

**HONG LEONG BANK BERHAD**  
**Registration No: 19340100023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 30 September 2021**

	Note	The Group		The Bank	
		As at 30/09/2021 RM'000	As at 30/06/2021 RM'000	As at 30/09/2021 RM'000	As at 30/06/2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds		5,515,933	3,466,178	5,195,381	3,042,541
Deposits and placements with banks and other financial institutions		1,630,800	486,779	2,685,469	1,426,484
Financial assets at fair value through profit or loss	A8	11,732,070	8,246,366	11,449,834	8,041,221
Financial investments at fair value through other comprehensive income	A9	30,847,438	34,450,238	26,748,291	30,464,881
Financial investments at amortised cost	A10	25,607,771	23,634,907	17,812,138	16,558,726
Loans, advances and financing	A11	153,993,550	154,070,707	118,763,528	119,085,694
Other assets	A12	2,065,855	2,011,856	1,951,895	1,873,246
Derivative financial instruments		887,017	1,005,249	864,935	983,205
Amount due from subsidiaries		-	-	16,252	15,870
Statutory deposits with Central Banks		511,281	493,605	311,739	301,428
Subsidiary companies		-	-	2,566,340	2,556,570
Investment in associated companies		5,754,957	5,501,542	971,182	971,182
Property and equipment		1,169,411	1,197,788	570,451	595,225
Intangible assets		252,125	242,317	227,446	218,277
Right-of-use assets		203,578	214,726	334,801	344,387
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		351,653	275,670	246,075	183,513
<b>TOTAL ASSETS</b>		<b>242,354,751</b>	<b>237,129,240</b>	<b>192,487,304</b>	<b>188,433,997</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	A13	183,221,204	183,289,771	144,205,584	144,357,035
Investment accounts of customers	A14	1,203,125	1,145,154	-	-
Deposits and placements of banks and other financial institutions	A15	12,291,917	12,130,039	11,563,020	12,015,297
Obligations on securities sold under repurchase agreements		4,348,470	742,750	4,348,470	742,750
Bills and acceptances payable		169,041	189,642	140,162	150,433
Lease liabilities		200,036	209,761	333,835	341,591
Other liabilities	A16	6,523,138	5,358,784	6,195,931	5,066,401
Derivative financial instruments		1,007,770	909,666	975,030	879,986
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,327,538	1,033,839	504,038	300,572
Tier 2 subordinated bonds	A17	1,519,126	1,502,340	1,519,126	1,502,340
Multi-currency Additional Tier 1 capital securities	A18	806,836	806,390	806,836	806,390
Provision for taxation		302,873	351,990	247,028	272,296
<b>TOTAL LIABILITIES</b>		<b>212,921,074</b>	<b>207,670,126</b>	<b>170,839,060</b>	<b>166,435,091</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		22,412,307	22,439,081	14,626,874	14,978,873
Less: Treasury shares		(717,693)	(719,030)	(717,693)	(719,030)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>29,433,677</b>	<b>29,459,114</b>	<b>21,648,244</b>	<b>21,998,906</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>242,354,751</b>	<b>237,129,240</b>	<b>192,487,304</b>	<b>188,433,997</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>268,516,584</b>	<b>278,901,435</b>	<b>250,719,266</b>	<b>261,848,638</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		14.37	14.39	10.57	10.74

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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021.

**HONG LEONG BANK BERHAD**  
**Registration No: 19340100023 (97141-X)**  
**(Incorporated in Malaysia)**

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2021**

	Note	The Group			
		Current Quarter Ended 30/09/2021 RM'000	Corresponding Quarter Ended 30/09/2020 RM'000	Current Period Ended 30/09/2021 RM'000	Corresponding Period Ended 30/09/2020 RM'000
Interest income	A19(a)	1,334,635	1,363,670	1,334,635	1,363,670
Interest income for financial assets at fair value through profit or loss	A19(b)	51,430	40,336	51,430	40,336
Interest expense	A20	(467,260)	(607,728)	(467,260)	(607,728)
Net interest income		918,805	796,278	918,805	796,278
Net income from Islamic Banking business	A21	208,089	218,580	208,089	218,580
Other operating income	A22	253,048	333,993	253,048	333,993
Net income		1,379,942	1,348,851	1,379,942	1,348,851
Other operating expenses	A23	(507,237)	(521,048)	(507,237)	(521,048)
Operating profit before allowances		872,705	827,803	872,705	827,803
Allowance for impairment losses on loans, advances and financing	A24	(48,791)	(104,393)	(48,791)	(104,393)
Written back of/(allowance for) impairment losses on financial investments and other assets	A25	179	(278)	179	(278)
Share of profit after tax of equity accounted associated companies		824,093	723,132	824,093	723,132
		218,019	167,117	218,019	167,117
Profit before taxation		1,042,112	890,249	1,042,112	890,249
Taxation	B5	(183,860)	(161,345)	(183,860)	(161,345)
Net profit for the financial period		858,252	728,904	858,252	728,904
<b>Attributable to:</b>					
Owners of the parent		858,252	728,904	858,252	728,904
Earnings per share - basic (sen)	B12(a)	41.9	35.6	41.9	35.6
Earnings per share - fully diluted (sen)	B12(b)	41.9	35.6	41.9	35.6

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021.*

**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2021**

	<b>The Group</b>			
	<b>Current Quarter Ended 30/09/2021 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2020 RM'000</b>	<b>Current Period Ended 30/09/2021 RM'000</b>	<b>Corresponding Period Ended 30/09/2020 RM'000</b>
Net profit for the financial period	858,252	728,904	858,252	728,904
Other comprehensive (loss)/income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive loss of associated company	(6,005)	(6,647)	(6,005)	(6,647)
(b) Currency translation differences	63,003	(11,841)	63,003	(11,841)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(292,850)	153,951	(292,850)	153,951
- Changes in expected credit losses	(176)	(41)	(176)	(41)
(d) Net fair value changes in cash flow hedge	2,247	(48)	2,247	(48)
Income tax relating to components of other comprehensive loss/(income)	67,945	(32,477)	67,945	(32,477)
Other comprehensive (loss)/income for the financial period, net of tax	(165,836)	102,897	(165,836)	102,897
Total comprehensive income for the financial period	692,416	831,801	692,416	831,801
Attributable to:				
- Owners of the parent	692,416	831,801	692,416	831,801

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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2021**

	Note	The Bank			
		Current Quarter Ended 30/09/2021 RM'000	Corresponding Quarter Ended 30/09/2020 RM'000	Current Period Ended 30/09/2021 RM'000	Corresponding Period Ended 30/09/2020 RM'000
Interest income	A19(a)	1,288,432	1,325,590	1,288,432	1,325,590
Interest income for financial assets at fair value through profit or loss	A19(b)	51,430	40,336	51,430	40,336
Interest expense	A20	(449,441)	(594,474)	(449,441)	(594,474)
Net interest income		890,421	771,452	890,421	771,452
Other operating income	A22	244,906	327,123	244,906	327,123
Net income		1,135,327	1,098,575	1,135,327	1,098,575
Other operating expenses	A23	(425,917)	(445,081)	(425,917)	(445,081)
Operating profit before allowances		709,410	653,494	709,410	653,494
Allowance for impairment losses on loans, advances and financing	A24	(757)	(117,255)	(757)	(117,255)
Allowance for impairment losses on financial investments and other assets	A25	(902)	(474)	(902)	(474)
Profit before taxation		707,751	535,765	707,751	535,765
Taxation	B5	(154,888)	(115,093)	(154,888)	(115,093)
Net profit for the financial period		552,863	420,672	552,863	420,672
<b>Attributable to:</b>					
Owners of the parent		552,863	420,672	552,863	420,672
Earnings per share - basic (sen)	B12(a)	27.0	20.5	27.0	20.5
Earnings per share - fully diluted (sen)	B12(b)	27.0	20.5	27.0	20.5

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2021**

	<b>The Bank</b>			
	<b>Current Quarter Ended 30/09/2021 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2020 RM'000</b>	<b>Current Period Ended 30/09/2021 RM'000</b>	<b>Corresponding Period Ended 30/09/2020 RM'000</b>
Net profit for the financial period	552,863	420,672	552,863	420,672
Other comprehensive (loss)/income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	6,113	(19,469)	6,113	(19,469)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(251,998)	129,584	(251,998)	129,584
- Changes in expected credit losses	(181)	(63)	(181)	(63)
(c) Net fair value changes in cash flow hedge	2,247	(50)	2,247	(50)
Income tax relating to components of other comprehensive loss/(income)	58,147	(26,873)	58,147	(26,873)
Other comprehensive (loss)/income for the financial period, net of tax	(185,672)	83,129	(185,672)	83,129
Total comprehensive income for the financial period	367,191	503,801	367,191	503,801

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**

**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2021**

	Attributable to owners of the parent					
	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
<b>The Group</b>						
<b>At 1 July 2021</b>	7,739,063	1,263,751	423,954	20,751,376	(719,030)	29,459,114
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	858,252	-	858,252
- Share of other comprehensive loss of associated company	-	(6,005)	-	-	-	(6,005)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(224,361)	-	-	-	(224,361)
- Changes in expected credit losses	-	(181)	-	-	-	(181)
- Net fair value changes in cash flow hedge	-	1,708	-	-	-	1,708
- Currency translation differences	-	63,003	-	-	-	63,003
Total comprehensive (loss)/income	-	(165,836)	-	858,252	-	692,416
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	13,010	(13,010)	-	-
Dividends payable	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(2,044)	-	1,622	1,337	915
Option charge arising from ESS granted	-	2,470	-	-	-	2,470
Total transactions with owners	-	426	13,010	(732,626)	1,337	(717,853)
<b>At 30 September 2021</b>	<b>7,739,063</b>	<b>1,098,341</b>	<b>436,964</b>	<b>20,877,002</b>	<b>(717,693)</b>	<b>29,433,677</b>
<b>At 1 July 2020</b>	7,739,063	1,197,346	848,428	18,172,806	(723,344)	27,234,299
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	728,904	-	728,904
- Share of other comprehensive loss of associated company	-	(6,647)	-	-	-	(6,647)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	121,463	-	-	-	121,463
- Changes in expected credit losses	-	(41)	-	-	-	(41)
- Net fair value changes in cash flow hedge	-	(37)	-	-	-	(37)
- Currency translation differences	-	(11,841)	-	-	-	(11,841)
Total comprehensive income	-	102,897	-	728,904	-	831,801
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	(96,961)	96,961	-	-
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	574	-	-	-	574
Total transactions with owners	-	219	(96,961)	98,824	1,734	3,816
<b>At 30 September 2020</b>	<b>7,739,063</b>	<b>1,300,462</b>	<b>751,467</b>	<b>19,000,534</b>	<b>(721,610)</b>	<b>28,069,916</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM425,719,000 (30 September 2020: RM740,222,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2020: RM11,245,000)

