	(12,523)	(22,133)	(7,025)
Deferred taxation	(21,317)	(1,649)	(22,041)	(3,655)
Share of fair value reserve of associated company	(709)	(709)	-	-
Net change in fair value reserve	81,787	6,061	77,131	10,995
	183,998	102,211	184,783	107,652

(e) Currency translation differences arising from translation of the Bank's foreign branches are shown under exchange fluctuation reserve.

(f) The regulatory reserve is maintained by the Group's banking subsidiary company in Vietnam in line with the requirements of the State Bank of Vietnam.

29 TREASURY SHARES

		The Group		The Bank	
Note		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of own shares pursuant to Section 67A, Companies Act 1965	(a)	431,787	431,765	431,787	431,765
Treasury shares for ESOS scheme	(b)	283,005	239,979	283,005	239,979
		714,792	671,744	714,792	671,744

(a) Purchase of own shares pursuant to Section 67A of the Companies Act, 1965

The shareholders of the Bank, via an ordinary resolution passed at the Extraordinary General Meeting held on 8 October 2008, had approved the Bank's plan to purchase its own shares up to 10% of existing total issued and paid-up share capital. The Directors of the Bank are committed to enhance the value of the Bank to its shareholders and believe that the share buyback plan can be applied in the best interests of the Bank and its shareholders.

During the financial year, the Bank bought back 2,000 (2011: 2,000) of its issued share capital, at an average price of RM10.59 per share (2011: RM9.37), from the open market. The total consideration paid for the share buyback of its own shares, including transaction costs, was RM21,178 (2011: RM18,736) and was financed by internally generated funds. As at 30 June 2012, the total number of shares bought was 81,098,700 (2011: 81,096,700) and the shares held were accounted as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

29 TREASURY SHARES (continued)

(a) Purchase of own shares pursuant to Section 67A of the Companies Act, 1965 (continued)

There was no resale or cancellation of treasury shares during the financial year. The adjusted number of issued and fully paid-up shares with voting rights as at 30 June 2012 after deducting treasury shares purchased is 1,798,810,400 shares (2011: 1,499,010,334). Treasury shares have no rights to vote, dividends and participation in other distribution.

(b) Treasury shares for ESOS scheme

In 2006, the Bank entered into a Trust for ESOS purposes established via the signing of a Trust Deed on 23 January 2006 with an appointed Trustee in conjunction with the establishment of an Executive Share Option Scheme ("ESOS"). 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.

FRS 132 – Financial Instruments: Presentation requires that if an entity reacquires its own equity instruments, those instruments shall be deducted from equity and are not recognised as a financial asset regardless of the reason for which they are reacquired.

In accordance with FRS 132, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares for ESOS" in the equity on the statement of financial position. During the financial year, there were no shares bought back by the appointed Trustee. As at 30 June 2012, the total number of shares held was 48,000,196 of which 8,510,088 is from Rights Issue during the financial year ended 30 June 2012 (2011: 44,892,200).

30 INTEREST INCOME

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans, advances and financing	3,933,598	2,122,425	3,917,669	1,823,502
Money at call and deposit placements with financial institutions	578,584	527,889	554,477	469,291
Securities purchased under resale agreements	10,433	2,011	10,433	2,011
Financial assets held-for-trading	508,373	291,669	509,923	289,609
Financial investments available-for-sale	227,118	102,096	236,865	92,154
Financial investments held-to-maturity	181,232	207,618	216,442	228,189
Others	1,714	1,276	48,023	47,773
	5,441,052	3,254,984	5,493,832	2,952,529
Of which:				
Accretion of discount less amortisation of premium	358,703	211,148	401,628	232,849
Interest income earned on impaired loans, advances and financing	17,278	24,900	17,278	24,900

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

31 INTEREST EXPENSE

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits and placements of banks and other financial institutions	100,234	76,746	115,861	66,414
Deposits from other customers	2,452,541	1,434,833	2,534,118	1,356,087
Senior bonds	42,756	10,108	42,756	10,108
Tier 2 subordinated bonds	109,936	47,136	120,265	42,280
Tier 2 capital cumulative subordinated loan	28,503	14,080	28,503	14,080
Non-innovative Tier 1 stapled securites	72,858	11,412	72,858	11,412
Innovative Tier 1 capital securities	21,198	2,630	17,636	-
Others	11,210	2,113	10,255	812
	2,839,236	1,599,058	2,942,252	1,501,193

32 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2012 RM'000	2011 RM'000
Income derived from investment of depositors' funds and others	861,386	441,012
Income derived from investment of shareholders' funds	74,119	44,488
Profit equalisation reserve	2,298	2,938
Income attributable to depositors	(490,205)	(261,348)
	447,598	227,090
Of which:		
Financing income earned on impaired financing and advances	1,092	1,092

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

33 NON-INTEREST INCOME

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fee income				
Commissions	118,645	75,367	118,295	72,605
Service charges and fees	51,697	34,822	53,600	28,814
Guarantee fees	17,696	7,739	17,648	5,765
Credit card related fees	268,867	180,863	268,867	150,687
Corporate advisory fees	5,494	1,460	1,461	216
Commitment fees	33,148	16,322	33,178	13,498
Fee on loans, advances and financing	74,145	52,028	74,145	52,028
Brokerage	6,745	5,623	-	-
Other fee income	20,080	16,573	20,062	21,195
	596,517	390,797	587,256	344,808
Net income from securities				
Net realised gain from sale/redemption of securities portfolio:				
- Financial assets held-for-trading	28,085	27,490	28,057	26,762
- Derivatives financial instruments	83,151	15,112	83,151	15,112
- Financial investments available-for-sale	42,815	10,214	39,500	7,025
- Financial investments held-to-maturity	1,839	2,109	1,839	2,109
Dividend income from:				
- Subsidiary companies	-	-	46,000	32,000
- Associated company	-	-	2,379	57,436
- Financial investments available-for-sale	22,942	23,766	22,942	23,473
Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	12,736	(15,763)	12,736	(12,048)
- Derivatives financial instruments	(114,803)	89,526	(114,803)	89,526
Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges	(28,336)	(30,352)	(22,484)	(15,356)
Net unrealised gain on fair value changes arising from fair value hedges	8,774	27,805	8,774	22,666
	57,203	149,907	108,091	248,705
Other income				
Foreign exchange gain	163,328	107,140	152,384	79,306
Rental income	4,301	881	6,048	767
Gain on disposal of property and equipment	821	448	820	326
Other non-operating income	22,109	19,522	27,600	15,556
	190,559	127,991	186,852	95,955
	844,279	668,695	882,199	689,468

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

34 OVERHEAD EXPENSES

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Personnel costs	1,110,613	601,892	946,515	449,963
Establishment costs	431,372	264,127	394,345	211,321
Marketing expenses	116,984	88,881	112,401	80,437
Administration and general expenses	265,927	256,636	259,104	224,823
	1,924,896	1,211,536	1,712,365	966,544

The overhead expenses of the Bank are net of shared services costs charged to HLISB.

(i) Personnel costs comprise the followings:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries, bonus and allowances	900,046	541,706	764,098	407,186
Voluntary Separation Scheme ("VSS")	113,651	-	100,217	-
Medical expenses	28,930	14,736	23,710	10,103
Training and convention expenses	26,356	15,263	23,874	11,691
Staff welfare	22,491	13,446	15,120	7,940
Other employees benefits	19,139	16,741	19,496	13,043
	1,110,613	601,892	946,515	449,963

(ii) Establishment costs comprise the followings:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Depreciation of property and equipment	104,034	60,272	99,287	51,470
Amortisation of intangible assets	74,614	25,762	78,382	17,251
Rental of premises	71,926	48,628	61,305	39,769
Information technology expenses	90,488	73,460	84,217	59,553
Security services	29,463	18,438	26,270	14,142
Electricity, water and sewerage	23,924	13,584	21,840	10,402
Hire of plant and machinery	13,511	8,750	12,992	8,751
Others	23,412	15,233	10,052	9,983
	431,372	264,127	394,345	211,321

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

34 OVERHEAD EXPENSES (continued)

(iii) Marketing expenses comprise the followings:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Advertisement and publicity	37,405	33,644	34,834	22,858
Credit card related fees	65,051	50,809	65,051	50,809
Others	14,528	4,428	12,516	6,770
	116,984	88,881	112,401	80,437

(iv) Administration and general expenses comprise the followings:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Teletransmission expenses	15,005	7,206	14,287	7,590
Stationery and printing expenses	20,885	13,106	20,262	10,694
Professional fees	71,637	55,947	69,849	54,077
Insurance fees	20,431	12,515	18,392	11,245
Stamp, postage and courier	25,588	13,342	24,443	13,194
Corporate expenses	-	78,561	-	78,561
Credit card fees	64,813	30,129	64,813	30,129
Travelling and transport expenses	6,889	3,510	5,857	2,777
Registration and license fees	5,096	3,510	4,668	3,369
Brokerage and comission	4,780	4,233	4,445	3,977
Others	30,803	34,577	32,088	9,210
	265,927	256,636	259,104	224,823

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

34 OVERHEAD EXPENSES (continued)

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration (Note 37)	6,392	6,506	5,894	5,992
Hire of equipment	13,253	7,544	13,188	8,886
Auditors' remuneration:				
Malaysian firm				
- statutory audit	1,734	968	1,317	640
- audit related fees	1,731	1,560	1,296	870
- other services	190	-	190	-
- tax compliance	315	75	90	60
- other tax services	90	415	90	415
PwC overseas affiliated firms				
- statutory audit	251	220	213	184
- other fees	62	102	62	99
Loss on disposal of property and equipment	978	165	974	299
Property and equipment written off	26	125	26	14

35 ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Allowance for impairment losses on loans, advances and financing:				
- collective assessment allowance	461,305	289,794	410,948	221,943
- individual assessment allowance	(74,599)	(10,852)	(71,336)	(20,789)
- impaired loans and financing written off	45,431	10,576	37,883	9,840
- impaired loans and financing recovered	(320,957)	(152,244)	(300,806)	(115,300)
	111,180	137,274	76,689	95,694

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad	Ultimate holding company
Hong Leong Share Registration Services Sdn Bhd, HLCM Capital Sdn Bhd, Hong Leong Fund Management Sdn Bhd and HL Management Co Sdn Bhd	Subsidiary companies of ultimate holding company
Hong Leong Financial Group Berhad	Holding company
Subsidiary companies of Hong Leong Financial Group Berhad as disclosed in its financial statements	Subsidiary companies of holding company
Hong Leong Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
HLMG Management Co Sdn Bhd (formerly known as HLI-Hume Management Co Sdn Bhd) ("HLMG")	Subsidiary companies of ultimate holding company
Hume Cement Sdn Bhd	
Hume Construction Sdn Bhd	
Hume Plastics (Malaysia) Sdn Berhad	
Hume Quarry (Sarawak) Sdn Bhd	
Hongvilla Development Sdn Bhd	
HIMB Overseas Limited	
HIMB Trading Limited and Delta Touch Limited	
Guoco Group Limited and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
GuocoLand (Malaysia) Berhad and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
Subsidiary companies of the Bank as disclosed in Note 12	Subsidiary companies of the Bank
Key management personnel	The key management personnel of the Bank consists of: <ul style="list-style-type: none"> - All Directors of The Bank and four members of senior management of the Bank
Related parties of key management personnel (deemed as related to the Bank)	<ul style="list-style-type: none"> (i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party transactions and balances

Group 2012	Parent company RM'000	Other related companies RM'000	Key management personnel RM'000
Income			
Interest:			
- loans	-	-	67
Commitment fee and bank charges	-	-	-
Commission on Group products/services sold	-	16,983	-
Others	-	7,382	-
	-	24,365	67
Expenditure			
Rental and maintenance	-	14,387	-
Insurance	-	1,058	-
Interest on deposits	-	100	333
Interest on Tier 2 capital cumulative subordinated loan	-	-	-
Interest paid on short-term corporate placement	228	15,377	997
Management fees	5,416	24,537	-
Other miscellaneous expenses	201	3,358	-
	5,845	58,817	1,330
Amounts due from			
Loans	-	-	1,802
Credit card balances	-	-	345
Others	14	1,518	-
	14	1,518	2,147
Amounts due to			
Current account and fixed deposits	486	227,855	24,860
Tier 2 capital cumulative subordinated loan	-	-	-
Short-term corporate placement	-	382,690	58,204
Others	-	9	-
	486	610,554	83,064

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party transactions and balances (continued)

Group 2011	Parent company RM'000	Other related companies RM'000	Key management personnel RM'000
Income			
Interest:			
- loans	-	-	561
Commitment fee and bank charges	-	-	30
Commission on Group products/services sold	-	11,742	-
Others	-	6,817	-
	-	18,559	591
Expenditure			
Rental and maintenance	-	14,002	-
Insurance	-	2,988	-
Interest on deposits	-	86	325
Interest on Tier 2 capital cumulative subordinated loan	14,080	-	-
Interest paid on short-term corporate placement	437	12,928	1,271
Management fees	5,325	17,026	-
Other miscellaneous expenses	482	1,931	-
	20,324	48,961	1,596
Amounts due from			
Loans	-	-	104,014
Credit card balances	-	-	142
Others	26	639	-
	26	639	104,156
Amounts due to			
Current account and fixed deposits	638	211,065	83,549
Tier 2 capital cumulative subordinated loan	2,314,080	-	-
Short-term corporate placement	-	475,679	10,933
	2,314,718	686,744	94,482

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party transactions and balances (continued)

The Bank 2012	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000	Key management personnel RM'000
Income				
Interest:				
- loans	-	-	-	67
- interbank placement	-	1,402	-	-
- negotiable instruments of deposit	-	42,925	-	-
- redeemable preference shares	-	44,837	-	-
- medium term note	-	15,593	-	-
- available-for-sale securities	-	16,728	-	-
Commitment fee and bank charges	-	30	-	-
Rental Income	-	2,589	-	-
Commission on Group products/services sold	-	-	16,983	-
Reimbursement of shared service cost	-	119,016	7,382	-
Others	-	2,056	-	-
	-	245,176	24,365	67
Expenditure				
Rental and maintenance	-	961	14,387	-
Insurance	-	-	1,058	-
Interest on current account and fixed deposits	-	1,345	100	332
Interest paid on stapled securities	-	72,858	-	-
Interest paid on short-term corporate placement	228	-	15,377	997
Interest paid on negotiable instruments of deposit	-	44,837	-	-
Management fees	5,416	-	24,537	-
Other miscellaneous expenses	201	67	3,358	-
	5,845	120,068	58,817	1,329
Amounts due from				
Interbank placement	-	1,205,065	-	-
Negotiable instruments of deposit	-	1,640,000	-	-
Redeemable preference shares	-	613,800	-	-
Loans	-	-	-	1,802
Medium term note	-	275,597	-	-
Available-for-sale securities	-	-	-	-
Others	14	1,590	1,518	345
	14	3,736,052	1,518	2,147
Amounts due to				
Current account and fixed deposits	486	72,466	227,855	24,748
Negotiable instruments of deposit	-	613,800	-	-
Stapled securities	-	1,407,283	-	-
Short-term corporate placement	-	-	382,690	58,204
Others	-	219,443	9	-
	486	2,312,992	610,554	82,952

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party transactions and balances (continued)

The Bank 2011	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000	Key management personnel RM'000
Income				
Interest:				
- loans	-	2	-	561
- interbank placement	-	18,139	-	-
Commitment fee and bank charges	-	30	-	30
Commission on Group products/services sold	-	-	11,742	-
Reimbursement of shared service cost	-	56,361	6,817	-
	-	74,532	18,559	591
Expenditure				
Rental and maintenance	-	937	14,002	-
Insurance	-	-	2,988	-
Interest on deposits	-	308	86	251
Interest on Tier 2 capital cumulative subordinated loan	14,080	-	-	-
Interest paid on short-term corporate placement	437	-	12,928	1,271
Management fees	5,325	-	17,026	-
Other miscellaneous expenses	482	-	1,931	-
	20,324	1,245	48,961	1,522
Amounts due from				
Overdraft	-	312	-	-
Interbank placement	-	562,020	-	-
Loans	-	-	-	104,014
Credit card balances	-	-	-	142
Others	26	844,671	639	-
	26	1,407,003	639	104,156
Amounts due to				
Current account and fixed deposits	638	44,703	211,065	76,972
Tier 2 capital cumulative subordinated loan	2,314,080	-	-	-
Negotiable instruments of deposit	-	613,800	-	-
Stapled securities	-	1,405,706	-	-
Short-term corporate placement	-	-	475,679	10,933
Others	-	28,626	-	-
	2,314,718	2,092,835	686,744	87,905

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

36 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party transactions and balances (continued)

	The Group	
	2012 RM'000	2011 RM'000
The approved limit on loans, advances and financing for key management personnel	2,179	104,511

(c) Key management personnel

Key management compensation

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries and other short-term employee benefits	15,192	12,234	15,192	12,234
Share options balance of the Bank	8,325,139	12,584,000	8,325,139	12,584,000

Included in the above is the Directors' compensation which is disclosed in Note 37 to the financial statements.

Loans made to key management personnel of the Group and the Bank will be on similar terms and conditions generally available to other employees within the Group. No specific allowances were required in 2012 and 2011 for loans made to key management personnel.

(d) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective on 1 January 2008 are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Outstanding credit exposures with connected parties	5,798,998	3,729,523	5,777,241	3,587,417
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.42%	3.79%	6.22%	7.55%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.001%	0.023%	0.001%	0.000%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

37 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all Directors for the financial year are as follows:

	The Group				The Bank			
	Salaries and bonuses and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000	Salaries and bonuses and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000
2012								
<u>Executive Director</u>								
YBhg Datuk Yvonne Chia	4,772	70	22	4,864	4,772	-	22	4,794
<u>Non-executive Directors</u>								
YBhg Tan Sri Quek Leng Chan	-	198	-	198	-	110*	-	110
Mr Kwek Leng Hai	-	154	-	154	-	80*	-	80
YBhg Dato' Mohamed Nazim bin Abdul Razak	-	178	-	178	-	100	-	100
Mr Choong Yee How	-	218	-	218	-	140*	-	140
Mr Quek Kon Sean	-	80	-	80	-	80*	-	80
YBhg Datuk Kwek Leng San	-	80	-	80	-	80*	-	80
Ms Lim Lean See	-	165	-	165	-	165	-	165
YBhg Tan Sri A. Razak bin Ramli	-	204	-	204	-	90	-	90
Mr Lim Beng Choon	-	150	-	150	-	150	-	150
YBhg Dato' Syed Faisal Albar bin Syed A.R Albar	-	105	-	105	-	105	-	105
	-	1,532	-	1,532	-	1,100	-	1,100
Total Directors' remuneration	4,772	1,602	22	6,396	4,772	1,100	22	5,894

* These fees have been assigned in favour of the Company where the Director is employed.

The movement and details of the Directors of the Company in office and interests in shares and share options are reported in the Directors' report.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

37 DIRECTORS' REMUNERATION (continued)

Forms of remuneration in aggregate for all Directors for the financial year are as follows: (continued)

	The Group				The Bank			
	Salaries and bonuses and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000	Salaries and bonuses and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000
2011								
Executive Directors								
YBhg Datuk Yvonne Chia	4,038	70*	35	4,143	4,038	-	35	4,073
Encik Zulkiflee bin Hashim	1,092	-	29	1,121	1,092	-	29	1,121
	5,130	70	64	5,264	5,130	-	64	5,194
Non-executive Directors								
YBhg Tan Sri Quek Leng Chan	-	184*	-	184	-	98*	-	98
Mr Kwek Leng Hai	-	143*	-	143	-	70*	-	70
Mr Tan Keok Yin	-	40	-	40	-	40	-	40
YBhg Dato' Mohamed Nazim bin Abdul Razak	-	178	-	178	-	101	-	101
Mr Choong Yee How	-	202*	-	202	-	101*	-	101
Mr Quek Kon Sean	-	90*	-	90	-	90*	-	90
YBhg Datuk Kwek Leng San	-	70*	-	70	-	70*	-	70
Ms Lim Lean See	-	136	-	136	-	136	-	136
YBhg Tan Sri A. Razak bin Ramli	-	141	-	141	-	34	-	34
Mr Lim Beng Choon	-	54	-	54	-	54	-	54
YBhg Dato' Syed Faisal Albar bin Syed A.R Albar	-	4	-	4	-	4	-	4
	-	1,242	-	1,242	-	798	-	798
Total Directors' Remuneration	5,130	1,312	64	6,506	5,130	798	64	5,992

* These fees have been assigned in favour of the company where the Director is employed.

The movement and details of the Directors of the Company in office and interests in shares and share options are reported in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

38 TAXATION AND ZAKAT

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax					
- Current year		455,856	274,281	430,532	272,582
- (Over)/Under accrual in prior years		(148,139)	8,064	(110,986)	8,601
Transfer to deferred taxation	17				
- Current year		(25,016)	(4,646)	(27,353)	(10,110)
- Under accrual in prior years		177,819	-	134,515	-
Taxation		460,520	277,699	426,708	271,073
Zakat		222	71	-	-
		460,742	277,770	426,708	271,073

The effective tax rate for the Group and Bank differed from the statutory rate of taxation due to:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation and zakat	2,108,898	1,415,216	1,673,988	1,078,566
Tax calculated at a rate of 25% (2011: 25%)	527,225	353,804	418,497	269,642
Tax effects of:				
- Income not subject to tax	(47,800)	(56,155)	(19,867)	(29,167)
- Share of net income of foreign associate and joint venture company	(54,645)	(52,555)	-	-
- Expenses not deductible for tax purposes	6,060	24,541	4,550	21,997
Under accrual in prior years	29,680	8,064	23,528	8,601
Taxation	460,520	277,699	426,708	271,073

	The Group	
	2012 RM'000	2011 RM'000
Unused tax losses for which no deferred tax is recognised in the financial statements	29,883	29,883
Unutilised tax credit for which no deferred tax is recognised in the financial statements	-	278,100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

39 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share from operations is calculated by dividing the net profit attributable to ordinary equity holders of the Bank after taxation by the weighted average number of ordinary shares in issue during the financial year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit after taxation and zakat	1,648,156	1,137,446	1,247,280	807,493
Weighted average number of ordinary shares in issue ('000)	1,661,021	1,452,731	1,661,021	1,452,731
Basic earnings per share (sen)	99.2	78.3	75.1	55.6

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.

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit after taxation and zakat	1,648,156	1,137,446	1,247,280	807,493
Weighted average number of ordinary shares in issue ('000)	1,661,021	1,452,731	1,661,021	1,452,731
- adjustment for ESOS	5,994	8,593	5,994	8,593
	1,667,015	1,461,324	1,667,015	1,461,324
Diluted earnings per share (sen)	98.9	77.8	74.8	55.3

40 DIVIDENDS

	The Group and The Bank			
	2012		2011	
	Gross dividends per share sen	Amount of dividends net of tax RM'000	Gross dividends per share sen	Amount of dividends net of tax RM'000
Final dividend	15.0	196,625	15.0	163,441
Interim dividend	11.0	144,198	9.0	98,077
	26.0	340,823	24.0	261,518

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

40 DIVIDENDS (continued)

A final dividend in respect of the financial year ended 30 June 2012 of 27.0 sen per share less tax at 25% (2011: 15.0 sen per share less tax at 25%) will be proposed for shareholders' approval at the forthcoming Annual General Meeting. Based on the Bank's adjusted issued and paid-up share capital (excluding 81,098,700 treasury shares held pursuant to Section 67A of the Companies Act, 1965) of RM1,798,810,400 comprising 1,798,810,400 shares as at 30 June 2012, the dividend amount would approximately be RM364,259,106. The proposed dividend will be reflected in the financial statements of the financial year ending 30 June 2013 when approved by shareholders.

41 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE LOSS

	2012			2011		
	Before tax RM'000	Tax benefits RM'000	Net of tax amount RM'000	Before tax RM'000	Tax expenses RM'000	Net of tax amount RM'000
The Group						
Financial investments available-for-sale						
- net fair value gain/ (loss)	109,079	(27,270)	81,809	8,113	(2,028)	6,085
The Bank						
Financial investments available-for-sale						
- net fair value gain/ (loss)	106,144	(26,536)	79,608	14,660	(3,665)	10,995

42 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are also not secured over the assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

42 COMMITMENTS AND CONTINGENCIES (continued)

The notional amounts of the commitments and contingencies constitute the followings:

	The Group		The Bank	
	2012 Principal Amount RM'000	2011 Principal Amount RM'000	2012 Principal Amount RM'000	2011 Principal Amount RM'000
Direct credit substitutes	444,051	559,290	435,503	195,694
Certain transaction related contingent items	1,410,727	1,394,682	1,336,034	268,190
Short term self liquidating trade related contingencies	1,557,667	616,404	1,534,557	469,521
Forward asset purchases	71,513	-	71,513	-
Underwriting obligations	-	72,000	-	-
Irrevocable commitments to extend credit:				
- maturity more than one year	12,720,869	12,488,631	9,341,832	5,109,037
- maturity less than one year	17,750,840	17,617,166	16,631,310	9,707,861
Foreign exchange related contracts:				
- less than one year	37,767,414	35,896,628	37,673,453	33,894,516
- one year to less than five years	1,174,381	1,736,341	4,795,712	5,360,137
- five years and above	686,519	250,376	686,519	250,376
Interest rate related contracts:				
- less than one year	13,416,046	12,791,226	13,376,046	11,566,226
- one year to less than five years	41,967,670	35,757,281	41,367,670	32,737,281
- five years and above	10,741,653	9,632,500	10,241,653	9,582,500
Equity related contracts:				
- less than one year	69,293	163,946	69,293	163,946
- one year to less than five years	9,748	6,600	9,748	6,600
Unutilised credit card lines	9,200,627	9,296,768	9,200,627	6,600,684
	148,989,018	138,279,839	146,771,470	115,912,569

43 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Authorised and contracted for	10,942	86,320	9,989	56,116
Authorised but not contracted for	92,322	50,862	91,493	33,873
	103,264	137,182	101,482	89,989

The capital commitments are in respect of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

44 LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rented premises, all of which are classified as operating leases. A summary of the future minimum lease payments, under non-cancellable operating lease commitment are as follows:

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Not later than one year	4,493	3,087
Later than one year and not later than five years	12,701	6,575
More than five years	11,764	25,723
	28,958	35,385

45 HOLDING AND ULTIMATE HOLDING COMPANIES

The holding and ultimate holding companies are HLFGB and Hong Leong Company (Malaysia) Berhad respectively, both companies incorporated in Malaysia.

46 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Overview and organisation

Integrated Risk Management ("IRM")

The Bank's risk management framework outlines the overall structure, aspirations, values and risk managements strategies, and its structured approach in balancing risks and returns. The Bank's aim is to achieve an optimum balance between risk and returns and minimize potential adverse effects on the Bank's financial performance.

Appropriate methodologies and measures have been developed in our risk management approaches to manage uncertainties such that the deviation from intended strategic objectives are monitored and controlled within manageable levels.

At the apex of the risk framework, the Board of Directors has the overall responsibility to ensure there is proper oversight of the management of risks in the Bank. The Board of Directors set the risk appetite and tolerance level that is consistent with the Bank's overall business objectives and desired risk profile. A number of committees and dedicated risk management functions have been established to manage specific areas of risk and implement various risk management policies and procedures.

Giving due prominence to risk management, a Board Risk Management Committee ("BRMC") comprising three members of Board of Directors (where a minimum of two members are the Independent/Non-executive Directors) has been set up to oversee and ensure that risk management at all levels is being managed effectively. They, in turn, report all the risk management activities to the Board of Directors.

The BRMC is assisted by the Group Integrated Risk Management and Compliance ("GIRMC") function, which has been established to provide independent oversight on the adequacy, effectiveness and integrity of risk management practices at all levels within the Bank. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine the optimum capital allocations. The Bank regularly reviews its risk management framework to reflect changes in markets, products, regulatory and emerging best market practice. The risk management framework that the Bank has formulated is designed to administer the organizational structure, governance, risk strategies and appetite, monitoring and reporting processes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Credit Risk Management

Credit risk is risk of financial loss due to a borrower or counterparty being unable or unwilling to deliver on its payment obligations to the Bank, which leads to a loss of revenue and the principal sum. It arises principally from lending, trade finance and treasury activities. Credit risk management forms a key component of the Bank's integrated risk management structure. The Bank's integrated risk management structure is founded upon a credit risk framework that is compliant with BNM's guidelines on "Best Practices for the Management of Credit Risk". The Bank's Credit Risk Management Framework spells out the credit risk management objectives, credit risk philosophy and guiding principles underpinning the Bank in its credit risk management.

The Bank places high emphasis on effective credit risk management. Credit evaluation is managed by experienced personnel, with high level review undertaken by the Management Credit Committee, under the supervision of the Board Credit Supervisory Committee. All significant credit policies are reviewed and approved by the BRMC and Board of Directors respectively.

The key to credit risk management is to ensure that structures and processes are in place to maintain and continuously enhance the Bank's risk assessment capabilities in key areas of credit. These include sound credit policies and procedures, quality credit approvals, appropriate risk measurement and risk methodology, strong credit controls with independent reviews and effective recovery strategies. Management of credit risk is principally guided by the lending directions and policies; and maximizing risk adjusted rate of returns to optimize the overall portfolio risk/return within the defined risk limits, which are set based on the prevailing business and economic conditions as well as the Bank's risk appetite. The Bank's credit risk management process is documented in the Credit Manual. The Credit Manual sets out the Bank's policies on lending guidelines, lending authorities, credit risk rating, credit reviews, collateral, credit administration and security documentation, and timely rehabilitation and restructuring of problematic and delinquent accounts.

The management of credit risk commences at the application stage whereby there is a stringent evaluation process, based on prudent lending policies. To enhance credit risk management, the Bank has implemented a credit risk rating system for Business Banking borrowers. As for the retail segment, the Bank has implemented a credit application and behavioural scoring system to improve the Bank's ability to control credit losses within predictive ranges and achieve a well-balanced portfolio. The Bank conducts stress tests regularly to ensure its asset quality is within acceptable levels even under stress scenarios.

Internal Audit conducts independent post approval reviews on sampling basis to ensure that quality of credit appraisals and approval standards are in accordance with the credit standards and the lending policies and directives established and approved by the Bank's management.

Market Risk Management

Market risk is the risk of financial loss arising from exposure to adverse changes in values of financial instruments caused by changes in market prices or rates, which include changes to interest rates.

The Bank adopts a systematic approach in managing such risks by types of instruments and nature of exposure. Market risk is primarily controlled via a series of cut-loss limits and potential loss limits, i.e. "Value at Risk" ("VaR"), set in accordance with the size of positions and risk tolerance appetites.

Portfolios held under the Bank's trading books are tracked using daily mark-to-market positions, which are compared against preset limits. The daily tracking of positions is supplemented by sensitivity analysis and stress tests, using VaR and other measurements.

Foreign exchange risks arising from adverse exchange rate movements, is managed by the setting of preset limits, matching of open positions against these preset limits and imposition of cut-loss mechanisms.

Interest rate risk exposure is also identified, measured and controlled through limits and procedures, which includes regularly reviewing the interest rate outlook and developing strategies to protect total net interest income from changes in market interest rates.

In addition, the Bank also conducts periodic stress testing of its respective portfolios to ascertain market risk under abnormal market conditions.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity Risk Management

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet obligations as they fall due. Financial obligations arise from the withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Bank's policy to ensure there is adequate liquidity across all business units to sustain ongoing operations, as well as sufficient liquidity to fund asset growth and strategic opportunities.

As a safeguard against liquidity risk, the Bank takes a multi-pronged approach towards managing this risk, beginning with a liquidity management system, adopting BNM's Liquidity Framework as the backbone. The Liquidity Framework ascertains the liquidity condition based on contractual and behavioural cash-flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realisable cash value of liquefiable assets. The Bank has been in compliance with the New Liquidity Framework throughout the financial year.

This is supplemented by the Bank's own internal liquidity management policies, which includes cash flow management, maintenance of high quality long-term and short-term marketable debt securities and diversification of funding base. The Bank has in place liquidity contingency funding plans to minimise the liquidity risk that may arise due to unforeseen adverse changes in the marketplace.

In addition, the Bank would be commencing the BASEL III observation period reporting of the 2 key liquidity ratios, namely the Liquidity Coverage Ratio and the Net Stable Funding Ratio, to BNM, with effect from June 2012.

(b) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Bank.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Bank proactively seek to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

(i) *Interest/Profit rate risk sensitivity analysis*

The interest/profit rate sensitivity results below shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest/profit rates and fixed rate financial assets and financial liabilities.

	The Group		The Bank	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
2012				
+ 100 basis points ('bps')	8,428	(169,568)	33,181	(144,417)
- 100 bps	(8,428)	169,568	(33,181)	144,417

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(i) Interest/Profit rate risk sensitivity analysis (continued)

	The Group		The Bank	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
2011				
+ 100 basis points ('bps')	64,465	(90,691)	61,140	(33,992)
- 100 bps	(64,465)	90,691	(61,140)	33,992

(ii) Foreign currency risk sensitivity analysis

The Group and the Bank take on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows.

