

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	The Group		The Bank	
		31 Dec 2009 RM'000	30 June 2009 RM'000	31 Dec 2009 RM'000	30 June 2009 RM'000
ASSETS					
Cash and short term funds		244,592	239,023	243,069	238,151
Deposits and placements with banks and other financial institutions		-	24	-	24
Securities held at fair value through profit or loss	A11	6,818	6,101	6,818	6,101
Available-for-sale securities	A12	180,237	245	180,237	245
Loans and advances	A13	94,408	82,339	94,408	82,339
Clients' and brokers' balances	A14	83,739	140,808	83,739	140,808
Other receivables	A15	17,568	11,093	17,181	11,219
Tax recoverable		68	68	131	131
Statutory deposits with Bank Negara Malaysia		910	-	910	-
Investment in subsidiary companies		-	-	588	588
Deferred tax assets		55,256	58,192	55,256	58,192
Prepaid lease payments		1,132	1,132	1,132	1,132
Property and equipment		4,203	4,210	4,203	4,210
Goodwill		28,986	28,750	30,236	30,000
Intangible assets		1,264	937	1,264	937
TOTAL ASSETS		719,181	572,922	719,172	574,077
LIABILITIES					
Deposits from customers	A16	196,561	-	196,561	-
Deposits and placements of banks and other financial institutions	A17	1,824	9,820	1,824	9,820
Clients' and brokers' balances		200,735	252,568	199,756	252,434
Payable and other liabilities	A18	37,009	36,263	36,713	36,332
TOTAL LIABILITIES		436,129	298,651	434,854	298,586
CAPITAL AND RESERVES					
Share capital		123,500	123,500	123,500	123,500
Redeemable preference shares		1,631	1,631	1,631	1,631
Reserves		157,921	149,140	159,187	150,360
TOTAL EQUITY		283,052	274,271	284,318	275,491
TOTAL EQUITY AND LIABILITIES		719,181	572,922	719,172	574,077
Commitments and contingencies	A24	331,726	327,475	331,726	327,475
CAPITAL ADEQUACY					
	A25				
Core capital ratio		14.90%	17.59%	14.90%	17.59%
Risk-weighted capital ratio		29.60%	34.94%	29.60%	34.94%
NET TANGIBLE ASSETS PER SHARE (RM)		2.29	2.22	2.30	2.23

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2009.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE FINANCIAL QUARTER ENDED
31 DECEMBER 2009

	Notes	The Group		The Bank	
		Current Quarter RM'000	Financial year-todate RM'000	Current Quarter RM'000	Financial year-todate RM'000
Interest income	A19	3,378	6,469	3,378	6,469
Interest expense	A20	(935)	(1,713)	(935)	(1,713)
Net interest income		2,443	4,756	2,443	4,756
Non-interest income	A21	13,944	27,801	13,844	27,553
Overhead expenses	A22	16,387 (12,067)	32,557 (20,588)	16,287 (11,818)	32,309 (20,294)
Operating profit before allowances		4,320	11,969	4,469	12,015
Allowance for losses on loans and advances and write back of allowance on other losses	A23	(312)	(252)	(312)	(252)
Profit before taxation		4,008	11,717	4,157	11,763
Taxation		(1,034)	(2,936)	(1,034)	(2,936)
Profit after taxation for the financial year		2,974	8,781	3,123	8,827
Profit per share:					
- basic/diluted (sen)		2.41	7.11	2.53	7.15

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2009.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

Attributable to equity holders of the Bank

The Group	Attributable to equity holders of the Bank					Total
31 December 2009	Share Capital RM'000	Redeemable Preference Share RM'000	Share Premium RM'000	Statutory Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Equity RM'000
As at 1 July 2009	123,500	1,631	142,035	4,362	2,743	274,271
Profit after taxation	-	-	-	-	8,781	8,781
Total recognised income and expense for the financial year	-	-	-	-	8,781	8,781
As at 31 December 2009	123,500	1,631	142,035	4,362	11,524	283,052

The Bank	Non-Distributable				Distributable	Total
31 December 2009	Share Capital RM'000	Redeemable Preference Share RM'000	Share Premium RM'000	Statutory Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Equity RM'000
As at 1 July 2009	123,500	1,631	142,035	4,362	3,963	275,491
Profit after taxation	-	-	-	-	8,827	8,827
Total recognised income and expense for the financial year	-	-	-	-	8,827	8,827
As at 31 December 2009	123,500	1,631	142,035	4,362	12,790	284,318