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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2021**

Attributable to owners of the parent

<b>The Bank</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2021</b>	7,739,063	451,641	387,677	14,139,555	(719,030)	21,998,906
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	552,863	-	552,863
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(193,312)	-	-	-	(193,312)
- Changes in expected credit losses	-	(181)	-	-	-	(181)
- Net fair value changes in cash flow hedge	-	1,708	-	-	-	1,708
- Currency translation differences	-	6,113	-	-	-	6,113
Total comprehensive (loss)/income	-	(185,672)	-	552,863	-	367,191
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	13,445	(13,445)	-	-
Dividends payable	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(2,044)	-	1,622	1,337	915
Option charge arising from ESS granted	-	2,470	-	-	-	2,470
Total transactions with owners	-	426	13,445	(733,061)	1,337	(717,853)
<b>At 30 September 2021</b>	<b>7,739,063</b>	<b>266,395</b>	<b>401,122</b>	<b>13,959,357</b>	<b>(717,693)</b>	<b>21,648,244</b>
<b>At 1 July 2020</b>	7,739,063	604,314	703,987	12,661,472	(723,344)	20,985,492
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	420,672	-	420,672
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	102,700	-	-	-	102,700
- Changes in expected credit losses	-	(63)	-	-	-	(63)
- Net fair value changes in cash flow hedge	-	(39)	-	-	-	(39)
- Currency translation differences	-	(19,469)	-	-	-	(19,469)
Total comprehensive income	-	83,129	-	420,672	-	503,801
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	(116,173)	116,173	-	-
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	574	-	-	-	574
Total transactions with owners	-	219	(116,173)	118,036	1,734	3,816
<b>At 30 September 2020</b>	<b>7,739,063</b>	<b>687,662</b>	<b>587,814</b>	<b>13,200,180</b>	<b>(721,610)</b>	<b>21,493,109</b>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2021**

	The Group		The Bank	
	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2020 RM'000
Profit before taxation	1,042,112	890,249	707,751	535,765
Adjustments for non-cash items	(414,370)	(407,922)	(281,529)	(247,995)
Operating profit before working capital changes	627,742	482,327	426,222	287,770
Changes in working capital:				
Net changes in operating assets	(3,395,283)	(856,700)	(3,426,447)	(347,838)
Net changes in operating liabilities	4,433,439	3,502,878	3,639,913	2,833,113
Income taxes and zakat paid	(255,991)	(109,458)	(197,746)	(77,231)
Net cash generated from operating activities	1,409,907	3,019,047	441,942	2,695,814
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	(364)	270
Net proceeds/(purchases) of financial investments at fair value	3,564,159	(4,821,460)	3,719,319	(2,509,067)
Net purchases of financial investments at amortised cost	(1,836,905)	(1,019,161)	(1,117,652)	(731,971)
Purchase of property and equipment	(19,043)	(34,518)	(16,860)	(29,748)
Net proceeds from sale of property and equipment	-	320	-	320
Purchase of intangible assets	(7,777)	(2,854)	(7,333)	(2,671)
Dividends received from:				
- Financial assets at fair value through profit or loss	44,097	29,332	44,219	29,332
- Financial investments at fair value through other comprehensive income	-	375	-	375
Net cash generated from/(used in) investing activities	1,744,531	(5,847,966)	2,621,329	(3,243,160)
<b>Cash flows from financing activities</b>				
Repayment of lease liabilities	(7,675)	(7,788)	(14,163)	(13,697)
Cash received from ESOS exercised	915	3,242	915	3,242
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	300,000	-	200,000	-
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(16,684)	(16,206)	-	-
- Multi-currency Additional Tier 1 capital securities	(9,509)	(9,458)	(9,551)	(9,499)
- Lease liabilities	(2,390)	(2,640)	(3,834)	(4,402)
Net cash generated from/(used in) financing activities	264,657	(32,850)	173,367	(24,356)



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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2021**

	The Group		The Bank	
	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2020 RM'000
Net increase/(decrease) in cash and cash equivalents	3,419,095	(2,861,769)	3,236,638	(571,702)
Currency translation differences	16,577	(44,771)	557	(17,543)
Cash and cash equivalents at the beginning of financial period	3,474,818	7,187,221	3,560,586	5,005,032
Cash and cash equivalents at the end of financial period	<u>6,910,490</u>	<u>4,280,681</u>	<u>6,797,781</u>	<u>4,415,787</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	5,515,933	3,846,502	5,195,381	3,331,953
Deposits and placements with banks and other financial institutions	1,630,800	1,331,191	2,685,469	1,908,386
	<u>7,146,733</u>	<u>5,177,693</u>	<u>7,880,850</u>	<u>5,240,339</u>
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(236,243)	(897,012)	(1,083,069)	(824,552)
	<u>6,910,490</u>	<u>4,280,681</u>	<u>6,797,781</u>	<u>4,415,787</u>

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**Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134 and Policy Document on Financial Reporting Issued by Bank Negara Malaysia (“BNM”)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 30 September 2021 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss (“FVTPL”), financial investments at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad's (“Bursa Securities”) Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad (“HLB” or “the Bank”) for the financial year ended 30 June 2021. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2021.

The unaudited condensed financial statements incorporate the activities relating to Islamic Banking which have been undertaken by the 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 significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2021, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2021:

- (i) \* Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’
- \* Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions beyond 30 June 2021’

The adoption of the above amendments to published standards are not expected to have significant impact on the financial results of the Group and the Bank.

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

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2021**

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2021.

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**A3 Seasonality or cyclicity of operations**

The business operations of the Group and the Bank have not been affected by any material seasonal and cyclical factors in the current financial period.

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

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

**A5 Variation from financial estimates reported in preceding financial period**

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

**A6 Issuance and repayment of debt and equity securities**

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2021:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 September 2021 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

b) Purchase of shares pursuant to Executive Share Scheme (“ESS”)

A trust has been set up for the ESS of the Bank 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 with MFRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESS holders are recorded as “Treasury Shares”, in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the Statements of Financial Position.

During the financial period ended 30 September 2021, the trust did not purchase any new shares. As at 30 September 2021, the total number of Treasury Shares for ESS was 38,807,956 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

The Bank has granted the following conditional incentive share options to eligible executives of the Bank and its subsidiary pursuant to the Bank's ESS:

- (i) Up to 37,550,000 share options at an exercise price of RM14.24 (the exercise price was adjusted to RM13.77 following the Rights Issue in December 2015); and
- (ii) 782,657 share options arising from the Rights Issue.

The options granted are subject to the achievement of certain performance criteria by the option holders over a performance period concluding at the end of the financial year ending 30 June 2018 (“FY 2018”). The achievement of the performance targets and the number of shares (if any) to be vested shall be determined at the end of FY 2018.

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

On 23 November 2016, the Bank has granted 696,946 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 696,946 free ordinary shares in HLB will be done in tranches over a period of 4 years from the date of the grant.

On 15 December 2017, the Bank has granted up to 22,750,000 conditional incentive share options at an exercise price of RM16.46 to eligible executives of the Bank and its subsidiary pursuant to the Bank's ESS.

The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the number of shares (if any) to be vested shall be determined following the end of the respective performance periods.

On 18 December 2017, the Bank has granted 322,580 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 322,580 free ordinary shares in HLB will be done in tranches over a period of 2 years from the date of the grant.

On 3 December 2018, the Bank has granted 267,379 ordinary shares in HLB to an eligible executive of the Bank pursuant to the Bank's ESS. The vesting of the 267,379 free ordinary shares in HLB will be done in tranches over a period of 2 years from the date of the grant.

On 8 January 2020, the Bank has granted 250,514 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 250,514 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

On 15 January 2021, the Bank has granted 228,728 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 228,728 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

During the financial period ended 30 September 2021, a total of 447 grant shares lapsed and a total of 115,087 ordinary shares were vested and transferred while a total of 66,502 share options were exercised pursuant to the Bank's ESS.

**A7 Dividends payable/paid**

On 30 August 2021, the Board of Directors declared a final single tier dividend of 35.22 sen per share in respect of the financial year ended 30 June 2021.

The final single tier dividend of 35.22 sen amounting to RM721.2 million was paid on 18 November 2021.