The table below sets out the principal structure of foreign exchange exposures of the Group and the Bank:

	2012	2011
	RM'000	RM'000
Group		
United States Dollar ("USD")	607,877	194,519
Euro ("EUR")	11,559	(5,680)
Great Britain Pound ("GBP")	(11,989)	(11,028)
Singapore Dollar ("SGD")	(14,534)	(77,455)
Others	60,377	150,930
	653,290	251,286
Bank		
United States Dollar ("USD")	638,719	173,117
Euro ("EUR")	10,458	(9,639)
Great Britain Pound ("GBP")	(12,472)	(11,145)
Singapore Dollar ("SGD")	(15,003)	(80,299)
Others	58,112	139,569
	679,814	211,603

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(ii) Foreign currency risk sensitivity analysis (continued)

An analysis of the exposures to assess the impact of a one per cent change in the RM exchange rates to the profit after tax are as follows:

	2012	2011
	RM'000	RM'000
Group		
-1%		
United States Dollar ("USD")	(14,477)	(4,409)
Euro ("EUR")	(346)	187
Great Britain Pound ("GBP")	446	401
Singapore Dollar ("SGD")	273	1,429
Others	(1,059)	783
	(15,163)	(1,609)
+ 1%		
United States Dollar ("USD")	14,477	4,409
Euro ("EUR")	346	(187)
Great Britain Pound ("GBP")	(446)	(401)
Singapore Dollar ("SGD")	(273)	(1,429)
Others	1,059	(783)
	15,163	1,609
Bank		
-1%		
United States Dollar ("USD")	(15,212)	(3,924)
Euro ("EUR")	(313)	316
Great Britain Pound ("GBP")	464	405
Singapore Dollar ("SGD")	282	1,481
Others	(1,034)	906
	(15,813)	(816)
+ 1%		
United States Dollar ("USD")	15,212	3,924
Euro ("EUR")	313	(316)
Great Britain Pound ("GBP")	(464)	(405)
Singapore Dollar ("SGD")	(282)	(1,481)
Others	1,034	(906)
	15,813	816

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk

The tables below summarise the Group's and the Bank's exposure to interest/profit rate risks. Included in the tables are the Group's and the Bank's financial assets and financial liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statement of financial position represents the net notional amounts of all interest/profit rate sensitive derivative financial instruments. As interest rates and yield curves change over time, the Group and the Bank may be exposed to loss in earnings due to the effects of interest rates on the structure of the statement of financial position. Sensitivity to interest/profit rates arises from mismatches in the repricing dates, cash flows and other characteristics of the financial assets and their corresponding financial liabilities funding.

	The Group							
	2012							Total RM'000
	Non-trading book					Non-interest/ profit rate sensitive RM'000	Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000			
Financial assets								
Cash and short-term funds	18,401,839	-	-	-	-	1,234,187	-	19,636,026
Deposits and placements with banks and other financial institutions	-	4,070,352	488,683	-	-	6,784	-	4,565,819
Securities purchased under resale agreements	-	590,521	-	-	-	-	-	590,521
Financial assets held-for-trading	-	-	-	-	-	-	21,746,847	21,746,847
Financial investments available-for-sale	1,199,845	323,072	561,052	6,589,018	718,335	542,994	-	9,934,316
Financial investments held-to-maturity	57,351	759,745	1,693,555	952,406	121,221	85,920	-	3,670,198
Loans, advances and financing								
- performing	65,284,353	125,676	2,129,752	11,098,517	9,109,761	-	-	87,748,059
- impaired ^	77,771	2,734	38,181	76,927	249,419	-	-	445,032
Other assets	-	-	-	-	-	445,811	-	445,811
Derivative financial instruments	-	-	-	-	-	-	955,350	955,350
Total financial assets	85,021,159	5,872,100	4,911,223	18,716,868	10,198,736	2,315,696	22,702,197	149,737,979

^ This represents outstanding impaired loans after deducting individual assessment impairment allowance and collective assessment impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group							
	2012							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial liabilities								
Deposits from customers	54,611,026	15,577,816	32,478,986	5,441,191	-	14,986,624	-	123,095,643
Deposits and placements of banks and other financial institutions	7,399,736	2,303,403	81,814	-	-	5,743	-	9,790,696
Obligations on securities sold under repurchase agreements	43,276	590,521	-	-	-	-	-	633,797
Bills and acceptances payable	5,939	17,934	18,724	-	-	443,494	-	486,091
Other liabilities	-	-	-	-	-	2,416,572	-	2,416,572
Derivative financial instruments	-	-	-	-	-	-	1,069,227	1,069,227
Senior bonds	-	-	-	1,907,793	-	-	-	1,907,793
Tier 2 subordinated bonds	-	-	-	2,888,777	1,501,082	-	-	4,389,859
Non-innovative Tier 1 stapled securities	-	-	-	1,407,283	-	-	-	1,407,283
Innovative Tier 1 capital securities	-	-	-	-	574,581	-	-	574,581
Total financial liabilities	62,059,977	18,489,674	32,579,524	11,645,044	2,075,663	17,852,433	1,069,227	145,771,542
Net interest sensitivity gap for items recognised in the statement of financial position	22,961,182	(12,617,574)	(27,668,301)	7,071,824	8,123,073			
Net interest sensitivity gap for items not recognised in the statement of financial position								
Financial guarantees	-	-	-	-	-	992,579		
Credit related commitments and contingencies	-	-	-	-	-	39,672,336		
	-	-	-	-	-	40,664,915		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group							
	2011							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial assets								
Cash and short-term funds	28,632,529	-	-	-	-	1,844,081	-	30,476,610
Deposits and placements with banks and other financial institutions	-	4,578,050	835,039	-	-	2,294	-	5,415,383
Securities purchased under resale agreements	86	-	-	-	-	-	-	86
Financial assets held-for-trading	-	-	-	-	-	-	6,023,147	6,023,147
Financial investments available-for-sale	630,107	721,505	358,512	3,712,078	144,809	440,624	-	6,007,635
Financial investments held-to-maturity	1,407,090	1,846,733	2,044,116	2,426,621	175	62,677	-	7,787,412
Loans, advances and financing								
- performing	59,216,177	556,222	1,247,855	8,628,524	11,734,282	-	-	81,383,060
- impaired ^	23,380	512	783	4,594	43,007	-	-	72,276
Other assets	-	-	-	-	-	653,610	-	653,610
Derivative financial instruments	-	-	-	-	-	-	790,162	790,162
Total financial assets	89,909,369	7,703,022	4,486,305	14,771,817	11,922,273	3,003,286	6,813,309	138,609,381

^ This represents outstanding impaired loans after deducting individual assessment impairment allowance and collective assessment impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group							
	2011							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial liabilities								
Deposits from customers	55,558,310	17,133,733	23,492,109	3,732,137	-	14,940,254	-	114,856,543
Deposits and placements of banks and other financial institutions	4,211,476	4,706,293	1,470,977	170,800	126,708	11,407	-	10,697,661
Bills and acceptances payable	113,266	79,081	11,794	-	-	479,854	-	683,995
Other liabilities	-	-	-	-	187,217	2,091,119	-	2,278,336
Derivative financial instruments	-	-	-	-	-	-	666,706	666,706
Senior bonds	-	-	-	910,810	-	-	-	910,810
Tier 2 subordinated bonds	-	-	-	2,905,578	-	-	-	2,905,578
Tier 2 capital cumulative subordinated loan	-	-	2,314,080	-	-	-	-	2,314,080
Non-innovative Tier 1 stapled securities	-	-	-	1,405,706	-	-	-	1,405,706
Innovative Tier 1 capital securities	-	-	-	-	595,720	-	-	595,720
Total financial liabilities	59,883,052	21,919,107	27,288,960	9,125,031	909,645	17,522,634	666,706	137,315,135
Net interest sensitivity gap for items recognised in the statement of financial position	30,026,317	(14,216,085)	(22,802,655)	5,646,786	11,012,628			
Net interest sensitivity gap for items not recognised in the statement of financial position								
Financial guarantees	-	-	-	-	-	1,031,473		
Credit related commitments and contingencies	-	-	-	-	-	39,402,565		
	-	-	-	-	-	40,434,038		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank							
	2012							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial assets								
Cash and short-term funds	17,206,836	-	-	-	-	1,203,248	-	18,410,084
Deposits and placements with banks and other financial institutions	-	3,918,683	488,683	-	-	6,784	-	4,414,150
Securities purchased under resale agreements	-	590,521	-	-	-	-	-	590,521
Financial assets held-for-trading	-	-	-	-	-	-	17,687,270	17,687,270
Financial investments available-for-sale	1,199,846	298,047	441,066	5,226,961	718,335	522,589	-	8,406,844
Financial investments held-to-maturity	-	699,682	1,336,438	1,592,543	101,269	84,952	-	3,814,884
Loans, advances and financing								
- performing	58,572,938	117,973	1,807,152	8,936,430	6,158,648	-	-	75,593,141
- impaired ^	66,561	2,576	37,204	64,012	233,673	-	-	404,026
Other assets	-	-	-	-	-	331,782	-	331,782
Derivative financial instruments	-	-	-	-	-	-	1,027,682	1,027,682
Total financial assets	77,046,181	5,627,482	4,110,543	15,819,946	7,211,925	2,149,355	18,714,952	130,680,384

^ This represents outstanding impaired loans after deducting individual assessment impairment allowance and collective assessment impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank							
	2012							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial liabilities								
Deposits from customers	46,476,321	14,416,674	30,044,028	5,413,666	-	12,589,006	-	108,939,695
Deposits and placements of banks and other financial institutions	5,684,509	2,106,441	81,814	-	-	4,600	-	7,877,364
Obligations on securities sold under repurchase agreements	43,276	590,521	-	-	-	-	-	633,797
Bills and acceptance payable	5,771	16,886	17,845	-	-	394,278	-	434,780
Other liabilities	-	-	-	-	-	2,179,245	-	2,179,245
Derivative financial instruments	-	-	-	-	-	-	1,125,756	1,125,756
Senior bonds	-	-	-	1,907,793	-	-	-	1,907,793
Tier-2 subordinated bonds	-	-	-	2,888,169	1,501,082	-	-	4,389,251
Non-innovative Tier-1 stapled securities	-	-	-	1,407,283	-	-	-	1,407,283
Innovative Tier-1 capital securities	-	-	-	-	573,115	-	-	573,115
Total financial liabilities	52,209,877	17,130,522	30,143,687	11,616,911	2,074,197	15,167,129	1,125,756	129,468,079
Net interest sensitivity gap for items recognised in the statement of financial position	24,836,304	(11,503,040)	(26,033,144)	4,203,035	5,137,728			
Net interest sensitivity gap for items not recognised in the statement of financial position								
Financial guarantees	-	-	-	-	-	960,934		
Credit related commitments and contingencies	-	-	-	-	-	35,173,769		
Total interest rate sensitivity gap	-	-	-	-	-	36,134,703		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank							
	2011							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial assets								
Cash and short-term funds	15,861,237	-	-	-	-	1,488,556	-	17,349,793
Deposits and placements with banks and other financial institutions	-	5,318,989	808,557	-	-	3,927	-	6,131,473
Securities purchased under resale agreements	86	-	-	-	-	-	-	86
Financial assets held-for-trading	-	-	-	-	-	-	4,471,896	4,471,896
Financial investments available-for-sale	44,085	554,409	91,453	1,514,992	-	331,986	-	2,536,925
Financial investments held-to-maturity	1,375,002	1,816,370	2,053,964	2,620,581	-	56,653	-	7,922,570
Loans, advances and financing								
- performing	34,642,527	23,233	749,793	1,903,753	927,801	-	-	38,247,107
- impaired ^	178,331	578	1,332	14,501	106,973	-	-	301,715
Other assets	-	-	-	-	-	1,074,888	-	1,074,888
Derivative financial instruments	-	-	-	-	-	-	802,776	802,776
Total financial assets	52,101,268	7,713,579	3,705,099	6,053,827	1,034,774	2,956,010	5,274,672	78,839,229

^ This represents outstanding impaired loans after deducting individual assessment impairment allowance and collective assessment impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank							
	2011							Total RM'000
	Non-trading book						Trading book RM'000	
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non- interest/ profit rate sensitive RM'000		
Financial liabilities								
Deposits from customers	32,395,365	9,118,983	13,061,293	2,763,928	-	8,584,525	-	65,924,094
Deposits and placements of banks and other financial institutions	2,391,320	3,354,043	70,971	-	-	3,810	-	5,820,144
Bills and acceptance payable	46,817	10,555	10,981	-	-	282,121	-	350,474
Other liabilities	-	-	-	-	-	1,809,911	-	1,809,911
Derivative financial instruments	-	-	-	-	-	-	672,967	672,967
Senior bonds	-	-	-	910,810	-	-	-	910,810
Tier 2 subordinated bonds	-	-	-	1,713,260	-	-	-	1,713,260
Tier 2 capital cumulative subordinated loan	-	-	2,314,080	-	-	-	-	2,314,080
Non-innovative Tier 1 stapled securities	-	-	-	1,405,706	-	-	-	1,405,706
Total financial liabilities	34,833,502	12,483,581	15,457,325	6,793,704	-	10,680,367	672,967	80,921,446
Net interest sensitivity gap for items recognised in the statement of financial position	17,267,766	(4,770,002)	(11,752,226)	(739,877)	1,034,774			
Net interest sensitivity gap for items not recognised in the statement of financial position								
Financial guarantees	-	-	-	-	-	449,795		
Credit related commitments and contingencies	-	-	-	-	-	21,417,582		
Total interest rate sensitivity gap	-	-	-	-	-	21,867,377		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they become due without incurring substantial losses. The liquidity risk is identified based on concentration, volatility of source of fund and funding maturity structure and it is measured primarily using Bank Negara Malaysia's New Liquidity Framework and depositor's concentration ratios. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2012 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

	The Group							
	2012							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	12,359,230	7,276,796	-	-	-	-	-	19,636,026
Deposits and placements with banks and other financial institutions	-	-	4,077,136	478,679	10,004	-	-	4,565,819
Securities purchased under resale agreements	-	-	590,521	-	-	-	-	590,521
Financial assets held-for-trading	1,272,896	3,737,054	9,169,271	4,251,895	201,193	3,112,649	1,889	21,746,847
Financial investments available-for-sale	1,024,815	175,561	299,395	196,090	394,011	7,376,285	468,159	9,934,316
Financial investments held-to-maturity	2,134	70,113	766,226	264,099	1,477,050	1,090,576	-	3,670,198
Loans, advances and financing	7,060,936	7,919,906	5,084,242	1,673,876	3,040,909	63,413,222	-	88,193,091
Other assets	-	-	-	-	-	-	541,593	541,593
Derivative financial instruments	71,304	53,995	59,976	49,227	37,401	683,447	-	955,350
Statutory deposits with BNM	-	-	-	-	-	-	3,331,437	3,331,437
Investment in associated company	-	-	-	-	-	-	76,871	76,871
Investment in jointly controlled entity	-	-	-	-	-	-	1,540,288	1,540,288
Property and equipment	-	-	-	-	-	-	727,096	727,096
Intangible assets	-	-	-	-	-	-	446,497	446,497
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Total assets	21,791,315	19,233,425	20,046,767	6,913,866	5,160,568	75,676,179	8,965,142	157,787,262

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2012 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8: (continued)

	The Group							
	2012							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	48,485,523	21,464,686	15,670,453	17,162,754	15,461,926	4,850,301	-	123,095,643
Deposits and placements of banks and other financial institutions	4,857,211	2,545,733	2,303,386	81,813	-	-	2,553	9,790,696
Obligations on securities sold under repurchase agreements	-	-	-	-	-	633,797	-	633,797
Bills and acceptances payable	229	4,742	17,934	18,525	199	-	444,462	486,091
Other liabilities	1,704,622	-	-	-	-	-	1,035,066	2,739,688
Derivative financial instruments	44,958	53,541	103,007	50,960	37,919	778,842	-	1,069,227
Senior bonds	-	-	-	-	-	1,907,793	-	1,907,793
Tier 2 subordinated bonds	-	-	-	-	-	4,389,859	-	4,389,859
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,407,283	-	1,407,283
Innovative Tier 1 capital securities	-	-	-	-	-	574,581	-	574,581
Provision for taxation	-	-	-	-	-	-	163,080	163,080
Deferred tax liabilities	-	-	-	-	-	-	110,213	110,213
Total liabilities	55,092,543	24,068,702	18,094,780	17,314,052	15,500,044	14,542,456	1,755,374	146,367,951
Total equity	-	-	-	-	-	-	11,419,311	11,419,311
Total liabilities and equity	55,092,543	24,068,702	18,094,780	17,314,052	15,500,044	14,542,456	13,174,685	157,787,262
Net liquidity gap	(33,301,228)	(4,835,277)	1,951,987	(10,400,186)	(10,339,476)	61,133,723	7,209,768	11,419,311

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

The Group								
2011								
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	20,364,040	10,112,570	-	-	-	-	-	30,476,610
Deposits and placements with banks and other financial institutions	-	-	4,579,581	613,624	222,178	-	-	5,415,383
Securities purchased under resale agreements	86	-	-	-	-	-	-	86
Financial assets held-for-trading	327,947	1,721,832	3,055,433	58,212	133,263	726,460	-	6,023,147
Financial investments available-for-sale	70,453	607,528	525,431	89,430	294,859	4,026,967	392,967	6,007,635
Financial investments held-to-maturity	350,847	1,061,887	1,842,032	390,801	1,650,856	2,456,923	34,066	7,787,412
Loans, advances and financing	24,355,886	6,142,357	3,153,986	1,190,096	1,440,578	45,172,433	-	81,455,336
Other assets	383,034	-	26,998	-	-	-	558,338	968,370
Derivative financial instruments	79,922	21,684	56,445	16,928	160,244	454,939	-	790,162
Statutory deposits with BNM	-	-	-	-	-	-	2,201,874	2,201,874
Investment in associated company	-	-	-	-	-	-	1,325,707	1,325,707
Investment in jointly controlled entity	-	-	-	-	-	-	75,252	75,252
Property and equipment	-	-	-	-	-	-	697,266	697,266
Intangible assets	-	-	-	-	-	-	379,422	379,422
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	63,907	63,907
Total assets	45,932,215	19,667,858	13,239,906	2,359,091	3,901,978	52,837,722	7,560,111	145,498,881

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8: (continued)

The Group								
2011								
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	43,249,824	26,295,684	17,690,171	10,660,988	13,218,496	3,741,380	-	114,856,543
Deposits and placements of banks and other financial institutions	2,289,852	2,658,663	4,006,745	70,653	1,403,387	265,740	2,621	10,697,661
Bills and acceptances payable	147,996	111,422	79,082	11,251	543	-	333,702	683,996
Other liabilities	1,887,430	-	26,998	-	-	187,217	832,487	2,934,132
Derivative financial instruments	40,450	32,526	82,958	28,824	139,209	342,739	-	666,706
Senior bonds	-	-	-	-	-	910,810	-	910,810
Tier 2 subordinated bonds	-	-	-	-	-	2,905,578	-	2,905,578
Tier 2 capital cumulative subordinated loan	-	-	-	-	-	2,314,080	-	2,314,080
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,405,706	-	1,405,706
Innovative Tier 1 capital securities	-	-	-	-	-	595,720	-	595,720
Provision for taxation	-	-	-	-	-	-	60,184	60,184
Total liabilities	47,615,552	29,098,295	21,885,954	10,771,716	14,761,635	12,668,970	1,228,994	138,031,116
Total equity	-	-	-	-	-	-	7,467,765	7,467,765
Total liabilities and equity	47,615,552	29,098,295	21,885,954	10,771,716	14,761,635	12,668,970	8,696,759	145,498,881
Net liquidity gap	(1,683,337)	(9,430,437)	(8,646,048)	(8,412,625)	(10,859,657)	40,168,752	6,331,117	7,467,765

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2012 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

	The Bank							
	2012							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	11,509,646	6,900,438	-	-	-	-	-	18,410,084
Deposits and placements with banks and other financial institutions	-	-	3,925,467	478,679	10,004	-	-	4,414,150
Securities purchased under resale agreements	-	-	590,521	-	-	-	-	590,521
Financial assets held-for-trading	1,020,144	3,027,164	7,057,422	3,143,220	201,193	3,236,238	1,889	17,687,270
Financial investments available-for-sale	1,024,815	175,561	274,213	188,964	280,319	5,994,882	468,090	8,406,844
Financial investments held-to-maturity	12	16,870	706,163	232,132	1,148,326	1,711,381	-	3,814,884
Loans, advances and financing	6,864,133	7,679,435	4,766,501	1,458,678	2,627,572	52,600,848	-	75,997,167
Other assets	-	-	-	-	-	-	424,756	424,756
Derivative financial instruments	71,135	53,713	59,841	49,227	37,401	756,365	-	1,027,682
Amount due from subsidiaries	-	-	-	-	-	-	615,390	615,390
Statutory deposits with BNM	-	-	-	-	-	-	2,880,250	2,880,250
Investment in subsidiary companies	-	-	-	-	-	-	2,081,933	2,081,933
Investment in associated company	-	-	-	-	-	-	946,505	946,505
Investment in jointly controlled entity	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	701,018	701,018
Intangible assets	-	-	-	-	-	-	437,850	437,850
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Total assets	20,489,885	17,853,181	17,380,128	5,550,900	4,304,815	64,299,714	10,405,939	140,284,562

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2012 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8: (continued)

	The Bank							
	2012							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	40,774,057	18,073,874	14,495,214	15,817,610	14,342,672	5,436,268	-	108,939,695
Deposits and placements of banks and other financial institutions	3,334,323	2,352,251	2,106,424	81,813	-	-	2,553	7,877,364
Obligations on securities sold under repurchase agreements	-	-	-	-	-	633,797	-	633,797
Bills and acceptances payable	223	4,579	16,886	17,647	199	-	395,246	434,780
Other liabilities	1,675,762	-	-	-	-	-	988,656	2,664,418
Derivative financial instruments	44,958	53,538	103,007	50,960	37,725	835,568	-	1,125,756
Senior bonds	-	-	-	-	-	1,907,793	-	1,907,793
Tier 2 subordinated bonds	-	-	-	-	-	4,389,251	-	4,389,251
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,407,283	-	1,407,283
Innovative Tier 1 capital securities	-	-	-	-	-	573,115	-	573,115
Provision for taxation	-	-	-	-	-	-	118,651	118,651
Deferred tax liabilities	-	-	-	-	-	-	114,148	114,148
Total liabilities	45,829,323	20,484,242	16,721,531	15,968,030	14,380,596	15,183,075	1,619,254	130,186,051
Total equity	-	-	-	-	-	-	10,098,511	10,098,511
Total liabilities and equity	45,829,323	20,484,242	16,721,531	15,968,030	14,380,596	15,183,075	11,717,765	140,284,562
Net liquidity gap	(25,339,438)	(2,631,061)	658,597	(10,417,130)	(10,075,781)	49,116,639	8,786,685	10,098,511

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

The Bank								
2011								
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	10,276,156	7,073,637	-	-	-	-	-	17,349,793
Deposits and placements with banks and other financial institutions	-	-	5,322,154	613,624	195,695	-	-	6,131,473
Securities purchased under resale agreements	86	-	-	-	-	-	-	86
Financial assets held-for-trading	293,083	998,350	2,403,032	18,649	113,693	645,089	-	4,471,896
Financial investments available-for-sale	13,337	67,674	344,181	44,189	49,403	1,703,373	314,768	2,536,925
Financial investments held-to-maturity	350,847	1,029,049	1,827,989	390,801	1,674,747	2,648,383	754	7,922,570
Loans, advances and financing	3,300,990	5,392,858	2,688,115	895,634	948,808	25,322,417	-	38,548,822
Other assets	-	-	-	-	-	-	428,826	428,826
Derivative financial instruments	78,874	20,903	55,846	14,217	159,086	473,850	-	802,776
Amount due from subsidiaries	230,635	-	-	-	-	-	614,036	844,671
Statutory deposits with BNM	-	-	-	-	-	-	988,900	988,900
Investment in subsidiary companies	-	-	-	-	-	-	6,088,873	6,088,873
Investment in associated company	-	-	-	-	-	-	946,505	946,505
Investment in jointly controlled entity	-	-	-	-	-	-	76,711	76,711
Property and equipment	-	-	-	-	-	-	349,445	349,445
Intangible assets	-	-	-	-	-	-	59,536	59,536
Deferred tax assets	-	-	-	-	-	-	102,281	102,281
Total assets	14,544,008	14,582,471	12,641,317	1,977,114	3,141,432	30,793,112	9,970,635	87,650,089

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 30 June 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8: (continued)

The Bank								
2011								
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	25,339,617	14,617,935	9,662,520	5,282,406	8,255,557	2,766,059	-	65,924,094
Deposits and placements of banks and other financial institutions	1,330,812	1,061,681	3,354,059	70,653	318	-	2,621	5,820,144
Bills and acceptances payable	73	35,286	10,555	10,438	543	-	293,579	350,474
Other liabilities	1,504,300	-	-	-	-	-	408,198	1,912,498
Derivative financial instruments	40,135	30,008	77,138	23,389	138,449	363,848	-	672,967
Senior bonds	-	-	-	-	-	910,810	-	910,810
Tier 2 subordinated bonds	-	-	-	-	-	1,713,260	-	1,713,260
Tier 2 capital cumulative subordinated loan	-	-	-	-	-	2,314,080	-	2,314,080
Non-innovative Tier 1 stapled securities	-	-	-	-	-	1,405,706	-	1,405,706
Provision for taxation	-	-	-	-	-	-	58,930	58,930
Total liabilities	28,214,937	15,744,910	13,104,272	5,386,886	8,394,867	9,473,763	763,328	81,082,963
Total equity	-	-	-	-	-	-	6,567,126	6,567,126
Total liabilities and equity	28,214,937	15,744,910	13,104,272	5,386,886	8,394,867	9,473,763	7,330,454	87,650,089
Net liquidity gap	(13,670,929)	(1,162,439)	(462,955)	(3,409,772)	(5,253,435)	21,319,349	9,207,307	6,567,126

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The Group						
	2012					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Liabilities						
Deposits from customers	69,705,474	15,850,183	33,318,089	7,361,382	95,674	126,330,802
Deposits and placements of banks and other financial institutions	9,023,780	2,283,233	87,920	-	-	11,394,933
Obligations on securities sold under repurchase agreements	-	-	-	712,356	-	712,356
Bills and acceptances payable	446,307	318	671	-	-	447,296
Other liabilities	2,416,572	-	-	-	-	2,416,572
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(9,616,738)	(5,888,132)	(2,052,710)	(125,081)	(5,115)	(17,687,776)
- Outflow	9,653,483	5,957,371	2,081,406	140,726	5,479	17,838,465
- Net settled derivatives	29,784	20,478	215,241	482,041	96,515	844,059
Senior bonds	-	18,009	47,404	2,131,734	-	2,197,147
Tier 2 subordinated bonds	-	28,683	147,232	3,320,977	1,563,173	5,060,065
Non-innovative Tier 1 stapled securities	-	-	70,700	1,753,694	-	1,824,394
Innovative Tier 1 capital securities	-	20,568	20,568	165,000	603,295	809,431
Total financial liabilities	81,658,662	18,290,711	33,936,521	15,942,829	2,359,021	152,187,744

The Group						
	2011					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Liabilities						
Deposits from customers	75,611,241	22,165,664	15,315,167	2,446,641	-	115,538,713
Deposits and placements of banks and other financial institutions	6,945,981	3,583,424	220,207	-	-	10,749,612
Bills and acceptances payable	591,703	59,332	9,087	-	-	660,122
Other liabilities	2,278,336	-	-	-	-	2,278,336
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(7,536,348)	(5,296,584)	(5,886,222)	(1,506,353)	-	(20,225,507)
- Outflow	7,568,755	5,314,778	6,018,786	1,597,864	-	20,500,183
- Net settled derivatives	28,618	38,115	103,835	300,401	-	470,969
Senior bonds	-	17,181	17,182	1,053,803	-	1,088,166
Tier 2 subordinated bonds	-	28,763	110,388	3,319,038	-	3,458,189
Tier 2 capital cumulative subordinated loan	-	9,617	2,317,155	-	-	2,326,772
Non-innovative Tier 1 stapled securities	-	-	35,350	1,718,150	-	1,753,500
Innovative Tier 1 capital securities	-	41,250	20,625	165,000	644,375	871,250
Total financial liabilities	85,488,286	25,961,540	18,281,560	9,094,544	644,375	139,470,305

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

The Bank						
	2012					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Liabilities						
Deposits from customers	58,538,605	14,665,925	30,721,604	5,653,560	95,674	109,675,368
Deposits and placements of banks and other financial institutions	6,375,228	2,283,233	87,920	-	-	8,746,381
Obligations on securities sold under repurchase agreements	-	-	-	712,356	-	712,356
Bills and acceptances payable	397,091	318	671	-	-	398,080
Other liabilities	2,179,245	-	-	-	-	2,179,245
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(9,616,738)	(5,888,132)	(2,052,710)	(125,081)	(5,115)	(17,687,776)
- Outflow	9,653,483	5,957,371	2,081,406	140,726	5,479	17,838,465
- Net settled derivatives	28,835	20,222	210,801	469,269	97,893	827,020
Senior bonds	-	18,009	47,404	2,131,734	-	2,197,147
Tier 2 subordinated bonds	-	28,683	147,232	3,320,977	1,563,173	5,060,065
Non-innovative Tier 1 stapled securities	-	-	70,700	1,753,694	-	1,824,394
Innovative Tier 1 capital securities	-	20,568	20,568	165,000	603,295	809,431
Total financial liabilities	67,555,749	17,106,197	31,335,596	14,222,235	2,360,399	132,580,176

The Bank						
	2011					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Liabilities						
Deposits from customers	39,616,548	9,778,952	13,780,736	3,070,681	-	66,246,917
Deposits and placements of banks and other financial institutions	2,816,489	2,979,637	65,842	-	-	5,861,968
Bills and acceptances payable	327,534	-	-	-	-	327,534
Other liabilities	1,809,911	-	-	-	-	1,809,911
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(6,963,395)	(5,089,993)	(6,715,741)	(2,777,027)	-	(21,546,156)
- Outflow	6,987,735	5,097,474	6,890,479	2,927,409	-	21,903,097
- Net settled derivatives	22,814	30,968	99,641	315,533	-	468,956
Senior bonds	-	17,181	17,182	1,053,803	-	1,088,166
Tier 2 subordinated bonds	-	16,975	60,475	1,992,825	-	2,070,275
Tier 2 capital cumulative subordinated loan	-	9,617	2,317,155	-	-	2,326,772
Non-innovative Tier 1 stapled securities	-	-	35,350	1,718,150	-	1,753,500
Total financial liabilities	44,617,636	12,840,811	16,551,119	8,301,374	-	82,310,940

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's and Bank's commitments and contingencies:

	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
The Group			
2012			
Direct credit substitutes	444,051	-	444,051
Short-term self liquidating trade related contingencies	548,528	-	548,528
Irrevocable commitments to extend credit	17,750,840	12,720,869	30,471,709
Unutilised credit card lines	9,200,627	-	9,200,627
Total commitments and contingencies	27,944,046	12,720,869	40,664,915
2011			
Direct credit substitutes	559,290	-	559,290
Short-term self liquidating trade related contingencies	472,183	-	472,183
Irrevocable commitments to extend credit	17,617,166	12,488,631	30,105,797
Unutilised credit card lines	9,296,768	-	9,296,768
Total commitments and contingencies	27,945,407	12,488,631	40,434,038
The Bank			
2012			
Direct credit substitutes	435,503	-	435,503
Short-term self liquidating trade related contingencies	525,431	-	525,431
Irrevocable commitments to extend credit	16,631,310	9,341,832	25,973,142
Unutilised credit card lines	9,200,627	-	9,200,627
Total commitments and contingencies	26,792,871	9,341,832	36,134,703
2011			
Direct credit substitutes	195,694	-	195,694
Short-term self liquidating trade related contingencies	254,101	-	254,101
Irrevocable commitments to extend credit	9,707,861	5,109,037	14,816,898
Unutilised credit card lines	6,600,684	-	6,600,684
Total commitments and contingencies	16,758,340	5,109,037	21,867,377

Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group and the Bank. The Group and the Bank expect that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank:

	The Group	
	2012 RM'000	2011 RM'000
Credit risk exposure relating to on-statement of financial position assets:		
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)	23,211,860	35,313,623
Securities purchased under resale agreements	590,521	86
Financial assets and investments portfolios (exclude shares):		
- Financial assets held-for-trading	21,744,956	6,023,147
- Financial investments available-for-sale	8,460,467	5,614,668
- Financial investments held-to-maturity	3,570,177	7,787,412
Loans, advances and financing	88,193,091	81,455,336
Other assets	445,811	653,124
Derivative assets	955,350	790,162
Total maximum credit risk exposure	147,172,233	137,637,558
Credit risk exposure relating to off-statement of financial position items:		
Commitments and contingencies	40,664,915	40,434,038
Total maximum credit risk exposure	187,837,148	178,071,596

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

	The Bank	
	2012 RM'000	2011 RM'000
Credit risk exposure relating to on-statement of financial position assets:		
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)	21,840,772	23,138,694
Securities purchased under resale agreements	590,521	86
Financial assets and investments portfolios (exclude shares):		
- Financial assets held-for-trading	17,685,379	4,471,896
- Financial investments available-for-sale	6,938,954	2,222,156
- Financial investments held-to-maturity	3,714,864	7,922,570
Loans, advances and financing	75,997,167	38,548,822
Other assets	331,782	230,217
Amount due from subsidiaries	615,390	844,671
Derivative assets	1,027,682	802,776
Total maximum credit risk exposure	128,742,511	78,181,888
Credit risk exposure relating to off-statement of financial position items:		
Commitments and contingencies	36,134,703	21,867,377
Total maximum credit risk exposure	164,877,214	100,049,265

(ii) Collaterals

The main types of collateral obtained by the Group and the Bank are as follows:

- (a) Fixed deposits, Mudharabah General Investment Account, negotiable instrument of deposits, foreign currency deposits and cash deposits/margins
- (b) Land and buildings
- (c) Aircrafts, vessels and automobiles
- (d) Quoted shares, unit trust, Malaysian Governments Bonds and securities and private debt securities
- (e) Endowment life policies with cash surrender value
- (f) Other tangible business assets, such as inventory and equipment

The Group and the Bank also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing for the Group and the Bank is 76.43% (2011: 72.30%) and 75.20% (2011: 66.03%) respectively. The financial effects of collateral held for the remaining on-statement of financial position financial assets are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality

The Group and the Bank assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgment.