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2009.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	Note	The Group 31 Dec 2009 RM'000	The Bank 31 Dec 2009 RM'000
Cash flows from operating activities			
Profit before taxation		11,717	11,763
Adjustments for non-operating and non-cash items		(3,367)	(3,367)
Operating profit before working capital changes		8,350	8,396
Changes in working capital:			
Net changes in operating assets		40,784	41,297
Net changes in operating liabilities		162,170	160,960
Cash generated from operating activities		211,304	210,653
Income tax paid		-	-
Net cash generated from operating activities		211,304	210,653
Net cash used in investing activities		(179,129)	(179,129)
Net increase in cash and cash equivalents		32,175	31,524
Cash and cash equivalents at beginning of year	(a)	55,546	54,674
Cash and cash equivalents at end of financial year	(b)	87,721	86,198
(a) Cash and cash equivalents comprise:			
Cash and short term funds		239,023	238,151
Less: Remisiers' and clients' trust monies		(183,477)	(183,477)
		55,546	54,674
(b) Cash and cash equivalents comprise:			
Cash and short term funds		244,592	243,069
Less: Remisiers' and clients' trust monies		(156,871)	(156,871)
		87,721	86,198

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2009.

Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 30 June 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2009.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2009.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2009 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 31 December 2009.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial quarter ended 31 December 2009.

A6. Debt and Equity Securities

There were no new issuances and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year.

A7. Dividends Paid

There was no dividends paid during the financial year.

A8. Valuations of Property, Plant & Equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 December 2009.

A9. Events After The Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited interim financial statements.

A10. Performance Review

The Group made a profit before tax of RM4.01 million in current quarter compare to RM7.71 million in last quarter. The decrease of profit was due to higher personnel cost incurred for new recruitments.

A11. Securities held at fair value through profit or loss

	The Group & Bank 31 Dec 2009 RM ' 000	The Group & Bank 30 June 2009 RM ' 000
Details of held-for-trading securities are as follows:		
Shares	6,818	6,101
A12. Available-for-sale securities		
Details of available-for-sale securities are as follows:		
Unquoted securities at cost:		
Private debt securities	179,992	-
Shares	245	245
	180,237	245
A13. Loans and advances		
Term loans financing	19,497	-
Other term loans financing	19,497	-
Margin finance	49,313	55,002
Revolving credit	29,676	31,112
Gross loans and advances	98,486	86,114
Allowance for bad and doubtful debts:	(4,078)	(3,775)
- Specific	(2,641)	(2,521)
- General	(1,437)	(1,254)
Net loans and advances	94,408	82,339
(i) By type of customers		
Domestic business enterprises		
- Others	49,954	29,776
Individuals	45,329	53,359
Foreign non-bank entities	3,203	2,979
Other domestic entities	-	-
Gross loans and advances	98,486	86,114
(ii) By interest rate sensitivity		
Fixed rate	49,313	55,002
Other fixed rate loan financing	49,313	55,002
Variable rate	49,173	31,112
Cost-plus	49,173	31,112
Gross loans and advances	98,486	86,114
(iii) By economic purposes		
Working capital	33,948	15,598
Purchase of securities	64,538	70,516
Gross loans and advances	98,486	86,114
(iv) Gross non-performing loans and advances analysed by economic purposes		
Purchase of securities	2,641	2,521

A13. Loans and advances (cont'd)