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**A8 Financial assets at fair value through profit or loss ("FVTPL")**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>
Money market instruments:				
Bank Negara Malaysia bills	418,618	-	418,618	-
Government treasury bills	855,393	392,473	855,393	392,473
Malaysian Government securities	1,098,970	622,393	1,098,970	622,393
Malaysian Government investment certificates	1,437,358	1,425,947	1,437,353	1,425,947
Cagamas bonds	259,474	218,267	40,218	-
Other Government securities	62,754	32,756	62,754	32,756
	<u>4,132,567</u>	<u>2,691,836</u>	<u>3,913,306</u>	<u>2,473,569</u>
Quoted securities:				
Shares in Malaysia	86,246	74,010	-	-
Shares outside Malaysia	30,536	41,318	30,536	41,318
Wholesale fund/unit trust	6,932,811	4,947,955	7,027,306	5,035,087
Foreign currency bonds outside Malaysia	33,434	29,755	33,434	29,755
Unquoted securities:				
Government sukuk	20,424	81,315	20,424	81,315
Corporate bonds and sukuk	122,183	6,308	50,959	6,308
Shares in Malaysia	348,869	348,869	348,869	348,869
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u><u>11,732,070</u></u>	<u><u>8,246,366</u></u>	<u><u>11,449,834</u></u>	<u><u>8,041,221</u></u>

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**A9 Financial investments at fair value through other comprehensive income ("FVOCI")**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>
At fair value				
(a) Debt instruments	30,778,344	34,381,144	26,679,197	30,395,787
(b) Equity instruments	69,094	69,094	69,094	69,094
Total financial investments at FVOCI	<u>30,847,438</u>	<u>34,450,238</u>	<u>26,748,291</u>	<u>30,464,881</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	811,485	917,859	811,485	917,859
Malaysian Government securities	3,923,433	4,199,850	3,923,433	4,199,850
Malaysian Government investment certificates	10,168,612	12,242,066	6,554,398	8,448,049
Negotiable instruments of deposit	101,571	800,392	101,571	1,100,378
Other Government securities	77,695	87,514	77,695	77,943
Cagamas bonds	1,739,898	1,511,844	1,637,093	1,408,914
Khazanah bonds	518,035	469,874	518,035	469,874
	<u>17,340,729</u>	<u>20,229,399</u>	<u>13,623,710</u>	<u>16,622,867</u>
Quoted securities:				
Government sukuk	910,554	903,959	910,554	903,959
Foreign currency bonds in Malaysia	1,920,449	2,248,808	1,920,449	2,248,808
Foreign currency bonds outside Malaysia	1,068,641	1,505,360	1,068,641	1,505,360
Unquoted securities:				
Government sukuk	523,260	495,244	523,260	495,244
Corporate bonds and sukuk	8,531,040	8,484,648	8,157,156	8,105,823
Foreign currency bonds in Malaysia	231,792	270,932	231,792	270,932
Foreign currency bonds outside Malaysia	251,879	242,794	243,635	242,794
	<u>30,778,344</u>	<u>34,381,144</u>	<u>26,679,197</u>	<u>30,395,787</u>

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**A9 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

Movements in expected credit losses of debt instruments at FVOCI are as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL RM'000</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
	<b>The Group 30 September 2021</b>			
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	148	-	-	148
Financial assets derecognised	(272)	-	-	(272)
Changes due to change in credit risk	(64)	-	-	(64)
Exchange differences	11	-	-	11
At 30 September	<u>2,089</u>	<u>-</u>	<u>4,287</u>	<u>6,376</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL RM'000</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
	<b>The Group 30 June 2021</b>			
At 1 July	2,068	-	4,287	6,355
New financial assets originated or purchased	1,316	-	-	1,316
Financial assets derecognised	(1,058)	-	-	(1,058)
Changes due to change in credit risk	(8)	-	-	(8)
Changes in models/risk parameters	(20)	-	-	(20)
Exchange differences	(32)	-	-	(32)
At 30 June	<u>2,266</u>	<u>-</u>	<u>4,287</u>	<u>6,553</u>

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**A9 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

Movements in expected credit losses of debt instruments at FVOCI are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank 30 September 2021</b>			
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	144	-	-	144
Financial assets derecognised	(272)	-	-	(272)
Changes due to change in credit risk	(64)	-	-	(64)
Exchange differences	11	-	-	11
At 30 September	2,085	-	4,287	6,372

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank 30 June 2021</b>			
At 1 July	2,055	-	4,287	6,342
New financial assets originated or purchased	1,316	-	-	1,316
Financial assets derecognised	(1,045)	-	-	(1,045)
Changes due to change in credit risk	(10)	-	-	(10)
Changes in models/risk parameters	(18)	-	-	(18)
Exchange differences	(32)	-	-	(32)
At 30 June	2,266	-	4,287	6,553

	<b>The Group</b>		<b>The Bank</b>	
	30/09/2021	30/06/2021	30/09/2021	30/06/2021
	RM'000	RM'000	RM'000	RM'000
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	69,094	69,094	69,094	69,094



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**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2021 RM'000	30/06/2021 RM'000	30/09/2021 RM'000	30/06/2021 RM'000
Money market instruments:				
Malaysian Government securities	3,964,731	3,804,892	3,964,731	3,804,892
Malaysian Government investment certificates	16,761,639	14,107,056	10,431,364	8,501,418
Khazanah bonds	19,433	19,234	-	-
Other Government securities	504,608	505,500	443,002	445,280
	<u>21,250,411</u>	<u>18,436,682</u>	<u>14,839,097</u>	<u>12,751,590</u>
Quoted securities:				
Foreign currency bonds in Malaysia	-	816,599	-	816,599
Foreign currency bonds outside Malaysia	61,556	65,232	61,556	65,232
Unquoted securities:				
Government sukuk	2,558,175	2,580,570	1,601,354	1,615,646
Corporate bonds and sukuk	1,737,658	1,735,892	1,310,131	1,309,682
Less: Expected credit losses	(29)	(68)	-	(23)
Total financial investments at amortised cost	<u>25,607,771</u>	<u>23,634,907</u>	<u>17,812,138</u>	<u>16,558,726</u>

Movements in expected credit losses of financial investments at amortised cost are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>The Group</b>				
<b>30 September 2021</b>				
At 1 July	68	-	-	68
New financial assets originated or purchased	29	-	-	29
Financial assets derecognised	(67)	-	-	(67)
Exchange differences	(1)	-	-	(1)
At 30 September	<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>
<b>The Group</b>				
<b>30 June 2021</b>				
At 1 July	202	-	-	202
New financial assets originated or purchased	44	-	-	44
Changes due to change in credit risk	(171)	-	-	(171)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	(6)	-	-	(6)
At 30 June	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>

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**A10 Financial investments at amortised cost (continued)**

Movements in expected credit losses of financial investments at amortised cost are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>30 September 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	23	-	-	23
Financial assets derecognised	(23)	-	-	(23)
At 30 September	-	-	-	-

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>30 June 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	202	-	-	202
Changes due to change in credit risk	(172)	-	-	(172)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	(6)	-	-	(6)
At 30 June	23	-	-	23

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**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>	<u>30/09/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>
Overdrafts	3,206,747	3,371,190	2,328,624	2,408,522
Term loans/financing:				
- Housing and shop loans/financing	86,774,266	86,120,721	68,066,749	67,658,382
- Hire purchase receivables	16,907,405	17,107,240	13,206,616	13,339,011
- Ijarah receivables	158,676	160,651	-	-
- Other term loans/financing and syndicated term loans	28,229,316	28,034,032	19,020,697	19,052,856
Credit/charge card receivables	2,861,199	2,830,912	2,861,199	2,830,912
Bills receivable	1,371,129	1,112,257	769,720	830,128
Trust receipts	1,470,240	533,845	1,326,863	372,231
Claims on customers under acceptance credits	6,962,936	8,064,076	6,229,017	7,079,264
Revolving credit	7,704,393	8,347,977	6,144,422	6,706,335
Staff loans/financing	132,511	139,308	119,313	123,941
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	15,617	17,665	14,036	15,408
Allowance for impairment losses:				
- Expected credit losses	(1,800,885)	(1,769,167)	(1,323,728)	(1,331,296)
Total net loans, advances and financing	<u><u>153,993,550</u></u>	<u><u>154,070,707</u></u>	<u><u>118,763,528</u></u>	<u><u>119,085,694</u></u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,316,574,000 (2021: RM1,019,858,000) and RM494,733,000 (2021: RM299,455,000) respectively.

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	1,654,214	1,718,527	1,331,039	1,387,673
Domestic business enterprises:				
- small and medium enterprises ("SME")	26,388,822	26,019,272	20,154,368	19,961,037
- others	22,075,636	22,742,317	16,260,648	16,893,803
Government and statutory bodies	1,596	1,664	-	-
Individuals	102,216,445	101,784,773	79,166,516	78,894,079
Other domestic entities	323,701	625,649	247,055	536,853
Foreign entities	3,118,404	2,930,007	2,913,594	2,728,137
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	1,469,393	1,499,248	925,457	948,708
- Hire purchase receivables	16,798,608	16,982,798	13,127,330	13,246,281
- Other fixed rate loans/financing	8,792,945	8,639,186	7,054,571	6,886,245
Variable rate:				
- Base rate/base lending rate plus	108,439,215	107,668,954	83,996,430	83,743,532
- Cost plus	20,181,058	20,942,876	14,967,279	15,576,278
- Other variables rates	97,599	89,147	2,153	538
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	1,058,595	950,759	775,782	664,300
Purchase of transport vehicles	16,549,694	16,768,936	12,834,088	12,985,995
Purchase of landed properties				
- residential	77,907,910	77,191,454	60,294,897	59,824,189
- non-residential	18,689,523	18,524,366	15,402,654	15,327,981
Purchase of fixed assets (excluding landed properties)	1,445,443	1,431,572	1,062,979	1,030,050
Personal use	3,579,096	3,441,092	2,311,537	2,145,270
Credit card	2,861,199	2,830,912	2,861,199	2,830,912
Construction	2,999,678	2,823,397	2,124,786	2,017,874
Working capital	29,032,071	30,258,594	21,517,730	22,719,389
Other purpose	1,655,609	1,601,127	887,568	855,622
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	146,310,933	146,587,325	113,805,256	114,214,096
Singapore	6,265,811	6,186,948	6,265,811	6,186,948
Hong Kong	2,153	538	2,153	538
Vietnam	1,206,822	1,186,775	-	-
Cambodia	1,993,099	1,860,623	-	-
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	26,308,502	27,650,137	22,179,261	23,437,782
One year to less than three years	5,530,475	5,351,697	4,080,069	3,986,006
Three years to less than five years	12,451,645	12,361,350	9,125,664	8,974,388
Five years and more	111,488,196	110,459,025	84,688,226	84,003,406
Gross loans, advances and financing	<u>155,778,818</u>	<u>155,822,209</u>	<u>120,073,220</u>	<u>120,401,582</u>