The credit quality of financial assets other than loans, advances and financing are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3

(a) Loans, advances and financing

Loans, advances and financing are summarised as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	78,831,489	72,916,074	68,368,939	36,006,000
Past due but not impaired	10,207,563	9,190,058	8,344,134	2,809,181
Individually impaired	1,532,014	1,915,401	1,310,186	600,800
Gross loans, advances and financing	90,571,066	84,021,533	78,023,259	39,415,981
Fair value changes arising from fair value hedges	23,852	-	16,722	-
Unamortised fair value changes arising from terminated fair value hedges	21,570	17,177	14,838	14,438
Less: Allowance for impaired loans, advances and financing				
- Individual assessment allowance	(541,978)	(793,060)	(463,710)	(154,627)
- Collective assessment allowance	(1,881,419)	(1,790,314)	(1,593,942)	(726,970)
Net loans, advances and financing	88,193,091	81,455,336	75,997,167	38,548,822

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(a) Loans, advances and financing

(i) Loans, advances and financing neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's and the Bank's credit grading system is as follows:

		The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Hong Leong Bank Group					
Consumer loans/financing					
<u>Risk Grade</u>					
Good		52,253,016	29,608,985	43,827,687	25,746,820
Weakest		610,550	391,613	515,060	357,146
		52,863,566	30,000,598	44,342,747	26,103,966
Corporates loans/financing					
<u>Risk Grade</u>	<u>Credit Quality</u>				
A	Exceptional	663,847	460,080	663,847	460,080
B+	Superior	2,926,146	2,359,916	2,736,543	2,231,360
B	Excellent	4,765,181	2,213,906	4,247,421	1,908,264
B-	Strong	3,865,527	1,718,236	3,502,932	1,579,696
C+	Good	4,023,771	1,191,087	3,729,729	1,118,613
C	Satisfactory	2,616,186	1,443,663	2,455,746	1,369,365
C-	Fair	3,429,425	660,143	3,225,433	628,200
D+	Adequate	1,707,464	484,629	1,582,002	482,947
D	Marginal	508,354	34,315	497,734	34,315
Un-graded		1,462,022	105,332	1,384,805	89,194
		25,967,923	10,671,307	24,026,192	9,902,034

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(a) Loans, advances and financing (continued)

(i) Loans, advances and financing neither past due nor impaired (continued)

Attributable from subsidiaries: EON Bank Berhad Group

		The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Corporates loans/financing					
<u>Risk Grade</u>	<u>Credit Quality</u>				
1-3	Good	-	6,935,550	-	-
4-5	Average	-	805,311	-	-
6	Weakest	-	631,560	-	-
Un-graded		-	13,895,628	-	-
		-	22,268,049	-	-
Corporates loans/financing					
<u>Risk Grade</u>	<u>Credit Quality</u>				
1-2	Good	-	1,854,216	-	-
3-4	↑	-	3,100,737	-	-
5-6	↓	-	3,812,864	-	-
7-8	↓	-	1,185,531	-	-
9	Weakest	-	22,772	-	-
		-	9,976,120	-	-
Total neither past due nor impaired		78,831,489	72,916,074	68,368,939	36,006,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(a) Loans, advances and financing (continued)

(ii) Loans, advances and financing past due but not impaired

A financial asset is defined as "past due" when the counterparty has failed to make a principal or interest payment when contractually due.

Loans, advances and financing less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans, advances and financing by class to customers that were past due but not impaired were as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Past due less than 30 days	6,760,995	6,306,805	5,571,150	1,906,968
Past due 30 to less than 60 days	2,493,751	2,110,685	2,001,550	594,163
Past due 60 to less than 90 days	952,817	772,568	771,434	308,050
Past due but not impaired	10,207,563	9,190,058	8,344,134	2,809,181

(iii) Loans, advances and financing that are determined to be impaired as at 30 June 2012 and 2011 are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gross amount of impaired loans	1,532,014	1,915,401	1,310,186	600,800
Less: Individual assessment impairment allowance	(541,978)	(793,060)	(463,710)	(154,627)
Less: Collective assessment impairment allowance	(538,226)	(490,411)	(436,296)	(139,864)
Total net amount impaired loans	451,810	631,930	410,180	306,309

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(b) Other financial assets

Analysis of other financial assets by rating agency designation (where applicable) as at 30 June 2012, based on Moody's ratings or its equivalent are as follows:

2012	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other assets RM'000	Derivative assets RM'000
The Group							
Neither past due nor impaired							
AAA to AA3	588,405	-	420,822	3,652,678	443,309	-	91,937
A1 to A3	7,321,722	-	328,318	1,577,121	-	-	655,294
Baa1 to Baa3	946,285	-	24,246	943,824	-	-	71,517
P1 to P3	-	-	32,548	9,903	-	-	-
Non-rated	14,355,448	590,521	20,939,022	2,272,670	3,110,782	445,811	136,602
	23,211,860	590,521	21,744,956	8,456,196	3,554,091	445,811	955,350
Individually impaired	-	-	-	4,271	16,086	-	-
	23,211,860	590,521	21,744,956	8,460,467	3,570,177	445,811	955,350

The amount of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investment portfolios, other assets and derivative assets that are past due but not impaired is not material.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of other financial assets by rating agency designation (where applicable) as at 30 June 2011, based on Moody's ratings or its equivalent are as follows:

	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for- trading RM'000	Financial investments available- for-sale RM'000	Financial investments held-to- maturity RM'000	Other assets RM'000	Derivative assets RM'000
2011							
The Group							
Neither past due nor impaired							
AAA to AA3	996,570	-	190,637	1,142,989	273,933	-	334,883
A1 to A3	5,198,402	-	131,832	345,227	-	-	59,168
Baa1 to Baa3	1,542,605	-	-	-	-	-	3,630
P1 to P3	147	-	-	-	-	-	3,367
Non-rated	27,575,899	86	5,700,678	4,107,048	7,497,393	653,124	389,114
	35,313,623	86	6,023,147	5,595,264	7,771,326	653,124	790,162
Individually impaired							
	-	-	-	19,404	16,086	-	-
	35,313,623	86	6,023,147	5,614,668	7,787,412	653,124	790,162

The amount of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investment portfolios, other assets and derivative assets that are past due but not impaired is not material.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of other financial assets by rating agency designation (where applicable) as at 30 June 2012, based on Moody's ratings or its equivalent are as follows:

2012	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000
The Bank								
Neither past due nor impaired								
AAA to AA3	1,551,636	-	374,872	3,167,041	297,880	-	-	91,595
A1 to A3	7,305,128	-	328,318	1,516,761	-	-	-	655,290
Baa1 to Baa3	945,035	-	24,246	925,894	-	-	-	71,277
P1 to P3	-	-	32,548	9,903	-	-	-	-
Non-rated	12,038,973	590,521	16,925,395	1,315,084	3,400,898	331,782	615,390	209,520
	21,840,772	590,521	17,685,379	6,934,683	3,698,778	331,782	615,390	1,027,682
Individually impaired								
	-	-	-	4,271	16,086	-	-	-
	21,840,772	590,521	17,685,379	6,938,954	3,714,864	331,782	615,390	1,027,682

The amount of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investment portfolios, other assets and derivative assets that are past due but not impaired is not material.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of other financial assets by rating agency designation (where applicable) as at 30 June 2011, based on Moody's ratings or its equivalent are as follows:

2011	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000
The Bank								
Neither past due nor impaired								
AAA to AA3	1,279,636	-	71,446	194,653	170,942	-	-	310,038
A1 to A3	4,522,723	-	121,653	66,615	-	-	-	59,168
Baa1 to Baa3	928,229	-	-	-	-	-	-	8,223
P1 to P3	-	-	-	-	-	-	-	3,367
Non-rated	16,408,106	86	4,278,797	1,960,888	7,751,628	230,217	844,671	421,980
	23,138,694	86	4,471,896	2,222,156	7,922,570	230,217	844,671	802,776
Individually impaired								
	-	-	-	-	-	-	-	-
	23,138,694	86	4,471,896	2,222,156	7,922,570	230,217	844,671	802,776

The amount of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investment portfolios, other assets and derivative assets that are past due but not impaired is not material.

(iv) Collateral and other credit enhancements obtained

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Properties	66,177,570	56,875,060	56,819,622	52,886,767

Repossessioned properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group and the Bank generally does not occupy the premises repossessioned for its business use.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets, including off-statement of financial position financial instruments are set out below:

	The Group										
	Short-term placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held- for-trading RM'000	Financial investments available- for-sale RM'000	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	Derivative assets RM'000	Total on- statement of financial position credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	-	91,522	-	1,770,703	-	-	1,862,225	1,192,463	38,250
Mining and quarrying	-	-	-	12,501	-	186,198	-	-	198,699	61,883	3,949
Manufacturing	-	-	-	131,418	-	8,412,312	-	-	8,543,730	6,261,776	292,113
Electricity, gas and water	-	-	81,274	778,068	-	371,634	-	-	1,230,976	89,951	56,375
Construction	-	-	15,196	213,620	-	1,943,207	-	-	2,172,023	1,732,597	28,685
Wholesale and retail	-	-	-	-	-	7,319,557	-	-	7,319,557	76	312,304
Transport, storage and communications	-	-	20,805	144,682	-	1,247,590	-	-	1,413,077	1,162,526	128,563
Finance, insurance, real estate and business services	9,340,341	-	18,868,484	4,583,571	365,214	8,727,418	445,811	955,350	43,286,189	3,886,328	59,327
Government and government agencies	13,871,519	590,521	2,758,166	2,309,326	3,184,843	-	-	-	22,714,375	-	-
Education, health and others	-	-	-	-	-	1,012,858	-	-	1,012,858	134,797	1,500
Household	-	-	-	-	-	55,919,168	-	-	55,919,168	24,637,107	17,183
Others	-	-	1,031	195,759	20,120	1,282,446	-	-	1,499,356	512,832	54,330
	23,211,860	590,521	21,744,956	8,460,467	3,570,177	88,193,091	445,811	955,350	147,172,233	39,672,336	992,579

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets, including off-statement of financial position financial instruments are set out below: (continued)

	The Group										
	Short-term placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held- for-trading RM'000	Financial investments available- for-sale RM'000	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	Derivative assets RM'000	Total on- statement of financial position credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	14,516	32,514	-	1,685,404	-	-	1,732,434	1,255,774	21,009
Mining and quarrying	-	-	-	-	-	136,772	-	-	136,772	90,758	6,188
Manufacturing	-	-	-	27,295	461	7,094,913	-	-	7,122,669	5,301,252	284,741
Electricity, gas and water	-	-	54,711	578,125	35,900	391,638	9,615	-	1,069,989	164,880	28,478
Construction	-	-	-	35,706	-	2,693,465	-	-	2,729,171	3,572,196	86,852
Wholesale and retail	-	-	39,768	18,126	20,147	6,543,642	-	-	6,621,683	1,632,044	309,204
Transport, storage and communications	-	-	-	126,120	19,040	1,550,834	-	-	1,695,994	866,959	148,026
Finance, insurance, real estate and business services	10,660,977	-	4,425,393	1,537,403	2,891,805	7,155,643	247,832	790,162	27,709,215	3,246,211	89,775
Government and government agencies	24,652,646	86	1,488,759	3,259,379	4,820,059	-	362,126	-	34,583,055	-	-
Education, health and others	-	-	-	-	-	627,380	-	-	627,380	369,703	22,234
Household	-	-	-	-	-	52,564,755	2,889	-	52,567,644	22,157,927	10,840
Others	-	-	-	-	-	1,010,890	30,662	-	1,041,552	744,861	24,126
	35,313,623	86	6,023,147	5,614,668	7,787,412	81,455,336	653,124	790,162	137,637,558	39,402,565	1,031,473

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets, including off-statement of financial position financial instruments are set out below: (continued)

	The Bank											
	2012											
	Short-term funds and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held- for-trading RM'000	Financial investments available for-sale RM'000	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000	Total on- statement of financial position credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	-	45,761	-	1,326,123	-	-	-	1,371,884	1,045,243	37,647
Mining and quarrying	-	-	-	12,501	-	178,595	-	-	-	191,096	60,118	3,949
Manufacturing	-	-	-	131,418	-	7,837,370	-	-	-	7,968,788	5,649,621	286,658
Electricity, gas and water	-	-	45,696	515,694	-	228,272	-	-	-	789,662	89,503	56,375
Construction	-	-	15,196	178,253	-	1,716,794	-	-	-	1,910,243	1,226,933	26,726
Wholesale and retail	-	-	-	-	-	7,005,772	-	-	-	7,005,772	-	306,591
Transport, storage and communications	-	-	10,433	128,770	-	1,159,948	-	-	-	1,299,151	1,134,984	127,480
Finance, insurance, real estate and business services	9,901,905	-	15,336,866	4,198,041	1,294,085	7,862,271	331,782	615,390	1,027,682	40,568,022	3,233,762	59,297
Government and government agencies	11,938,867	590,521	2,276,157	1,532,757	2,400,659	-	-	-	-	18,738,961	-	-
Education, health and others	-	-	-	-	-	842,220	-	-	-	842,220	134,762	1,500
Household	-	-	-	-	-	46,676,280	-	-	-	46,676,280	22,298,293	17,083
Others	-	-	1,031	195,759	20,120	1,163,522	-	-	-	1,380,432	300,550	37,628
	21,840,772	590,521	17,685,379	6,938,954	3,714,864	75,997,167	331,782	615,390	1,027,682	128,742,511	35,173,769	960,934

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

46 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets, including off-statement of financial position financial instruments are set out below: (continued)

The Bank												
2011												
	Short-term placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held- for-trading RM'000	Financial investments available- for-sale RM'000	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000	Total on- statement of financial position credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	-	32,514	-	603,466	-	-	-	635,980	463,840	14,634
Mining and quarrying	-	-	-	-	-	79,536	-	-	-	79,536	27,587	426
Manufacturing	-	-	-	-	268	4,067,301	-	-	-	4,067,569	3,206,463	166,648
Electricity, gas and water	-	-	-	172,980	35,900	47,909	-	-	-	256,789	85,647	-
Construction	-	-	-	5,754	-	495,654	-	-	-	501,408	356,384	7,534
Wholesale and retail	-	-	-	-	20,147	3,666,741	-	-	-	3,686,888	-	125,919
Transport, storage and communications	-	-	-	38,555	19,040	398,974	-	-	-	456,569	334,955	115,692
Finance, insurance, real estate and business services	9,713,645	-	3,712,415	428,593	3,363,753	3,100,263	230,217	844,671	802,776	22,196,333	1,223,773	876
Government and government agencies	13,425,049	86	759,481	1,543,760	4,483,462	-	-	-	-	20,211,838	-	-
Education, health and others	-	-	-	-	-	335,954	-	-	-	335,954	7,323	432
Household	-	-	-	-	-	25,080,944	-	-	-	25,080,944	15,384,623	7,424
Others	-	-	-	-	-	672,080	-	-	-	672,080	326,987	10,210
	23,138,694	86	4,471,896	2,222,156	7,922,570	38,548,822	230,217	844,671	802,776	78,181,888	21,417,582	449,795

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-statement of financial position financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the statement of financial position date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(a) Determination of fair value and fair value hierarchy

Amendments to FRS 7 "Financial Instruments: Disclosures - improving disclosures about financial instruments" (effective from 1 July 2011) requires disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives disclosures is not required by the standard.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Determination of fair value and fair value hierarchy (continued)

The Group				
	2012 Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial Assets				
Financial assets held-for-trading				
- Money market instrument	-	20,964,558	-	20,964,558
- Quoted Securities	1,889	-	-	1,889
- Unquoted Securities	-	780,400	-	780,400
Financial investments available-for-sale				
- Money market instrument	-	2,502,093	-	2,502,093
- Quoted Securities	1,162,865	-	-	1,162,865
- Unquoted Securities	-	5,958,373	310,985	6,269,358
Derivative financial instruments	142	955,208	-	955,350
	1,164,896	31,160,632	310,985	32,636,513
Financial Liability				
Derivative financial instruments	1,437	1,067,790	-	1,069,227

The Bank				
	2012 Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial Assets				
Financial assets held-for-trading				
- Money market instrument	-	16,986,028	-	16,986,028
- Quoted Securities	1,889	-	-	1,889
- Unquoted Securities	-	699,353	-	699,353
Financial investments available-for-sale				
- Money market instrument	-	1,591,545	-	1,591,545
- Quoted Securities	1,156,975	-	-	1,156,975
- Unquoted Securities	-	5,347,408	310,916	5,658,324
Derivative financial instruments	142	1,027,540	-	1,027,682
	1,159,006	25,651,874	310,916	27,121,796
Financial Liability				
Derivative financial instruments	1,437	1,124,319	-	1,125,756

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Determination of fair value and fair value hierarchy (continued)

Reconciliation of fair value measurement in level 3 of the fair value hierarchy, as below:

	The Group	The Bank
	Financial investments available-for- sale RM'000	Financial investments available-for- sale RM'000
As at 1 July 2011	227,489	150,401
Effect arising from vesting of Promino's assets over to the Bank	-	77,019
Total gains/losses recognised in statement of income	(92)	(92)
Net fair value changes recognised in other comprehensive income	83,888	83,888
Sales	(300)	(300)
As at 30 June 2012	310,985	310,916
Total gain/losses recognised in other comprehensive income relating to assets held on 30 June 2012	83,796	83,796

(b) Financial Instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's and Bank's statements of financial position at their fair values:

	The Group		The Bank	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
2012				
Financial Assets				
Financial investments held-to-maturity				
- Money market	3,374,972	3,382,261	3,623,759	3,610,194
- Unquoted securities	295,226	293,700	191,125	190,215
Loans, advances and financing	88,193,091	89,072,630	75,997,167	75,987,427
	91,863,289	92,748,591	79,812,051	79,787,836
Financial Liabilities				
Deposits from customers	123,095,643	123,585,591	108,939,695	109,361,845
Senior bonds	1,907,793	1,943,282	1,907,793	1,943,282
Tier 2 subordinated bonds	4,389,859	4,202,830	4,389,251	4,202,222
Non-innovative Tier 1 stapled securities	1,407,283	1,443,117	1,407,283	1,443,117
Innovative Tier 1 capital securities	574,581	605,013	573,115	603,547
	131,375,159	131,779,833	117,217,137	117,554,013

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Financial Instruments not measured at fair value (continued)

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's and Bank's statements of financial position at their fair values: (continued)

	The Group		The Bank	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000

2011

Financial Assets

Loans, advances and financing	81,455,336	81,597,818	38,548,822	38,541,093
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* Full disclosure of comparative figures are not required as the impact are not significant to the overall financial statements.

(c) Fair value methodologies and assumptions

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For short-term funds and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using market rates for the remaining term to maturity.

Securities held at fair value through profit or loss, available-for-sale and held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establish the fair value by using valuation techniques.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value. For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposit with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value methodologies and assumptions (continued)

Deposits and placements of banks and other financial institutions, bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

Subordinated obligations, senior bonds, stapled securities and capital securities

The fair value of subordinated obligations, senior bonds, stapled securities and capital securities are based on quoted market prices where available.

Other financial assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in "other assets and liabilities" are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive or pay to terminate the contracts at the statement of financial position date.

Non-financial assets and liabilities

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of FRS 132 which requires the fair value information to be disclosed.

48 CAPITAL ADEQUACY

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

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tier 1 capital	11,290,923	7,355,273	10,027,637	7,751,858
Tier 2 capital	5,684,358	6,422,026	5,498,203	4,580,458
Total capital	16,975,281	13,777,299	15,525,840	12,332,316
Less: Investment in subsidiary companies	-	-	(2,081,933)	(6,088,873)
Less: Investment in associated company	(1,540,288)	(1,325,707)	(946,505)	(946,505)
Less: Investment in jointly controlled company	(76,871)	(75,252)	(76,711)	(76,711)
Capital base	15,358,122	12,376,340	12,420,691	5,220,227

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

48 CAPITAL ADEQUACY (continued)

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

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Capital ratios				
Core capital ratio	11.67%	8.47%	11.70%	11.56% *
Risk-weighted capital ratio	15.88%	14.26%	14.50%	11.56% *
Core capital ratio (net of proposed dividends)	11.30%	8.28%	11.28%	11.19% *
Risk-weighted capital ratio (net of proposed dividends)	15.50%	14.06%	14.07%	11.19% *

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

(ii) Components of Tier 1 and Tier 2 capital are as follows:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tier 1 capital				
Paid up share capital	1,879,909	1,580,107	1,879,909	1,580,107
Share premium	2,832,383	539,664	2,832,383	539,664
Other reserves ⁽¹⁾	7,237,813	5,917,527	5,916,228	5,011,447
Non-innovative Tier 1 stapled securities	1,396,630	1,394,665	1,396,630	1,394,665
Innovative Tier 1 capital securities	490,292	490,273	488,826	-
Less: Treasury shares	(714,792)	(671,744)	(714,792)	(671,744)
Deferred tax assets	-	(63,907)	-	(102,281)
Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	-
Total Tier 1 capital	11,290,923	7,355,273	10,027,637	7,751,858
Tier 2 capital				
Subordinated bonds	4,341,165	2,833,327	4,340,557	1,693,352
Capital cumulative subordinated loan	-	2,300,000	-	2,300,000
Collective assessment allowance ⁽²⁾	1,343,193	1,288,699	1,157,646	587,106
Total Tier 2 capital	5,684,358	6,422,026	5,498,203	4,580,458
Total capital	16,975,281	13,777,299	15,525,840	12,332,316
Less: Investment in subsidiary companies	-	-	(2,081,933)	(6,088,873)
Less: Investment in associated company	(1,540,288)	(1,325,707)	(946,505)	(946,505)
Less: Investment in jointly controlled entity	(76,871)	(75,252)	(76,711)	(76,711)
Total capital base	15,358,122	12,376,340	12,420,691	5,220,227

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

48 CAPITAL ADEQUACY (continued)

(ii) Components of Tier 1 and Tier 2 capital are as follows: (continued)

- (1) Fair value reserve has been excluded from the Bank's capital base.
- (2) Excludes collective assessment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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

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

(iii) Breakdown of risk-weighted assets in the various risk weights:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Credit risk	88,002,494	79,639,163	77,876,878	39,331,761
Market risk	3,373,196	2,925,259	3,172,907	2,120,012
Operational risk	5,344,452	4,241,563	4,639,177	3,707,107
	96,720,142	86,805,985	85,688,962	45,158,880

49 SEGMENT REPORTING

(i) Business segment reporting

The business segment results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The various business segments are described below:

Personal Financial Services focuses mainly on servicing individual customers and small businesses. Products and services that are extended to customers include mortgages, credit cards, hire purchase and others.

Business & Corporate Banking focuses mainly on corporate customers. Products offered include trade financing, working capital facilities, other term financing and corporate advisory services.

Global Markets refers to the Group's treasury and capital market operations and includes foreign exchange, money market operations as well as capital market securities trading and investments.

Investment Banking refers to MIMB Investment Bank. It is involved in investment banking, stockbroking business and related financial services. The disposal of MIMB has been completed on 1 June 2012. With effect from 1 June 2012, MIMB had ceased to be a wholly-owned subsidiary of the Bank.

Overseas Associate refers to Bank of Chengdu Co., Ltd, which is a commercial bank in Chengdu, China that is principally engaged in corporate, commercial and consumer banking businesses.

Overseas Joint Controlled Entity refers to Sichuan Jincheng Consumer Finance Limited Liability Company, principally engaged in consumer financing business in Chengdu, China.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

49 SEGMENT REPORTING (continued)

(i) Business segment reporting (continued)

The Group	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
2012						
Revenue						
- external	2,513,350	263,291	1,095,286	21,766	-	3,893,693
- inter-segment	(10,498)	579,711	(569,213)	-	-	-
Segment revenue	2,502,852	843,002	526,073	21,766	-	3,893,693
Overhead expenses	(1,315,737)	(369,954)	(209,212)	(29,993)	-	(1,924,896)
of which:						
Depreciation of property and equipment	68,299	10,393	25,342	-	-	104,034
Amortisation of intangible assets	41,579	10,741	22,294	-	-	74,614
(Allowance for)/Write-back of allowance for impairment losses on loans, advances and financing	(216,843)	105,105	-	558	-	(111,180)
Write-back of impairment losses	(4,956)	33,975	3,221	462	-	32,702
Share of results of associated company	-	-	-	-	216,960	216,960
Share of results in jointly controlled entity	-	-	-	-	1,619	1,619
Segment results	965,316	612,128	320,082	(7,207)	218,579	2,108,898
Taxation and zakat						(460,742)
Net profit for the financial year						<u>1,648,156</u>
Segment assets	62,187,799	26,749,266	60,177,108	-	-	149,114,173
Unallocated assets						8,673,089
Total assets						<u>157,787,262</u>
Segment liabilities	66,518,780	35,741,113	33,917,370	-	-	136,177,263
Unallocated liabilities						10,190,688
Total liabilities						<u>146,367,951</u>
Other significant segment items						
Capital expenditure	190,400	37,763	62,449	-	-	290,612

Inter-segment transfer is based on internally computed cost of funds.

Note:

- Total segment revenue comprises of net interest income, income from Islamic Banking Business and non-interest income.
- Unallocated assets and liabilities are not directly attributed to the business segments and cannot be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

49 SEGMENT REPORTING (continued)

(i) Business segment reporting (continued)

The Group	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
2011						
- external	1,577,668	94,977	875,694	3,372	-	2,551,711
- inter-segment	138,317	320,752	(459,069)	-	-	-
Segment revenue	1,715,985	415,729	416,625	3,372	-	2,551,711
Overhead expenses	(873,558)	(172,814)	(160,599)	(4,565)	-	(1,211,536)
of which:						
Depreciation of property and equipment	(42,221)	(5,785)	(12,138)	(128)	-	(60,272)
Amortisation of intangible assets	(14,611)	(3,310)	(7,795)	(46)	-	(25,762)
(Allowance for)/Write-back of allowance for impairment losses on loans, advances and financing	(180,395)	43,294	-	(173)	-	(137,274)
Write-back of impairment losses	1,002	356	736	-	-	2,094
Share of results of associated company	-	-	-	-	210,992	210,992
Share of results in jointly controlled entity	-	-	-	-	(771)	(771)
Segment results	663,034	286,565	256,762	(1,366)	210,221	1,415,216
Taxation and zakat						(277,770)
Net profit for the financial year						<u>1,137,446</u>
Segment assets	55,135,740	24,139,668	55,153,914	490,654	-	134,919,976
Unallocated assets						10,578,905
Total assets						<u>145,498,881</u>
Segment liabilities	58,396,666	29,496,052	37,593,284	318,594	-	125,804,596
Unallocated liabilities						12,226,520
Total liabilities						<u>138,031,116</u>
Other significant segment items						
Capital expenditure	101,450	8,445	12,512	69	-	122,476

Inter-segment transfer is based on internally computed cost of funds.

Note:

- Total segment revenue comprises of net interest income, income from Islamic Banking Business and non-interest income.
- Unallocated assets and liabilities are not directly attributed to the business segments and cannot be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

49 SEGMENT REPORTING (continued)

(ii) Geographical segment reporting

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the primary business segments
- Overseas operations, which includes branch, subsidiary, associate and joint venture operations in Singapore, Hong Kong, China and Vietnam. The overseas operations are mainly in commercial banking and treasury business.

The Group	Revenue RM'000	Non-current assets RM'000
2012		
Malaysia	3,705,223	2,986,604
Overseas operations	188,470	1,635,460
	3,893,693	4,622,064
2011		
Malaysia	2,393,965	2,949,440
Overseas operations	157,746	1,423,426
	2,551,711	4,372,866

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 1 July 2011, Hong Leong Bank Berhad ("HLB") had announced that the whole of the business including all assets and liabilities of EON Bank Berhad ("EBB") have been vested to HLB effective 1 July 2011 ("Vesting").

Following the Vesting, EBB has surrendered its banking licence to BNM on 1 July 2011 and has ceased operations.

On 1 July 2011, all of the direct subsidiaries of EBB including EONCAP Islamic Bank Bhd ("EIBB") and MIMB became direct subsidiaries of HLB.

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

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

Upon completion of the internal reorganisation exercise, EBB became a wholly owned subsidiary of HLBPIL, which is in turn a wholly owned subsidiary of HLB.

- (c) On 15 July 2011, EBB changed its name to Promino Berhad and subsequently was converted into a private limited company on 18 July 2011 and is now known as Promino Sdn Bhd.
- (d) Pursuant to Section 168(3) of the Companies Act 1965, the Companies Commission of Malaysia had on 14 June 2012 granted its approval for HLBVN, a wholly-owned subsidiary of the Bank incorporated in Vietnam, to have a different financial year end from its holding company. The financial year end of HLBVN is 31 December 2012 as required under the Law on Credit Institutions of Vietnam.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (e) On 18 October 2011, CIMB, on behalf of HLB, announced that the rights issue of new ordinary shares of RM1.00 each in HLB to raise gross proceeds of up to RM2,600 million ("Rights Shares") had been completed following the listing of and quotation for 299,802,066 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad on 18 October 2011. HLB had also fully repaid the RM2.3 billion Tier 2 Capital Cumulative Subordinated Loan extended by HLFGB on the same date.
- (f) On 24 October 2011, HLB announced that the High Court of Malaya had granted:
 - (i) its approval for the Scheme of Arrangement for the transfer of the entire business of EIBB to HLISB, both wholly-owned subsidiaries of HLB; and
 - (ii) a vesting order for the transfer of the entire assets, liabilities, activities, business and undertaking of the Islamic banking business of EIBB to HLISB with effect from 1 November 2011.
- (g) On 6 March 2012, HLB announced that it had placed the following dormant wholly-owned subsidiaries under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:
 - 1) EFB Berhad;
 - 2) OFB Berhad;
 - 3) CFB Nominees (Tempatan) Sdn Bhd;
 - 4) Perkasa Nominees (Tempatan) Sdn Bhd;
 - 5) CFB Asa Berhad;
 - 6) Oriental Nominee (Tempatan) Sdn Bhd; and
 - 7) PFB Asa Berhad

On 26 June 2012, HLB announced that the liquidator of CFB Nominees (Tempatan) Sdn Bhd and Oriental Nominees (Tempatan) Sdn Bhd ("Subsidiaries") had convened final meetings for the respective Subsidiaries to conclude the member's voluntary winding-up of the respective Subsidiaries.

The Return by Liquidator Relating To Final Meeting of the respective Subsidiaries was lodged on 26 June 2012 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, the Subsidiaries will be dissolved.

- (h) On 10 April 2012, HLB entered into the following:
 - (i) a conditional sale and purchase agreement with Hong Leong Capital Berhad ("HLCB") for the proposed disposal of the entire equity interest in MIMB ("MIMB SPA") for an indicative cash consideration of RM157.90 million ("Proposed Disposal of MIMB");
 - (ii) a letter of indemnity from HLB to HLCB pursuant to the MIMB SPA; and
 - (iii) a conditional sale and purchase agreement with HLCB for the proposed acquisition of the entire equity interest in Hong Leong Investment Bank Berhad ("HLIB") ("HLIB SPA") for a sum equal to the net tangible assets of HLIB as at the date immediately preceding the completion date of the HLIB SPA.

The Proposed Disposal of MIMB was completed on 1 June 2012. With effect from 1 June 2012, MIMB had ceased to be a wholly-owned subsidiary of HLB.

Following from the certification by the Auditors of the Completion Net Tangible Assets ("NTA"), the final consideration in respect of the acquisition of MIMB has been determined at RM139.29 million. On 14 August 2012, HLB had paid the sum of RM18.61 million to HLCB, being the differential amount between the final consideration and the indicative consideration of RM157.90 million.

- (i) 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 are rated A3 by Moody's Investors Service and BBB+ by Fitch Ratings. 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% (5-year US Treasury + 238bps).

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(continued)

50 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (j) On 22 June 2012, HLB successfully completed its issuance of Tier-2 Subordinated Notes ("Sub Notes") of RM1.5 billion.

The Sub Notes are rated AA2 by RAM Rating Services Berhad. The Sub Notes has a maturity date of 12 years from the issue date and are callable on any interest payment date falling on or after the 7th anniversary of the issue date. A semi-annual coupon of 4.50% per annum is payable on the Sub Notes. The exercise of the call option on the Sub Notes shall be subject to the approval of BNM.