	The Group & Bank 31 Dec 2009 RM ' 000	The Group & Bank 30 June 2009 RM ' 000	
(v) Movements in the non-performing loans and advances:			
At beginning of the year	2,521	-	
Non-performing during the year	131	104	
Recoveries	(11)	(39)	
Amount transferred in respect of acquisition/merger	-	2,456	
	2,641	2,521	
Less: Specific allowance	(2,641)	(2,521)	
Net non-performing loans and advances	-	-	
Ratio of net non-performing loans and advances to net loans and advances	0.00%	0.00%	
(vi) Breakdown of gross non-performing loans and advances			
Bad	2,641	2,521	
(vii) Movements in the allowance for losses on loans and advances			
	The Group & Bank 31 Dec 2009 RM ' 000	The Group 30 June 2009 RM ' 000	The Bank 30 June 2009 RM ' 000
<u>Specific allowance</u>			
At beginning of the year	2,521	-	-
Allowance made during the year	131	104	104
Amount written back	(11)	(95)	(39)
Amount transferred in respect of acquisition/merger	-	2,512	2,456
	2,641	2,521	2,521
<u>General allowance</u>			
At beginning of the year	1,254	-	-
(Amount written back) / allowance made during the year	183	168	168
Amount transferred in respect of acquisition/merger	-	1,086	1,086
	1,437	1,254	1,254
As % of gross loans and advances less specific allowance	1.5	1.5	1.5

A14. Clients' and brokers' balances

	The Group & Bank 31 Dec 2009 RM ' 000	The Group & Bank 30 June 2009 RM ' 000
Performing accounts	131,749	187,518
Non-performing accounts		
- Bad	73,472	73,406
- Doubtful	388	53
	73,860	73,459
Clients' and brokers' balances	205,609	260,977
Less: Allowances for bad and doubtful debts	(121,870)	(120,169)
- Specific	(73,666)	(73,432)
- General	(10)	(50)
- Interest in suspense	(48,194)	(46,687)
	83,739	140,808

A15. Other receivables

	The Group		The Bank	
	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000
Interest receivable	7	3	7	3
Amount due from subsidiary companies	24	-	76	129
Other receivables, deposits and prepayments	17,537	11,090	17,098	11,087
Other receivables	10,127	2,510	9,688	2,507
Deposits and prepayments	7,410	8,580	7,410	8,580
	17,568	11,093	17,181	11,219

A16. Deposits from customers

	The Group & Bank	The Group & Bank
	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000
By type of deposit		
Fixed deposits	196,561	-
<u>Maturity structure of fixed deposits and negotiable instruments of deposits:</u>		
Due within six months	196,561	-
<u>The deposits are sourced from the following customers:</u>		
Business enterprises	180,561	-
Individuals	16,000	-
	196,561	-

A17. Deposits and placement of banks and other financial institutions

	The Group & Bank	The Group & Bank
	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000
Other financial institutions	1,824	9,820

A18. Payable and other liabilities

	The Group		The Bank	
	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000	31 Dec 2009 RM ' 000	30 June 2009 RM ' 000
Amount owing to holdings company	9,150	8,645	8,763	8,645
Amount owing to subsidiary companies	23	-	95	95
Remisiers' trust deposits	10,909	12,816	10,909	12,816
Other payables and accrued liabilities	15,845	13,913	15,864	13,887
Other payables	8,123	6,429	8,142	6,403
Accrued liabilities	7,722	7,484	7,722	7,484
Interest payable	667	39	667	39
Post employment benefits obligation				
- defined contribution plan	415	850	415	850
	37,009	36,263	36,713	36,332

A19. Interest Income

	The Group & Bank	
	Current Quarter 31 Dec 2009 RM ' 000	Financial year-todate 31 Dec 2009 RM ' 000
Loans and advances	1,484	3,015
- Interest income other than recoveries from NPLs	1,484	3,015
Money at call and deposit placements with financial institutions	280	469
Available-for-sale securities	1,563	2,858
Others	844	1,634
	4,171	7,976
Interest suspended	(793)	(1,507)
	3,378	6,469

A20. Interest Expense

	The Group & Bank	
	Current Quarter 31 Dec 2009 RM ' 000	Financial year-todate 31 Dec 2009 RM ' 000
Deposits from other customers	922	1,682
Deposits and placements of banks and other financial institutions	13	31
	935	1,713