A11f Movements in impaired loans, advances and financing are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	717,407	889,754	582,517	663,767
Classified as impaired during the financial period/year	307,832	1,095,823	225,651	853,788
Reclassified as non-impaired during the financial period/year	(150,102)	(700,744)	(108,811)	(483,688)
Amount written back in respect of recoveries	(57,813)	(246,619)	(47,895)	(197,403)
Amount written off	(62,282)	(320,659)	(47,292)	(253,993)
Exchange difference	(93)	(148)	(150)	46
At 30 September	<u>754,949</u>	<u>717,407</u>	<u>604,020</u>	<u>582,517</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>

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

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	290	304	221	221
Purchase of transport vehicles	86,140	71,671	60,389	53,227
Purchase of landed properties				
- residential	298,762	266,907	224,033	198,710
- non-residential	126,909	124,748	113,019	111,008
Purchase of fixed assets (excluding landed properties)	600	600	600	600
Personal use	45,500	44,705	24,168	25,023
Credit card	19,107	21,096	19,107	21,096
Construction	7,980	7,976	5,630	5,633
Working capital	137,259	147,669	125,186	136,011
Other purpose	32,402	31,731	31,667	30,988
Gross impaired loans, advances and financing	<u>754,949</u>	<u>717,407</u>	<u>604,020</u>	<u>582,517</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	743,827	706,692	598,001	576,651
Singapore	6,019	5,866	6,019	5,866
Vietnam	1,846	1,580	-	-
Cambodia	3,257	3,269	-	-
Gross impaired loans, advances and financing	<u>754,949</u>	<u>717,407</u>	<u>604,020</u>	<u>582,517</u>

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

A11i Movements in expected credit losses for loans, advances and financing are as follows:

<b>The Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>30 September 2021</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	1,074,984	459,674	234,509	1,769,167
Changes in ECL due to transfer within stages	(23,749)	(24,927)	48,676	-
Transfer to Stage 1	5,743	(5,736)	(7)	-
Transfer to Stage 2	(28,649)	47,188	(18,539)	-
Transfer to Stage 3	(843)	(66,379)	67,222	-
New financial assets originated	9,437	75	5	9,517
Financial assets derecognised	(4,987)	(5,173)	(2,665)	(12,825)
Changes due to change in credit risk	(16,169)	77,147	38,647	99,625
Amount written off	-	-	(62,518)	(62,518)
Exchange difference	131	10	(16)	125
Other movements	-	-	(2,206)	(2,206)
At 30 September	<u>1,039,647</u>	<u>506,806</u>	<u>254,432</u>	<u>1,800,885</u>

<b>The Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>30 June 2021</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	549,509	435,827	273,790	1,259,126
Changes in ECL due to transfer within stages	(61,549)	(99,805)	161,354	-
Transfer to Stage 1	24,523	(24,480)	(43)	-
Transfer to Stage 2	(85,956)	167,747	(81,791)	-
Transfer to Stage 3	(116)	(243,072)	243,188	-
New financial assets originated	58,651	603	551	59,805
Financial assets derecognised	(22,604)	(42,430)	(13,357)	(78,391)
Changes due to change in credit risk	551,137	196,372	136,436	883,945
Changes in models/risk parameters	(16)	(30,643)	(2)	(30,661)
Amount written off	-	-	(323,828)	(323,828)
Exchange difference	(144)	(250)	(67)	(461)
Other movements	-	-	(368)	(368)
At 30 June	<u>1,074,984</u>	<u>459,674</u>	<u>234,509</u>	<u>1,769,167</u>



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

A11i Movements in expected credit losses for loans, advances and financing are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	
<b>The Bank</b>				
<b>30 September 2021</b>				
At 1 July	818,437	326,761	186,098	1,331,296
Changes in ECL due to transfer within stages	(16,793)	(20,063)	36,856	-
Transfer to Stage 1	4,225	(4,219)	(6)	-
Transfer to Stage 2	(20,583)	33,395	(12,812)	-
Transfer to Stage 3	(435)	(49,239)	49,674	-
New financial assets originated	4,818	73	-	4,891
Financial assets derecognised	(1,299)	(3,627)	(1,840)	(6,766)
Changes due to change in credit risk	(36,273)	52,459	27,421	43,607
Amount written off	-	-	(47,336)	(47,336)
Exchange difference	6	1	(3)	4
Other movements	-	-	(1,968)	(1,968)
At 30 September	768,896	355,604	199,228	1,323,728

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	
<b>The Bank</b>				
<b>30 June 2021</b>				
At 1 July	408,715	347,084	183,865	939,664
Changes in ECL due to transfer within stages	(43,595)	(102,971)	146,566	-
Transfer to Stage 1	19,716	(19,676)	(40)	-
Transfer to Stage 2	(63,245)	103,350	(40,105)	-
Transfer to Stage 3	(66)	(186,645)	186,711	-
New financial assets originated	33,641	525	474	34,640
Financial assets derecognised	(7,863)	(29,010)	(9,420)	(46,293)
Changes due to change in credit risk	427,359	142,014	120,403	689,776
Changes in models/risk parameters	119	(30,642)	(2)	(30,525)
Amount written off	-	-	(255,237)	(255,237)
Exchange difference	61	(239)	8	(170)
Other movements	-	-	(559)	(559)
At 30 June	818,437	326,761	186,098	1,331,296

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**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Foreclosed properties	5,570	5,508	5,844	5,782
Sundry debtors and other prepayments	251,342	448,985	204,157	396,172
Settlement accounts	504,613	387,625	504,613	387,625
Treasury related receivables	806,376	785,626	754,836	734,046
Cash collateral pledged for derivative transactions	335,010	299,309	335,010	299,309
Other receivables	162,944	84,803	147,435	50,312
	<u>2,065,855</u>	<u>2,011,856</u>	<u>1,951,895</u>	<u>1,873,246</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Amortised cost</b>				
Fixed deposits	93,505,628	91,901,574	69,290,525	68,601,892
Negotiable instruments of deposits	5,510,227	7,276,126	4,012,228	5,428,430
Short-term placements	22,946,611	22,958,925	18,278,963	18,245,735
	<u>121,962,466</u>	<u>122,136,625</u>	<u>91,581,716</u>	<u>92,276,057</u>
Demand deposits	35,001,588	35,373,956	30,814,924	30,708,310
Saving deposits	24,154,212	23,857,612	19,975,282	19,738,092
Others	534,142	563,080	354,809	367,474
	<u>181,652,408</u>	<u>181,931,273</u>	<u>142,726,731</u>	<u>143,089,933</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	1,710,071	1,469,078	1,610,044	1,369,038
Fair value changes arising from designation at fair value through profit or loss *	(141,275)	(110,580)	(131,191)	(101,936)
	<u>1,568,796</u>	<u>1,358,498</u>	<u>1,478,853</u>	<u>1,267,102</u>
	<u>183,221,204</u>	<u>183,289,771</u>	<u>144,205,584</u>	<u>144,357,035</u>

\* The Group and the Bank have issued structured deposits which are linked to interest rate derivatives and designated them at fair value through profit or loss. This designation is permitted under MFRS 9 as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to interest rate derivatives that are attributable to the changes in own credit risk are not significant.

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**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	2,065,307	1,861,951	624,427	203,960
Business enterprises	83,910,713	85,068,834	62,431,737	62,535,944
Individuals	94,685,084	93,778,846	79,358,865	79,706,240
Others	2,560,100	2,580,140	1,790,555	1,910,891
	<u>183,221,204</u>	<u>183,289,771</u>	<u>144,205,584</u>	<u>144,357,035</u>

A13c The maturity structure of fixed deposits, negotiable instruments of deposits and short-term placements are as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	96,346,611	99,382,250	72,075,348	74,636,818
- six months to one year	23,610,473	20,881,750	17,974,642	16,110,724
- one year to five years	1,339,849	1,251,960	878,897	912,032
- more than five years	665,533	620,665	652,829	616,483
	<u>121,962,466</u>	<u>122,136,625</u>	<u>91,581,716</u>	<u>92,276,057</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts	<u>1,203,125</u>	<u>1,145,154</u>	<u>-</u>	<u>-</u>

**A15 Deposits and placements of banks and other financial institutions**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	10,733,964	9,727,421	10,055,193	9,699,439
Licensed investment banks	-	250,012	-	250,012
Central banks (Note)	1,557,953	1,382,520	1,507,827	1,295,760
Other financial institutions	-	770,086	-	770,086
	<u>12,291,917</u>	<u>12,130,039</u>	<u>11,563,020</u>	<u>12,015,297</u>

Note:

Deposits and placements from central banks includes monies received by the Group and the Bank under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,530,043,000 (2021: RM1,317,291,000) and RM1,507,827,000 (2021: RM1,295,760,000) respectively at concession rates.