51 SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

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

The Proposed New ESOS is subject to the following:

- (i) approval-in-principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new HLB shares to be issued pursuant to the exercise of the options under the Proposed New ESOS; and
 - (ii) approval of the shareholders of HLB.
- (b) Bursa Securities had, via its letter dated 18 September 2012, resolved to approve the listing of such number of additional new ordinary shares of RM1.00 each, representing up to 10% of the issued and paid-up ordinary share capital of HLB, to be issued pursuant to the exercise of options under the Proposed New ESOS.

52 EQUITY COMPENSATION BENEFITS

Executive Share Option Scheme ("ESOS" or "Scheme")

The Executive Share Option Scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Bank, which was approved by the shareholders of the Bank on 8 November 2005, was established on 23 January 2006 and would be in force for a period of ten (10) years.

On 18 January 2006, the Bank announced that Bursa Malaysia Securities Berhad had approved-in-principle the listing of new ordinary shares of the Bank to be issued pursuant to the exercise of options under the ESOS at any time during the existence of the ESOS.

The ESOS would provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Bank.

The main features of the ESOS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Bank and its subsidiaries. The maximum allowable allotments for the full time Executive Directors had been approved by the shareholders of the Bank in a general meeting. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options.
2. The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Bank for the time being.
3. The Scheme shall be in force for a period of ten (10) years from 23 January 2006.
4. The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Bank preceding the date of offer and shall in no event be less than the par value of the shares of the Bank.
5. The options granted to an option holder under the ESOS is exercisable by the option holder only during his employment with the Bank Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESOS.
6. The exercise of the options may, at the absolute discretion of the Board of Directors of the Bank, be satisfied by way of issuance of new shares; transfer of existing shares purchased by a trust established for the ESOS; or a combination of both new shares and existing shares.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

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

- (a) 4,500,000 share options at an exercise price of RM5.72;
- (b) 21,800,000 share options at an exercise price of RM6.05;
- (c) 12,835,000 share options at an exercise price of RM5.99;
- (d) 250,000 share options at an exercise price of RM5.75 (granted and lapsed in financial year ended 2009);
- (e) 200,000 share options at an exercise price of RM7.49;
- (f) 3,095,000 share options at an exercise price of RM9.14;
- (g) 1,000,000 share options at an exercise price of RM10.55; and
- (h) 1,151,408 share options arising from adjustment for rights issue (per terms of approved ESOS Bye-Laws).

The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust established for the ESOS.

Pursuant to this, a trust has been set up for the ESOS and it 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, the shares purchased for the benefit of the ESOS holdings are recorded as "Treasury Shares" in the equity on the statement of financial position. The cost of operating the ESOS scheme is charged to the statement of income.

The trustee will manage the trust in accordance with the trust deed. Upon termination of the trust, the trustee will dispose all remaining trust shares, if any, and deal with any surplus or deficit of the trust in accordance with the instructions of the Bank.

The number and market values of the ordinary shares held by the Trustee are as follows:

The Group and The Bank				
	2012		2011	
	Number of trust shares held '000	Market value RM'000	Number of trust shares held '000	Market value RM'000
As at end of the financial year	48,000	597,120	44,892	600,655

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

The ordinary share options of the Bank granted under the ESOS are as follows:

- (a) 4,500,000 share options at an exercise price of RM5.72 (exercise price adjusted to RM5.44 for rights issue):

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Adjustment for Rights Issue	Lapse/ cessation	Exercised	As at 30-Jun-12
29 August 2007	August 2011*	350,000	-	-	(350,000)	-
29 August 2007	August 2012*	1,120,000	5,063	(1,409)	(1,123,654)	-
		1,470,000	5,063	(1,409)	(1,473,654)	-

30 June 2011

Grant date	Expiry date	As at 1-Jul-10	Lapse/ cessation	Exercised	As at 30-Jun-11
29 August 2007	August 2010*	60,000	-	(60,000)	-
29 August 2007	August 2011*	1,400,000	-	(1,050,000)	350,000
29 August 2007	August 2012*	1,400,000	(280,000)	-	1,120,000
		2,860,000	(280,000)	(1,110,000)	1,470,000

* The exercise period is up to 12 months from the date of notification of entitlement ("Vesting Date")

The estimated fair value of each share option granted is between RM0.87 to RM1.01 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM5.85, exercise price of RM5.44, expected volatility of 24%, expected yield of 4% and a risk free interest rate of 4%.

- (b) 21,800,000 share options at an exercise price of RM6.05 (exercise price adjusted to RM5.75 for rights issue):

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Adjustment for Rights Issue	Lapse/ cessation	Exercised	As at 30-Jun-12
30 April 2008	October 2011^	832,000	-	-	(832,000)	-
30 April 2008	October 2012^	612,000	31,946	-	(643,946)	-
30 April 2008	January 2012*	4,760,000	248,472	(1,060,618)	(1,102,573)	2,845,281
30 April 2008	January 2013^	4,760,000	248,472	(1,060,618)	-	3,947,854
30 April 2008	January 2014^	2,380,000	124,236	(530,309)	-	1,973,927
		13,344,000	653,126	(2,651,545)	(2,578,519)	8,767,062

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
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52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

- (b) 21,800,000 share options at an exercise price of RM6.05 (exercise price adjusted to RM5.75 for rights issue) (continued):

30 June 2011

Grant date	Expiry date	As at 1-Jul-10	Lapse/ cessation	Exercised	As at 30-Jun-11
30 April 2008	October 2010*	862,000	-	(862,000)	-
30 April 2008	October 2011^	1,416,000	(192,000)	(392,000)	832,000
30 April 2008	October 2012#	708,000	(96,000)	-	612,000
30 April 2008	January 2012*	5,880,000	(1,120,000)	-	4,760,000
30 April 2008	January 2013^	5,880,000	(1,120,000)	-	4,760,000
30 April 2008	January 2014#	2,940,000	(560,000)	-	2,380,000
		<u>17,686,000</u>	<u>(3,088,000)</u>	<u>(1,254,000)</u>	<u>13,344,000</u>

* The exercise period is up to 6 months from the date of notification of entitlement ("Vesting Date")

^ The exercise period is from 13th month to 18th month from the Vesting Date

The exercise period is from 25th month to 30th month from the Vesting Date

The estimated fair value of each share option granted is between RM0.73 to RM1.15 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM6.10, exercise price of RM5.75, expected volatility of 25%, expected yield of 4% and a risk free interest rate of 4%.

- (c) 12,835,000 share options at an exercise price of RM5.99 (exercise price adjusted to RM5.69 for rights issue):

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Adjustment for Rights Issue	Lapse/ cessation	Exercised	As at 30-Jun-12
10 June 2008	October 2011^	143,960	-	(7,200)	(136,760)	-
10 June 2008	October 2012#	284,040	11,898	(61,050)	(234,888)	-
10 June 2008	January 2012*	2,451,400	127,963	(1,466,754)	(666,821)	445,788
10 June 2008	January 2013^	2,451,400	127,963	(1,466,754)	-	1,112,609
10 June 2008	January 2014#	1,225,700	63,982	(733,377)	-	556,305
		<u>6,556,500</u>	<u>331,806</u>	<u>(3,735,135)</u>	<u>(1,038,469)</u>	<u>2,114,702</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

- (c) 12,835,000 share options at an exercise price of RM5.99 (exercise price adjusted to RM5.69 for rights issue) (continued):

30 June 2011

Grant date	Expiry date	As at 1-Jul-10	Lapse/ cessation	Exercised	As at 30-Jun-11
10 June 2008	October 2010*	205,880	-	(205,880)	-
10 June 2008	October 2011^	582,480	-	(438,520)	143,960
10 June 2008	October 2012#	291,240	(7,200)	-	284,040
10 June 2008	January 2012*	2,577,400	(126,000)	-	2,451,400
10 June 2008	January 2013^	2,577,400	(126,000)	-	2,451,400
10 June 2008	January 2014#	1,288,700	(63,000)	-	1,225,700
		7,523,100	(322,200)	(644,400)	6,556,500

* The exercise period is up to 6 months from the date of notification of entitlement ("Vesting Date")

^ The exercise period is from 13th month to 18th month from the Vesting Date

The exercise period is from 25th month to 30th month from the Vesting Date

The estimated fair value of each share option granted is between RM0.65 to RM1.08 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM6.05, exercise price of RM5.69, expected volatility of 23%, expected yield of 4% and a risk free interest rate of 4%.

- (d) 200,000 shares options at an exercise price of RM7.49 (exercise price adjusted to RM7.12 for rights issue):

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Adjustment for Rights Issue	Lapse/ cessation	Exercised	As at 30-Jun-12
25 February 2010	October 2012#	7,200	376	-	(7,576)	-
25 February 2010	January 2012*	56,000	2,923	(11,785)	(47,138)	-
25 February 2010	January 2013^	56,000	2,923	(11,785)	-	47,138
25 February 2010	January 2014#	28,000	1,462	(5,892)	-	23,570
		147,200	7,684	(29,462)	(54,714)	70,708

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

- (d) 200,000 shares options at an exercise price of RM7.49 (exercise price adjusted to RM7.12 for rights issue) (continued):

30 June 2011

Grant date	Expiry date	As at 1-Jul-10	Lapse/ cessation	Exercised	As at 30-Jun-11
25 February 2010	October 2011 [^]	14,400	-	(14,400)	-
25 February 2010	October 2012 [#]	7,200	-	-	7,200
25 February 2010	January 2012 [*]	56,000	-	-	56,000
25 February 2010	January 2013 [^]	56,000	-	-	56,000
25 February 2010	January 2014 [#]	28,000	-	-	28,000
		161,600	-	(14,400)	147,200

* The exercise period is up to 6 months from the date of notification of entitlement ("Vesting Date")

[^] The exercise period is from 13th month to 18th month from the Vesting Date

[#] The exercise period is from 25th month to 30th month from the Vesting Date

The estimated fair value of each share option granted is between RM1.04 to RM1.72 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM7.49, exercise price of RM7.12, expected volatility of 18.8%, expected yield of 4% and a risk free interest rate of 4%.

- (e) 3,095,000 shares options at an exercise price of RM9.14 (exercise price adjusted to RM8.69 for rights issue):

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Adjustment for Rights Issue	Lapse/ cessation	Exercised	As at 30-Jun-12
23 September 2010	January 2012 [*]	1,178,000	61,492	(707,920)	(256,736)	274,836
23 September 2010	January 2013 [^]	1,178,000	61,492	(707,920)	-	531,572
23 September 2010	January 2014 [#]	589,000	30,745	(353,960)	-	265,785
		2,945,000	153,729	(1,769,800)	(256,736)	1,072,193

30 June 2011

Grant date	Expiry date	As at 1-Jul-10	Granted	Lapse/ cessation	Exercised	As at 30-Jun-11
23 September 2010	January 2012 [*]	-	1,238,000	(60,000)	-	1,178,000
23 September 2010	January 2013 [^]	-	1,238,000	(60,000)	-	1,178,000
23 September 2010	January 2014 [#]	-	619,000	(30,000)	-	589,000
		-	3,095,000	(150,000)	-	2,945,000

* The exercise period is up to 6 months from the date of notification of entitlement ("Vesting Date")

[^] The exercise period is from 13th month to 18th month from the Vesting Date

[#] The exercise period is from 25th month to 30th month from the Vesting Date

The estimated fair value of each share option granted is between RM0.85 to RM1.19 per option. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM9.00, exercise price of RM8.69, expected volatility of 18.857%, expected yield of 3.341% and a risk free interest rate of 3.237%.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

52 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Option Scheme ("ESOS" or "Scheme") (continued)

(f) 1,000,000 shares options at an exercise price of RM10.55:

30 June 2012

Grant date	Expiry date	As at 1-Jul-11	Granted	Lapse/ cessation	Exercised	As at 30-Jun-12
27 October 2011	April 2014*	-	500,000	-	-	500,000
27 October 2011	January 2015^	-	500,000	-	-	500,000
		-	1,000,000	-	-	1,000,000

* The exercise period is up to 6 months from the date of notification of entitlement ("Vesting Date")

^ The exercise period is from 13th month to 18th month from the Vesting Date

The estimated fair value of each share option granted is between RM1.34 and RM1.60 per share. This was calculated using the Black-Scholes model. The model inputs were the share price at grant date of RM10.58, exercise price of RM10.55, expected volatility of 21%, expected yield of 4% and a risk free interest rate of 3%.

53 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Allowance for impairment on loans, advances and financing

The Group and the Bank review their loan portfolios to assess impairment at least on a quarterly basis. It is the policy of the Group and the Bank to establish, through charges against profit, individual and collective assessment impairment allowances in respect of estimated and inherent credit losses in their portfolio.

In determining individual assessment impairment allowances for loans/financing above the set threshold, management considers objective evidence of impairment and exercises judgement in estimating cash flows and collateral value. Whilst, management's judgement is guided by the relevant BNM guidelines, judgement is made in estimation of the amount and timing of future cash flows in assessing allowance for impairment of financial assets. Among the factors considered are the net realisable value of the underlying collateral value, the viability of the customer's business model and the capacity to generate sufficient cash flow to service debt obligations.

(b) Impairment of goodwill

The Group perform an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amount from the CGU to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

54 GENERAL INFORMATION

The Bank is a public limited liability company that is incorporated and domiciled in Malaysia. The registered office is at Level 8, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 July 2012.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

55 BUSINESS COMBINATIONS

a) Acquisition of assets and liabilities of EON Capital Berhad ("ECB")

As allowed by FRS 3 – Business Combinations, the Group had previously accounted for the acquisition of the assets and liabilities of ECB using the provisional fair values for the financial year ended 30 June 2011.

During the financial year, the Group has completed its allocation of cost of business combination to the assets acquired and liabilities and contingent liabilities assumed. The fair value adjustments and intangible assets identified on acquisition are based on finalised purchase price allocation and fair value exercise.

As required by FRS 3, the fair values of assets and liabilities arising from the acquisition of the assets and liabilities of ECB on 6 May 2011 have been restated and are set out as follows:

	Provisional fair value RM'000	Fair value adjustments RM'000	Adjusted fair value RM'000
Cash and short-term funds	9,789,918	-	9,789,918
Deposits and placements with banks and other financial institutions	734,442	-	734,442
Financial assets held-for-trading	522,937	-	522,937
Financial investments available-for-sale	3,659,283	53,496	3,712,779
Financial investments held-to-maturity	149,985	(33,136)	116,849
Loans, advances and financing	37,592,224	(495,421)	37,096,803
Other assets	423,729	16,441	440,170
Deferred tax assets (Note 17)	210,836	(263,503)	(52,667)
Statutory deposits with BNM	689,667	-	689,667
Property and equipment (Note 15)	273,050	50,806	323,856
Intangible assets (Note 16)	43,907	278,810	322,717
Deposits from customers	(41,990,573)	-	(41,990,573)
Deposits and placements with banks and other financial institutions	(5,011,594)	-	(5,011,594)
Bills and acceptance payable	(405,257)	-	(405,257)
Other liabilities	(1,017,985)	70,359	(947,626)
Subordinated bonds	(1,156,879)	(52,577)	(1,209,456)
Innovative Tier 1 Capital securities	(495,496)	(96,413)	(591,909)
Dividend payable	(311,944)	-	(311,944)
Total identifiable net assets	3,700,250	(471,138)	3,229,112
Goodwill (not deductible for income tax purposes)			1,831,312
			1,831,312

	RM'000
Consideration	
Cash	5,060,424
Total consideration	5,060,424
Cash inflow on acquisition	4,729,494

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

55 BUSINESS COMBINATIONS (continued)

b) Vesting of assets and liabilities of EON Bank Berhad ("EBB")

The vesting of EBB's assets and liabilities to the Bank is a combination between businesses or entities under common control. As there is no guidance in the Financial Reporting Standards ("FRS") on the accounting treatment for combinations among entities under common control, the Bank has applied predecessor accounting, whereby the Bank has incorporated the predecessor carrying values of EBB's assets and liabilities as at 1 July 2011. No new goodwill arises in predecessor accounting. The comparative financial statements for financial year ended 30 June 2011 are also not restated.

The assets and liabilities of EBB vested to the Bank as at 1 July 2011:

	Acquiree's carrying amount as at vesting date RM'000
Cash and short-term funds	8,213,335
Deposits and placements with banks and other financial institutions	694,642
Financial assets held-for-trading	379,713
Financial investments available-for-sale	2,185,386
Financial investments held-to-maturity	117,169
Loans, advances and financing	32,036,096
Other assets	415,492
Deferred tax assets	(87,226)
Statutory deposits with BNM	859,947
Investment in subsidiaries	1,046,786
Property and equipment	269,396
Intangible assets	368,125
Goodwill	354,938
Deposits from customers	(35,246,138)
Deposits and placements with banks and other financial institutions	(4,976,802)
Bills and acceptance payable	(276,461)
Other liabilities	(757,480)
Subordinated bonds	(1,196,973)
Innovative Tier 1 Capital securities	(597,816)
Net assets vested to the Bank	3,802,129

The consideration was satisfied via cash settlement of RM3,802,129,000. The cash and short-term funds transferred to the Bank were RM8,213,335,000.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
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56 PRIOR YEAR ADJUSTMENTS

During the financial year, the Group finalised the fair value exercise and purchase price allocation in respect of the acquisition of the assets and liabilities of ECB as allowed by FRS 3.

	Group		
	As Previously reported RM'000	As at 30 June 2011 FRS 3 adjustment RM'000	As restated RM'000
As at 30 June 2011			
Statement of financial position			
Financial investments available-for-sale	5,954,139	53,496	6,007,635
Financial investments held-to-maturity	7,820,548	(33,136)	7,787,412
Loans, advances and financing	81,950,757	(495,421)	81,455,336
Other assets	951,929	16,441	968,370
Property and equipment	646,605	50,661	697,266
Goodwill	1,360,174	471,138	1,831,312
Deferred tax assets	325,935	(262,028)	63,907
Intangible assets	106,365	273,057	379,422
Other liabilities	2,865,019	69,113	2,934,132
Tier 2 Subordinated bonds	2,858,493	47,085	2,905,578
Innovative Tier 1 capital securities	503,069	92,651	595,720
Taxation	197,343	(137,159)	60,184
Total assets	145,424,673	74,208	145,498,881
Total liabilities	137,959,426	71,690	138,031,116
Total equity	7,465,247	2,518	7,467,765
Total equity and liabilities	145,424,673	74,208	145,498,881
Statement of changes in equity			
Retained profits	3,983,356	2,518	3,985,874
Statement of income			
Interest expense	(1,608,312)	9,254	(1,599,058)
of which: Tier 2 Subordinated bonds	(52,628)	5,492	(47,136)
Innovative Tier 1 capital	(6,392)	3,762	(2,630)
Overhead expenses	(1,205,638)	(5,898)	(1,211,536)
of which: Depreciation of property, plant and Equipment	(60,127)	(145)	(60,272)
Amortisation of intangible assets	(20,009)	(5,753)	(25,762)
Taxation and zakat	(276,932)	(838)	(277,770)
of which: Malaysia income tax			
- Current year	(271,968)	(2,313)	(274,281)
Transfer to deferred tax			
- Current year	3,171	1,475	4,646

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012
(continued)

57 GOODWILL

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost				
As at 1 July				
- as previously reported	1,360,174	-	-	-
- fair value adjustments on completion of business combination accounting	471,138	-	-	-
	1,831,312	-	-	-
Acquisition of assets and liabilities of ECB	-	1,360,174	-	-
Fair value adjustments on completion of business combination accounting	-	471,138	-	-
Vesting of assets and liabilities of Promino	-	-	1,771,547	-
As at 30 June	1,831,312	1,831,312	1,771,547	-

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following cash-generating-units ("CGUs").

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Personal Financial Services	1,188,705	1,188,705	1,149,911	-
Business & Corporate Banking	479,437	479,437	463,791	-
Global Markets	163,170	163,170	157,845	-
	1,831,312	1,831,312	1,771,547	-

Impairment test for goodwill

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the budget for the financial year ending 2013, which is approved by the Board of Directors. There is a further projection of 4 years based on the average to year historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the 5 year period are extrapolated using an estimated growth rate of 4% for all cash generating units. The cash flow projections are derived based on a number of key factors including past performance and management's expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs range from 11.68% to 11.87%. The pre-tax discount rate reflects the specific risks relating to the CGUs.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

(continued)

58 REALISED AND UNREALISED PROFITS

The determination of realised and unrealised profits is based on the Guidance of Special Matter 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 and the directive of Bursa Malaysia Securities Berhad.

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits of Hong Leong Bank Berhad and subsidiaries				
- Realised	3,323,072	2,609,976	2,969,031	2,240,238
- Unrealised	1,031,292	993,792	1,019,691	972,324
	4,354,364	3,603,768	3,988,722	3,212,562
Total share of retained profits from associated company				
- Realised	670,989	454,029	-	-
Total share of retained profits/(accumulated losses) from jointly controlled entity				
- Realised	160	(1,459)	-	-
	5,025,513	4,056,338	3,988,722	3,212,562
Less: Consolidation Adjustment	54,751	(70,464)	-	-
Total Group's Retained Profits	5,080,264	3,985,874	3,988,722	3,212,562

The Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Yvonne Chia and Mr Choong Yee How, two of the Directors of Hong Leong Bank Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 72 to 212 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 June 2012 and of the results and cash flows of the Group and the Bank for the financial year then ended on that date, in accordance with the provisions of the Companies Act, 1965, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and Bank Negara Malaysia Guidelines.

On behalf of the Board,

DATUK YVONNE CHIA

CHOONG YEE HOW

Kuala Lumpur
18 September 2012

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, Chew Seong Aun, the officer primarily responsible for the financial management of Hong Leong Bank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 212 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Chew Seong Aun at)
Kuala Lumpur in Wilayah Persekutuan on)
18 September 2012)

CHEW SEONG AUN

Before me,

TAN SEOK KETT

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hong Leong Bank Berhad on pages 72 to 212 which comprise the statements of financial position as at 30 June 2012 of the Group and of the Bank, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Bank for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 57.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Companies Act, 1965 and the Bank Negara Malaysia Guidelines and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Companies Act, 1965 and Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as of 30 June 2012 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965, in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

(continued)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 58 on page 212 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

ONG CHING CHUAN
(No.2907/11/13 (J))
Chartered Accountant

Kuala Lumpur
18 September 2012

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012

1. INTRODUCTION

The capital adequacy ratios of Hong Leong Bank Berhad ("HLBB" or "the Bank") and its banking subsidiaries ("the Group") are computed in accordance with the Bank Negara Malaysia's ("BNM") revised Risk-Weighted Capital Adequacy Framework ("RWCAF") - Basel II effective from 1 January 2008.

The following information concerning the Group's risk exposures, risk management practices and capital adequacy is disclosed as accompanying information to the annual report and does not form part of the audited accounts.

2. SCOPE OF APPLICATION

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its banking subsidiary Hong Leong Islamic Bank Berhad ("HLISB"). Islamic Banking business undertaken by the HLISB refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The capital adequacy ratios of the Bank and the Group are computed in accordance with BNM's revised RWCAF-Basel II. The Bank and the Group have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, as discussed in Note 2A to the Financial Statements, except where deductions from eligible capital are required under BNM's RWCAF or where entities meet separation requirements set by BNM.

During the course of the year, the Bank and its banking subsidiaries did not experience any restrictions or other major impediments on transfer of funds or regulatory capital within the Group.

3. CAPITAL STRUCTURE AND ADEQUACY

The Group monitors the capital adequacy position of the Bank and its banking subsidiaries to ensure compliance with requirements of BNM and to take prompt actions to address projected capital deficiency. The capital position is reviewed on a monthly basis by undertaking stress tests and taking into account the levels and trend of material risks. The sufficiency of capital is assessed against the various risks in the balance sheet as well as future capital requirements based on the Group's expansion plans.

The Group has also formalised an overall capital management framework, which seeks to ensure that there is an adequate balance between Tier I and Tier II capital. The Group is also following very closely the global developments on capital management including BASEL III standard.

The following table sets forth details on the capital resources, capital adequacy ratios and risk-weighted assets for the Group and the Bank as at 30 June 2012. BNM's revised RWCAF-Basel II sets out the minimum capital adequacy ratios for the banking institutions and the methodology for calculating these ratios. As at 30 June 2012, the Group's and the Bank's Tier I and the total capital adequacy ratios were higher than BNM's minimum requirements.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

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

	Group		Bank	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Before deducting proposed dividends:				
Tier I capital ratio	11.67%	8.47%	11.70%	11.56% *
Risk-weighted capital ratio	15.88%	14.26%	14.50%	11.56% *
After deducting proposed dividends:				
Tier I capital ratio	11.30%	8.28%	11.28%	11.19% *
Risk-weighted capital ratio	15.50%	14.06%	14.07%	11.19% *

The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Tier I Capital:				
Paid-up share capital	1,879,909	1,580,107	1,879,909	1,580,107
Share premium	2,832,383	539,664	2,832,383	539,664
Retained profits	5,080,264	3,985,874	3,988,722	3,212,562
Other reserves	2,157,549	1,931,653	1,927,506	1,798,885
Non-Innovative Tier 1 stapled securities	1,396,630	1,394,665	1,396,630	1,394,665
Innovative Tier 1 capital securities	490,292	490,273	488,826	-
	13,837,027	9,922,236	12,513,976	8,525,883
Less: Treasury shares	(714,792)	(671,744)	(714,792)	(671,744)
Deferred tax assets	-	(63,907)	-	(102,281)
Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	-
Total Tier I Capital	11,290,923	7,355,273	10,027,637	7,751,858
Tier II Capital:				
Collective assessment allowance ^	1,343,193	1,288,699	1,157,646	587,106
Subordinated bonds	4,341,165	2,833,327	4,340,557	1,693,352
Capital cumulative subordinated loan	-	2,300,000	-	2,300,000
Total Tier II Capital	5,684,358	6,422,026	5,498,203	4,580,458
Total Capital	16,975,281	13,777,299	15,525,840	12,332,316
Less: Investment in subsidiaries companies	-	-	(2,081,933)	(6,088,873)
Less: Investment in associated company	(1,540,288)	(1,325,707)	(946,505)	(946,505)
Less: Investment in jointly controlled entity	(76,871)	(75,252)	(76,711)	(76,711)
Capital Base	15,358,122	12,376,340	12,420,691	5,220,227

^ Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

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

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.

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

	Hong Leong Islamic Bank Berhad ¹
30 June 2012	
Before deducting proposed dividends:	
Tier I capital ratio	9.77%
Risk-weighted capital ratio	13.52%
After deducting proposed dividends:	
Tier I capital ratio	9.49%
Risk-weighted capital ratio	13.24%
30 June 2011	
Before deducting proposed dividends:	
Tier I capital ratio	16.06%
Risk-weighted capital ratio	17.65%
After deducting proposed dividends:	
Tier I capital ratio	15.41%
Risk-weighted capital ratio	16.99%

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

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposure is as follows:

Group 30 June 2012	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum Capital requirements at 8% RM'000
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	20,645,706	20,645,706	-	-
Public Sector Entities	2,539	2,539	508	41
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	13,558,779	13,558,779	4,676,537	374,123
Insurance Cos, Securities Firms ("SF") and Fund Managers ("FM")	21,730	21,730	21,730	1,738
Corporates	29,796,762	28,355,050	25,919,460	2,073,557
Regulatory Retail	38,493,444	37,816,753	28,362,565	2,269,005
Residential Mortgages	22,017,198	21,974,909	8,700,989	696,079
Higher Risk Assets	364,675	364,675	547,012	43,761
Other Assets	4,498,539	4,498,539	3,244,902	259,592
Equity Exposures	-	-	-	-
Defaulted Exposures	2,733,941	2,715,857	3,761,004	300,880
Total On-Balance Sheet Exposures	132,133,313	129,954,537	75,234,707	6,018,776
Off-Balance Sheet Exposures				
Over-the-counter ("OTC") Derivatives	3,331,489	3,331,489	1,660,663	132,853
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	12,927,798	12,380,846	10,580,072	846,406
Defaulted Exposures	354,732	351,368	527,052	42,164
Total Off-Balance Sheet Exposures	16,614,019 [^]	16,063,703	12,767,787	1,021,423
Total On and Off-Balance Sheet Exposures	148,747,332	146,018,240	88,002,494	7,040,199
Large Exposures Risk Requirements	-	-	-	-
Market Risk				
Interest Rate Risk	84,013,258	65,310,770	15,081,156	217,537
Foreign Currency Risk	699,030	182,190	516,840	58,034
Option Risk	-	-	-	997
Total	84,714,177	65,492,960	15,597,996	276,984
Operational Risk			5,344,452	427,556
Total RWA and Capital Requirements			96,720,142	7,744,739

Note:

CRM credit risk mitigation

[^] The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 258

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposure is as follows: (continued)

Group 30 June 2011	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum Capital requirements at 8% RM'000
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	34,859,464	34,859,464	-	-
Public Sector Entities	39,577	39,577	7,916	633
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	15,438,838	15,438,838	4,449,445	355,956
Insurance Cos, Securities Firms ("SF") and Fund Managers ("FM")	27,800	27,800	27,800	2,224
Corporates	24,639,472	23,724,179	22,578,809	1,806,305
Regulatory Retail	41,909,593	41,237,314	30,956,557	2,476,525
Residential Mortgages	16,221,335	16,201,739	6,474,402	517,952
Higher Risk Assets	191,250	191,109	286,664	22,933
Other Assets	2,656,087	2,656,087	1,543,562	123,485
Equity Exposures	24,536	24,536	14,872	1,190
Defaulted Exposures	1,784,459	1,779,772	2,385,438	190,835
Total On-Balance Sheet Exposures	137,792,411	136,180,415	68,725,465	5,498,038
Off-Balance Sheet Exposures				
OTC Derivatives	3,160,945	3,160,945	1,611,483	128,919
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	10,839,451	10,463,307	9,238,564	739,085
Defaulted Exposures	42,438	42,434	63,651	5,092
Total Off-Balance Sheet Exposures	14,042,834 ^	13,666,686	10,913,698	873,096
Total On and Off-Balance Sheet Exposures	151,835,245	149,847,101	79,639,163	6,371,134
Large Exposures Risk Requirements	-	-	-	-
Market Risk				
Interest Rate Risk	73,315,233	63,259,073	8,505,222	2,405,542
Foreign Currency Risk	511,004	178,785	332,219	511,004
Option Risk	-	-	-	8,713
Total	73,826,237	63,437,858	8,837,441	2,925,259
Operational Risk			4,241,563	339,325
Total RWA and Capital Requirements			86,805,985	6,920,873

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance-Sheet items on page 259.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposure is as follows: (continued)

Bank 30 June 2012	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum Capital requirements at 8% RM'000	
Exposure Class					
Credit Risk					
On-Balance Sheet Exposures					
Sovereigns/Central Banks	18,518,312	18,518,312	-	-	
Public Sector Entities	2,539	2,539	508	41	
Banks, DFIs and MDBs	13,869,094	13,869,094	4,960,984	396,879	
Insurance Cos, SF and FM	19,568	19,568	19,568	1,565	
Corporates	26,835,191	25,402,330	23,378,444	1,870,276	
Regulatory Retail	32,009,905	31,350,004	23,512,505	1,881,000	
Residential Mortgages	19,056,721	19,019,767	7,477,730	598,218	
Higher Risk Assets	358,037	358,037	537,055	42,964	
Other Assets	4,697,555	4,697,555	3,278,310	262,265	
Equity Exposures	-	-	-	-	
Defaulted Exposures	2,453,817	2,435,842	3,380,087	270,407	
Total On-Balance Sheet Exposures	117,820,739	115,673,048	66,545,191	5,323,615	
Off-Balance Sheet Exposures					
OTC Derivatives	3,575,887	3,575,887	1,927,963	154,237	
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	11,024,948	10,479,650	8,967,294	717,384	
Defaulted Exposures	294,299	290,953	436,430	34,914	
Total Off-Balance Sheet Exposures	14,895,134 ^	14,346,490	11,331,687	906,535	
Total On and Off-Balance Sheet Exposures	132,715,873	130,019,538	77,876,878	6,230,150	
Large Exposures Risk Requirements	-	-	-	-	
	Long Position	Short Position			
Market Risk					
Interest Rate Risk	82,423,461	68,432,101	13,991,360	2,460,538	196,843
Foreign Currency Risk	694,712	151,348	543,364	694,712	55,577
Equity Risk	1,889	-	-	5,194	416
Option Risk	-	-	-	12,463	997
Total	83,120,062	68,583,449	14,534,724	3,172,907	253,833
Operational Risk				4,639,177	371,134
Total RWA and Capital Requirements				85,688,962	6,855,117

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance-Sheet items on page 260.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

3. CAPITAL STRUCTURE AND ADEQUACY (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposure is as follows: (continued)

Bank 30 June 2011	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum Capital requirements at 8% RM'000
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	20,394,829	20,394,829	-	-
Public Sector Entities	39,453	39,453	7,891	631
Banks, DFIs and MDBs	13,011,316	13,011,316	4,062,179	324,974
Insurance Cos, SF and FM	25,590	25,590	25,590	2,047
Corporates	12,108,158	11,505,426	11,180,744	894,460
Regulatory Retail	15,232,354	14,784,338	11,088,252	887,060
Residential Mortgages	11,686,912	11,681,646	4,629,886	370,391
Higher Risk Assets	178,147	178,147	267,220	21,378
Other Assets	2,466,958	2,466,958	1,588,103	127,048
Defaulted Exposures	595,975	595,077	797,248	63,780
Total On-Balance Sheet Exposures	75,739,692	74,682,780	33,647,113	2,691,769
Off-Balance Sheet Exposures				
OTC Derivatives	3,336,431	3,336,431	1,951,318	156,105
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	4,688,617	4,312,473	3,705,444	296,436
Defaulted Exposures	18,594	18,591	27,886	2,231
Total Off-Balance Sheet Exposures	8,043,642 ^	7,667,495	5,684,648	454,772
Total On and Off-Balance Sheet Exposures	83,783,334	82,350,275	39,331,761	3,146,541
Large Exposures Risk Requirements	-	-	-	-
Market Risk				
Interest Rate Risk	67,682,050	60,726,352	6,955,698	131,225
Foreign Currency Risk	470,991	178,486	292,505	37,679
Option Risk	-	-	8,713	697
Total	68,153,041	60,904,838	7,248,203	169,601
Operational Risk			3,707,107	296,569
Total RWA and Capital Requirements			45,158,880	3,612,711

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance-Sheet items on page 261.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT

The Group believes that an integrated risk management framework is key to ensuring the overall financial soundness and stability of the Group's business operations. Key components of our enterprise wide risk management framework include:

- (i) A structured risk governance model, incorporating strong Board and senior management oversight.
- (ii) Sound capital management processes.
- (iii) Comprehensive assessment of material risks.
- (iv) A rigorous system of check and balance reviews.
- (v) Regular monitoring and reporting.
- (vi) Independent reviews by the internal and external auditors.