A21. Non-Interest Income

	The Group	The Bank	The Group	The Bank
	Current Quarter 31 Dec 2009 RM ' 000	Current Quarter 31 Dec 2009 RM ' 000	Financial year-todate 31 Dec 2009 RM ' 000	Financial year-todate 31 Dec 2009 RM ' 000
a) Fee income:				
Brokerage income	9,556	9,556	21,778	21,778
Fee on loans and advances	215	215	323	323
Arranger fees	1,496	1,496	1,991	1,991
Corporate advisory fees	180	180	180	180
Other fee income	1,276	1,176	1,555	1,307
Agency fees	50	50	50	50
Placement fees	1,017	1,017	1,017	1,017
Others	488	240	488	240
	12,723	12,623	25,827	25,579
b) Net income from securities				
Gross dividend income from:				
Securities quoted in Malaysia				
Securities held at fair value through profit or loss	-	-	299	299
Realised gain or loss on revaluation of securities			1,256	1,256
held at fair value through profit or loss	538	538	538	538
Unrealised gain on revaluation of securities				
held at fair value through profit or loss	359	359	718	718
	897	897	1,555	1,555
c) Other income:				
Gain on sale of property and equipment	192	192	248	248
Other non-operating income	132	132	171	171
	324	324	419	419
	13,944	13,844	27,801	27,553
	(897)	(897)		

A22. Overhead Expenses

	The Group Current Quarter 31 Dec 2009 RM ' 000	The Bank Current Quarter 31 Dec 2009 RM ' 000	The Group Financial year-todate 31 Dec 2009 RM ' 000	The Bank Financial year-todate 31 Dec 2009 RM ' 000
Personnel costs	7,100	7,046	10,890	10,796
Salaries and wages	3,603	3,575	6,451	6,387
Allowance and bonuses	2,191	2,171	2,519	2,499
Employers' contribution to EPF & Socso / Other retirement plans	313	307	707	697
Staff training expenses	161	161	256	256
Medical and staff welfare	108	108	223	223
Others	724	724	734	734
Establishment costs	2,702	2,702	5,443	5,443
Rental of premises	908	908	1,825	1,825
Depreciation of property, plant & equipment	396	396	775	775
Amortisation of intangible assets	154	154	268	268
Information technology expenses	1,006	1,006	1,917	1,917
Motor vehicle expenses	28	28	58	58
Others	210	210	600	600
Marketing expenses	116	116	290	290
Advertisement and publicity	7	7	7	7
Entertainment and business improvements	98	98	248	248
Others	11	11	35	35
Administration and general expenses	2,149	1,954	3,965	3,765
Management fees	243	243	585	585
Auditors' fees: audit work	35	35	70	70
Legal & Professional fees	796	796	1,536	1,536
Non-executive directors remuneration	40	40	45	45
Banking license fees	66	66	99	99
Subscription to Institutions	23	23	37	37
Teletransmission expenses	356	356	688	688
Others	590	395	905	705
	12,067	11,818	20,588	20,294

**A23. Allowance for losses on loans and advances
and write back of allowance on other losses**

			The Group & Bank	
			Current Quarter 31 Dec 2009 RM ' 000	Financial year-todate 31 Dec 2009 RM ' 000
Allowance for losses on loans and advances:				
Specific allowance				
- Made during the financial year	1	66	66	131
- Written back	11	-	-	(11)
General allowance (net)				
- Written back	287	235	235	183
Allowance for losses on clients' and brokers' balances:				
Specific allowance (net)				
- Written back	59	24	24	(11)
General allowance (net)				
- Written back	14	(13)	(13)	(40)
	372	312	312	252
	372	312		

A24. Commitment and Contingencies

	The Group & Bank 31 Dec 2009 RM ' 000		The Group & Bank 30 June 2009 RM ' 000
Any commitment that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness			
		331,726	327,475

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

A25. Capital Adequacy

The capital adequacy ratios of the Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework (Basel II).

(i) The capital adequacy ratios of the Bank is as follows:

	The Bank 31 Dec 2009 RM ' 000	The Bank 30 June 2009 RM ' 000
Tier-1 capital		
Paid-up share capital	123,500	123,500
Accumulated losses (exclude deferred taxation)	(54,229)	(54,229)
Statutory reserve fund	4,362	4,362
	73,633	73,633
Less: Goodwill	(30,236)	(30,000)
Total Tier-1 capital	43,397	43,633
Tier-2 capital		
Redeemable preference shares ("RPS")	1,631	1,631
Share premium on RPS	142,035	142,035
General allowance for losses on loans and advances, and other losses	1,448	1,304
Total Tier-2 capital	145,114	144,970
Eligible Tier 2 capital	43,397	43,633
Total capital	86,794	87,266
Less: Investments in subsidiary companies	(588)	(588)
Capital base	86,206	86,678
Capital ratios		
Core capital ratio	14.90%	17.59%
Risk-weighted capital ratio	29.60%	34.94%