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**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		30/09/2021 RM'000	30/06/2021 RM'000	30/09/2021 RM'000	30/06/2021 RM'000
Zakat		437	350	-	-
Post employment benefits obligation - defined contribution plan		265	265	265	265
Loan advance payment		3,802,575	3,795,992	3,094,005	3,086,926
Interbranch clearing and settlement		-	-	11,999	47,725
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		520,560	162,604	520,560	156,380
Cash collateral pledged for derivative transactions		91,934	145,411	91,934	145,411
Sundry creditors and accruals		357,813	326,753	333,691	304,862
Provision for bonus and staff related expenses		213,756	179,851	203,586	171,870
Expected credit losses on financial guarantee contracts	(a)	5,601	4,563	4,119	3,148
Provision for reinstatement cost		22,116	22,416	27,716	27,717
Settlement accounts		607,400	525,131	606,591	524,969
Others		900,681	195,448	869,358	165,021
		<u>6,523,138</u>	<u>5,358,784</u>	<u>6,195,931</u>	<u>5,066,401</u>

(a) Movements in expected credit losses of financial guarantee contracts are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>The Group</b>				
<b>30 September 2021</b>				
At 1 July	3,378	1,185	-	4,563
Changes in ECL due to transfer within stages	(8)	8	-	-
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(10)	10	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	46	-	-	46
Financial assets derecognised	-	(1)	-	(1)
Changes due to change in credit risk	854	132	-	986
Exchange difference	1	6	-	7
At 30 September	<u>4,271</u>	<u>1,330</u>	<u>-</u>	<u>5,601</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>The Group</b>				
<b>30 June 2021</b>				
At 1 July	3,260	5,220	-	8,480
Changes in ECL due to transfer within stages	58	(64)	6	-
Transfer to Stage 1	131	(131)	-	-
Transfer to Stage 2	(73)	73	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	82	-	-	82
Financial assets derecognised	(134)	(1)	-	(135)
Changes due to change in credit risk	106	(3,659)	(5)	(3,558)
Changes in models/risk parameters	1	(89)	-	(88)
Exchange difference	5	(222)	-	(217)
Other movements	-	-	(1)	(1)
At 30 June	<u>3,378</u>	<u>1,185</u>	<u>-</u>	<u>4,563</u>

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**A16 Other liabilities** (continued)

(a) Movements in expected credit losses of financial guarantee contracts are as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank</b> <b>30 September 2021</b>			
At 1 July	1,979	1,169	-	3,148
Changes in ECL due to transfer within stages	(3)	3	-	-
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(5)	5	-	-
Transfer to Stage 3	-	-	-	-
Financial assets derecognised	-	(1)	-	(1)
Changes due to change in credit risk	969	(3)	-	966
Exchange difference	1	5	-	6
At 30 September	2,946	1,173	-	4,119

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Bank</b> <b>30 June 2021</b>			
At 1 July	1,731	5,213	-	6,944
Changes in ECL due to transfer within stages	59	(65)	6	-
Transfer to Stage 1	131	(131)	-	-
Transfer to Stage 2	(72)	72	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	57	-	-	57
Financial assets derecognised	(133)	(1)	-	(134)
Changes due to change in credit risk	258	(3,667)	(5)	(3,414)
Changes in models/risk parameters	1	(89)	-	(88)
Exchange difference	6	(222)	-	(216)
Other movements	-	-	(1)	(1)
At 30 June	1,979	1,169	-	3,148

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**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	19,156	2,370	19,156	2,370
	<u>1,519,156</u>	<u>1,502,370</u>	<u>1,519,156</u>	<u>1,502,370</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u>1,519,126</u>	<u>1,502,340</u>	<u>1,519,126</u>	<u>1,502,340</u>

On 25 June 2018, the Bank issued a second tranche of RM500.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 26 June 2023 (and thereafter) and due on 23 June 2028 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.86% per annum, which is payable semi-annually in arrears from the date of the issue.

On 14 June 2019, the Bank issued a third tranche of RM1.0 billion nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this third tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

**A18 Multi-currency Additional Tier 1 capital securities**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2021</u>	<u>30/06/2021</u>	<u>30/09/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM800 million Multi-currency Additional Tier-1 capital securities at par	800,000	800,000	800,000	800,000
Add: Interest payable	7,018	6,605	7,018	6,605
	<u>807,018</u>	<u>806,605</u>	<u>807,018</u>	<u>806,605</u>
Less: Unamortised discounts	(182)	(215)	(182)	(215)
	<u>806,836</u>	<u>806,390</u>	<u>806,836</u>	<u>806,390</u>

On 30 November 2017, the Bank issued a nominal value RM400.0 million perpetual Multi-currency Additional Tier 1 capital securities (“Capital Securities”) under the RM10.0 billion Capital Securities Programme of which was fully subscribed by its holding company, HLFG. The Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 5.13% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe the RM400.0 million Multi-currency Additional Tier 1 subordinated sukuk wakalah issued by HLISB, a wholly-owned subsidiary of the Bank.

On 29 March 2019, the Bank issued a second tranche nominal value of RM400.0 million perpetual Capital Securities fully subscribed by HLFG. The Capital Securities carry a distribution rate of 4.72% per annum and are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's *Capital Adequacy Framework (Capital Components)* issued on 2 February 2018 and without limitation, to on-lend to HLB's subsidiaries, for investment into HLB's subsidiaries, for working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB and/or any existing capital securities issued under the Capital Securities Programme.

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**A19(a) Interest income**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Loan, advances and financing (Note)	1,002,273	1,033,354	1,002,273	1,033,354
Money at call and deposit placements with financial institutions	13,007	17,765	13,007	17,765
Financial investments at FVOCI	183,366	180,896	183,366	180,896
Financial investments at amortised cost	135,921	131,516	135,921	131,516
Others	68	139	68	139
	<u>1,334,635</u>	<u>1,363,670</u>	<u>1,334,635</u>	<u>1,363,670</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>7,233</u>	<u>3,676</u>	<u>7,233</u>	<u>3,676</u>
	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Loan, advances and financing (Note)	951,176	991,553	951,176	991,553
Money at call and deposit placements with financial institutions	17,562	19,175	17,562	19,175
Financial investments at FVOCI	183,889	179,994	183,889	179,994
Financial investments at amortised cost	135,737	131,313	135,737	131,313
Others	68	3,555	68	3,555
	<u>1,288,432</u>	<u>1,325,590</u>	<u>1,288,432</u>	<u>1,325,590</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>7,218</u>	<u>3,666</u>	<u>7,218</u>	<u>3,666</u>

**Note:**

Included the net loss effects of RM25,222,000 (30 September 2020: Nil) attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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**A19(b) Interest income for financial assets at FVTPL**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Financial assets at FVTPL	51,430	40,336	51,430	40,336

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Financial assets at FVTPL	51,430	40,336	51,430	40,336

**A20 Interest expense**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Deposits and placements of banks and other financial institutions	19,011	23,738	19,011	23,738
Deposits from customers	380,717	496,183	380,717	496,183
Short-term placements	34,967	55,825	34,967	55,825
Tier 2 subordinated bonds	16,787	16,787	16,787	16,787
Multi-currency Additional Tier-1 capital securities	9,922	9,923	9,922	9,923
Recourse obligation on loans sold to Cagamas	3,466	2,632	3,466	2,632
Others	2,390	2,640	2,390	2,640
	<u>467,260</u>	<u>607,728</u>	<u>467,260</u>	<u>607,728</u>

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	21,589	26,805	21,589	26,805
Deposits from customers	358,834	478,059	358,834	478,059
Short-term placements	34,967	55,825	34,967	55,825
Tier 2 subordinated bonds	16,787	16,787	16,787	16,787
Multi-currency Additional Tier-1 capital securities	9,964	9,964	9,964	9,964
Recourse obligation on loans sold to Cagamas	3,466	2,632	3,466	2,632
Others	3,834	4,402	3,834	4,402
	<u>449,441</u>	<u>594,474</u>	<u>449,441</u>	<u>594,474</u>



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**A21 Net income from Islamic Banking business**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Income derived from investment of depositors' funds and others (Note)	364,190	348,100	364,190	348,100
Income derived from investment of shareholders' funds (Note)	15,039	51,448	15,039	51,448
Income derived from investment of investment account	7,250	5,547	7,250	5,547
Income attributable to depositors	(171,141)	(184,391)	(171,141)	(184,391)
Income attributable to depositors on investment account	(7,249)	(2,124)	(7,249)	(2,124)
	<u>208,089</u>	<u>218,580</u>	<u>208,089</u>	<u>218,580</u>
Of which:				
Financing income earned on impaired financing and advances	<u>1,020</u>	<u>777</u>	<u>1,020</u>	<u>777</u>

**Note:**

Included the net loss effects of RM16,347,000 (30 September 2020: Nil) attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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**A22 Other operating income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	57,881	41,205	57,881	41,205
Service charges and fees	5,903	8,322	5,903	8,322
Guarantee fees	2,603	4,420	2,603	4,420
Credit card related fees	42,194	46,103	42,194	46,103
Commitment fees	8,891	9,485	8,891	9,485
Fee on loans, advances and financing	12,989	12,577	12,989	12,577
Other fee income	17,117	23,867	17,117	23,867
	<b>147,578</b>	<b>145,979</b>	<b>147,578</b>	<b>145,979</b>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	5,130	43,705	5,130	43,705
Net loss from sale of derivative financial instruments	(24,058)	(2,202)	(24,058)	(2,202)
Net gain from sale of financial investments at FVOCI	65,913	111,799	65,913	111,799
	<b>46,985</b>	<b>153,302</b>	<b>46,985</b>	<b>153,302</b>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	44,097	29,332	44,097	29,332
Financial investments at FVOCI	-	375	-	375
	<b>44,097</b>	<b>29,707</b>	<b>44,097</b>	<b>29,707</b>

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**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(22,888)	(3,104)	(22,888)	(3,104)
- Derivatives financial instruments	52,195	6,385	52,195	6,385
	<u>29,307</u>	<u>3,281</u>	<u>29,307</u>	<u>3,281</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(1,973)</u>	<u>(1,806)</u>	<u>(1,973)</u>	<u>(1,806)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>68</u>	<u>52</u>	<u>68</u>	<u>52</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(15,572)	262	(15,572)	262
Rental income	2,321	2,946	2,321	2,946
Gain on disposal of property and equipment	-	96	-	96
Other non-operating income	237	174	237	174
	<u>(13,014)</u>	<u>3,478</u>	<u>(13,014)</u>	<u>3,478</u>
Total other operating income	<u>253,048</u>	<u>333,993</u>	<u>253,048</u>	<u>333,993</u>