The Group has also formulated an overall capital management and ICAAP (Internal Capital Adequacy Assessment Process) framework which seeks to ensure that the Group is in compliant to Basel III standards as adopted by BNM.

Risk governance structure

The Board has overall responsibility for providing leadership, overseeing risk appetite and ensuring that a robust risk and compliance culture prevails. The Board is assisted by the following Board and Management Committees:

- (i) Board Risk Management Committee ("BRMC").
- (ii) Group Asset and Liability Management Committee ("Group ALCO").
- (iii) Operational Risk Management and Compliance Committee ("ORMCC").

The BRMC is responsible for the following:

- (i) Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval.
- (ii) Reviewing and assessing adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- (iii) Ensuring infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of Hong Leong Bank Group's risk taking activities.
- (iv) Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The Group Integrated Risk Management & Compliance ("GIRMC") is responsible for assisting the BRMC and the Board in ensuring that the risk management activities are carried out as per their directives. Amongst others, GIRMC is responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring, control and valuation of risks.

The GIRMC consists of five main departments namely Market and Liquidity Risk, Credit Portfolio Risk Management, Technology and Operations Risk, Economic Capital / ICAAP, Regulatory Compliance and Islamic Banking Risk and Compliance.

The Group Internal Audit function complements GIRMC in the management of risk by:

- (i) Ensuring that the risk policies prepared by the GIRMC are enforced through its regular audit cycle.
- (ii) Performing independent reviews to assess the risk control environment developed by the GIRMC.
- (iii) Performing independent reviews to assess the risk grading system and the credit process.
- (iv) Forming independent opinions on risk controls being formulated by GIRMC.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

Eight broad principles of risk management

(i) Align risk appetite and strategy

Risk appetite is the degree of risk that the Group is willing to accept in pursuit of its goals. Risk appetite is set first in evaluating strategic alternatives, then in setting objectives aligned with the selected strategy and in developing mechanisms to manage the related risks.

(ii) Link growth, risk and return

The Group accepts risk as part of value creation and expects a return commensurate with the risk. The Framework provides an enhanced ability to identify and assess risks and establish acceptable levels of risk relative to growth and return objectives.

(iii) Enhance risk response decisions

The Group strives to identify and select among alternative risk responses – risk avoidance, reduction, sharing and acceptance based on generally accepted practices and methodologies.

(iv) Minimise operational surprises and losses

The Group continually enhances its capability to identify potential events, assess risk and establish responses, thereby reducing the occurrence of surprises and related costs or losses.

(v) Identify and manage cross-risks

Every product faces a myriad of risks. The Group not only manages the individual risks, but also manages interrelated impacts.

(vi) Provide integrated responses to multiple risks

Business processes carry many inherent risks and the Group continually finds solutions for managing the risks.

(vii) Seize opportunities

The Group considers potential events, using risk management as offensive initiatives rather than just risks (defensive), and by considering a full range of events, the Group gains an understanding of how certain events represent opportunities.

(viii) Rationalise capital

More robust information on total risk allows the Group to more effectively assess overall capital needs and improve capital allocation.

Risk management framework

The Group's risk management framework outlines the overall structure, aspirations, values and risk management strategies, and is a structured approach in balancing risks and returns.

Appropriate methodologies and measures have been developed in our risk management approaches to manage uncertainties such that the deviations from the intended strategic objectives are monitored and kept within tolerable levels.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

Risk management culture

The risk management culture of the Group encompasses the following:

(i) Developing strategies

Documentation that is approved by the Board which expresses the Group's risk management strategies and appetite.

(ii) Adopting skills

The capabilities and resources required for implementing the risk management function.

(iii) Cultivating shared values

The universal risk management culture that the Group expects and promotes throughout the business units.

Risk management approach

The risk management approach is summarised as follows:

(i) Strategy

Risk management policies are integrated with business and strategies, in line with Board approved risk appetite.

(ii) Policy

Risks are addressed using specific risk policies.

(iii) Tools

Risks are measured and assessed using clearly defined models, methodologies and benchmarking.

(iv) Communication

Risks are adequately communicated across the Group in a timely manner.

(v) Implementation

Risks and returns are identified and managed by respective accountable business, support and operating units.

(vi) Maintenance

Risk management policies are clearly and formally documented, with a review in place to respond to changes in operating environment.

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PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

Risk management process

The risk management approaches are based on four simple processes:

- (i) Identify what, why and how risks can arise:
 - Nature of risk.
 - Circumstances.
 - Causes.
 - Potential contributing factors.
- (ii) Analyse and evaluate risks:
 - Analyse and measure risk exposures using impact and probability analysis.
 - Establish priorities using risk matrix.
 - Compare risk exposures with Group's risk appetite.
- (iii) Measures to control or mitigate the identified risks:
 - Measures to mitigate the identified risks or risk controls.
 - Action plans to either prevent or mitigate the risks.
- (iv) Monitor and review the performance of the risk management process:
 - Review effectiveness of mitigating measures or controls.
 - Tracking of incidences and losses.
 - Review feedback from internal reports and take appropriate action.

Policies for hedging and mitigating risk, strategies and processes for monitoring the continuing effectiveness of hedge and mitigants

- (i) Financial instruments designated as fair value through profit and loss

The Group and the Bank uses derivative hedge instruments, such as interest rate swaps to economic hedge part of their existing fixed rate loans to reduce the exposure on interest rate risk as part of their risk management strategy.

- (ii) Fair value hedges

The Group and the Bank uses interest rate swap as the hedge instruments to hedge the interest rate risk of fixed rate loans exposure. The interest rate swap contracts used for the hedging are contracted with other financial institutions.

Further information relating to the fair value hedges are disclosed in the Note 20 to the financial statements.

- (iii) The accounting policies on derivative financial instruments and hedge accounting are disclosed in Note 2 (k) to the financial statements.

(A) Credit risk

Credit risk arises as a result of customers or counterparties not being able to or willing to fulfill their financial and contractual obligations as and when they fall due. These obligations arise from lending, trade finance and other activities undertaken by the Group.

The primary objective of the credit risk management framework is to ensure that exposure to credit risk is kept within the Group's financial capacity to withstand potential future losses. Lending activities are guided by internal credit policies and guidelines that are approved by the Board. These policies were reviewed and further enhanced during the year.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit portfolio management strategies and significant exposures are reviewed by the Board. These portfolio management strategies are designed to achieve a desired ideal portfolio risk tolerance level and sector distribution. This includes minimum credit rating targets for new credit facilities.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. While the business units are responsible for credit origination, the credit approving function rests mainly with the Management Credit Committee ("MCC") and the Board Credit Supervisory Committee.

Selection and training of new lending personnel is considered a key process in the management of credit risk. Newly appointed lending personnel are required to undergo comprehensive credit training programmes and are encouraged to sit for the Certified Credit Professional examination conducted by the Institute of Bankers Malaysia. Credit training programmes are also conducted to enhance the skills of the existing lending personnel.

Credit risk is also identified as part of the new product sign-off process to ensure that new products prior to marketing are acceptable from a credit risk management perspective.

Approving and discretionary authority and its adherence is a crucial part of the Bank's Credit Policy. The Board of Directors (BoD) delegates approving and discretionary authority to the MCC and the various personnel of the Bank based on job function and designation. The highest authority for credit approval is the MCC.

Credit Risk Management Process

(i) Identification

- Risk assessment on the potential impact of internal and external factors on transactions and positions.

(ii) Assessment/Measurement

- Internal credit rating systems to evaluate customer's credit worthiness.

(iii) Control/Mitigation

- Credit risk management policies and guidelines on credit rating, collateral and loan recovery.
- Exposure limits based on credit worthiness level for corporate groups, and prudent thresholds by economic sectors.
- Monitoring the benchmark return to consider the risk taken.

(iv) Monitoring/Review

- Analysis/review on loan exposures, asset quality evaluation, and movement of impaired loans, advances, and financing.
- Reporting on exposures against approved credit limits.

Management of credit risk

Corporate and SME credit risks are assessed by the Credit Management function, and each customer is assigned a credit rating. The rating is based on the assessment of relevant factors including customer's financial position, industry outlook, types of facilities and securities offered.

Consumer credit risk is managed on a portfolio basis. Scoring models and lending templates are used and these tools focus on lending to individual customers with similar characteristics and product needs. The Bank has implemented a credit scoring system to improve the Bank's ability to control credit losses within predictive ranges and achieve a well-balanced portfolio.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Management of credit risk (continued)

Corporate and SME credits are constantly being monitored to identify and detect signs of credit deterioration. Reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken should the account show signs of credit deterioration. A post-approval evaluation of credit facilities is in place, with checks to ensure that credit facilities are properly approved, and further, post-mortems are conducted on credit facilities that turn impaired. The findings of these credit reviews are tabled to the MCC for remedial action, and credit policies are further enhanced.

External credit assessments (or external ratings) on the customer (the issuer) or specific securities issued by the issuer (the issue) form as a basis for the determination of risk weights under the Standardised Approach for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios.

The approved External Credit Assessment Institutions ("ECAI") ratings and the prescribed risk weights on the above stated asset classes are used in the computation of regulatory capital. An exposure would be deemed to have an external rating if the issuer or the issue has a rating provided by an ECAI. In cases where an exposure does not have an issuer or issue rating, the exposure shall be deemed unrated and shall be accorded a risk weight appropriate for unrated exposures in their respective exposure category.

The ECAI used by the Group are Fitch Ratings, Moody's Investors Service and Standard & Poor's, Rating and Investment Inc (R&I), Malaysia Rating Corporation Berhad (MARC) and Rating Agency Malaysia (RAM). ECAI ratings are mapped to a common credit quality grade as prescribed by BNM.

Gross credit exposure

- (i) The table below sets out the breakdown of gross credit exposures by geographical distribution as follows:

Group 30 June 2012	Malaysia RM'000	Other countries RM'000	Total RM'000
On-Balance Sheet Exposures			
Financial assets held-for-trading	21,517,374	227,584	21,744,958
Financial investments available-for-sale *	8,070,559	1,389,708	9,460,267
Financial investments held-to-maturity	3,418,220	151,958	3,570,178
Loans, advances and financing	86,298,166	1,894,925	88,193,091
Derivative financial instruments	894,086	61,264	955,350
Total On-Balance Sheet Exposures	120,198,405	3,725,439	123,923,844
Off-Balance Sheet Exposures ^			
OTC Derivatives	3,203,864	127,625	3,331,489
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,153,847	128,683	13,282,530
Total Off-Balance Sheet Exposures	16,357,711	256,308	16,614,019
Total On and Off-Balance Sheet Exposures	136,556,116	3,981,747	140,537,863

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

- (i) The table below sets out the breakdown of gross credit exposures by geographical distribution as follows:
(continued)

Group 30 June 2011	Malaysia RM'000	Other countries RM'000	Total RM'000
On-Balance Sheet Exposures			
Financial assets held-for-trading	5,806,996	216,151	6,023,147
Financial investments available-for-sale *	4,843,041	771,627	5,614,668
Financial investments held-to-maturity	7,773,369	14,043	7,787,412
Loans, advances and financing	79,667,647	1,787,689	81,455,336
Derivative financial instruments	689,879	100,283	790,162
Total On-Balance Sheet Exposures	98,780,932	2,889,793	101,670,725
Off-Balance Sheet Exposures ^			
OTC Derivatives	3,015,672	145,273	3,160,945
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	10,815,751	66,138	10,881,889
Total Off-Balance Sheet Exposures	13,831,423	211,411	14,042,834
Total On and Off-Balance Sheet Exposures	112,612,355	3,101,204	115,713,559

Note:

⁽¹⁾ For this table, the Group and the Bank have allocated the loans, advances and financing to geographical areas based on the country where the loans, advances and financing were provided.

* Excludes equity securities.

^ Off Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 258 and Page 259.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

- (i) The table below sets out the breakdown of gross credit exposures by geographical distribution as follows:
(continued)

Bank 30 June 2012	Malaysia RM'000	Other countries RM'000	Total RM'000
On-Balance Sheet Exposures			
Financial assets held-for-trading	17,457,796	227,584	17,685,380
Financial investments available-for-sale *	6,669,864	1,268,890	7,938,754
Financial investments held-to-maturity	3,712,286	2,578	3,714,864
Loans, advances and financing	74,252,757	1,744,410	75,997,167
Derivative financial instruments	967,004	60,678	1,027,682
Total On-Balance Sheet Exposures	103,059,707	3,304,140	106,363,847
Off-Balance Sheet Exposures ^			
OTC Derivatives	3,448,262	127,625	3,575,887
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	11,190,564	128,683	11,319,247
Total Off-Balance Sheet Exposures	14,638,826	256,308	14,895,134
Total On and Off-Balance Sheet Exposures	117,698,533	3,560,448	121,258,981
30 June 2011			
On-Balance Sheet Exposures			
Financial assets held-for-trading	4,255,745	216,151	4,471,896
Financial investments available-for-sale *	1,450,529	771,627	2,222,156
Financial investments held-to-maturity	7,922,570	-	7,922,570
Loans, advances and financing	36,775,262	1,773,560	38,548,822
Derivative financial instruments	705,478	97,298	802,776
Total On-Balance Sheet Exposures	51,109,584	2,858,636	53,968,220
Off-Balance Sheet Exposures ^			
OTC Derivatives	3,191,158	145,273	3,336,431
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	4,641,073	66,138	4,707,211
Total Off-Balance Sheet Exposures	7,832,231	211,411	8,043,642
Total On and Off-Balance Sheet Exposures	58,941,815	3,070,047	62,011,862

Note:

(1) For this table, the Group and the Bank have allocated the loans, advances and financing to geographical areas based on the country where the loans, advances and financing were provided.

* Excludes equity securities.

^ Off Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 260 and Page 261.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows:

Group 30 June 2012	Financial assets held-for- trading RM'000	Financial investments available- for-sale * RM'000	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
Agriculture	-	45,761	-	1,770,703	-	1,816,464	-	413,321	413,321	2,229,785
Mining and quarrying	-	78,585	-	186,198	-	264,783	-	23,472	23,472	288,255
Manufacturing	-	52,833	-	8,412,312	-	8,465,145	-	2,281,593	2,281,593	10,746,738
Electricity, gas and water	60,942	641,566	-	371,634	-	1,074,142	-	108,204	108,204	1,182,346
Construction	-	203,556	-	1,943,207	-	2,146,763	-	603,129	603,129	2,749,892
Wholesale and retail Transport, storage and communications	-	-	-	7,319,557	-	7,319,557	-	459,430	459,430	7,778,987
Finance, insurance, real estate and business services	20,805	144,682	-	1,247,590	-	1,413,077	-	520,391	520,391	1,933,468
Government and government agencies	18,904,013	5,788,199	323,887	8,727,418	955,350	34,698,867	3,331,489	1,275,571	4,607,060	39,305,927
Education, health and others	2,758,166	2,309,326	3,226,171	-	-	8,293,663	-	-	-	8,293,663
Household	-	-	-	1,012,858	-	1,012,858	-	40,179	40,179	1,053,037
Others	-	-	-	55,935,694	-	55,935,694	-	7,300,370	7,300,370	63,236,064
Others	1,032	195,759	20,120	1,265,920	-	1,482,831	-	256,870	256,870	1,739,701
Total On and Off- Balance Sheet Exposures	21,744,958	9,460,267	3,570,178	88,193,091	955,350	123,923,844	3,331,489	13,282,530	16,614,019	140,537,863

* Excludes equity securities

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

Group 30 June 2011	Financial assets held-for- trading RM'000	Financial investments available- for-sale *	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
Agriculture	14,516	32,514	-	1,685,404	-	1,732,434	-	367,567	367,567	2,100,001
Mining and quarrying	-	-	-	136,772	-	136,772	-	21,749	21,749	158,521
Manufacturing	-	27,295	461	7,094,913	-	7,122,669	-	998,251	998,251	8,120,920
Electricity, gas and water	54,711	578,125	35,900	391,638	-	1,060,374	-	50,575	50,575	1,110,949
Construction	-	35,706	-	2,693,465	-	2,729,171	-	1,030,405	1,030,405	3,759,576
Wholesale and retail	39,768	18,126	20,147	6,543,642	-	6,621,683	-	1,112,614	1,112,614	7,734,297
Transport, storage and communications	-	126,120	19,040	1,550,834	-	1,695,994	-	457,481	457,481	2,153,475
Finance, insurance, real estate and business services	4,425,393	1,537,403	2,891,805	7,155,643	790,162	16,800,406	3,160,945	877,557	4,038,502	20,838,908
Government and government agencies	1,488,759	3,259,379	4,820,059	-	-	9,568,197	-	-	-	9,568,197
Education, health and others	-	-	-	627,380	-	627,380	-	39,707	39,707	667,087
Household	-	-	-	52,564,755	-	52,564,755	-	5,768,748	5,768,748	58,333,503
Others	-	-	-	1,010,890	-	1,010,890	-	157,235	157,235	1,168,125
Total On and Off- Balance Sheet Exposures	6,023,147	5,614,668	7,787,412	81,455,336	790,162	101,670,725	3,160,945	10,881,889	14,042,834	115,713,559

* Excludes equity securities

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

Bank 30 June 2012	Financial assets held-for- trading RM'000	Financial investments available- for-sale *	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
Agriculture	-	45,761	-	1,326,123	-	1,371,884	-	349,722	349,722	1,721,606
Mining and quarrying	-	78,585	-	178,595	-	257,180	-	22,734	22,734	279,914
Manufacturing	-	52,833	-	7,837,370	-	7,890,203	-	2,012,437	2,012,437	9,902,640
Electricity, gas and water	25,364	379,192	-	228,272	-	632,828	-	108,013	108,013	740,841
Construction	-	122,428	-	1,716,794	-	1,839,222	-	384,861	384,861	2,224,083
Wholesale and retail	-	-	-	7,005,772	-	7,005,772	-	450,310	450,310	7,456,082
Transport, storage and communications	10,433	128,770	-	1,159,948	-	1,299,151	-	506,944	506,944	1,806,095
Finance, insurance, real estate and business services	15,372,395	5,402,669	1,294,085	7,862,271	1,027,682	30,959,102	3,575,887	997,990	4,573,877	35,532,979
Government and government agencies	2,276,157	1,532,757	2,400,659	-	-	6,209,573	-	-	-	6,209,573
Education, health and others	-	-	-	842,220	-	842,220	-	40,163	40,163	882,383
Household	-	-	-	46,692,806	-	46,692,806	-	6,306,146	6,306,146	52,998,952
Others	1,031	195,759	20,120	1,146,996	-	1,363,906	-	139,927	139,927	1,503,833
Total On and Off- Balance Sheet Exposures	17,685,380	7,938,754	3,714,864	75,997,167	1,027,682	106,363,847	3,575,887	11,319,247	14,895,134	121,258,981

* Excludes equity securities

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

Bank 30 June 2011	Financial assets held-for- trading RM'000	Financial investments available- for-sale *	Financial investments held-to- maturity RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
Agriculture	-	32,514	-	603,466	-	635,980	-	109,502	109,502	745,482
Mining and quarrying	-	-	-	79,536	-	79,536	-	6,005	6,005	85,541
Manufacturing	-	-	268	4,067,301	-	4,067,569	-	770,985	770,985	4,838,554
Electricity, gas and water	-	172,980	35,900	47,909	-	256,789	-	-	-	256,789
Construction	-	5,754	-	495,654	-	501,408	-	77,962	77,962	579,370
Wholesale and retail	-	-	20,147	3,666,741	-	3,686,888	-	805,308	805,308	4,492,196
Transport, storage and communications	-	38,555	19,040	398,974	-	456,569	-	180,349	180,349	636,918
Finance, insurance, real estate and business services	3,712,415	428,593	3,363,753	3,100,263	802,776	11,407,800	3,336,431	235,406	3,571,837	14,979,637
Government and government agencies	759,481	1,543,760	4,483,462	-	-	6,786,703	-	-	-	6,786,703
Education, health and others	-	-	-	335,954	-	335,954	-	277	277	336,231
Household	-	-	-	25,080,944	-	25,080,944	-	2,426,152	2,426,152	27,507,096
Others	-	-	-	672,080	-	672,080	-	95,265	95,265	767,345
Total On and Off- Balance Sheet Exposures	4,471,896	2,222,156	7,922,570	38,548,822	802,776	53,968,220	3,336,431	4,707,211	8,043,642	62,011,862

* Excludes equity securities

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

- (iii) The table below sets out the breakdown of gross credit exposures by residual contractual maturity as follows:

Group 30 June 2012	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures				
Financial assets held-for-trading	18,632,311	1,951,621	1,161,026	21,744,958
Financial investments available-for-sale *	2,089,872	6,809,123	561,272	9,460,267
Financial investments held-to-maturity	2,534,666	984,129	51,383	3,570,178
Loans, advances and financing	24,789,408	16,296,535	47,107,148	88,193,091
Derivative financial instruments	271,904	343,270	340,176	955,350
Total On-Balance Sheet Exposures	48,318,161	26,384,678	49,221,005	123,923,844
Off-Balance Sheet Exposures ^				
OTC Derivatives	654,526	1,468,109	1,208,854	3,331,489
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	6,922,253	6,360,277	-	13,282,530
Total Off-Balance Sheet Exposures	7,576,779	7,828,386	1,208,854	16,614,019
Total On and Off-Balance Sheet Exposures	55,894,940	34,213,064	50,429,859	140,537,863

30 June 2011

On-Balance Sheet Exposures				
Financial assets held-for-trading	5,296,783	726,364	-	6,023,147
Financial investments available-for-sale *	1,969,847	3,500,011	144,810	5,614,668
Financial investments held-to-maturity	4,808,216	2,979,021	175	7,787,412
Loans, advances and financing	22,970,835	14,445,465	44,039,036	81,455,336
Derivative financial instruments	339,817	297,801	152,544	790,162
Total On-Balance Sheet Exposures	35,385,498	21,948,662	44,336,565	101,670,725
Off-Balance Sheet Exposures ^				
OTC Derivatives	868,385	1,333,935	958,625	3,160,945
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	8,179,451	2,702,438	-	10,881,889
Total Off-Balance Sheet Exposures	9,047,836	4,036,373	958,625	14,042,834
Total On and Off-Balance Sheet Exposures	44,433,334	25,985,035	45,295,190	115,713,559

Note:

* Excludes equity securities.

^ Off Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 258 and Page 259.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Gross credit exposure (continued)

- (iii) The table below sets out the breakdown of gross credit exposures by residual contractual maturity as follows: (continued)

Bank 30 June 2012	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures				
Financial assets held-for-trading	14,449,143	2,442,259	793,978	17,685,380
Financial investments available-for-sale *	1,943,872	5,433,610	561,272	7,938,754
Financial investments held-to-maturity	2,058,548	1,604,933	51,383	3,714,864
Loans, advances and financing	23,407,532	13,519,691	39,069,944	75,997,167
Derivative financial instruments	271,318	416,188	340,176	1,027,682
Total On-Balance Sheet Exposures	42,130,413	23,416,681	40,816,753	106,363,847
Off-Balance Sheet Exposures ^				
OTC Derivatives	654,426	1,741,607	1,179,854	3,575,887
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	6,648,331	4,670,916	-	11,319,247
Total Off-Balance Sheet Exposures	7,302,757	6,412,523	1,179,854	14,895,134
Total On and Off-Balance Sheet Exposures	49,433,170	29,829,204	41,996,607	121,258,981
30 June 2011				
On-Balance Sheet Exposures				
Financial assets held-for-trading	3,826,807	645,089	-	4,471,896
Financial investments available-for-sale *	755,588	1,466,568	-	2,222,156
Financial investments held-to-maturity	5,274,187	2,648,383	-	7,922,570
Loans, advances and financing	13,280,045	5,109,135	20,159,642	38,548,822
Derivative financial instruments	328,971	321,261	152,544	802,776
Total On-Balance Sheet Exposures	23,465,598	10,190,436	20,312,186	53,968,220
Off-Balance Sheet Exposures ^				
OTC Derivatives	837,611	1,543,195	955,625	3,336,431
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	4,707,211	-	-	4,707,211
Total Off-Balance Sheet Exposures	5,544,822	1,543,195	955,625	8,043,642
Total On and Off-Balance Sheet Exposures	29,010,420	11,733,631	21,267,811	62,011,862

Note:

* Excludes equity securities.

^ Off Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 260 and Page 261.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing

- (i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, impaired loans, advances and financing, individual assessment impairment allowance, collective assessment impairment allowance, charges for individual assessment impairment allowance during the period and write-offs during the period as follows:

Group 30 June 2012	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	Individual assessment impairment allowance RM'000	Collective assessment impairment allowance RM'000	Charges for individual assessment impairment allowance during the year RM'000	Write offs during the year RM'000
Agriculture	104,863	13,937	12,088	27,615	(4,078)	17,684
Mining and quarrying	9,101	3,661	3,362	2,997	(670)	-
Manufacturing	184,679	370,095	246,939	147,114	(5,552)	15,608
Electricity, gas and water	3,179	830	-	6,128	-	-
Construction	176,519	65,123	41,822	38,865	(21,002)	457
Wholesale and retail	218,491	138,879	52,307	136,663	(12,809)	21,064
Transport, storage and communications	136,753	64,655	54,867	23,549	(11,784)	-
Finance, insurance, real estate and business services	333,439	101,134	49,320	140,753	(16,438)	90
Government and government agencies	-	-	-	-	-	-
Education, health and others	38,854	7,499	3,267	17,020	(4,609)	-
Household	8,993,167	700,330	20,096	1,319,919	3,287	22
Others	8,517	65,871	57,910	20,796	(944)	61,948
	10,207,562	1,532,014	541,978	1,881,419	(74,599)	116,873

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing (continued)

- (i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, impaired loans, advances and financing, individual assessment impairment allowance, collective assessment impairment allowance, charges for individual assessment impairment allowance during the period and write-offs during the period as follows: (continued)

Group 30 June 2011	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	Individual assessment impairment allowance RM'000	Collective assessment impairment allowance RM'000	Charges for individual assessment impairment allowance during the year RM'000	Write offs during the year RM'000
Agriculture	42,832	41,455	34,210	13,952	2,737	-
Mining and quarrying	8,467	5,646	4,102	2,366	(59)	-
Manufacturing	119,923	399,331	290,899	85,299	(7,768)	16,168
Electricity, gas and water	5,896	1,286	67	8,164	-	-
Construction	227,736	106,909	70,348	54,564	(358)	6,097
Wholesale and retail	147,792	178,844	79,408	84,560	(124)	12,048
Transport, storage and communications	121,932	75,295	68,600	25,566	4,916	73
Finance, insurance, real estate and business services	215,485	172,963	63,982	89,491	(21,060)	3,301
Government and government agencies	-	-	-	-	-	-
Education, health and others	38,948	4,052	8,528	8,382	489	-
Household	8,260,235	790,215	61,143	1,412,090	1,246	6,513
Others	812	139,405	111,773	5,880	9,129	-
	9,190,058	1,915,401	793,060	1,790,314	(10,852)	44,200

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing (continued)

- (i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, impaired loans, advances and financing, individual assessment impairment allowance, collective assessment impairment allowance, charges for individual assessment impairment allowance during the period and write-offs during the period as follows: (continued)

Bank 30 June 2012	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	Individual assessment impairment allowance RM'000	Collective assessment impairment allowance RM'000	Charges for individual assessment impairment allowance during the year RM'000	Write offs during the year RM'000
Agriculture	101,051	12,486	12,088	20,712	(4,305)	17,684
Mining and quarrying	8,703	3,661	3,362	2,881	(670)	-
Manufacturing	173,568	362,027	241,194	137,502	(4,023)	15,608
Electricity, gas and water	2,051	618	-	3,830	-	-
Construction	148,419	55,562	36,199	33,240	(20,780)	457
Wholesale and retail	200,677	123,126	45,240	129,448	(12,964)	20,742
Transport, storage and communications	126,172	62,708	53,311	21,788	(11,340)	-
Finance, insurance, real estate and business services	297,417	97,223	48,202	126,922	(15,402)	90
Government and government agencies	-	-	-	-	-	-
Education, health and others	30,597	7,234	3,267	14,290	(4,609)	-
Household	7,247,446	583,288	20,096	1,084,356	3,287	22
Others	8,033	2,253	751	18,973	(530)	2,979
	8,344,134	1,310,186	463,710	1,593,942	(71,336)	57,582

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing (continued)

- (i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, impaired loans, advances and financing, individual assessment impairment allowance, collective assessment impairment allowance, charges for individual assessment impairment allowance during the period and write-offs during the period as follows: (continued)

Bank 30 June 2011	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	Individual assessment impairment allowance RM'000	Collective assessment impairment allowance RM'000	Charges for individual assessment impairment allowance during the year RM'000	Write offs during the year RM'000
Agriculture	5,387	1,399	-	2,139	-	-
Mining and quarrying	3,002	1,448	530	919	(89)	-
Manufacturing	29,533	109,762	66,808	23,987	(6,930)	16,123
Electricity, gas and water	3,718	881	-	1,988	-	-
Construction	31,052	16,816	9,097	11,583	(3,663)	6,037
Wholesale and retail	46,921	42,551	25,876	15,941	(1,972)	11,915
Transport, storage and communications	10,747	5,266	3,932	2,034	3,373	-
Finance, insurance, real estate and business services	54,821	123,073	30,861	23,090	(20,419)	3,301
Government and government agencies	-	-	-	-	-	-
Education, health and others	18,972	979	-	3,181	-	-
Household	2,605,028	297,732	16,630	642,108	156	515
Others	-	893	893	-	8,755	-
	<u>2,809,181</u>	<u>600,800</u>	<u>154,627</u>	<u>726,970</u>	<u>(20,789)</u>	<u>37,891</u>

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing (continued)

- (ii) The table below sets out the breakdown by geographical areas the amount of past due loans, advances and financing, impaired loans, advances and financing, individual assessment impairment allowance and collective assessment impairment allowance as follows:

	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	Individual assessment impairment allowance RM'000	Collective assessment impairment allowance RM'000
Group				
30 June 2012				
Malaysia	10,207,355	1,489,443	524,858	1,881,419
Other countries	207	42,571	17,120	-
	10,207,562	1,532,014	541,978	1,881,419
30 June 2011				
Malaysia	9,190,058	1,870,376	763,912	1,790,314
Other countries	-	45,025	29,148	-
	9,190,058	1,915,401	793,060	1,790,314
Bank				
30 June 2012				
Malaysia	8,344,134	1,267,615	446,590	1,593,942
Other countries	-	42,571	17,120	-
	8,344,134	1,310,186	463,710	1,593,942
30 June 2011				
Malaysia	2,809,181	555,775	125,479	726,970
Other countries	-	45,025	29,148	-
	2,809,181	600,800	154,627	726,970

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Loans, advances and financing (continued)

- (iii) The table below sets out the movements in individual assessment impairment allowance and collective assessment impairment allowance during the financial period as follows:

	Group		Bank	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
<u>Collective Assessment Allowance</u>				
As at beginning of the financial year				
- as previously reported	1,575,097	769,545	726,970	684,670
- fair value adjustments on completion of business combination accounting	215,217	-	-	-
As restated	1,790,314	769,545	726,970	684,670
Acquisition of assets and liabilities of ECB	-	742,983	-	-
Fair value adjustments on completion of business combination accounting	-	215,217	-	-
Vesting of assets and liabilities of Promino	-	-	791,101	-
Allowance made during the financial year	794,400	390,984	679,925	292,817
Amount transfer from individual assessment	55,688	-	45,291	-
Disposal of subsidiary	(1,168)	-	-	-
Amount written back in respect of recoveries	(333,095)	(101,190)	(268,977)	(70,874)
Amount written off	(416,370)	(217,424)	(372,992)	(170,822)
Unwinding income	(8,819)	(11,018)	(7,871)	(10,064)
Exchange differences	469	1,217	495	1,243
As at end of the financial year	1,881,419	1,790,314	1,593,942	726,970
<u>Individual Assessment Allowance</u>				
As at beginning of the financial year				
- as previously reported	666,314	228,018	154,627	226,724
- fair value adjustments on completion of business combination accounting	126,746	-	-	-
As restated	793,060	228,018	154,627	226,724
Acquisition of assets and liabilities of ECB	-	505,525	-	-
Fair value adjustments on completion of business combination accounting	-	126,746	-	-
Vesting of assets and liabilities of Promino	-	-	492,209	-
Allowance made during the financial year	61,155	72,277	52,182	27,370
Amount transfer to collective assessment	(55,688)	-	(45,291)	-
Amount written back in respect of recoveries	(135,754)	(83,129)	(123,518)	(48,159)
Amount written off	(116,873)	(44,200)	(57,582)	(37,891)
Unwinding income	(9,716)	(14,974)	(9,407)	(14,836)
Exchange difference	5,794	2,797	490	1,419
As at end of the financial year	541,978	793,060	463,710	154,627

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk exposures by risk weight (continued)

The breakdown of credit risk exposures by risk weight is as follows: (continued)

[illegible]

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk exposures by risk weight (continued)

The breakdown of credit risk exposures by risk weight is as follows: (continued)

[illegible]

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows:

(i) Ratings of Public Sector Entities, Insurance Cos, SF and FM and Corporates by approved ECAIs

Exposure Class	Moody's S&P Fitch RAM MARC Rating & Investment Inc	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- A+ to A- A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- BBB+ to BB- BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D B+ to D B+ to D	Unrated Unrated Unrated Unrated Unrated Unrated Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
30 June 2012						
On and Off- Balance Sheet Exposures						
Public Sector Entities		-	-	-	-	2,539
Corporates		2,457,272	532,250	458,533	210,349	1,022,146
		2,457,272	532,250	458,533	210,349	1,024,685
30 June 2011						
On and Off- Balance Sheet Exposures						
Public Sector Entities		124	-	-	-	-
Corporates		1,124,684	471,236	25,345	22,811	14,564,275
		1,124,808	471,236	25,345	22,811	14,564,275

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows: (continued)

- (i) Ratings of Public Sector Entities, Insurance Cos, SF and FM and Corporates by approved ECAIs (continued)

Exposure Class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
30 June 2012						
On and Off-Balance Sheet Exposures						
Public Sector Entities		-	-	-	-	2,539
Corporates		1,980,368	471,890	440,604	210,349	1,022,146
		<u>1,980,368</u>	<u>471,890</u>	<u>440,604</u>	<u>210,349</u>	<u>1,024,686</u>
30 June 2011						
On and Off-Balance Sheet Exposures						
Corporates		315,813	127,630	-	-	192,449
		<u>315,813</u>	<u>127,630</u>	<u>-</u>	<u>-</u>	<u>192,449</u>

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows: (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAIs

Exposure Class	Rating & Investment Inc	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
		S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
		MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
			AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
30 June 2012								
On and Off-Balance Sheet Exposures								
Sovereigns/ Central Banks			464,159	-	-	-	-	-
Banks, MDBs and FDIs			1,310,772	3,534,727	1,443,372	-	-	2,389,064
			1,774,931	3,534,727	1,443,372	-	-	2,389,064
30 June 2011								
On and Off-Balance Sheet Exposures								
Sovereigns/ Central Banks			1,742,749	8,323,844	-	-	-	-
Banks, MDBs and FDIs			1,191,362	1,957,317	1,552,363	60,636	-	918,495
			2,934,111	10,281,161	1,552,363	60,636	-	918,495

BASEL II

PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows: (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAIs (continued)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Exposure Class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank							
30 June 2012							
On and Off-Balance Sheet Exposures							
Sovereigns/Central Banks		464,159	-	-	-	-	-
Banks, MDBs and FDIs		1,259,262	3,534,727	1,443,372	-	-	2,389,064
		1,723,421	3,534,727	1,443,372	-	-	2,389,064
30 June 2011							
On and Off-Balance Sheet Exposures							
Banks, MDBs and FDIs		89,923	1,405,897	1,179,332	-	-	-
		89,923	1,405,897	1,179,332	-	-	-

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows: (continued)

(iii) Short-term ratings of Banking Institutions and Corporates by approved ECAIs

Exposure Class	Moody's	P-1	P-2	P-3	Others	Unrated
	S & P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1 + , F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc	a-1 + , a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
30 June 2012						
On and Off-Balance Sheet Exposures						
Banks, DFIs and MDBs		572,826	611,974	-	-	-
		572,826	611,974	-	-	-
30 June 2011						
On and Off-Balance Sheet Exposures						
Banks, DFIs and MDBs		258,333	1,383,638	3	-	-
Corporates		12,967	6,042	-	-	-
		271,300	1,389,680	3	-	-

BASEL II

PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAI's") as follows: (continued)

(iii) Short-term ratings of Banking Institutions and Corporates by approved ECAs (continued)

Exposure Class	Moody's	P-1	P-2	P-3	Others	Unrated
	S & P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1 + , F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc	a-1 + , a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
30 June 2012						
On and Off-Balance Sheet Exposures						
Banks, DFIs and MDBs		447,176	467,722	-	-	-
		447,176	467,722	-	-	-
30 June 2011						
On and Off-Balance Sheet Exposures						
Banks, DFIs and MDBs		57,284	1,214,634	3	-	-
		57,284	1,214,634	3	-	-

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk mitigation

The following table summarises the breakdown of CRM by exposure as follows:

Group 30 June 2012	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	20,645,706	-	-
Public Sector Entities	2,539	-	-
Banks, DFIs and MDBs	13,558,779	-	-
Insurance Cos, SF and FM	21,730	-	-
Corporates	29,796,762	-	1,441,712
Regulatory Retail	38,493,444	-	676,691
Residential Mortgages	22,017,198	-	42,289
Higher Risk Assets	364,675	-	-
Other Assets	4,498,539	-	-
Equity Exposures	-	-	-
Defaulted Exposures	2,733,941	-	18,084
Total On-Balance Sheet Exposures	132,133,313	-	2,178,776
Off-Balance Sheet Exposures			
OTC Derivatives	3,331,489	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	12,927,798	-	546,952
Defaulted Exposures	354,732	-	3,364
Total Off-Balance Sheet Exposures	16,614,019	-	550,316
Total On and Off-Balance Sheet Exposures	148,747,332	-	2,729,092

BASEL II

PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

Group 30 June 2011	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	34,859,464	-	-
Public Sector Entities	39,577	-	-
Banks, DFIs and MDBs	15,438,838	-	-
Insurance Cos, SF and FM	27,800	-	-
Corporates	24,639,472	1,147	915,293
Regulatory Retail	41,909,593	-	672,279
Residential Mortgages	16,221,335	-	19,596
Higher Risk Assets	191,250	-	141
Other Assets	2,656,087	-	-
Equity Exposures	24,536	-	-
Defaulted Exposures	1,784,459	-	4,687
Total On-Balance Sheet Exposures	137,792,411	1,147	1,611,996
Off-Balance Sheet Exposures			
OTC Derivatives	3,160,945	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	10,839,451	-	376,144
Defaulted Exposures	42,438	-	4
Total Off-Balance Sheet Exposures	14,042,834	-	376,148
Total On and Off-Balance Sheet Exposures	151,835,245	1,147	1,988,144

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

Bank 30 June 2012	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	18,518,312	-	-
Public Sector Entities	2,539	-	-
Banks, DFIs and MDBs	13,869,094	-	-
Insurance Cos, SF and FM	19,568	-	-
Corporates	26,835,191	-	1,432,861
Regulatory Retail	32,009,905	-	659,901
Residential Mortgages	19,056,721	-	36,954
Higher Risk Assets	358,037	-	-
Other Assets	4,697,555	-	-
Defaulted Exposures	2,453,817	-	17,975
Total On-Balance Sheet Exposures	117,820,739	-	2,147,691
Off-Balance Sheet Exposures			
OTC Derivatives	3,575,887	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	11,024,948	-	545,298
Defaulted Exposures	294,299	-	3,346
Total Off-Balance Sheet Exposures	14,895,134	-	548,644
Total On and Off-Balance Sheet Exposures	132,715,873	-	2,696,335

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

Bank 30 June 2011	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	20,394,829	-	-
Public Sector Entities	39,453	-	-
Banks, DFIs and MDBs	13,011,316	-	-
Insurance Cos, SF and FM	25,590	-	-
Corporates	12,108,158	-	602,732
Regulatory Retail	15,232,354	-	448,016
Residential Mortgages	11,686,912	-	5,266
Higher Risk Assets	178,147	-	-
Other Assets	2,466,958	-	-
Defaulted Exposures	595,975	-	898
Total On-Balance Sheet Exposures	75,739,692	-	1,056,912
Off-Balance Sheet Exposures			
OTC Derivatives	3,336,431	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	4,688,617	-	376,144
Defaulted Exposures	18,594	-	3
Total Off-Balance Sheet Exposures	8,043,642	-	376,147
Total On and Off-Balance Sheet Exposures	83,783,334	-	1,433,059

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Off-Balance Sheet exposures and counterparty credit risk

Credit limits are established to ensure that the Group and the Bank are not duly exposed to unnecessary credit risk with parties who are unable to meet or honour their financial obligations with the Group and the Bank.

The counterparty limits for the Group and the Bank are established by taking into consideration the tenor of the obligation, rating assignment of the country, rating assignment of the counterparty, counterparty's shareholder's funds, the Group's and the Bank's shareholder's funds.

The credit exposure limit for derivative transactions is calculated based on the standardised approach by applying a specific percentage of risk factor i.e. the potential loss of the contract value to the counterparty limit for the Group and the Bank, which in general is a fraction of the derivative contract or notional amount used to express the volume of instruments.

To mitigate the counterparty risk for the derivative transactions, the Group and the Bank practice the cash margin call exercise to cover mark-to-market exposures on outstanding derivative positions. The collateral agreement typically includes a minimum threshold amount where additional collateral is required to be called by the Group and the Bank if the mark-to market exposures exceed the agreed threshold amount.

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

Nature of commitments and contingencies

Direct credit substitutes comprise guarantees undertaken by the Group and the Bank to support the financial obligations of their customers to third parties.

Certain transactions related contingent items represent financial products whose crystallisations are dependent on specific events other than default payment by the customers. They include performance related contingencies and standby letter of credit.

Short term self liquidating trade-related contingencies relate to bills of exchange which have been endorsed by the Group and the Bank and represent liabilities in the event of default by the acceptors and the drawers of the bills.

Assets sold with recourse and commitments with certain drawdown represents assets sold by the Group and the Bank with recourse in the event of defects in the assets, and investment or purchase commitments entered into by the Group and the Bank, where drawdown is certain to occur.

Obligations under underwriting agreements arise from underwriting agreements relating to the issuance of equity and debts securities, where the Group and the Bank are obliged to subscribe for or purchase the securities in the event the securities are not taken up when issued.

Irrevocable commitments to extend credit include all obligations on the part of the Group and the Bank to provide funding facilities or the undrawn portion of an approved credit facilities to customers.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without the exchange of the underlying principal.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Off-Balance Sheet exposures and counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

Group 30 June 2012	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Assets * RM'000
Commitments and Contingent Liabilities				
Direct credit substitutes	444,051	-	444,051	403,746
Transaction related contingent items	1,410,727	-	705,363	667,229
Short term self liquidating trade related contingencies	1,557,667	-	311,533	304,601
Forward asset purchases	71,513	-	71,513	14,303
Irrevocable commitments to extend credit:				
Over one year	12,720,869	-	6,360,277	5,377,784
Up to one year	17,750,840	-	3,549,668	2,991,929
Unutilised credit card lines	9,200,627	-	1,840,125	1,380,420
	43,156,294	-	13,282,530	11,140,012
Derivative Financial Contracts				
Foreign exchange related contracts:				
One year or less	37,767,414	244,889	605,763	260,715
Over one year to five years	1,174,381	33,300	140,359	80,086
Over five years	686,519	15,006	139,323	86,814
Interest/profit rate related contracts:				
One year or less	13,416,046	26,219	43,810	20,081
Over one year to five years	41,967,670	309,970	1,326,970	635,849
Over five years	10,741,653	325,170	1,069,531	540,557
Equity related contracts:				
One year or less	69,293	796	4,953	3,283
Over one year to five years	9,748	-	780	390
	105,832,724	955,350	3,331,489	1,627,775
	148,989,018	955,350	16,614,019	12,767,787

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Off-Balance Sheet exposures and counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

Group 30 June 2011	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Assets * RM'000
Commitments and Contingent Liabilities				
Direct credit substitutes	559,290	-	559,291	548,786
Transaction related contingent items	1,394,682	-	697,342	686,108
Short term self liquidating trade related contingencies	616,404	-	123,281	118,414
Obligations under on-going underwriting agreements	72,000	-	-	-
Irrevocable commitments to extend credit:				
Over one year	12,488,631	-	2,702,438	2,410,023
Up to one year	17,617,166	-	4,940,184	4,143,111
Unutilised credit card lines	9,296,768	-	1,859,353	1,395,772
	42,044,941	-	10,881,889	9,302,214
Derivative Financial Contracts				
Foreign exchange related contracts:				
One year or less	35,896,628	319,335	820,583	506,072
Over one year to five years	1,736,341	96,343	207,815	115,775
Over five years	250,376	23,482	61,039	30,519
Interest/profit rate related contracts:				
One year or less	12,791,226	19,046	36,534	13,876
Over one year to five years	35,757,281	201,458	1,125,592	489,354
Over five years	9,632,500	129,062	897,586	447,893
Equity related contracts:				
One year or less	163,946	1,434	11,268	7,889
Over one year to five years	6,600	-	528	106
	96,234,898	790,160	3,160,945	1,611,484
	138,279,839	790,160	14,042,834	10,913,698

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Off-Balance Sheet exposures and counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

Bank 30 June 2012	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Assets * RM'000
Commitments and Contingent Liabilities				
Direct credit substitutes	435,503	-	435,503	395,198
Transaction related contingent items	1,336,034	-	668,017	629,882
Short term self liquidating trade related contingencies	1,534,557	-	306,911	299,979
Forward asset purchases	71,513	-	71,513	14,303
Irrevocable commitments to extend credit:				
Over one year	9,341,832	-	4,670,916	3,933,182
Up to one year	16,631,310	-	3,326,262	2,783,647
Unutilised credit card lines	9,200,627	-	1,840,125	1,380,420
	38,551,376	-	11,319,247	9,436,611
Derivative Financial Contracts				
Foreign exchange related contracts:				
One year or less	37,673,453	244,303	605,763	260,715
Over one year to five years	4,795,712	106,218	430,557	370,284
Over five years	686,519	15,006	139,323	86,814
Interest/profit rate related contracts:				
One year or less	13,376,046	26,219	43,710	20,031
Over one year to five years	41,367,670	309,970	1,310,270	627,502
Over five years	10,241,653	325,170	1,040,531	526,057
Equity related contracts:				
One year or less	69,293	796	4,953	3,283
Over one year to five years	9,748	-	780	390
	108,220,094	1,027,682	3,575,887	1,895,076
	146,771,470	1,027,682	14,895,134	11,331,687

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

4. RISK MANAGEMENT (continued)

(A) Credit risk (continued)

Off-Balance Sheet exposures and counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

Bank 30 June 2011	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Assets * RM'000
Commitments and Contingent Liabilities				
Direct credit substitutes	195,694	-	195,695	185,190
Transaction related contingent items	268,190	-	134,095	122,861
Short term self liquidating trade related contingencies	469,521	-	93,904	89,038
Irrevocable commitments to extend credit:				
Over one year	5,109,037	-	-	-
Up to one year	9,707,861	-	2,963,380	2,344,882
Unutilised credit card lines	6,600,684	-	1,320,137	991,360
	22,350,987	-	4,707,211	3,733,331
Derivative financial contracts				
Foreign exchange related contracts:				
One year or less	33,894,516	310,895	792,569	497,029
Over one year to five years	5,360,137	131,384	569,576	479,296
Over five years	250,376	23,482	61,039	30,519
Interest/profit rate related contracts:				
One year or less	11,566,226	16,641	33,774	13,324
Over one year to five years	32,737,281	189,877	973,091	475,861
Over five years	9,582,500	129,062	894,586	447,293
Equity related contracts:				
One year or less	163,946	1,434	11,268	7,889
Over one year to five years	6,600	-	528	106
	93,561,582	802,775	3,336,431	1,951,317
	115,912,569	802,775	8,043,642	5,684,648

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

5. EQUITY EXPOSURES IN BANKING BOOK

The following table summarises the Group's and the Bank's equity exposures in the banking book:

	Group		Bank	
	Exposures subject to risk- weighting RM'000	Risk weights %	Exposures subject to risk- weighting RM'000	Risk weights %
30 June 2012				
<u>Financial investments available-for-sale</u>				
Quoted equity Securities	156,645	100%	156,645	100%
Unquoted equity securities	310,985	150%	310,916	150%
30 June 2011				
<u>Financial investments available-for-sale</u>				
Quoted equity Securities	138,372	100%	138,372	100%
Unquoted equity securities	77,018	100%	-	100%
Unquoted equity securities	140,612	150%	140,543	150%

Realised gains arising from sales and liquidations of equity exposures are as follows:

	Group and Bank RM'000
30 June 2012	
Net gains arising from sales of equity securities	5,593
30 June 2011	
Net gains arising from sales of equity securities	5,492

There is no unrealised gains/(losses) for equity securities that have not been reflected in the income statements of the Group and the Bank but have been recognised under "other comprehensive income" of the Group and the Bank for the financial year ended 30 June 2012.

BASEL II PILLAR 3 DISCLOSURES

for the financial year ended 30 June 2012
(continued)

6. INTEREST RATE RISK/RATE OF RETURN RISK (IRR/RORR) IN THE BANKING BOOK

The increase or decline in earnings and economic value for upward and downward rate shocks which are consistent with shocks applied in the Group's and the Bank's stress test for measuring IRR/RORR in the banking book are as follows:

	Impact on positions 100 basis points parallel shift	
	Increase/(Decline) in Earnings RM'000	Increase/(Decline) in Economic Value RM'000
Group		
30 June 2012		
100 bsp upward Ringgit Malaysia	428,485	75,957
100 bsp downward Ringgit Malaysia	(427,564)	(60,066)
30 June 2011		
100 bsp upward Ringgit Malaysia	208,232	(450,812)
100 bsp downward Ringgit Malaysia	(207,481)	478,465
Bank		
30 June 2012		
100 bsp upward Ringgit Malaysia	380,773	247,241
100 bsp downward Ringgit Malaysia	(379,947)	(251,678)
30 June 2011		
100 bsp upward Ringgit Malaysia	172,662	24,743
100 bsp downward Ringgit Malaysia	(172,291)	(31,577)

OTHER INFORMATION

1. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Bank and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012

Authorised share capital	: RM3,000,000,000
Issued & paid-up capital	: RM1,879,909,100
Adjusted issued & paid-up capital (after deducting treasury shares pursuant to Section 67A of the Companies Act, 1965)	: RM1,798,809,400
Class of shares	: Ordinary shares of RM1.00 each
Voting rights	
• on show of hands	: 1 vote
• on a poll	: 1 vote for each share held

Distribution Schedule Of Shareholders As At 3 September 2012

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	352	3.29	7,438	0.00
100 – 1,000	1,781	16.68	1,279,551	0.07
1,001 – 10,000	6,942	65.00	23,020,062	1.28
10,001 – 100,000	1,251	11.71	35,589,657	1.98
100,001 – less than 5% of issued shares	351	3.29	380,714,415	21.16
5% and above of issued shares	3	0.03	1,358,198,277	75.51
	10,680	100.00	1,798,809,400	100.00

List Of Thirty Largest Shareholders As At 3 September 2012

Name of Shareholders	No. of Shares	%
1. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Financial Group Berhad	996,339,605	55.39
2. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	214,267,272	11.91
3. Hong Leong Financial Group Berhad	147,591,400	8.21
4. AmTrustee Berhad - Exempt AN for Hong Leong Bank Berhad (ESOS)	46,838,403	2.60
5. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	36,493,740	2.03
6. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company	14,221,040	0.79
7. Low Poh Weng	12,100,000	0.67
8. HLG Nominee (Tempatan) Sdn Bhd - Hong Leong Equities Sdn Bhd	11,360,100	0.63

OTHER INFORMATION

(continued)

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012 (continued)

List Of Thirty Largest Shareholders As At 3 September 2012 (continued)

Name of Shareholders	No. of Shares	%
9. Pertubuhan Keselamatan Sosial	11,336,600	0.63
10. HSBC Nominees (Asing) Sdn Bhd - <i>Vanguard Emerging Markets Stock Index Fund</i>	11,049,105	0.61
11. Cimsec Nominees (Tempatan) Sdn Bhd - <i>Rakaman Anggun Sdn Bhd</i>	10,684,200	0.59
12. Amanahraya Trustees Berhad - <i>AS 1Malaysia</i>	10,004,920	0.56
13. Citigroup Nominees (Tempatan) Sdn Bhd - <i>Exempt AN for Eastspring Investment Berhad</i>	8,847,200	0.49
14. Citigroup Nominees (Tempatan) Sdn Bhd - <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	7,303,960	0.41
15. HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for The Bank Of New York Mellon</i>	7,287,052	0.41
16. HLG Nominee (Tempatan) Sdn Bhd - <i>Chew Brothers Development Corporation Sdn Bhd</i>	5,591,262	0.31
17. HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)</i>	5,573,912	0.31
18. HSBC Nominees (Asing) Sdn Bhd - <i>The Bank Of Nova Scotia</i>	5,370,600	0.30
19. Cartaban Nominees (Asing) Sdn Bhd - <i>Government Of Singapore</i>	5,250,320	0.29
20. Amanahraya Trustees Berhad - <i>Amanah Saham Malaysia</i>	5,000,000	0.28
21. HLB Nominees (Asing) Sdn Bhd - <i>Kwek Leng Hai</i>	4,750,000	0.26
22. HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for The Bank Of Nova Scotia Asia Limited</i>	4,344,000	0.24
23. Maybank Nominees (Tempatan) Sdn Bhd - <i>Public Regular Savings Fund</i>	3,759,300	0.21
24. HSBC Nominees (Asing) Sdn Bhd - <i>GMO Emerging Markets Fund</i>	3,464,400	0.19
25. Cartaban Nominees (Asing) Sdn Bhd - <i>Ishares Public Limited Company</i>	3,101,200	0.17
26. Valuecap Sdn Bhd	3,034,900	0.17
27. HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)</i>	2,973,720	0.17
28. Cartaban Nominees (Asing) Sdn Bhd - <i>Teacher Retirement System Of Texas</i>	2,901,004	0.16
29. Pakar Indra Sdn Bhd	2,703,600	0.15
30. Citigroup Nominees (Tempatan) Sdn Bhd - <i>ING Insurance Berhad</i>	2,695,600	0.15
	1,606,238,415	89.29

OTHER INFORMATION

(continued)

2. ANALYSIS OF SHAREHOLDINGS AS AT 3 SEPTEMBER 2012 (continued)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Bank as at 3 September 2012 are as follows:-

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Hong Leong Financial Group Berhad	1,143,931,005	63.59	14,851,580	0.83 ^(a)
Hong Leong Company (Malaysia) Berhad	-	-	1,163,815,985	64.70 ^(a)
HL Holdings Sdn Bhd	-	-	1,163,815,985	64.70 ^(b)
Tan Sri Quek Leng Chan	-	-	1,163,983,985	64.71 ^(c)
Hong Realty (Private) Limited	-	-	1,163,935,985	64.71 ^(c)
Hong Leong Investment Holdings Pte Ltd	-	-	1,163,935,985	64.71 ^(c)
Kwek Holdings Pte Ltd	-	-	1,163,935,985	64.71 ^(c)
Kwek Leng Beng	-	-	1,163,935,985	64.71 ^(c)
Davos Investment Holdings Private Limited	-	-	1,163,935,985	64.71 ^(c)
Kwek Leng Kee	243,400	0.01	1,163,935,985	64.71 ^(c)
Quek Leng Chye	-	-	1,163,935,985	64.71 ^(c)
Guoco Assets Sdn Bhd	-	-	1,158,782,585	64.42 ^(d)
GuoLine Overseas Limited	-	-	1,161,422,585	64.57 ^(e)
Guoco Group Limited	-	-	1,161,422,585	64.57 ^(e)
GuoLine Capital Assets Limited	-	-	1,163,815,985	64.70 ^(e)
Employees Provident Fund Board	216,183,272	12.02	-	-

Notes:

^(a) Held through subsidiaries

^(b) Held through Hong Leong Company (Malaysia) Berhad ("HLCM")

^(c) Held through HLCM and company(ies) in which the substantial shareholder has interest

^(d) Held through Hong Leong Financial Group Berhad ("HLFG")

^(e) Held through subsidiary(ies) and HLFG

OTHER INFORMATION

(continued)

3. DIRECTORS' INTERESTS AS AT 3 SEPTEMBER 2012

Subsequent to the financial year end, there is no change, as at 3 September 2012, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds of the Bank and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 63 to 67 as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965.

4. SHARE BUY BACK SCHEDULE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Month	No of shares bought back	Lowest price paid RM	Highest price paid RM	Average price paid RM	Total consideration (including transaction cost) RM
July 2011	-	-	-	-	-
August 2011	-	-	-	-	-
September 2011	1,000	9.71	9.71	9.71	9,762.92
October 2011	-	-	-	-	-
November 2011	-	-	-	-	-
December 2011	-	-	-	-	-
January 2012	1,000	11.36	11.360	11.360	11,415.41
February 2012	-	-	-	-	-
March 2012	-	-	-	-	-
April 2012	-	-	-	-	-
May 2012	-	-	-	-	-
June 2012	-	-	-	-	-

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
1	1, Light Street Georgetown 10200 Pulau Pinang	Freehold	Branch premises	20,594	78	7,476	30/12/1986
2	15-G-1, 15-1-1 & 15-2-1 Medan Kampung Relau Bayan Point 11900 Pulau Pinang	Freehold	Branch premises	9,968	13	2,527	26/06/1997
3	42, Jalan Pending 93450 Kuching Sarawak	Leasehold - 859 years (31/12/2779)	Branch premises	4,425	30	1,942	27/12/1983
4	133, 135 & 137 Jalan Kampong Nyabor 96000 Sibu Sarawak	Freehold	Branch premises	4,871	20	3,042	28/12/1992
5	Jungle land at Sungai Lisut Rejang Sarawak Occupation Ticket 612 of 1931	Leasehold - 99 years (31/12/2026)	Jungle land	1,217,938	n/a	1	31/12/1938
6	25 & 27, Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	1,600	21	1,487	29/06/1996
7	69, 70 & 71, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Branch premises	6,000	Pre-war	1,306	27/12/1994
8	26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch premises	3,750	26	534	30/12/1986
9	120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold - 99 years (22/8/2063)	Branch premises	3,355	46	647	31/05/1990
10	100, Jalan Gurney 72100 Bahau Negeri Sembilan Darul Khusus	Freehold	Branch premises	5,107	26	2,373	25/06/1992
11	12, 14 & 16, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	4,174	21	3,713	25/06/1992
12	6, Jalan Merdeka 96100 Sarikei Sarawak	Leasehold - 60 years (31/12/2029)	Branch premises	2,240	43	87	18/10/1969
13	63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,760	17	3,824	28/04/1997

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
14	24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch premises	3,037	16	1,314	28/04/1997
15	1, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan	Leasehold - 99 years (29/6/2086)	Branch premises	2,625	25	1,141	26/06/1997
16	Lots 3594 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman	Leasehold - 99 years (2/2/2079)	Branch premises	3,199	18	205	26/06/1997
17	Lot 3073 & 3074, Jalan Abang Galau, 97000 Bintulu, Sarawak	Leasehold - 60 years (12/2/2056)	Branch premises	2,582	15	1,164	26/06/1997
18	Lot 34, Putra Industrial Park 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219	16	2,566	26/01/1995
19	1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold - 55 years (28/2/2028)	Vacant	10,619	37	43	30/06/1977
20	9A & 9B, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	9,320	19	870	01/01/1994
21	45, Jalan Burma 10500 Pulau Pinang	Freehold	Branch premises	14,277	34	2,078	24/11/1978
22	33A-C, Lintang Angsana Bandar Baru Air Hitam 11500 Pulau Pinang	Leasehold - 99 years (8/4/2082)	Branch premises	4,394	17	498	26/12/1995
23	55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	11,720	33	1,094	01/10/1984
24	27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold - 99 years (26/2/2078)	Branch premises	4,694	17	272	24/11/1995
25	75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	1,900	15	602	15/06/1998
26	80 & 82, Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan	Leasehold - 99 years (15/6/2089)	Branch premises	9,062	22	1,212	01/06/1994
27	36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur	Freehold	Vacant	2,700	25	204	30/11/1984

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
28	19, Jalan 54, Desa Jaya 52100 Kepong Selangor Darul Ehsan	Leasehold - 99 years (8/3/2081)	Branch premises	5,859	30	351	29/11/1985
29	55, Jalan Pasar 55100 Kuala Lumpur	Freehold	Branch premises	4,313	32	318	01/04/1980
30	Lot 111, Jalan Mega Mendung Kompleks Bandar Off Jalan Klang Lama 58200 Kuala Lumpur	Leasehold - 99 years (11/10/2076)	Branch premises	4,978	32	470	31/07/1988
31	161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	2,454	16	2,518	14/02/1996
32	8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	12,854	19	433	22/10/1977
33	109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch premises	2,740	24	209	01/09/1988
34	31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	8,932	20	496	05/03/1996
35	26 & 28, Jalan Mersing 80050 Johor Bahru Johor Darul Takzim	Freehold	Vacant	7,040	28	1,300	22/05/1995
36	21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur	Freehold	Vacant	4,480	26	417	26/06/1986
37	1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch premises	5,432	44	37	30/06/1977
38	36, Main Road Tanah Rata 39000 Cameron Highland Pahang Darul Makmur	Leasehold - 99 years (24/11/2039)	Branch premises	1,728	72	130	30/08/1982
39	W-1-0, W-2-0 & W-1-1 Subang Square Business Centre Jalan SS15/4G 47500 Subang Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,545	13	1,908	18/12/1999
40	2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Freehold	Branch premises	12,173	13	3,618	18/12/1999

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
41	Lots 568-G-17 & 568-1-17 Kompleks Mutiara 3 1/2 Mile Jalan Ipoh 51200 Kuala Lumpur	Freehold	Self service terminal (ATM area)	4,945	13	3,330	23/11/1999
42	Plot No 20, Jalan Bidor Raya 35500 Bidor Perak Darul Ridzuan	Freehold	Branch premises	3,243	13	556	23/11/1999
43	1, Persiaran Greentown 2 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan	Leasehold - 99 years (21/11/2094)	Branch premises	7,870	12	1,820	23/11/1999
44	Lots 39 & 40 Kompleks Munshi Abdullah 75100 Melaka	Leasehold - 99 years (24/2/2084)	Branch premises	5,988	13	1,434	31/05/1991
45	No. 1 & 2 Jalan Raya 09800 Serdang Kedah Darul Aman	Freehold	Branch premises	5,840	11	423	20/09/2000
46	133 & 135, Jalan Gopeng 31900 Kampar Perak Darul Ridzuan	Freehold	Branch premises	4,700	11	330	13/12/2000
47	65-67, Jalan Tun HS Lee 50000 Kuala Lumpur	Freehold	Vacant	2,223	16	4,974	14/10/1996
48	34, Jalan Yong Shook Lin 46200 Petaling Jaya Selangor Darul Ehsan	Leasehold - 99 years (09/09/2059)	Branch premises	1,875	19	506	26/11/1993
49	64, Jalan Tun Mustapha 87007 Labuan	Leasehold - 999 years (28/12/2881)	Branch premises	1,370	21	629	30/05/1991
50	159, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	1,688	7	2,590	25/11/2005
51	163, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	1,688	7	2,655	25/10/2005
52	114 & 116, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Leasehold - 99 years (16/10/2078)	Branch premises	12,200	6	3,933	07/06/2006
53	Lot A08-A09 Jalan SS 6/5A Dataran Glomac Pusat Bandar Kelana Jaya 47301 Petaling Jaya	Freehold	Branch premises	9,800	6	2,760	06/07/2006
54	No. 2 Jalan Puteri 2/4 Bandar Puteri, Puchong 47100 Selangor Darul Ehsan	Freehold	Branch premises	11,850	5	5,277	26/06/2007