(ii) Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

	The Bank Basel II 31 Dec 2009 RM'000	The Bank Basel II 30 June 2009 RM'000
Principal		
0%	181,004	37
10%	-	-
20%	242,986	238,152
35%	-	-
50%	-	-
75%	-	-
100%	122,730	142,584
150%	-	-
Total	546,720	380,773
RWA		
0%	-	-
10%	-	-
20%	48,597	47,630
35%	-	-
50%	-	-
75%	-	-
100%	122,730	142,584
150%	-	-
Total risk-weighted assets for credit risk	171,327	190,214
Risk-weighted assets for market risk	13,636	12,202
Risk-weighted assets for operational risk	106,232	45,653
Total risk-weighted assets	291,195	248,069

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

A25. Capital Adequacy (cont'd)

(iii) Disclosures on capital adequacy under the Standardised Approach:

The Bank 31 Dec 2009					Total Risk- Weighted	Capital
Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Assets after Effects of PSIA RM'000	Requirements RM'000	
Credit Risk						
On Balance Sheet Exposures						
Sovereigns & Central Banks	990	990	-	-	-	-
Banks	242,986	242,986	48,597	48,597	3,888	
Corporates	229,165	49,173	49,173	49,173	3,934	
Other Assets	24,059	24,059	24,037	24,037	1,923	
Equity Exposures	49,520	49,520	49,520	49,520	3,961	
Defaulted Exposures	-	-	-	-	-	-
Total for On Balance Sheet Exposures	546,720	366,728	171,327	171,327	13,706	
Off Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
Total for Off Balance Sheet Exposures	-	-	-	-	-	-
Total for On and Off Balance Sheet Exposures	546,720	366,728	171,327	171,327	13,706	
Market Risk						
	Short Position					
Interest Rate Risk	-	-	-	-	-	-
Equity Position Risk	6,818	6,818	13,636	13,636	1,091	
Foreign Exchange Risk	-	-	-	-	-	-
	6,818	6,818	13,636	13,636	1,091	
Operational Risk						
Operational Risk			106,232	106,232	8,499	
Total RWA and Capital Requirement			291,195	291,195	23,296	

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

The Bank 31 Dec 2009		Total Principal Amount RM'000	Total Credit Equivalent Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Total Risk Weighted Amount RM'000
Nature of item:					
Any commitment that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness					
		331,726	-	-	-
Total		331,726	-	-	-

A25. Capital Adequacy (cont'd)

(iii) Disclosures on capital adequacy under the Standardised Approach: (cont'd)

The Bank							
30 June 2009							
Exposure Class	Gross Exposures	Net Exposures	Risk-Weighted Assets	Total Risk-Weighted Assets after Effects of PSIA	Capital Requirements		
	RM'000	RM'000	RM'000	RM'000	RM'000		
Credit Risk							
On Balance Sheet Exposures							
Sovereigns & Central Banks	15	15	-	-	-		
Banks	238,152	238,152	47,630	47,630	3,810		
Corporates	31,112	31,112	31,112	31,112	2,489		
Other Assets	93,612	93,612	93,612	93,612	7,489		
Equity Exposures	17,882	17,882	17,860	17,860	1,429		
Defaulted Exposures	-	-	-	-	-		
Total for On Balance Sheet Exposures	380,773	380,773	190,214	190,214	15,217		
Off Balance Sheet Exposures							
OTC Derivatives	-	-	-	-	-		
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	-	-	-	-	-		
Defaulted Exposures	-	-	-	-	-		
Total for Off Balance Sheet Exposures	-	-	-	-	-		
Total for On and Off Balance Sheet Exposures	380,773	380,773	190,214	190,214	15,217		
Market Risk							
	Short Position						
Interest Rate Risk	-	-	-	-	-		
Equity Position Risk	6,101	6,101	12,202	12,202	976		
Foreign Exchange Risk	-	-	-	-	-		
	6,101	6,101	12,202	12,202	976		
Operational Risk							
Operational Risk			45,653	45,653	3,652		
Total RWA and Capital Requirement			248,069	248,069	19,845		