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**A22 Other operating income (continued)**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	57,039	40,744	57,039	40,744
Service charges and fees	5,729	8,190	5,729	8,190
Guarantee fees	2,593	4,395	2,593	4,395
Credit card related fees	42,194	46,103	42,194	46,103
Commitment fees	8,536	9,155	8,536	9,155
Fee on loans, advances and financing	9,460	10,879	9,460	10,879
Other fee income	17,053	23,694	17,053	23,694
	<u>142,604</u>	<u>143,160</u>	<u>142,604</u>	<u>143,160</u>
<b>(b) <u>Gain arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets at FVTPL	4,937	43,705	4,937	43,705
Net loss from sale of derivative financial instruments	(24,058)	(2,202)	(24,058)	(2,202)
Net gain from sale of financial investments at FVOCI	65,913	111,799	65,913	111,799
	<u>46,792</u>	<u>153,302</u>	<u>46,792</u>	<u>153,302</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Financial assets at FVTPL	44,219	29,332	44,219	29,332
Financial investments at FVOCI	-	375	-	375
	<u>44,219</u>	<u>29,707</u>	<u>44,219</u>	<u>29,707</u>

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**A22 Other operating income** (continued)

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(22,774)	(3,104)	(22,774)	(3,104)
- Derivatives financial instruments	51,398	3,741	51,398	3,741
	<u>28,624</u>	<u>637</u>	<u>28,624</u>	<u>637</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(1,973)</u>	<u>(1,806)</u>	<u>(1,973)</u>	<u>(1,806)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>68</u>	<u>52</u>	<u>68</u>	<u>52</u>
(g) <u>Other income:</u>				
Foreign exchange loss	(16,265)	(199)	(16,265)	(199)
Rental income	706	2,071	706	2,071
Gain on disposal of property and equipment	-	96	-	96
Other non-operating income	131	103	131	103
	<u>(15,428)</u>	<u>2,071</u>	<u>(15,428)</u>	<u>2,071</u>
Total other operating income	<u>244,906</u>	<u>327,123</u>	<u>244,906</u>	<u>327,123</u>

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**A23 Other operating expenses**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	268,398	265,175	268,398	265,175
- Medical expenses	7,438	8,419	7,438	8,419
- Training and convention expenses	2,196	1,967	2,196	1,967
- Staff welfare	3,638	2,840	3,638	2,840
- Others	4,436	27,948	4,436	27,948
	<b>286,106</b>	<b>306,349</b>	<b>286,106</b>	<b>306,349</b>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	31,084	32,001	31,084	32,001
- Depreciation of right-of-use assets	12,865	13,508	12,865	13,508
- Amortisation of intangible assets	12,980	13,792	12,980	13,792
- Rental of premises	413	433	413	433
- Information technology expenses	53,050	44,483	53,050	44,483
- Security services	6,489	6,225	6,489	6,225
- Electricity, water and sewerage	5,867	5,351	5,867	5,351
- Hire of plant and machinery	3,489	3,476	3,489	3,476
- Others	7,988	7,052	7,988	7,052
	<b>134,225</b>	<b>126,321</b>	<b>134,225</b>	<b>126,321</b>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	4,681	4,151	4,681	4,151
- Sales commission and credit card related fees	21,792	24,142	21,792	24,142
- Others	1,865	3,351	1,865	3,351
	<b>28,338</b>	<b>31,644</b>	<b>28,338</b>	<b>31,644</b>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	5,335	5,668	5,335	5,668
- Stationery and printing expenses	2,905	3,108	2,905	3,108
- Professional fees	25,245	20,578	25,245	20,578
- Insurance fees	6,323	5,874	6,323	5,874
- Stamp, postage and courier	3,134	3,137	3,134	3,137
- Travelling and transport expenses	534	751	534	751
- Registration and license fees	2,131	2,230	2,131	2,230
- Brokerage and commission	2,863	2,116	2,863	2,116
- Credit card fees	7,244	11,590	7,244	11,590
- Others	2,854	1,682	2,854	1,682
	<b>58,568</b>	<b>56,734</b>	<b>58,568</b>	<b>56,734</b>
	<b>507,237</b>	<b>521,048</b>	<b>507,237</b>	<b>521,048</b>

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**A23 Other operating expenses (continued)**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	212,717	211,505	212,717	211,505
- Medical expenses	6,049	6,485	6,049	6,485
- Training and convention expenses	1,815	1,678	1,815	1,678
- Staff welfare	2,971	2,483	2,971	2,483
- Others	3,678	26,957	3,678	26,957
	<u>227,230</u>	<u>249,108</u>	<u>227,230</u>	<u>249,108</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	26,387	27,407	26,387	27,407
- Depreciation of right-of-use assets	18,785	19,051	18,785	19,051
- Amortisation of intangible assets	11,657	12,473	11,657	12,473
- Rental of premises	457	526	457	526
- Information technology expenses	47,343	39,972	47,343	39,972
- Security services	5,243	4,931	5,243	4,931
- Electricity, water and sewerage	4,605	4,185	4,605	4,185
- Hire of plant and machinery	562	1,342	562	1,342
- Others	535	1,417	535	1,417
	<u>115,574</u>	<u>111,304</u>	<u>115,574</u>	<u>111,304</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	4,254	4,101	4,254	4,101
- Sales commission and credit card related fees	19,302	22,055	19,302	22,055
- Others	1,323	2,585	1,323	2,585
	<u>24,879</u>	<u>28,741</u>	<u>24,879</u>	<u>28,741</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	5,159	5,508	5,159	5,508
- Stationery and printing expenses	2,787	2,948	2,787	2,948
- Professional fees	21,008	19,376	21,008	19,376
- Insurance fees	5,051	5,147	5,051	5,147
- Stamp, postage and courier	2,788	3,045	2,788	3,045
- Travelling and transport expenses	386	527	386	527
- Registration and license fees	1,843	1,936	1,843	1,936
- Brokerage and commission	1,891	1,149	1,891	1,149
- Credit card fees	7,244	11,590	7,244	11,590
- Others	10,077	4,702	10,077	4,702
	<u>58,234</u>	<u>55,928</u>	<u>58,234</u>	<u>55,928</u>
	<u>425,917</u>	<u>445,081</u>	<u>425,917</u>	<u>445,081</u>

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**A24 Allowance for impairment losses on loans, advances and financing**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	97,348	149,262	97,348	149,262
Impaired loans, advances and financing:				
- written off	3,588	3,822	3,588	3,822
- recovered from bad debt written off	(52,145)	(48,691)	(52,145)	(48,691)
	<u>48,791</u>	<u>104,393</u>	<u>48,791</u>	<u>104,393</u>

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	42,697	154,318	42,697	154,318
Impaired loans, advances and financing:				
- written off	2,916	2,737	2,916	2,737
- recovered from bad debt written off	(44,856)	(39,800)	(44,856)	(39,800)
	<u>757</u>	<u>117,255</u>	<u>757</u>	<u>117,255</u>



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**A25 Allowance for/(written back of) impairment losses on financial investments and other assets**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(187)	(4)	(187)	(4)
- Financial investments at amortised cost	(38)	80	(38)	80
- Cash and short-term funds	36	12	36	12
- Deposits and placements with banks and other financial institutions	10	190	10	190
	<u>(179)</u>	<u>278</u>	<u>(179)</u>	<u>278</u>

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(192)	(26)	(192)	(26)
- Financial investments at amortised cost	(23)	80	(23)	80
- Cash and short-term funds	(95)	(419)	(95)	(419)
- Deposits and placements with banks and other financial institutions	1,212	839	1,212	839
	<u>902</u>	<u>474</u>	<u>902</u>	<u>474</u>

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**A26 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), which set out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirements on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.500% of total risk-weighted assets ("RWA"). The CCyB, which could range from 0% up to 2.500%, is currently assessed at 0% in Malaysia. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

BNM had issued a letter dated 31 May 2021 on extension of additional measures to assist borrowers/customers affected by the COVID-19 pandemic. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by extending loan/financing flexibilities which will allow banking institutions to respond swiftly to the needs of their customers. On 9 December 2020, BNM issued a revision to the Capital Adequacy Framework (Capital Components), which sets out BNM's requirements on the transitional arrangements for regulatory capital treatment of accounting provisions for banking institutions. The transitional arrangements have allowed banking institutions to add back a portion of the Stage 1 and Stage 2 provisions for Expected Credit Losses to CET I over a four year period beginning 2020 or a three year period beginning 2021. Prior to this revision, BNM issued a letter dated 24 March 2020, which has allowed banking institutions to (1) drawdown on the capital conservation buffer of 2.500%; (2) operate below the minimum Liquidity Coverage Ratio of 100%; (3) reduce the regulatory reserves held against expected losses to 0%; and (4) lower minimum Net Stable Funding Ratio to 80%. While regulatory response and support has been encouraging amidst a challenging operating environment, the Bank has opted to not avail itself to BNM's support measures.