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
55	Tower A PJ City Development 46100 Petaling Jaya, Selangor	Leasehold - 99 years (14/08/2094)	Branch premises	194,489	4	82,888	21/07/2008
56	OUG No.2, Lorong 2/137C Off Jalan Kelang Lama 58200 Kuala Lumpur	Leasehold -99 years (year 2088)	Branch Premises	17,300	2	5,558	01/04/2011
57	KEP Lot No 77C & 77D Lot No.58529 Jalan Kepong 52100 Kuala Lumpur	Leasehold -99 years (7/01/2101)	Branch Premises	30,613	2	9,389	01/05/2011
58	No. 122, Kapit By-Pass 96807 Kapit, Sarawak	Leasehold -60 years 29/4/2045	4 storey building	1,200	19	180	30/04/1985
59	No. 12A, Block B Level 2, Fraser's Hill Condominium 49000 Bukit Fraser's Pahang Darul Makmur	Leasehold -99 years 23/05/2082	1 unit apartment	1,792	25	154	24/05/1983
60	No. 288 Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	Freehold	Ex EBB Head Office	839,574	19	176,353	31/01/2005
61	No. 9, Jalan Cheng Lock 50000 Kuala Lumpur Wilayah Persekutuan	Freehold	Branch Premises	2,199	39	330	18/09/1972
62	No. 3, Jalan Bandar Satu Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan	Freehold	Branch Premises	4,687	17	2,033	04/03/1997
63	No. 1, Jalan SS15/4E City Centre 47500 Subang Jaya Petaling Jaya Selangor Darul Ehsan	Freehold	Branch Premises	3,261	30	428	12/02/1991
64	No. 32 & 34, Jalan 21/19 Sea Park 46300 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch Premises	3,080	49	2,238	19/08/1997
65	No. 1, Jalan Goh Hock Huat 41400 Klang Selangor Darul Ehsan	Freehold	Branch Premises	2,776	29	1,821	07/09/1998
66	No. 26 & 27, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Freehold	Branch Premises	3,600	16	1,715	22/01/1999

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
67	No. 2, Jalan PJU 5/8 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Leasehold -99 years 23/11/2100	Branch Premises	12,892	8	3,581	02/12/2005
68	No. J09-6 and J02-06 Paradise Lagoon Holiday Apartment Batu 3 1/2 Jalan Pantai 70100 Port Dickson Negeri Sembilan Darul Khusus	Leasehold -99 years 06/07/2087	2 units apartment	2,088	16	232	21/04/1994
69	No. S-3, Kompleks Negeri Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus	Leasehold -99 years 30/01/2078	Storage for branches	1,680	28	301	29/06/1981
70	Lot 4 & 5, Jalan TMR 1 Taman Melaka Raya 75000 Melaka	Leasehold -99 years 20/3/2094	Branch Premises	3,132	16	597	17/04/1998
71	No. 67 & 69, Jalan Merdeka 75000 Taman Merdeka Raya Melaka	Leasehold -99 years 07/07/2093	Branch Premises	3,080	17	734	15/08/1999
72	No. 21 & 23 Jalan Indah 15/1, Bukit Indah 81200 Johor Bahru Johor Darul Takzim	Freehold	Branch Premises	5,090	10	1,780	27/05/2002
73	No. 35, 37 & 39 Jalan Johor Satu Taman Desa Cemerlang 81800 Ulu Tiram Johor Darul Takzim	Freehold	Branch Premises	13,965	9	2,307	02/12/2003
74	No. 21, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim	Freehold	Branch Premises	2,624	15	1,295	04/05/1999
75	No. C05-07 Genting Permai Park & Resort 6th Mile 69000 Genting Highland Pahang Darul Makmur	Freehold	1 unit apartment	1,029	13	204	02/09/1996
76	No. B-278 & B-280 Jalan Beserah 25300 Kuantan Pahang Darul Makmur	Freehold	Branch Premises	3,208	11	1,594	08/04/1999

OTHER INFORMATION

(continued)

5. LIST OF PROPERTIES HELD AS AT 30 JUNE 2012 (continued)

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
77	No. 31, 33, 35 & 37 Jalan Usahaniaga 1 Taman Niagajaya 14000 Bukit Mertajam Seberang Perai Tengah Penang	Freehold	Branch Premises	15,844	9	1,167	07/10/2003
78	No. 26 & 27 Jalan Permatang Gedong Taman Sejati Indah 08000 Sungai Petani	Freehold	Branch Premises	2,800	15	706	03/09/1999
79	Lot 171, Jalan Council 95000 Bandar Sri aman Sarawak	Leasehold 60 years 20/06/2050	Branch Premises	1,740	16	175	21/06/1990
80	Lot No. 2013 Jalan Pisang Barat 93150 Kuching Sarawak	Leasehold -99 years 31/12/2038	Branch Premises	1,390	19	-	23/09/1992
81	No: 3/G14, 3/G15 & 3/G16 Block 3, Lorong Api-Api 2 Api-Api Centre 88000 Kota Kinabalu Sabah	Leasehold -99 years 31/12/2086	Branch Premises	4,141	17	2,047	02/04/1997
82	No. 177, Limbok Hill 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Single-storey detached house	6,730	39	13	16/08/1972

NETWORK OF BRANCHES

as at 15 July 2012

FEDERAL TERRITORY KL

KL Main Branch

Level 1, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-21642525
Fax : 03-21641511

- 1 No. 34, 36 & 38
Jalan Petaling
50000 Kuala Lumpur
Tel : 03-2072 3211
Fax : 03-2026 3048
- 2 No. 2-0, Lorong 2/137C
Off Jalan Kelang Lama
58200 Kuala Lumpur
Tel : 03-7782 0823
Fax : 03-7781 8130
- 3 26, Lorong Rahim Kajai 14
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : 03-7729 3716
Fax : 03-7728 6312
- 4 No. 77C & D, Lot 58529
Jalan Kepong
52100 Kuala Lumpur
Tel : 03-6257 1022
Fax : 03-6251 9717
- 5 No. 47 & 48, Jalan Chow Kit
50350 Kuala Lumpur
Tel : 03-4043 3458
fax : 03-4043 1914
- 6 No. 31 & 33, Jalan 1/116B
Kuchai Entrepreneurs Park
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Tel : 03-7982 6033
Fax : 03-7980 9324
- 7 No. 37, Jalan Telawi 3
Bangsar Baru
59100 Kuala Lumpur
Tel : 03-2283 3710
Fax : 03-2284 3349
- 8 No. 8 & 10, Jalan 3/50C
Taman Setapak Indah Jaya
Off Jalan Genting Kelang
53300 Kuala Lumpur
Tel : 03-4023 9046
Fax : 03-4023 9041

- 9 No. 114 & 116, Jalan Cerdas
Taman Connaught, Cheras
56000 Kuala Lumpur
Tel : 03-9102 1499
Fax : 03-9102 1497
- 10 No. 468-B2 (A), Block B
Ground Floor Rivercity 3rd Mile
Jalan Ipoh
51200 Kuala Lumpur
Tel : 03-4044 4764
Fax : 03-4044 4606
- 11 147, Jalan Imbi
55100 Kuala Lumpur
Tel : 03-2141 1402
Fax : 03-2141 1429
- 12 180-0-7 & 180-0-8
Wisma Mahkota
Taman Maluri, Cheras
55100 Kuala Lumpur
Tel : 03-9282 1507
Fax : 03-9282 1549
- 13 No. 50 Jalan Merlimau
Off Jalan Kenanga
55200 Kuala Lumpur
Tel : 03-9222 1498
Fax : 03-9222 1507
- 14 A54 Jalan Tuanku Empat
Salak South Garden
Off Jln Sungai Besi
57100 Kuala Lumpur
Tel : 03-7982 9063
Fax : 03-7982 9210
- 15 36, Jalan Midah 1
Taman Midah, Cheras
56000 Kuala Lumpur
Tel : 03-9130 8912
Fax : 03-9131 0433
- 16 55-57, Jalan Pasar
55100 Kuala Lumpur
Tel : 03-9223 5249
Fax : 03-9223 0527
- 17 111, Jalan Mega Mendung
Kompleks Bandar
Off Jalan Kelang Lama
58200 Kuala Lumpur
Tel : 03-7981 4411
Fax : 03-7982 7811
- 18 26, Persiaran Ara Kiri
Lucky Garden, Bangsar
59100 Kuala Lumpur
Tel : 03-2094 3914
fax : 03-2094 3745

- 19 Ground & 1st Floor
Bangunan PLC
No. 279 & 281
Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : 03-2691 5588
Fax : 03-2691 3629
- 20 No. 2, Jalan Rampai Niaga 1
Rampai Business Park
Taman Sri Rampai
53300 Kuala Lumpur
Tel : 03-4143 2639
Fax : 03-4149 0148
- 21 No. 266 & 267
Jalan Bandar 12
Taman Melawati
53100 Kuala Lumpur
Tel : 03-4106 8951
Fax : 03-4107 0152
- 22 Lot G-06, Wisma Bukit Bintang
28, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 03-2144 2364
Fax : 03-2144 4802
- 23 No. 44 & 46, Block A
Plaza Sinar
Jalan 8/38D, Taman Sri Sinar
Segambut
51200 Kuala Lumpur
Tel : 03-6272 9637
Fax : 03-6272 9736
- 24 No. 71 & 73
Jalan Radin Tengah
Zone J 4
Bandar Baru Seri Petaling
57000 Kuala Lumpur
Tel : 03-9058 2349
Fax : 03-9057 8041
- 25 No. 110
Jalan Tun Sambanthan
50470 Kuala Lumpur
Tel : 03-2274 0634
Fax : 03-2273 6995
- 26 No. 50, Jalan Manis 1
Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-9132 5026
Fax : 03-9312 1370

NETWORK OF BRANCHES

as at 15 July 2012
(continued)

27	No. 7 & 9, Jalan 2/109F Plaza Danau 2 Taman Danau Desa Off Jalan Klang Lama 58100 Kuala Lumpur Tel : 03-7987 3868 Fax : 03-7987 7868	36	No. 53 & 55 Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03-2148 8077 Fax : 03-2148 3488	45	Islamic Branch Jalan Raja Laut Ground Floor Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel : 03-2694 7688 Fax : 03-2694 4588
28	A-G-10 & A-01-11 No. 21 Jalan 26/70A Desa Sri Hartamas 50480 Kuala Lumpur Tel : 03-6201 2635 Fax : 03-6201 4034	37	No. 9, Jalan Tun Tan Cheng Lock 50000 Kuala Lumpur Tel : 03-2032 4700 Fax : 03-2031 9537	46	Lot. 2.66 & 2.67 Aras 2, Pavilion Kuala Lumpur 168, Jalan Bukit Bintang 55100 Kuala Lumpur Tel : 03-2145 1066 Fax : 03-2143 0233
29	No. 23GM & 25GM Jalan Pandan Indah 4/8 Pandan Indah 55100 Kuala Lumpur Tel : 03-4297 2253 Fax : 03-4297 2258	38	Ground & Mezzanine Floor Wisma Sin Heap Lee No. 346, Jalan Tun Razak 50400 Kuala Lumpur Tel : 03-2163 1457 Fax : 03-2163 1469	47	No.15,16 &17 Jalan Midah Satu Taman Midah, Cheras 56000 Kuala Lumpur Tel : 03-9131 9388 Fax : 03-9132 6388
30	Islamic Main Branch Jalan Perak Main Level 1, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur Tel : 03-2164 2525 Fax : 03-2164 1511	39	No 1 & 3, Jalan Pandan Jaya 3/5 Pandan Jaya 55100 Kuala Lumpur Tel : 03-9283 7988 Fax : 03-9282 9788	48	No. 1-GM, Jalan Perdana 4/6 55300, Pandan Perdana Kuala Lumpur Tel : 03-9287 8735 Fax : 03-9287 7630
31	No 120 & 122 Jalan Mega Mendung Kompleks Bandar Batu 5 Off Jalan Kelang Lama 58200 Kuala Lumpur Tel : 03-7982 9400 Fax : 03-7982 7788	40	No 36-38 Jln Segambut Utara 51200 Kuala Lumpur Tel : 03-6252 3598 Fax : 03-6252 3606	49	Ground Floor Menara Raja Laut No 288, Jalan Raja Laut 50350 Kuala Lumpur Tel : 03-2694 2288 Fax : 03-2694 7588
32	No 5 & 7, Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel : 03-9058 8210 Fax : 03-9058 8310	41	No 166 - 168 Jalan 2/3A Off KM 12 Jalan Ipoh 68100 Batu Caves Kuala Lumpur Tel : 03-6138 8988 Fax : 03-6136 0388	50	No 10, Jalan 1/27B, Seksyen 1 Bandar Baru Wangsa Maju 53300 Kuala Lumpur Tel : 03-4142 2989 Fax : 03-4143 7588
33	No 134 & 136, Jalan Cerdas Taman Connaught, Cheras 56000 Kuala Lumpur Tel : 03-9100 1022 Fax : 03-9100 1568	42	No 2, Jalan Sri Hartamas 8 Taman Sri Hartamas 50480 Kuala Lumpur Tel : 03-6201 2743 Fax : 03-6201 2751	51	No 60 Jalan Dua Kepong Baru 52100 Kuala Lumpur Tel : 03-6257 6709 Fax : 03-6251 4855
34	No 38 & 40, Jalan Telawi Bangsar Baru 59000 Kuala Lumpur Tel : 03-2283 6288 Fax : 03-2283 1288	43	Ground Floor Wisma Dergahayu No 26, Jalan Indah 23 Taman Cheras Indah 56100 Kuala Lumpur Tel : 03-9282 7058 Fax : 03-9284 0043	52	Ground & Mezzanine Floor NO. 2-21A & 2-21A1 Jalan Desa 1/1 Desa Aman Puri 52100 Kepong Kuala Lumpur Tel : 03-6273 5688 Fax : 03-6272 8588
35	No 150, Jalan Tun Sambanthan 50470 Kuala Lumpur Tel : 03-2274 7100 Fax : 03-2274 9568	44	No 38, Jalan 7/108C Jalan Sungai Besi Taman Sungai Besi 57100 Kuala Lumpur Tel : 03-79800747 Fax : 03-79803652		

NETWORK OF BRANCHES

as at 15 July 2012
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53	19, Jalan 54, Desa Jaya 52100 Kepong Kuala Lumpur Tel : 03-6276 3701 Fax : 03-6272 2012	61	Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru, 41050 Klang Selangor Darul Ehsan Tel : 03-3343 7635 Fax : 03-3343 7621	69	12 & 14, Jalan PJS 11/28A Metro Bandar Sunway Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan Tel : 03-5637 5395 Fax : 03-5637 5397
54	Ground & Mezzanine Floors No 27G & 27 M Jalan Pandan Indah 4/2 Pandan Indah 55100 Kuala Lumpur Tel : 03-4292 2988 Fax : 03-4292 0988	62	No. 119 & 121 Jalan Sultan Abdul Samad 42700 Banting Selangor Darul Ehsan Tel : 03-3187 6757 Fax : 03-3187 6652	70	No. 1 & 3 Jalan Sri Sarawak 17 Taman Sri Andalas 41200 Klang Selangor Darul Ehsan Tel : 03-3324 2545 Fax : 03-3324 2553
55	No. 29 & 30 Platinum Walk No. 2 Jalan Langkawi, Setapak 53300 Kuala Lumpur Tel : 03-4143 3222 Fax : 03-4142 6550	63	No. 64, Jalan Stesen 45000 Kuala Selangor Selangor Darul Ehsan Tel : 03-3289 5957 Fax : 03-3289 5955	71	No. 11 & 13, Jalan M/J 1 Taman Majlis Jaya Jalan Sungai Chua 43000 Kajang Selangor Darul Ehsan Tel : 03-8737 6090 Fax : 03-8737 6517
56	Unit E-1-2, Level Block E Pusat Komersial Southgate No. 2 Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur Tel : 03-9221 0813 Fax : 03-9221 0803	64	W-1-0, W-2-0 & W-1-1 Subang Square Business Centre Jalan SS15/4G 47500 Subang Jaya Selangor Darul Ehsan Tel : 03-5632 9034 Fax : 03-5632 8764	72	No. 174 & 174A, Jalan Besar 42800 Tanjung Sepat Kuala Langat Selangor Darul Ehsan Tel : 03-3197 2059 Fax : 03-3197 2257
FEDERAL TERRITORY PUTRAJAYA					
57	Tingkat Bawah Lot T00-U01, No. 5 Jalan P16, Precinct 16 62150 Putrajaya Tel : 03-8888 2188 Fax : 03-8888 7288	65	No. 91, Lorong Memanda 1 Ampang Point 68000 Ampang Selangor Darul Ehsan Tel : 03-4253 2449 Fax : 03-4253 2505	73	No. 23 & 24, Jalan KIP 1 Taman Perindustrian KIP 52200 Selangor Darul Ehsan Tel : 03-6277 6310 Fax : 03-6272 2687
SELANGOR DARUL EHSAN					
58	80 & 82, Jalan Othman (1/14) 46000 Petaling Jaya Selangor Darul Ehsan Tel : 03-7781 4259 Fax : 03-7781 0133	66	No. 2, Jalan Kinrara Taman Kinrara, Jalan Puchong 47100 Puchong Selangor Darul Ehsan Tel : 03-8075 2994 Fax : 03-8070 1635	74	No. 18 & 20, Jalan 20/16A Taman Paramount 46300 Petaling Jaya Selangor Darul Ehsan Tel : 03-7876 5115 Fax : 03-7876 4836
59	No. 3, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5510 9021 Fax : 03-5510 5307	67	No. 24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan Tel : 03-8961 5948 Fax : 03-8961 5951	75	No. 15 & 16 Jalan Menteri Besar 2 New Sekinchan Business Centre 45400 Sekinchan Selangor Darul Ehsan Tel : 03-3241 6351 Fax : 03-3241 6303
60	No. 59A, Jalan Welman 48000 Rawang Selangor Darul Ehsan Tel : 03-6091 0459 Fax : 03-6093 4482	68	63 & 65, SS23/15 Taman Sea 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-7804 8024 Fax : 03-7804 4049	76	No. 36 Jalan Dato Shahbuddin 30 Taman Sentosa 41200 Klang Selangor Darul Ehsan Tel : 03-5161 1602 Fax : 03-5161 1919

NETWORK OF BRANCHES

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77	No. 39 & 41, Jalan SJ 17 Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel : 03-6120 6803 Fax : 03-6120 6797	86	29-1, Jalan SP 2/1 Taman Serdang Perdana 43300 Seri Kembangan Selangor Darul Ehsan Tel : 03-8943 0795 Fax : 03-8943 0867	94	Ground Floor, Tower A PJ City Development 15A, Jalan 219, Section 51A Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan Tel : 03-7877 1629 Fax : 03-7876 1384
78	No. 39, Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel : 03-7876 9646 Fax : 03-7876 9846	87	No. G-16 & G-17 Jalan Prima SG1 Taman Prima Sri Gombak 68100 Batu Caves Selangor Darul Ehsan Tel : 03-6184 2492 Fax : 03-6185 2689	95	20, Jalan Goh Hock Huat 41400 Klang Selangor Darul Ehsan Tel : 03-3342 8036 Fax : 03-3344 8872
79	169, Jalan Teluk Pulai 41100 Klang Selangor Darul Ehsan Tel : 03-3372 1000 Fax : 03-3372 7111	88	No. 68, Lorong Batu Nilam 4A Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel : 03-3324 9490 Fax : 03-3324 1339	96	No. E-01-07 & E-01-08 Jalan Puchong Prima 5/3 Puchong Prima 47100 Puchong Selangor Darul Ehsan Tel : 03-8068 3285 Fax : 03-8060 5427
80	1G-3G, Jalan Wawasan 2/10 Bandar Baru Ampang 68000 Ampang Selangor Darul Ehsan Tel : 03-4291 0437 Fax : 03-4292 8006	89	1 & 3, Jalan Seri Tanming 1F Taman Seri Tanming, Batu 9 43200 Cheras Selangor Darul Ehsan Tel : 03-6100 3770 Fax : 03-9100 3760	97	No. 29 Jalan Anggerik Vanilla N 31/1 Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan Tel : 03-5123 1335 Fax : 03-5123 1635
81	Ground Floor, No. 22 Jalan USJ 10/1 47620 Subang Jaya Selangor Darul Ehsan Tel : 03-5636 7225 Fax : 03-5636 7230	90	No. 7 & 9 Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang Selangor Darul Ehsan Tel : 03-4293 9988 Fax : 03-4293 9898	98	No. 30, Jalan Public Sungai Buloh New Village 47000 Sungai Buloh Selangor Darul Ehsan Tel : 03-6156 9385 Fax : 03-6156 9796
82	No. 14 & 15, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel : 03-8076 6650 Fax : 03-8076 6610	91	34 & 36, Jalan Yong Shook Lin 46200 Petaling Jaya, Selangor Darul Ehsan Tel : 03-7958 1269 Fax : 03-7958 1032	99	Lot G-18 & G-19 Perdana The Place Damansara Perdana 47820 Petaling Jaya Selangor Darul Ehsan Tel : 03-7724 1357 Fax : 03-7724 2167
83	30, Persiaran Tun Abdul Aziz 43000 Kajang Selangor Darul Ehsan Tel : 03-8736 3277 Fax : 03-8736 8133	92	18, Ground Floor, Jalan 14/14 46100 Petaling Jaya Selangor Darul Ehsan Tel : 03-7956 8490 Fax : 03-7955 0425	100	No. 64, Jalan BRP 1/2 Bukit Rahman Putra 47000 Sungai Buloh Selangor Darul Ehsan Tel : 03-6157 4042 Fax : 03-6157 5610
84	No. 26, Jalan Tengku Ampuan Zabedah D9/D Seksyen 9 40100 Shah Alam Selangor Darul Ehsan Tel : 03-5880 8047 Fax : 03-5880 8726	93	Wisma Keringat 2 No. 17, Lorong Batu Caves 68100 Batu Caves Selangor Darul Ehsan Tel : 03-6187 7402 Fax : 03-6187 8042	101	No. 5 & 7, Jalan Besar Susur 1 43300 Seri Kembangan Selangor Darul Ehsan Tel : 03-8948 3162 Fax : 03-8948 5031
85	No. 25-29G, Jalan SS21/60 47400 Damansara Utama Petaling Jaya Selangor Darul Ehsan Tel : 03-7726 9822 Fax : 03-7726 4037				

NETWORK OF BRANCHES

as at 15 July 2012
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|--|--|---|
| <p>102 No. 7 & 9, Jalan Pasar Baru 2
Seksyen 3, Bandar Semenyih
43500 Semenyih
Selangor Darul Ehsan
Tel : 03-8724 8639
Fax : 03-8724 7743</p> | <p>110 No 2-G & 4-G, Jalan Wawasan
Ampang 2/4
Bandar Baru Ampang
68000 Ampang
Selangor Darul Ehsan
Tel : 03-4296 3488
Fax : 03-4295 0988</p> | <p>118 No 26 & 27 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Tel : 03-5882 7100
Fax : 03-5882 7116</p> |
| <p>103 No. 48, Jalan Bandar Tiga
Pusat Bandar Puchong
47100 Puchong
Selangor Darul Ehsan
Tel : 03-5882 2070
Fax : 03-5882 2869</p> | <p>111 No 5, Jalan SL 1/4
Bandar Sungai Long
43000 Kajang
Selangor Darul Ehsan
Tel : 03-9074 9950
Fax : 03-9075 0902</p> | <p>119 No 17 & 19
Jalan Bandar Rawang 5
48000 Rawang
Selangor Darul Ehsan
Tel : 03-6093 5288
Fax : 03-6093 5388</p> |
| <p>104 No. 16, Jalan SS19/6
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5636 8295
Fax : 03-5632 1313</p> | <p>112 No 36, Jalan Sulaiman
43000 Kajang
Selangor Darul Ehsan
Tel : 03-8734 1093
Fax : 03-8734 2082</p> | <p>120 Ground, 1st & 2nd Floor
No 7 & 9, Jalan Perusahaan 1
Jalan College
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03-8943 6788
Fax : 03-8943 9088</p> |
| <p>105 A-G-08 & A-G-09, Glomac Square
Jalan SS6/5A, Dataran Glomac
Pusat Bandar Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7805 1178
Fax : 03-7804 2611</p> | <p>113 No 216 & 218, Persiaran Pegaga
Taman Bayu Perdana
41200 Klang
Selangor Darul Ehsan
Tel : 03-3324 3303
Fax : 03-3324 3305</p> | <p>121 No 34, Jalan Perbahan Satu
Seksyen 26/2A
40000 Shah Alam
Selangor Darul Ehsan
Tel : 03-5191 8888
Fax : 03-5191 6298</p> |
| <p>106 No. 2 Jalan Puteri 2/4
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Tel : 03-8063 6839
Fax : 03-8068 6378</p> | <p>114 No 1, Jalan Batu Nilam 5
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan
Tel : 03-3323 3201
Fax : 03-3323 3901</p> | <p>122 No. 10, Jalan Tuanku Ampuan
Zabedah D9/D, Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan
Tel : 03-5512 9888
Fax : 03-5512 9889</p> |
| <p>107 No. 1 Jalan Temenggung 21/9
Bandar Mahkota Cheras
43200 Cheras
Selangor Darul Ehsan
Tel : 03-9074 6682
Fax : 03-9074 7236</p> | <p>115 No. 9 & 11, Jalan 52/2
Petaling Jaya New Town Centre
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7958 6488
Fax : 03-7957 1405</p> | <p>123 No. 28 & 30, Jalan SS2/67
47300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7877 6800
Fax : 03-7877 6686</p> |
| <p>108 Lot 9, Blok C
GIZA Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-6148 1613
Fax : 03-6148 1621</p> | <p>116 No 90
Persiaran Raja Muda Musa
42000 Pelabuhan Klang
Selangor Darul Ehsan
Tel : 03-3166 1188
Fax : 03-3167 1488</p> | <p>124 No 32 & 34, Jalan 21/19
SEA Park
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7874 5968
Fax : 03-7874 5488</p> |
| <p>109 Lot 2 & 2A, Jalan Cheras Maju
Pusat Perniagaan Cheras Maju
43200 Balakong
Selangor Darul Ehsan
Tel : 03-9074 4205
Fax : 03-9074 7194</p> | <p>117 No 3, Jalan Bandar Satu
Pusat Bandar Puchong
47100 Puchong
Selangor Darul Ehsan
Tel : 03-5882 4388
Fax : 03-8075 1433</p> | <p>125 Lot 43 & 45, Jalan USJ10/1G
47620 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-5637 1984
Fax : 03-5637 1989</p> |
| | | <p>126 No.1, Jalan SS15/4E
City Centre Subang Jaya
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5633 2516
Fax : 03-5634 8161</p> |

NETWORK OF BRANCHES

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127 No. 51 & 53, Jalan TSB 10A
Taman Industri Sungai Buloh
47000 Sungai Buloh
Selangor Darul Ehsan
Tel : 03-6157 5811
Fax : 03-6157 5812

128 No. 2, Jalan PJU 5/8
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-6141 3886
Fax : 03-6141 2316

129 No. 5 & 7, Jalan Cempaka 1
Taman Cempaka
48200 Serendah
Hulu Selangor
Selangor Darul Ehsan
Tel : 03-6081 3182
Fax : 03-6081 3186

130 No.26-32, Jalan Kapar
41400 Klang
Selangor Darul Ehsan
Tel : 03-3343 1188
Fax : 03-3343 2988

131 No. 49-G
Jalan Semenyih Sentral 1
Taman Semenyih Sentral
43500 Semenyih
Selangor Darul Ehsan
Tel : 03-8724 9088
Fax : 03-8724 9488

132 Ground, Mezzanine & 1st Floor
No. 58 & 59, Jalan Mamanda 9
Ampang Point
68000 Ampang
Selangor Darul Ehsan
Tel : 03-4253 3889
Fax : 03-4260 4788

133 No. 1, Jalan SG 1/3
Taman Sri Gombak
68100 Batu Caves
Selangor Darul Ehsan
Tel : 03-6186 6788
Fax : 03-6186 3788

134 No. 30 & 32, Jalan PJS 8/2
Dataran Mentari
46150 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-5635 5088
Fax : 03-5636 9488

135 No. 19
Jalan Setia Prima R U13/R
Setia Alam, Section U13
40170 Shah Alam
Selangor Darul Ehsan
Tel : 03-3344 6888
Fax : 03-3344 8488

136 No. 3-G, Jalan Anggerik
Vanilla N31/N, Kota Kemuning
40460 Shah Alam
Selangor Darul Ehsan
Tel : 03-5122 5912
Fax : 03-5122 5917

MACH BRANCH

137 Lot EG001A Ground Floor
IOI Mall Batu 9 Jalan Puchong
Bandar Puchong Jaya
47170 Puchong
Tel : 03-8070 1487
Fax : 03-8070 2309

138 Suite 1.01, Level 1
Centrepont South
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2282 0887
Fax : 03-2282 0923

PERLIS INDERA KAYANGAN

139 No. 40 & 42, Jalan Bukit Lagi
01000 Kangar
Perlis Indera Kayangan
Tel : 04-977 1888
Fax : 04-977 2888

140 No. 10E, Lot 17
Jalan Raja Syed Alwi
01000 Kangar
Perlis Indera Kayangan
Tel : 04-977 3392
Fax : 04-977 3396

KEDAH DARUL AMAN

141 Ground & 1st Floor
No. 212 Jalan Gangsa
Seberang Jalan Putra
05150 Alor Setar
Kedah Darul Aman
Tel : 04-731 5269
Fax : 04-731 4582

142 No. 64 & 65, Jalan Pengkalan
Taman Pekan Baru
08000 Sungai Petani
Kedah Darul Aman
Tel : 04-423 6117
Fax : 04-423 6121

143 No. 1 & 2, Jalan Raya
09800 Serdang
Kedah Darul Aman
Tel : 04-407 6919
Fax : 04-407 6921

144 62 & 63, Jalan Bayu Satu
09000 Kulim
Kedah Darul Aman
Tel : 04-491 3606
Fax : 04-491 3604

145 167 & 168, Susuran Sultan
Abdul Hamid 11
Kompleks Perniagaan Sultan
Abdul Hamid, Faza 2
05050 Alor Setar
Kedah Darul Aman
Tel : 04-771 2918
Fax : 04-771 2892

146 9A & 9B, Jalan Kampung Baru
08000 Sungai Petani
Kedah Darul Aman
Tel : 04-420 5225
Fax : 04-422 6012

147 No. 172
Susuran Sultan Abdul Hamid 10
Kompleks Perniagaan
Sultan Abdul Hamid
Faza 2
Persiaran Sultan Abdul Hamid
05050 Alor Setar
Kedah Darul Aman
Tel : 04-771 3228
Fax : 04-771 6678

148 No 26 & 28, Jalan Putera
05100 Alor Setar
Kedah Darul Aman
Tel : 04-730 6461
Fax : 04-730 6458

149 No 18K & 18L, Jalan Raya
08300 Gurun
Kedah Darul Aman
Tel : 04-468 4785
Fax : 04-468 4766

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| <p>150 Ground & First Floor
No. 255, Jalan Legenda 10
Legenda Heights
08000 Sungai Petani
Kedah Darul Aman
Tel : 04-422 4352
Fax : 04-422 4355</p> <p>151 No. 93, Langkawi Mall
Jalan Kelibang, Kuah
07000 Langkawi
Kedah Darul Aman
Tel : 04-966 8118
Fax : 04-966 8228</p> <p>152 No 26 & 27, Jalan Permatang
Gedong, Taman Sejati Indah
08000 Sungai Petani
Kedah Darul Aman
Tel : 04-431 2288
Fax : 04-431 1627</p> <p>153 No. 5, Jalan KLC 1
Kulim Landmark Central
09000 Kulim
Kedah Darul Aman
Tel : 04-490 1188
Fax : 04-490 2688</p> | <p>158 No. 15-G-1, (Bayan Point)
Medan Kampung Relau
11900 Pulau Pinang
Tel : 04-642 8643
Fax : 04-642 8640</p> <p>159 No. 4 & 6, Lorong Usahaniaga 1
Taman Usahaniaga
14000 Bukit Mertajam
Pulau Pinang
Tel : 04-537 0452
Fax : 04-537 0454</p> <p>160 294 & 296, Jalan Jelutong
11600 Pulau Pinang
Tel : 04-281 3188
Fax : 04-281 2148</p> <p>161 1781, Jalan Nibong Tebal
Taman Panchor Indah
14300 Pulau Pinang
Tel : 04-594 2889
Fax : 04-594 2886</p> <p>162 33A, B & C, Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Tel : 04-826 9836
Fax : 04-826 9843</p> <p>163 98-G-158, Prima Tanjung
Jalan Fettes, Tanjung Tokong
10470 Pulau Pinang
Tel : 04-890 4188
Fax : 04-899 8644</p> <p>164 No. 1, Lebuhr Kurau 1
Taman Chai Leng
13700 Prai, Pulau Pinang
Tel : 04-397 2499
Fax : 04-397 7851</p> <p>165 45, Jalan Burma
10050 Pulau Pinang
Tel : 04-213 0501
Fax : 04-226 2779</p> <p>166 19, Jalan Bertam
13200 Kepala Batas
Seberang Prai
Pulau Pinang
Tel : 04-575 4900
Fax : 04-575 7688</p> <p>167 No. 723-G-G, 723-H-G & 723-1-G
Jalan Sungai Dua
11700 Pulau Pinang
Tel : 04-658 6699
Fax : 04-658 6969</p> | <p>168 No. 6963 & 6964
Jalan Ong Yi How
Kawasan Perusahaan Raja Uda
13400 Butterworth
Pulau Pinang
Tel : 04-331 2277
Fax : 04-332 2277</p> <p>169 No. 1-G-03, Tesco Penang
No. 1, Leboh Tengku Kudin 1
Bandar Jelutong
11700 Pulau Pinang
Tel : 04-656 4698
Fax : 04-656 1840</p> <p>170 No 130 & 132, Jalan Raja Uda
Pusat Perniagaan Raja Uda
12300 Butterworth
Pulau Pinang
Tel : 04-324 3288
Fax : 04-324 8288</p> <p>171 Ground Floor, Wisma Wang
No 251-A, Jalan Burma
10350 Pulau Pinang
Tel : 04-229 6288
Fax : 04-229 7288</p> <p>172 Ground & Mezzanine Floor
No. G17 & G18
Penang Times Square
Jalan Dato Keramat
10150 Pulau Pinang
Tel : 04-226 4177
Fax : 04-226 3946</p> <p>173 No. 421 & 423, Jalan Burmah
10350 Pulau Pinang
Tel : 04-228 3202
Fax : 04-228 1654</p> <p>174 No. 1823-G1
Jalan Perusahaan
Highway Auto-City
North-South Highway Juru
Interchange
13600 Prai, Pulau Pinang
Tel : 04-502 1488
Fax : 04-507 9488</p> <p>175 No 1435 & 1436, Jalan Besar
14200 Sungai Bakap
Seberang Prai Selatan
Pulau Pinang
Tel : 04-582 1134
Fax : 04-582 5826</p> |
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PULAU PINANG