PSIA "Profit Sharing Investment Account"
 OTC "Over The Counter"

The Bank							
30 June 2009							
	Total Principal Amount	Total Credit Equivalent Amount	Positive Fair Value of Derivative Contracts	Total Risk Weighted Amount			
	RM'000	RM'000	RM'000	RM'000			
Nature of item:							
Any commitment that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	327,475	-	-	-			
Total	327,475	-	-	-			

A25. Capital Adequacy (cont'd)

(iii) Disclosures on capital adequacy under the Standardised Approach: (cont'd)

**The Bank
31 Dec 2009**

Exposures after Netting and Credit Risk Mitigation

Supervisory Risk Weights	Sovereigns & Central Banks	Banks	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	990	-	-	22	-	1,012	-
10%	-	-	-	-	-	-	-
20%	-	242,986	-	-	-	242,986	48,597
35%	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-
100%	-	-	49,173	24,037	49,520	122,730	122,730
110%	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-
Total	990	242,986	49,173	24,059	49,520	366,728	171,327

**The Bank
30 June 2009**

Exposures after Netting and Credit Risk Mitigation

Supervisory Risk Weights	Sovereigns & Central Banks	Banks	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	15	-	-	22	-	37	-
10%	-	-	-	-	-	-	-
20%	-	238,152	-	-	-	238,152	47,630
35%	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-
100%	-	-	31,112	17,860	93,612	142,584	142,584
110%	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-
Total	15	238,152	31,112	17,882	93,612	380,773	190,214

A26. Interest Rate Risk

Group	Notes	← Non-trading book →				Trading book	Total	Effective interest rate
		Up to 1 month	> 1 - 3 months	> 3 - 12 months	Non interest sensitive			
		RM'000	RM'000	RM'000	RM'000			
As at 31 December 2009								
Assets								
Cash and short term funds		208,185	-	-	36,407	-	244,592	2.0
Securities held at fair value through profit or loss	A11	-	-	-	-	6,818	6,818	
Available-for-sale securities	A12	-	-	179,992	245	-	180,237	3.4
Loans and advances	A13							
- Performing		29,676	46,672	19,497	(1,437) ^	-	94,408	6.6
- Non-performing		-	-	-	- ^	-	-	-
Clients' and brokers' balances	A14	-	-	-	83,739	-	83,739	-
Other receivables	A15	7	-	-	17,561	-	17,568	-
Statutory deposits with Bank Negara Malaysia		-	-	-	910	-	910	-
Tax recoverable		-	-	-	68	-	68	-
Deferred tax assets		-	-	-	55,256	-	55,256	-
Prepaid lease payments		-	-	-	1,132	-	1,132	-
Property and equipment		-	-	-	4,203	-	4,203	-
Goodwill		-	-	-	28,986	-	28,986	-
Intangible assets		-	-	-	1,264	-	1,264	-
Total assets		237,868	46,672	199,489	228,334	6,818	719,181	
Liabilities								
Deposits from customers	A16	16,000	2,250	178,311	-	-	196,561	2.0
Deposits and placement of banks and other financial institutions	A17	-	-	1,824	-	-	1,824	2.5
Clients' and brokers' balances		-	-	-	200,735	-	200,735	-
Payable and other liabilities	A18	2	-	665	36,342	-	37,009	-
Total liabilities		16,002	2,250	180,800	237,077	-	436,129	
Total interest rate sensitivity gap		221,866	44,422	18,689				

^ Include specific allowance and general allowance amounting to RM4,078,000

A26. Interest Rate Risk (cont'd)