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

Individual entities within the Group comply with all externally imposed capital requirements to which they are subject to.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2021</b>	<b>Financial Year Ended 30/06/2021</b>	<b>Financial Period Ended 30/09/2021</b>	<b>Financial Year Ended 30/06/2021</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.015%	14.030%	12.930%	13.911%
Tier I capital ratio	13.536%	14.561%	13.259%	14.245%
Total capital ratio	15.656%	16.703%	15.293%	16.301%
<b>After deducting proposed dividends</b>				
CET I capital ratio	13.015%	13.552%	12.930%	13.307%
Tier I capital ratio	13.536%	14.083%	13.259%	13.642%
Total capital ratio	15.656%	16.224%	15.293%	15.697%

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**A26 Capital adequacy** (continued)

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2021 RM'000</b>	<b>Financial Year Ended 30/06/2021 RM'000</b>	<b>Financial Period Ended 30/09/2021 RM'000</b>	<b>Financial Year Ended 30/06/2021 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	20,017,128	20,751,376	13,404,872	14,139,555
Other reserves	1,113,909	1,217,660	270,718	366,088
Less: Treasury shares	(717,693)	(719,030)	(717,693)	(719,030)
Less: Deferred tax assets	(351,653)	(275,670)	(246,075)	(183,513)
Less: Other intangible assets	(252,125)	(242,317)	(227,446)	(218,277)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(5,754,957)	(5,501,542)	(2,725,554)	(2,725,221)
<b>Total CET I capital</b>	<b>19,962,360</b>	<b>21,138,228</b>	<b>15,726,338</b>	<b>16,627,118</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	799,817	799,785	799,817	799,785
Additional Tier I capital before regulatory adjustments	799,817	799,785	799,817	799,785
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	799,817	799,785	399,817	399,785
<b>Total Tier I capital</b>	<b>20,762,177</b>	<b>21,938,013</b>	<b>16,126,155</b>	<b>17,026,903</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves #	1,750,911	1,726,493	1,374,848	1,356,795
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,250,881</b>	<b>3,226,463</b>	<b>2,474,818</b>	<b>2,456,765</b>
<b>Total capital</b>	<b>24,013,058</b>	<b>25,164,476</b>	<b>18,600,973</b>	<b>19,483,668</b>

# Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM425,719,000 (2021: RM412,709,000) and RM401,122,000 (2021: RM387,677,000) respectively.

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**A26 Capital adequacy** (continued)

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2021 RM'000</b>	<b>Financial Year Ended 30/06/2021 RM'000</b>	<b>Financial Period Ended 30/09/2021 RM'000</b>	<b>Financial Year Ended 30/06/2021 RM'000</b>
Credit risk *	140,072,889	138,119,456	109,987,808	108,543,591
Market risk	4,430,256	3,778,671	4,469,195	3,895,661
Operational risk	8,876,341	8,761,958	7,171,681	7,087,877
<b>Total RWA</b>	<b>153,379,486</b>	<b>150,660,085</b>	<b>121,628,684</b>	<b>119,527,129</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM892,054,000 (2021: RM847,370,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Period Ended 30/09/2021</b>	<b>Financial Year Ended 30/06/2021</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	10.867%	11.133%
Tier I capital ratio	12.256%	12.535%
Total capital ratio	<u>14.824%</u>	<u>15.112%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	10.867%	11.133%
Tier I capital ratio	12.256%	12.535%
Total capital ratio	<u>14.824%</u>	<u>15.112%</u>

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

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 and small medium enterprises. Products and services offered include trade financing, working capital facilities, other term financing and corporate advisory services.

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

Overseas/International Operations refers to Hong Leong Bank Berhad Overseas Branches, Subsidiaries, Associates, Joint Venture and Representative Office. The overseas operations are mainly in commercial banking and treasury business.

Other operations refers to head office and other business segments.

**Financial quarter ended 30/09/2021**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	716,792	259,469	394,292	94,772	(78,568)	(6,815)	1,379,942
Inter-segment revenue	(46,717)	87,621	(127,692)	-	86,788	-	-
Segment revenue	<u>670,075</u>	<u>347,090</u>	<u>266,600</u>	<u>94,772</u>	<u>8,220</u>	<u>(6,815)</u>	<u>1,379,942</u>
Segment profit before taxation	315,873	227,350	236,760	35,333	19,484	(10,707)	824,093
Share of profit after tax of equity accounted associated companies				218,019			218,019
Profit before taxation							<u>1,042,112</u>
Taxation							(183,860)
Profit after taxation							<u><u>858,252</u></u>

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

<b>Financial period ended 30/09/2021</b>							
	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	716,792	259,469	394,292	94,772	(78,568)	(6,815)	1,379,942
Inter-segment revenue	(46,717)	87,621	(127,692)	-	86,788	-	-
Segment revenue	<u>670,075</u>	<u>347,090</u>	<u>266,600</u>	<u>94,772</u>	<u>8,220</u>	<u>(6,815)</u>	<u>1,379,942</u>
Segment profit before taxation	315,873	227,350	236,760	35,333	19,484	(10,707)	824,093
Share of profit after tax of equity accounted associated companies				218,019			218,019
Profit before taxation							<u>1,042,112</u>
Taxation							(183,860)
Profit after taxation							<u>858,252</u>
Segment assets	104,650,472	41,050,524	71,390,423	16,428,901	-	-	233,520,320
Unallocated assets							8,834,431
Total assets							<u>242,354,751</u>

<b>Corresponding quarter ended 30/09/2020</b>							
	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	613,209	248,110	444,790	76,092	(26,874)	(6,476)	1,348,851
Inter-segment revenue	(743)	85,872	(162,678)	-	77,549	-	-
Segment revenue	<u>612,466</u>	<u>333,982</u>	<u>282,112</u>	<u>76,092</u>	<u>50,675</u>	<u>(6,476)</u>	<u>1,348,851</u>
Segment profit before taxation	303,638	231,040	255,670	22,766	(80,272)	(9,710)	723,132
Share of profit after tax of equity accounted associated companies				167,117			167,117
Profit before taxation							<u>890,249</u>
Taxation							(161,345)
Profit after taxation							<u>728,904</u>

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

**Corresponding financial period ended 30/09/2020**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	613,209	248,110	444,790	76,092	(26,874)	(6,476)	1,348,851
Inter-segment revenue	(743)	85,872	(162,678)	-	77,549	-	-
Segment revenue	<u>612,466</u>	<u>333,982</u>	<u>282,112</u>	<u>76,092</u>	<u>50,675</u>	<u>(6,476)</u>	<u>1,348,851</u>
Segment profit before taxation	303,638	231,040	255,670	22,766	(80,272)	(9,710)	723,132
Share of profit after tax of equity accounted associated companies				167,117			167,117
Profit before taxation							<u>890,249</u>
Taxation							<u>(161,345)</u>
Profit after taxation							<u>728,904</u>
Segment assets	103,068,031	36,828,992	62,791,162	15,417,009	-	-	218,105,194
Unallocated assets							7,526,761
Total assets							<u>225,631,955</u>

**A28 Property and equipment**

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

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

There are no material events subsequent to the end of the financial period ended 30 September 2021.

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

There were no changes in the composition of the Group for the current financial period ended 30 September 2021 and up to the date of this report except for the following.

On 2 August 2021, the Bank announced that the liquidator of HL Bank Nominees (Singapore) Pte. Ltd. ("HL Bank Nominees"), a wholly-owned subsidiary of HLB in Singapore had convened the final meeting to conclude the member's voluntary winding-up of HL Bank Nominees. The Returns by Liquidator Relating to Final Meeting of HL Bank Nominees were lodged with the Accounting and Corporate Regulatory Authority (ACRA) and the Official Receiver on 2 August 2021. HL Bank Nominees was dissolved on 2 November 2021.

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**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	30/09/2021 RM'000	30/06/2021 RM'000	30/09/2021 RM'000	30/06/2021 RM'000
<b>Principal amount</b>				
Direct credit substitutes	170,851	171,600	115,809	116,915
Certain transaction related contingent items	1,752,982	1,676,061	1,345,382	1,337,502
Short-term self liquidating trade related contingencies	704,267	671,759	676,255	615,796
Irrevocable commitments to extend credit:				
- maturity more than one year	22,210,114	20,459,242	15,632,827	14,682,053
- maturity less than one year	25,554,351	23,767,882	20,595,795	19,078,814
Foreign exchange related contracts:				
- less than one year	61,023,169	63,609,452	55,361,254	57,286,691
- one year to less than five years	5,231,085	5,104,301	5,190,036	5,063,539
- five years and above	405,822	361,486	405,822	361,486
Interest rate related contracts:				
- less than one year	89,281,972	117,988,593	89,114,115	118,114,783
- one year to less than five years	48,320,951	31,913,336	48,320,951	31,913,336
- five years and above	4,671,739	4,387,355	4,771,739	4,487,355
Equity related contracts:				
- less than one year	244,017	247,217	244,017	247,217
- one year to less than five years	79,766	121,419	79,766	121,419
- five years and above	257,124	255,112	257,124	255,112
Credit related contracts:				
- five years and above	708,717	652,187	708,717	652,187
Commodity related contracts:				
- less than one year	68,705	55,088	68,705	55,088
- one year to less than five years	582,830	39,881	582,830	39,881
Unutilised credit card lines	7,248,122	7,419,464	7,248,122	7,419,464
<b>Total</b>	<b>268,516,584</b>	<b>278,901,435</b>	<b>250,719,266</b>	<b>261,848,638</b>

**A31 Related party transactions**

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



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**A32 Fair value of financial instruments**

Financial instruments comprise of financial assets and financial liabilities. 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 statements 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**

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.

Valuation techniques

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 are 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 and the Bank then determine fair value based upon valuation techniques such as discounted cash flow that uses inputs such as 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. These would include certain corporate bonds, government bonds and derivatives.