NETWORK OF BRANCHES

as at 15 July 2012
(continued)

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| <p>176 No. 26, 28 & 30
Lorong Murni 1
Taman Desa Murni
Sungai Dua
13800 Butterworth
Pulau Pinang
Tel : 04-356 2688
Fax : 04-356 5288</p> <p>177 No.300 Jalan Jelutong
11600 Pulau Pinang
Tel : 04-282 6688
Fax : 04-281 9650</p> <p>178 No. 16A & 16B
Lebuhraya Thean Teik
Bandar Baru Ayer Itam
15000 Pulau Pinang
Tel : 04-827 1688
Fax : 04-827 1632</p> <p>179 No. 52 & 54
Jalan Besar Air Lintas
Taman Merbah
14300 Nibong Tebal
Pulau Pinang
Tel : 04-593 8988
Fax : 04-593 7988</p> <p>180 No. 7 & 9, Tingkat Kikik 7
Taman Inderawasih
13600 Prai
Pulau Pinang
Tel : 04-399 3134
Fax : 04-390 6913</p> <p>181 No. 58 & 60, Jalan Tengah
Taman Sri Tunas
Bandar Bayan Baru
11950 Bayan Lepas
Pulau Pinang
Tel : 04-645 2881
Fax : 04-645 2995</p> <p>182 No 31,33,35 & 37
Jalan Usaha Niaga 1
Taman Niaga Jaya
14000 Bukit Mertajam
Pulau Pinang
Tel : 04-536 1549
Fax : 04-539 8466</p> | <p>PERAK DARUL RIDZUAN</p> <p>183 Lot A-G-2 (Ground Floor)
No. 1 Persiaran Greentown 2
Greentown Business Centre
30450 Ipoh
Perak Darul Ridzuan
Tel : 05-253 0048
Fax : 05-255 5251</p> <p>184 No. 20
Jalan Bidor Raya
Off Jalan Persatuan
35500 Bidor
Perak Darul Ridzuan
Tel : 05-434 1211
Fax : 05-434 4313</p> <p>185 41, Jalan Taiping
34200 Parit Buntar
Perak Darul Ridzuan
Tel : 05-716 4688
Fax : 05-716 3648</p> <p>186 No. 16 & 17
Taman Sitiawan Maju
Jalan Lumut, 32000 Sitiawan
Perak Darul Ridzuan
Tel : 05-692 2316
Fax : 05-692 2320</p> <p>187 No. 17
Persiaran Kledang Timur 21
Bandar Baru Menglembu
31450 Ipoh
Perak Darul Ridzuan
Tel : 05-282 9367
Fax : 05-282 9372</p> <p>188 No. 28, Medan Silibin
30100 Ipoh
Perak Darul Ridzuan
Tel : 05-526 6333
Fax : 05-526 4333</p> <p>189 No. 53, 55 & 57, Jalan Stesyen
34000 Taiping
Perak Darul Ridzuan
Tel : 05-806 5229
Fax : 05-806 5631</p> <p>190 133, 135 Jalan Gopeng
31900 Kampar
Perak Darul Ridzuan
Tel : 05-466 5050
Fax : 05-466 5191</p> | <p>191 27 Jalan Dewangsa
31000 Batu Gajah
Perak Darul Ridzuan
Tel : 05-365 3191
Fax : 05-365 3190</p> <p>192 11 & 12
Kompleks Menara Condong
Jalan Ah Chong
36000 Teluk Intan
Perak Darul Ridzuan
Tel : 05-623 3637
Fax : 05-623 3642</p> <p>193 Ground Floor, 55-57
Jalan Yang Kalsom
30250 Ipoh
Perak Darul Ridzuan
Tel : 05-249 1539
Fax : 05-254 2323</p> <p>194 75, Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan
Tel : 05-253 7528
Fax : 05-254 7335</p> <p>195 579 & 579A
Jalan Pasir Puteh
31650 Ipoh
Perak Darul Ridzuan
Tel : 05-322 8989
Fax : 05-322 9641</p> <p>196 No. 91 & 93
Jalan Dato Lau Pak Khuan
Ipoh Garden
31400 Ipoh
Perak Darul Ridzuan
Tel : 05-549 5160
Fax : 05-549 5158</p> <p>197 No 86 & 88, Jalan Besar
32400 Ayer Tawar
Perak Darul Ridzuan
Tel : 05-672 7470
Fax : 05-672 7478</p> <p>198 No. 48
Persiaran Greentown 1
Greentown Business Centre
30450 Ipoh
Perak Darul Ridzuan
Tel : 05-255 7688
Fax : 05-253 0990</p> |
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NETWORK OF BRANCHES

as at 15 July 2012
(continued)

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| <p>199 No. 54, 56 & 58
Jalan Kamaruddin Isa
31400 Ipoh
Perak Darul Ridzuan
Tel : 05-547 4203
Fax : 05-547 2777</p> <p>200 Lot 63, Jalan Chui Chak
36700 Langkap
Perak Darul Ridzuan
Tel : 05-659 2840
Fax : 05-659 2843</p> <p>201 No 2 & 4
Persiaran Perwira
Pusat Bandar Baru
34200 Parit Buntar
Perak Darul Ridzuan
Tel : 05-716 8766
Fax : 05-716 8771</p> <p>202 Ground & 1st Floor
No. 254 & 254A
Jalan Raja Dr. Nazrin Shah
Gunung Rapat
31350 Ipoh
Perak Darul Ridzuan
Tel : 05-313 3288
Fax : 05-311 3788</p> <p>203 No. 25 & 27
Jalan Bunga Anggerik
Taman Bunga Raya
35900 Tanjung Malim
Perak Darul Ridzuan
Tel : 05-459 8272
Fax : 05-458 3178</p> <p>204 No. 396 & 398
Taman Saujana
Kamunting, 34600 Taiping
Perak Darul Ridzuan
Tel : 05-807 8915
Fax : 05-807 8905</p> <p>205 No. 1 & 2
Taman Sitiawan 1
Jalan Lumut
32000 Sitiawan
Perak Darul Ridzuan
Tel : 05-691 9988
Fax : 05-691 8988</p> <p>206 No. 116 & 117, Jalan Besar
31450 Menglembu, Ipoh
Perak Darul Ridzuan
Tel : 05-281 2088
Fax : 05-282 4088</p> | <p>207 Ground & 1st Floor
No. 1B, Laman Intan
Bandar Baru Teluk Intan
36000 Teluk Intan
Perak Darul Ehsan
Tel : 05-621 3188
Fax : 05-621 9188</p> <p style="text-align: center;">NEGERI SEMBILAN DARUL KHUSUS</p> <p>208 100, Jalan Gurney
72100 Bahau
Negeri Sembilan Darul Khusus
Tel : 06-454 1413
Fax : 06-454 5358</p> <p>209 No. 69, 70 & 71
Jalan Dato Bandar Tunggal
70000 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-762 8699
Fax : 06-763 8288</p> <p>210 112, Jalan Yam Tuan Raden
72000 Kuala Pilah
Negeri Sembilan Darul Khusus
Tel : 06-481 6922
Fax : 06-481 3284</p> <p>211 9267 Jalan TS 2/1H
Taman Semarak 2
71800 Nilai
Negeri Sembilan Darul Khusus
Tel : 06-799 1752
Fax : 06-799 1755</p> <p>212 1278, Jalan Rasah
70300 Seremban
Tel : 06-761 5789
Fax : 06-761 5801</p> <p>213 Lot 3120 & 3121
Jalan Besar, Lukut
71010 Port Dickson
Negeri Sembilan Darul Khusus
Tel : 06-651 1878
Fax : 06-651 1900</p> <p>214 No. 120 & 121
Jalan Dato' Bandar Tunggal
70000 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-761 7075
Fax : 06-761 7078</p> | <p>215 Lot PT 5729 & 5730
Jalan TS 2/1D, Taman Semarak
71800 Nilai
Negeri Sembilan Darul Khusus
Tel : 06-799 5289
Fax : 06-799 5292</p> <p>216 145-G, 145-1 & 146-G
Block M, Taipan Senawang
Jalan Taman Komersil Senawang 1
Senawang Commercial Park
70450 Senawang
Negeri Sembilan Darul Khusus
Tel : 06-676 2788
Fax : 06-678 3788</p> <p>217 Ground, First & Second Floor
No. 7 & 8, Jalan S2B15
Biz Avenue, Seremban 2
70300 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-601 7488
Fax : 06-601 6718</p> <p style="text-align: center;">MELAKA</p> <p>218 345, Jalan Ong Kim Wee
75300 Melaka
Tel : 06-2842309
Fax : 06-2830153</p> <p>219 150 & 152
Kompleks Munshi Abdullah
Jalan Munshi Abdullah
75100 Melaka
Tel : 06-286 5988
Fax : 06-283 0399</p> <p>220 No. 102 & 104, Jalan Suria 2
Taman Malim Jaya
75250 Melaka
Tel : 06-334 3137
Fax : 06-334 3067</p> <p>221 Ground Floor
Bangunan Graha Maju
Lot 315, Jalan Graha Maju
75300 Melaka
Tel : 06-283 8229
Fax : 06-283 6795</p> <p>222 Lot BB-371A & B
Taman Melaka Baru
Batu Berendam
75350 Melaka
Tel : 06-317 3235
Fax : 06-317 2660</p> |
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NETWORK OF BRANCHES

as at 15 July 2012
(continued)

223	Lot 215 & 310, Jalan Besar Masjid Tanah 78300 Melaka Tel : 06-384 7137 Fax : 06-384 7232	232	No. 17 & 18, Jalan Cempaka 81750 Masai Johor Darul Takzim Tel : 07-252 6599 Fax : 07-252 6378	241	109 Main Road 83700 Yong Peng Johor Darul Takzim Tel : 07-467 2350 Fax : 07-467 4185
224	No. 1, 1-1 & 3 Jalan Malim Jaya 2/7A Taman Malim Permai 75250 Melaka Tel : 06-336 3188 Fax : 06-337 3188	233	No. 61-1, 61-2, 61-3 Jalan Arab 84000 Muar Johor Darul Takzim Tel : 06-951 5086 Fax : 06-951 5215	242	No. 39 & 41 Jalan Kebudayaan 1 Taman Universiti 81300 Skudai Johor Darul Takzim Tel : 07-521 7817 Fax : 07-521 7726
225	No. 67 & 69 Jalan Merdeka Taman Melaka Raya 75300 Melaka Tel : 06-281 2688 Fax : 06-281 2588	234	No. 173 & 175 Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel : 07-335 3614 Fax : 07-334 2598	243	31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel : 07-431 4515 Fax : 07-431 7071
JOHOR DARUL TAKZIM		235	37, Jalan Harimau Tarum Taman Century 80250 Johor Bharu Johor Darul Takzim Tel : 07-333 2519 Fax : 07-331 5559	244	No. 8, Jalan Station 80000 Johor Bharu Johor Darul Takzim Tel : 07-222 8462 Fax : 07-276 3085
226	12-16, Jalan Wong Ah Fook 80000 Johor Bharu Johor Darul Takzim Tel : 07-222 8311 Fax : 07-224 9317	236	No. 685, Jalan Taib 82000 Pontian Johor Darul Takzim Tel : 07-687 6641 Fax : 07-687 6561	245	80, Jalan Dedap 13 Taman Johor Jaya 81100 Johor Bharu Johor Darul Takzim Tel : 07-354 6320 Fax : 07-355 2311
227	No. 70, Jalan Segamat 85300 Labis Johor Darul Takzim Tel : 07-925 1200 Fax : 07-925 1336	237	2 & 2-01, Jalan Permas 10/7 Bandar Baru Permas Jaya 81750 Johor Bharu Johor Darul Takzim Tel : 07-386 7065 Fax : 07-388 0762	246	No. 20, Jalan Jati Taman Nusa Bestari Jaya 81300 Skudai Johor Darul Takzim Tel : 07-511 2596 Fax : 07-511 3492
228	No. 32 & 33 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel : 07-931 2403 Fax : 07-931 0212	238	6 & 8, Jalan Nakhoda 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Tel : 07-556 6681 Fax : 07-556 6682	247	Lot. No. S 122, KIP Mart Taman Tampoi Indah 81200 Tampoi Johor Darul Takzim Tel : 07-241 9832 Fax : 07-241 8061
229	Lot. No. 24 & 25 Jalan Ahmad Ujan Taman Kota Besar 81900 Kota Tinggi Johor Darul Takzim Tel : 07-883 2020 Fax : 07-883 5989	239	No. 6 & 7 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel : 07-663 5282 Fax : 07-663 2336	248	No 21 & 23 Jalan Indah 15/1 Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel : 07-239 1388 Fax : 07-232 5988
230	120-122, Jalan Mersing 80000 Kluang Johor Darul Takzim Tel : 07-773 2233 Fax : 07-772 4170	240	No. LC 531 Jalan Payamas 84900 Tangkak Johor Darul Takzim Tel : 06-978 1994 Fax : 06-978 4684	249	No 9 - 11, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel : 07-433 7488 Fax : 07-434 1488
231	No. 49, Jalan Jenang 83000 Batu Pahat Johor Darul Takzim Tel : 07-431 4435 Fax : 07-431 0641				

NETWORK OF BRANCHES

as at 15 July 2012
(continued)

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| <p>250 No 35, 37 & 39, Jalan Johar 1
Taman Desa Cemerlang
81800 Ulu Tiram
Johor Darul Takzim
Tel : 07-861 7488
Fax : 07-861 4588</p> <p>251 No 14, Jalan Besar
81550 Gelang Patah
Johor Darul Takzim
Tel : 07-510 4188
Fax : 07-510 4088</p> <p>252 G & M Floor, Asia Life Building
No 33, Jalan Segget
80000 Johor Bahru
Johor Darul Takzim
Tel : 07-223 5433
Fax : 07-224 3488</p> <p>253 No 105 & 106, Jalan Besar
81750 Masai
Johor Darul Takzim
Tel : 07-252 2960
Fax : 07-252 2963</p> <p>254 No 30 & 31, Jalan Mawar 1
Taman Mawar
81700 Pasir Gudang
Johor Darul Takzim
Tel : 07-252 2740
Fax : 07-252 2723</p> <p>255 No 1-1A-1B & 1C
Jalan Belimbing
81400 Senai
Johor Darul Takzim
Tel : 07-599 4598
Fax : 07-599 4231</p> <p>256 Ground Floor
Bgn. Persekutuan Tiong Hua
Johor Baru
No. 8, Jalan Keris
Taman Sri Tebrau
80400 Johor Bahru
Johor Darul Takzim
Tel : 07-332 1323
Fax : 07-332 5841</p> <p>257 No 1 & 3, Jalan Persiaran
Tanjung Susur 1
Taman Bukit Alif Tampoi
81200 Johor Bahru
Johor Darul Takzim
Tel : 07-235 5930
Fax : 07-235 5927</p> | <p>258 No. 21, Jalan Permas 10/1
Bandar Baru Permas Jaya
81750 Masai
Johor Darul Takzim
Tel : 07-252 2960
Fax : 07-252 2963</p> <p>259 Ground & 1st Floor
No. 115
Jalan Sutera Tanjung 8/2
Taman Sutera Utama
81300 Skudai
Johor Darul Takzim
Tel : 07-554 8298
Fax : 07-554 8248</p> <p>260 No 30 & 31, Jalan Delima
Pusat Perdagangan Pontian
82000 Pontian
Johor Darul Takzim
Tel : 07-687 5002
Fax : 07-687 4998</p> <p>261 No. 43A & 45
Jalan Genuang
Kampung Abdullah
85000 Segamat
Johor Darul Takzim
Tel : 07-931 3650
Fax : 07-931 3560</p> <p>262 No. 20-21
Jalan Harimau Tarum
Taman Abad
80250 Johor Bahru
Johor Darul Takzim
Tel : 07-331 1421
Fax : 07-331 1409</p> <p>263 No. 29 & 31
Jalan Molek 2/4
Taman Molek
81100 Johor Bahru
Johor Darul Takzim
Tel : 07-353 7003
Fax : 07-353 6997</p> <p>264 No. 242 & 244, Jalan Besar
Taman Sembrong Baru
83700 Yong Peng
Johor Darul Takzim
Tel : 07-467 4850
Fax : 07-467 3170</p> <p>265 No. 2 & 3
Jalan Anggerik 1
Taman Kulai Utama
81000 Kulai
Johor Darul Takzim
Tel : 07-662 6388
Fax : 07-662 6366</p> | <p>266 No. 12 & 14
Jalan Haji Manan
86000 Kluang
Johor Darul Takzim
Tel : 07-776 9388
Fax : 07-776 2088</p> <p>267 No. 3, Pusat Dagangan Bakri
Jalan Bakri
84000 Muar
Johor Darul Takzim
Tel : 06-954 2888
Fax : 06-954 8333</p> <p>268 Ground & Mezzanine Floors
Wisma Eng Lam
No 9, Jalan Ismail
83000 Batu Pahat
Johor Darul Takzim
Tel : 07-432 6288
Fax : 07-432 5388</p> <p>KELANTAN DARUL NAIM</p> <p>269 PT226 & 227
Jalan Kebun Sultan
15350 Kota Bharu
Kelantan Darul Naim
Tel : 09-747 6996
Fax : 09-747 3799</p> <p>270 Ground & Mezzanine Floor
No. 1121A & 1121B
Jalan Padang Garong
Seksyen 12
15000 Kota Bharu
Kelantan Darul Naim
Tel : 09-743 8188
Fax : 09-743 6188</p> <p>271 PT 320 & 321, Seksyen 25
Jalan Sultan Yahya Petra
15200 Kota Bharu
Kelantan Darul Naim
Tel : 09-748 6888
Fax : 09-747 0833</p> <p>TERENGGANU DARUL IMAN</p> <p>272 Lot 3594 & 3595
Jalan Baru Pak Sabah
23000 Dungun
Terengganu Darul Iman
Tel : 09-848 2766
Fax : 09-848 4480</p> |
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NETWORK OF BRANCHES

as at 15 July 2012
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273 No. 31, Jalan Sultan Ismail
20200 Kuala Terengganu
Terengganu Darul Iman
Tel : 09-624 4458
Fax : 09-624 4261

274 Ground & Mezzanine Floor
Menara Yayasan Islam
Terengganu
Jalan Sultan Omar
20300 Kuala Terengganu
Terengganu Darul Iman
Tel : 09-623 6288
Fax : 09-622 5688

275 No. 1107 R,S&T, Jalan Pejabat
20200 Kuala Terengganu
Terengganu Darul Iman
Tel : 09-624 2505
Fax : 09-624 2372

PAHANG DARUL MAKMUR

276 59 & 60, Jalan Temerloh
Locked Bag No. 9
28409 Mentakab
Pahang Darul Makmur
Tel : 09-277 2953
Fax : 09-277 2995

277 No. 25, Jalan Tun Ismail
25000 Kuantan
Pahang Darul Makmur
Tel : 09-515 7288
Fax : 09-515 7130

278 A125 & A127
Jalan Air Putih
25300 Kuantan
Pahang Darul Makmur
Tel : 09-568 3277
Fax : 09-568 4359

279 21, Jalan Tun Razak
27600 Raub
Pahang Darul Makmur
Tel : 09-355 4422
Fax : 09-355 4455

280 F107, Jalan Kuantan
28000 Temerloh
Pahang Darul Makmur
Tel : 09-296 7492
Fax : 09-296 7553

281 36, Main Road, Tanah Rata
39000 Cameron Highlands
Pahang Darul Makmur
Tel : 05-491 1941
Fax : 05-491 1158

282 1, Bentong Heights
28700 Bentong
Pahang Darul Makmur
Tel : 09-222 1080
Fax : 09-222 3592

283 Ground Floor
No. A-3, Jalan Tun Ismail 1
25000 Kuantan
Pahang Darul Makmur
Tel : 09-514 3377
Fax : 09-513 6733

284 No 119 & 121
Jalan Temerloh
28400 Mentakab
Pahang Darul Makmur
Tel : 09-277 0400
Fax : 09-277 9929

285 No B278 & B280
Jalan Beserah
25300 Kuantan
Pahang Darul Makmur
Tel : 09-566 4100
Fax : 09-566 4800

BUREAU DE CHANGE

286 Lot LCPC 05
Public Concourse Area
Passenger Level
Low Cost Airline Terminal
64000 KL International Airport
Sepang
Selangor Darul Ehsan
Tel : 03-8787 3290
Fax : 03-8787 3414

287 Lot G38 Ground Floor
Batu Pahat Mall
Jalan Kluang
83000 Batu Pahat
Johor
Tel : 07-432 4644
Fax : 07-432 4775

288 Lot L2.29a, Level 2
Plaza Angsana
Jalan Skudai
81200 Johor Bahru
Johor
Tel : 07-232 8670
Fax : 07-234 4946

289 Lot No. KG9A, Ground Floor
Mahkota Parade
1 Jalan Merdeka
75000 Melaka
Tel : 06-281 9231
Fax : 06-281 9114

290 (In-Branch Bureau DeChange)
No. 35, 37 & 39
Jalan Johar 1
Taman Desa Cemerlang
81800 Ulu Tiram
Johor Darul Takzim
Tel : 07-861 5408
Fax : 07-861 5429

291 (In-Branch Bureau DeChange)
No. 9 Jalan Tun Tan Cheng Lock
50000 Kuala Lumpur
Tel : 03-2026 1826
Fax : 03-2026 1770

292 (In-Branch Bureau DeChange)
No. 53 & 55 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2141 1119
Fax : 03-2141 1094

FEDERAL TERRITORY LABUAN

293 No. 64, Jalan Tun Mustapha
87007 Labuan
Tel : 087-423 290
Fax : 087-423 289

SABAH

294 Lot. 119, Jalan Gaya
88000 Kota Kinabalu
Sabah
Tel : 088-250 811
Fax : 088-223 261

295 Ground & 1st Floor
Lot. No. 1, Block 35
Fajar Commercial Complex
Jalan Lembaga
91013 Tawau, Sabah
Tel : 089-770 393
Fax : 089-770 403

296 No. 5 & 6 (Ground Floor)
Lorong Lintas Plaza 1
Lintas Plaza
88300 Kota Kinabalu
Sabah
Tel : 088-318 806
Fax : 088-316 226

297 Lot 1,2 & 3, Block 18, Mile 4
North Road, Bandar Indah
90722 Sandakan
Sabah
Tel : 089-229 545
Fax : 089-212 731

NETWORK OF BRANCHES

as at 15 July 2012
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|--|--|--|
| <p>298 Ground Floor
Wisma Sandaraya
Humphrey Street
90000 Sandakan
Sabah
Tel : 089-226 911
Fax : 089-275 499</p> <p>299 19, Jalan Haji Saman
P.O. Box 11989
88821 Kota Kinabalu
Sabah
Tel : 088-235 699
Fax : 088-218 386</p> <p>300 Block B 7, 11.2 km
Jalan Tuaran
Hiong Tiong Industrial Centre
88815 Inanam
Sabah
Tel : 088-436 624
Fax : 088-437 302</p> <p>301 No 8, Jalan Pantai
Locked Bag No.124
88999 Kota Kinabalu
Sabah
Tel : 088-214 733
Fax : 088-233 134</p> <p>302 Ground, 1st & 2nd Floor
Lot No. 4, 5 & 6, Block C
Lorong KK Taipan 2
Inanam New Township
88450 Kota Kinabalu, Sabah
Tel : 088-437 601
Fax : 088-437 596</p> <p>303 Lot 11 & 12,
Business Centre
Bandar Indah, Mile 4
Jalan Utara
90000 Sandakan
Sabah
Tel : 089-222 202
Fax : 089-222 209</p> <p>304 Ground & 1st Floor
TB 319 Block 38
Fajar Complex
91000 Tawau
Sabah
Tel : 089-779 441
Fax : 089-763 899</p> | <p>305 Lot 3-0-14 to 3-0-16
Block 3, Lorong Api-Api 2
Api-Api Centre
88000 Kota Kinabalu
Sabah
Tel : 088-247 688
Fax : 088-246 327</p> <p>306 MDLD 4712, Lot 4
Jalan Kastam Lama
91100 Lahad Datu
Sabah
Tel : 089-884 488
Fax : 089-884 848</p> <p>SARAWAK</p> <p>307 No. 35, Jalan Khoo Hun Yeang
93000 Kuching
Sarawak
Tel : 082-240 311
Fax : 082-415 466
<i>(formerly known as Electra House)</i></p> <p>308 42, Jalan Pending
93450 Kuching
Sarawak
Tel : 082-336 666
Fax : 082-336 912</p> <p>309 Lot 3073 & 3074
Jalan Abang Galau
97000 Bintulu
Sarawak
Tel : 086-332 393
Fax : 086-332 433</p> <p>310 No. 133, 135 & 137
Jalan Kampung Nyabor
96000 Sibu
Sarawak
Tel : 084-332 698
Fax : 084-312 081</p> <p>311 6, Jalan Merdeka
96100 Sarikei
Sarawak
Tel : 084-651 461
Fax : 084-652 784</p> <p>312 8-10, Lorong Maju
P.O. Box 279
96508 Bintangor
Sarawak
Tel : 084-693 049
Fax : 084-693 689</p> | <p>313 Lot 1090 & 1091
Jalan Merpati
98007 Miri
Sarawak
Tel : 085-412 132
Fax : 085-419 095</p> <p>314 Lot 13 & 14, Olive Garden
7th Mile Bazaar
Jalan Pensrissen
93250 Kuching
Sarawak
Tel : 082-250 717
Fax : 082-613 422</p> <p>315 No. 175
Serian Bazaar
94700 Serian
Sarawak
Tel : 082-874 877
Fax : 082-874 828</p> <p>316 Lot, 124
Saratok Bazaar
P.O. Box 71
95407 Saratok
Sarawak
Tel : 083-436 011
Fax : 083-436 012</p> <p>317 Sublot 6, Lot 538
Jalan Lee Kai Teng
P.O. Box 34
95700 Betong
Sarawak
Tel : 083-472 278
Fax : 083-472 326</p> <p>318 296-297
Central Park Commercial Centre
3rd Mile, 93200 Rock Road
Kuching, Sarawak
Tel : 082-236 300
Fax : 082-230 120</p> <p>319 18, Chew Geok Lin Street
(formerly OST)
P.O.Box 1461
96000 Sibu
Sarawak
Tel : 084-336 653
Fax : 084-316 833</p> <p>320 5E, Sabu Road
P.O. Box 106
95007 Sri Aman
Sarawak
Tel : 083-320 459
Fax : 083-320 460</p> |
|--|--|--|

NETWORK OF BRANCHES

as at 15 July 2012
(continued)

- | | | |
|--|---|---|
| <p>321 Ground Floor
43A Jalan Buangsiol
98700 Limbang
Sarawak
Tel : 085-214 451
Fax : 085-214 452</p> <p>322 No. 722, Jalan Masjid
P.O. Box 19
96400 Mukah
Sarawak
Tel : 084-871 726
Fax : 084-871 737</p> <p>323 No. 155C, Jalan Satok
93400 Kuching
Sarawak
Tel : 082-233 437
Fax : 082-253 529</p> <p>324 Lots 561 & 562
Jalan Datuk Wee Kheng Chiang
Off Jalan Padungan
93100 Kuching
Tel : 082-235 660
Fax : 082-235 527</p> <p>325 No 211, 212 & 213
Bintulu Parkcity Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu
Sarawak
Tel : 086-312 941
Fax : 086-313 617</p> <p>326 No 122
Jalan Yong Moo Chai
P.O. Box 15
96807 Kapit
Sarawak
Tel : 084-796 413
Fax : 084-796 939</p> <p>327 Ground & 1st Floor
Lot. 10901 & 10902
Jalan Tun Jugah
93350 Kuching
Sarawak
Tel : 082-575 075
Fax : 082-578 250</p> <p>328 Lots 11600-11602, Block 16
No. 127-129, R.H. Plaza
Jalan Lapangan Terbang
93250 Kuching, Sarawak
Tel : 082-466 000
Fax : 082-466 009</p> | <p>329 Lot 122, 123 & 124
Jalan Song Thian Cheok
93100 Kuching, Sarawak
P.O. Box 1840
93736 Kuching, Sarawak
Tel : 082-416 679
Fax : 082-248 157</p> <p>330 Lot 1078 & 1079
Buangsiol Road
P.O. Box 69
98700 Limbang
Sarawak
Tel : 085-212 097
Fax : 086-212 897</p> <p>331 Ground & 1st Floor
Lot 715 Merbau Road
98008 Miri
Sarawak
Tel : 085-415 371
Fax : 085-411 176</p> <p>332 No 22 & 23
Suria Permata Commercial Centre
Lanang Road
96000 Sibu
Sarawak
Tel : 084-218 568
Fax : 084-212 561</p> <p>333 Lot 2499 & 2500
Ground & First Floor
Boulevard Commercial Centre
Jalan Miri-Pujut, Km 3
98000 Miri, Sarawak
Tel : 085-424 521
Fax : 085-424 520</p> <p>334 No 18C & 20
Lorong Tun Razak 1
Jalan Masjid Lama
96100 Sarikei
Sarawak
Tel : 084-659 188
Fax : 084-659 488</p> <p>335 No 10, 12, 14, 16 & 18
Mission Road
96007 Sibu
Sarawak
Tel : 084-322 188
Fax : 084-310 545</p> <p>336 No 345-347
Central Park Commercial Centre
Jalan Tun Ahmad Zaidi Adruce
93200 Kuching
Sarawak
Tel : 082-254 224
Fax : 082-243 618</p> | <p>337 Lot 171, Jalan Council
95000 Bandar Sri Aman
Sarawak
Tel : 083-322 117
Fax : 083-320 601</p> <p>SINGAPORE</p> <p>338 20 Collyer Quay
Unit #01-02 & 02-02
Tung Centre
Singapore 049319
Tel : 02-6349 8338
Fax : 02-6533 9340</p> <p>HONG KONG</p> <p>339 12F, The Centre
99 Queen's Road
Central, Hong Kong
Tel : 852-2283 8838
Fax : 852-2285 3138</p> <p>VIETNAM</p> <p>340 Hong Leong Bank Vietnam Limited
Ground Floor, Centec Tower
72-74 Nguyen Thi Minh Khai Street
District 3, Ho Chi Minh City
Tel : 848-6299 8100
Fax : 852-6299 8101</p> <p>341 Hong Leong Bank Vietnam Limited
1F-2F Central Building
31 Hai Ba Trung Street
Hoan Kiem District
Hanoi, Vietnam
Tel : 844-6271 0300
Fax : 844-6271 0301</p> |
|--|---|---|



I/We _____

NRIC/Passport/Company No. _____

of _____

being a member of HONG LEONG BANK BERHAD (the "Bank"), hereby appoint _____

NRIC/Passport No. _____

of _____

or failing him/her _____

NRIC/Passport No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Seventy-First Annual General Meeting of the Bank to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 25 October 2012 at 2.30 p.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

RESOLUTIONS	FOR	AGAINST
1. To declare a final dividend of 27 sen per share less tax		
2. To approve the payment of Directors' fees		
3. To re-elect Mr Kwek Leng Hai as a Director		
4. To re-elect YBhg Datuk Yvonne Chia as a Director		
5. To re-elect YBhg Datuk Kwek Leng San as a Director		
6. To re-elect Ms Lim Lean See as a Director		
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Bank and authorise the Directors to fix their remuneration		
Special Business		
8. To approve the ordinary resolution on Authority To Directors To Issue Shares		
9. To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and Persons Connected with HLCM		
10. To approve the ordinary resolution on Proposed Establishment of a New Executive Share Option Scheme of up to 10% of the Issued and Paid-Up Ordinary Share Capital (Excluding Treasury Shares) of the Bank		
11. To approve the ordinary resolution on Proposed Grant of Options to YBhg Datuk Yvonne Chia		

Dated this day of 2012

Number of shares held _____

Signature(s) of Member _____

Notes:-

- For the purpose of determining members eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 18 October 2012 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
- If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
- A proxy may but need not be a member of the Bank and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Bank.
- Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid (please see note 9 below). Where a member of the Bank is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Bank standing to the credit of the said securities account.
- A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
- In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Bank at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
- In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Group Company Secretary
Hong Leong Bank Berhad
(Company No. 97141-X)

Level 8, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

1st Fold Here