Group	Notes	← Non-trading book →				Trading book RM'000	Total RM'000	Effective interest rate %
		Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	Non interest sensitive RM'000			
As at 30 June 2009								
Assets								
Cash and short term funds		197,495	-	-	41,528	-	239,023	1.9
Deposits and placements with banks and other financial institutions		-	24	-	-	-	24	1.8
Securities held at fair value through profit or loss	A11	-	-	-	-	6,101	6,101	-
Available-for-sale securities	A12	-	-	-	245	-	245	-
Loans and advances	A13							
- Performing		31,112	52,481	-	(1,254) ^	-	82,339	8.0
- Non-performing		-	-	-	- ^	-	-	-
Clients' and brokers' balances	A14	-	-	-	140,808	-	140,808	-
Other receivables	A15	-	-	-	11,093	-	11,093	-
Tax recoverable		-	-	-	68	-	68	-
Deferred tax assets		-	-	-	58,192	-	58,192	-
Prepaid lease payments		-	-	-	1,132	-	1,132	-
Property and equipment		-	-	-	4,210	-	4,210	-
Goodwill		-	-	-	28,750	-	28,750	-
Intangible assets		-	-	-	937	-	937	-
Total assets		228,607	52,505	-	285,709	6,101	572,922	
Liabilities								
Deposits and placement of banks and other financial institutions	A17	8,000	344	1,476	-	-	9,820	2.1
Clients' and brokers' balances		-	-	-	252,568	-	252,568	-
Payable and other liabilities	A18	-	-	-	36,263	-	36,263	-
Total liabilities		8,000	344	1,476	288,831	-	298,651	
Total interest rate sensitivity gap		220,607	52,161	(1,476)				

^ Include specific allowance and general allowance amounting to RM3,775,000

A26. Interest Rate Risk (cont'd)

Bank	Notes	← Non-trading book →				Trading book RM'000	Total RM'000	Effective interest rate %
		Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	Non-interest sensitive RM'000			
As at 31 December 2009								
Assets								
Cash and short term funds		208,185	-	-	34,884	-	243,069	2.0
Securities held at fair value through profit or loss	A11	-	-	-	-	6,818	6,818	-
Available-for-sale securities	A12	-	-	179,992	245	-	180,237	3.4
Loans and advances	A13							
- Performing		29,676	46,672	19,497	(1,437) ^	-	94,408	6.6
- Non-performing		-	-	-	- ^	-	-	-
Clients' and brokers' balances	A14	-	-	-	83,739	-	83,739	-
Other receivables	A15	7	-	-	17,174	-	17,181	-
Tax recoverable		-	-	-	131	-	131	-
Statutory deposits with Bank Negara Malaysia		-	-	-	910	-	910	-
Investment in subsidiary companies		-	-	-	588	-	588	-
Deferred tax assets		-	-	-	55,256	-	55,256	-
Prepaid lease payments		-	-	-	1,132	-	1,132	-
Property and equipment		-	-	-	4,203	-	4,203	-
Goodwill		-	-	-	30,236	-	30,236	-
Intangible assets		-	-	-	1,264	-	1,264	-
Total assets		237,868	46,672	199,489	228,325	6,818	719,172	
Liabilities								
Deposits from customers	A16	16,000	2,250	178,311	-	-	196,561	2.0
Deposits and placement of banks and other financial institutions	A17	-	-	1,824	-	-	1,824	2.5
Clients' and brokers' balances		-	-	-	199,756	-	199,756	-
Payable and other liabilities	A18	2	-	665	36,046	-	36,713	-
Total liabilities		16,002	2,250	180,800	235,802	-	434,854	
Total interest rate sensitivity gap		221,866	44,422	18,689				

^ Include specific allowance and general allowance amounting to RM4,078,000

A26. Interest Rate Risk (cont'd)

Bank	Notes	← Non-trading book →				Trading book	Total	Effective interest rate
		Up to 1 month	> 1 - 3 months	> 3 - 12 months	Non-interest sensitive			
		RM'000	RM'000	RM'000	RM'000			
As at 30 June 2009								
Assets								
Cash and short term funds		197,495	-	-	40,656	-	238,151	1.9
Deposits and placements with banks and other financial institutions		-	24	-	-	-	24	1.8
Securities held at fair value through profit or loss	A11	-	-	-	-	6,101	6,101	-
Available-for-sale securities	A12	-	-	-	245	-	245	-
Held-to-maturity securities		-	-	-	-	-	-	-
Loans and advances	A13							
- Performing		31,112	52,481	-	(1,254) ^	-	82,339	8.0
- Non-performing		-	-	-	- ^	-	-	-
Clients' and brokers' balances	A14	-	-	-	140,808	-	140,808	-
Other receivables	A15	-	-	-	11,219	-	11,219	-
Tax recoverable		-	-	-	131	-	131	-
Investment in subsidiary companies		-	-	-	588	-	588	-
Deferred tax assets		-	-	-	58,192	-	58,192	-
Prepaid lease payments		-	-	-	1,132	-	1,132	-
Property and equipment		-	-	-	4,210	-	4,210	-
Goodwill		-	-	-	30,000	-	30,000	-
Intangible assets		-	-	-	937	-	937	-
Total assets		228,607	52,505	-	286,864	6,101	574,077	
Liabilities								
Deposits and placement of banks and other financial institutions	A17	8,000	344	1,476	-	-	9,820	2.1
Clients' and brokers' balances		-	-	-	252,434	-	252,434	-
Payable and other liabilities	A18	-	-	-	36,332	-	36,332	-
Total liabilities		8,000	344	1,476	288,766	-	298,586	
Total interest rate sensitivity gap		220,607	52,161	(1,476)				

^ Include specific allowance and general allowance amounting to RM3,775,000

**SUMMARY OF MOVEMENTS IN NPL AND ALLOWANCE FOR BAD & DOUBTFUL DEBTS
(Domestic/Overseas/Global Operations)**

Name of institution : Hong Leong Investment Bank Berhad

Code : 120514011

Financial year ended : 31 December 2009

Code	Items	Specific Allowance	General Allowance	Total
		RM'000		
9370	Balance as at the beginning of the financial year	2,521	1,254	3,775
9372	Charge for the year	131	183	314
9374	Amount written back to Profit and Loss	(11)	-	(11)
9376	Amount written off	-	-	-
9378	Balance as at the end of the financial year	2,641	1,437	4,078

Non-Performing Loans (NPL)	RM'000
Balance as at the beginning of the financial year	2,521
Total loans (Principal & interest) Classified as NPL during the year	131
Loans / financing converted to securities	0
NPL Recovered during the year	(11)
NPL Reclassified as Performing	0
Amount written off	0
Other adjustment (Please explain)	0
Balance as at the end of the financial year	2,641

**Overall Assessment of the Group Financial Performance
For the Financial Quarter Ended 31/12/2009**

Name of Company	Total Assets		Total Assets		PBT						PAT				PBT/SHF		PBT/ASSETS		DIVIDENDS			
	Q1		Q0		Q1		Q0		△ Q1-Q0		Q1		Q0		△ Q1-Q0		Q1	Q0	Q1	Q0	Q1	Q0
	RM mil	% of Group TA	RM mil	% of Group TA	RM mil	% of Group PBT	RM mil	% of Group PBT	RM mil	%	RM mil	% of Group PAT	RM mil	% of Group PAT	RM mil	%	%	%	%	%	%	%
1 Hong Leong Investment Bank Bhd	719.2	100.0	0.0	0.0	11.76	100.3	0.00	0.0	11.76	100.0	8.82	100.5	0.00	0.0	8.82	100.0	4.1	0.0	1.6	0.0	0.0	0.0
2 HLG Nominee (Tempatan) Sdn Bhd	0.7	0.1	0.0	0.0	0.07	0.6	0.00	0.0	0.07	100.0	0.07	0.8	0.00	0.0	0.07	100.0	58.3	0.0	10.3	0.0	0.0	0.0
3 HLG Nominee (Asing) Sdn Bhd	1.2	0.2	0.0	0.0	(0.11)	(0.9)	0.00	0.0	(0.11)	(100.0)	(0.11)	(1.3)	0.00	0.0	(0.11)	(100.0)	(32.4)	0.0	(9.2)	0.0	0.0	0.0
4 RC Holdings Sdn Bhd	58.7	8.2	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 RC Research Sdn Bhd	0.1	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 RC Nominee (Tempatan) Sdn Bhd	0.5	0.1	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Rc Nominee (Asing) Sdn Bhd	0.0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conso adjustments	780.4	108.5	0.0	0.0	11.72	100.0	0.00	0.0	11.72	100.0	8.78	100.0	0.00	0.0	8.78	100.0	3.4	0.0	1.5	0.0	0.0	0.0
	(61.2)	(8.5)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group	719.2	100.0	0.0	0.0	11.72	100.0	0.00	0.0	11.72	100.0	8.78	100.0	0.00	0.0	8.78	100.0	4.1	0.0	1.6	0.0	0.0	0.0

Note:

Q1 refers to the current financial quarter and Q0 refers to the preceding year corresponding financial quarter.