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. This category includes unquoted shares held for socio-economic reasons. Fair value for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

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**A32 Fair value of financial instruments (continued)**

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

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

	<b>The Group</b>			
	<b>Financial Period Ended 30/09/2021</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	4,132,567	-	4,132,567
- Quoted securities	7,083,027	-	-	7,083,027
- Unquoted securities	-	167,607	348,869	516,476
Financial investments at FVOCI				
- Money market instrument	-	17,340,729	-	17,340,729
- Quoted securities	3,899,644	-	-	3,899,644
- Unquoted securities	-	9,537,971	69,094	9,607,065
Derivative financial instruments	6,454	807,240	73,323	887,017
	<u>10,989,125</u>	<u>31,986,114</u>	<u>491,286</u>	<u>43,466,525</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	2,339	932,177	73,254	1,007,770
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,568,796	-	1,568,796
	<u>2,339</u>	<u>2,500,973</u>	<u>73,254</u>	<u>2,576,566</u>

	<b>The Group</b>			
	<b>Financial Year Ended 30/06/2021</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,691,836	-	2,691,836
- Quoted securities	5,093,038	-	-	5,093,038
- Unquoted securities	-	112,623	348,869	461,492
Financial investments at FVOCI				
- Money market instrument	-	20,229,399	-	20,229,399
- Quoted securities	4,658,127	-	-	4,658,127
- Unquoted securities	-	9,493,618	69,094	9,562,712
Derivative financial instruments	2,886	925,450	76,913	1,005,249
	<u>9,754,051</u>	<u>33,452,926</u>	<u>494,876</u>	<u>43,701,853</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	1,654	831,099	76,913	909,666
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,358,498	-	1,358,498
	<u>1,654</u>	<u>2,189,597</u>	<u>76,913</u>	<u>2,268,164</u>

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2021: RM Nil).

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**A32 Fair value of financial instruments (continued)**

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

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy: (continued)

	<b>The Bank</b>			
	<b>Financial Period Ended 30/09/2021</b>			
	<b>Fair Value</b>			<b>Total RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	3,913,306	-	3,913,306
- Quoted securities	7,091,276	-	-	7,091,276
- Unquoted securities	-	96,383	348,869	445,252
Financial investments at FVOCI				
- Money market instrument	-	13,623,710	-	13,623,710
- Quoted securities	3,899,644	-	-	3,899,644
- Unquoted securities	-	9,155,843	69,094	9,224,937
Derivative financial instruments	6,454	785,158	73,323	864,935
	<u>10,997,374</u>	<u>27,574,400</u>	<u>491,286</u>	<u>39,063,060</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	2,339	899,437	73,254	975,030
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,478,853	-	1,478,853
	<u>2,339</u>	<u>2,378,290</u>	<u>73,254</u>	<u>2,453,883</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/06/2021</b>				
	<b>Fair Value</b>			
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,473,569	-	2,473,569
- Quoted securities	5,106,160	-	-	5,106,160
- Unquoted securities	-	112,623	348,869	461,492
Financial investments at FVOCI				
- Money market instrument	-	16,622,867	-	16,622,867
- Quoted securities	4,658,127	-	-	4,658,127
- Unquoted securities	-	9,114,793	69,094	9,183,887
Derivative financial instruments	2,886	903,406	76,913	983,205
	<u>9,767,173</u>	<u>29,227,258</u>	<u>494,876</u>	<u>39,489,307</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	1,654	801,419	76,913	879,986
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,267,102	-	1,267,102
	<u>1,654</u>	<u>2,068,521</u>	<u>76,913</u>	<u>2,147,088</u>

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2021: RM Nil).

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**A32 Fair value of financial instruments (continued)**

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below:

<b>The Group</b> <b>30 September 2021</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets at FVTPL RM'000</b>	<b>Investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Liability Derivative financial instruments RM'000</b>
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	(3,612)	(3,612)
Purchases	-	-	1,165	1,096
Settlements	-	-	(1,143)	(1,143)
At 30 September	<u>348,869</u>	<u>69,094</u>	<u>73,323</u>	<u>73,254</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2021	<u>-</u>	<u>-</u>	<u>(3,612)</u>	<u>(3,612)</u>

  

<b>The Group</b> <b>30 June 2021</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets at FVTPL RM'000</b>	<b>Investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Liability Derivative financial instruments RM'000</b>
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	18,233	-	77,666	77,666
Net fair value changes recognised in other comprehensive income	-	9,000	-	-
Purchases	-	-	62,449	62,449
Settlements	-	-	(76,694)	(76,694)
At 30 June	<u>348,869</u>	<u>69,094</u>	<u>76,913</u>	<u>76,913</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2021	<u>18,233</u>	<u>-</u>	<u>77,666</u>	<u>77,666</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2021	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>-</u>

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**A32 Fair value of financial instruments (continued)**

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below: (continued)

<b>The Bank</b> <b>30 September 2021</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets at FVTPL RM'000</b>	<b>Financial investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Liability Derivative financial instruments RM'000</b>
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	(3,612)	(3,612)
Purchases	-	-	1,165	1,096
Settlements	-	-	(1,143)	(1,143)
At 30 September	<u>348,869</u>	<u>69,094</u>	<u>73,323</u>	<u>73,254</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2021	<u>-</u>	<u>-</u>	<u>(3,612)</u>	<u>(3,612)</u>

  

<b>The Bank</b> <b>30 June 2021</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets at FVTPL RM'000</b>	<b>Financial investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Liability Derivative financial instruments RM'000</b>
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	18,233	-	77,666	77,666
Net fair value changes recognised in other comprehensive income	-	9,000	-	-
Purchases	-	-	62,449	62,449
Settlements	-	-	(76,694)	(76,694)
At 30 June	<u>348,869</u>	<u>69,094</u>	<u>76,913</u>	<u>76,913</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2021	<u>18,233</u>	<u>-</u>	<u>77,666</u>	<u>77,666</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2021	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>-</u>

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM1,042.1 million for the current financial quarter ended 30 September 2021, an increase of RM151.9 million or 17.1% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM31.1 million, lower operating expenses of RM13.8 million, lower allowance for impairment losses on loans, advances and financing of RM55.6 million, written back of impairment losses on financial investments and other financial assets of RM0.5 million and higher share of profit from associated companies of RM50.9 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM315.9 million for the first quarter ended 30 September 2021 as compared to previous corresponding quarter of RM303.6 million. The increase in pre-tax profit was mainly contributed by higher total income and lower operating expenses, partially offset by higher allowance for impairment losses on loans, advances and financing.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM227.4 million for the first quarter ended 30 September 2021 as compared to previous corresponding quarter of RM231.0 million. The decrease in pre-tax profit was mainly contributed by higher allowance for impairment losses on loans, advances and financing and higher operating expenses, partially offset by higher total income.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM236.8 million for the first quarter ended 30 September 2021 as compared to previous corresponding quarter of RM255.7 million. The decrease in pre-tax profit was mainly contributed by lower total income, higher operating expenses and higher impairment losses on financial investments and other financial assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM253.4 million for the first quarter ended 30 September 2021 as compared to previous corresponding quarter of RM189.9 million. The increase in pre-tax profit was mainly contributed by higher total income and higher share of profit from associated companies in China, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

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**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM1,042.1 million as compared to RM824.6 million in the preceding quarter, an increase of RM217.5 million mainly contributed by higher net income of RM47.6 million, lower operating expenses of RM25.2 million, lower allowance for impairment losses on loans, advances and financing of RM145.5 million and written back of allowance for impairment losses on financial investments and other financial assets of RM0.4 million. This was mitigated by lower share of profit from associated companies of RM1.2 million.

**B3 Current year prospects**

Continuous progress in the National Recovery Plan and economic reopening will underpin recovery in the Malaysian economy from 4Q2021 onwards, likely gaining further traction in 2022. A resumption in domestic demand as well as continued expansion in exports are expected to augur well for growth prospects in the year ahead, reinforced by recovery in the manufacturing sector particularly in the electrical & electronics and export-oriented sectors, as business outlook improves. We might begin to see some withdrawal in policy support following the expiration of earlier stimulus measures such as electricity tariff discounts and wage subsidies, monetary and fiscal policy stance, however, will remain accommodative overall, to ensure sustainable growth as we move on to the endemic phase.

In the journey to be a highly digital and innovative ASEAN financial services institution, our focus is to innovate and continuously create better and more effective solutions for our customers to provide them a seamless banking experience. Concurrently, our role as a customer-centric Bank does not change, where clients are at the centre of everything we do, true to our brand promise of “Built Around You”. We were resolute in providing extensive support to our existing and new clients to ensure that they can concentrate on their recovery efforts. Despite the changing business landscape, we are focused, agile and disciplined in our investments and expenditure to ensure a cost structure that enables us to invest in growth opportunities that will deliver sustainable outcomes to our stakeholders. Sustainability has become increasingly important for financial services institutions and consequently, we have plans underway to continuously promote and integrate environmental, social and governance (‘ESG’) considerations into our business operations and practices to sustain our competitive edge.

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

This note is not applicable to the Group.

**B5 Taxation**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Income tax	191,806	176,299	191,806	176,299
Transfer to deferred taxation	(7,946)	(14,954)	(7,946)	(14,954)
	<u>183,860</u>	<u>161,345</u>	<u>183,860</u>	<u>161,345</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>				
Income tax	159,282	128,861	159,282	128,861
Transfer to deferred taxation	(4,394)	(13,768)	(4,394)	(13,768)
	<u>154,888</u>	<u>115,093</u>	<u>154,888</u>	<u>115,093</u>

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**B6 Profit on sale of unquoted investments/properties**

There were no material gains or losses on disposal of unquoted investments (other than in the ordinary course of business) and/or properties for the financial period under review.

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report.



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**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 September 2021:

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	55,356,695	255,007	(228,976)
(ii) 1 year to 3 years	341,437	1,135	(3,331)
(iii) More than 3 years	720,164	4,015	(588)
Swaps			
(i) Less than 1 year	3,540,566	22,356	(43,582)
(ii) 1 year to 3 years	2,894,569	102,721	(20,104)
(iii) More than 3 years	1,444,198	33,124	(15,855)
Options			
(i) Less than 1 year	2,125,908	7,620	(7,832)
(ii) 1 year to 3 years	236,539	1,924	(1,429)
Interest rate related contracts			
Futures			
(i) Less than 1 year	60,804,470	5,909	(1,618)
(ii) 1 year to 3 years	8,440,678	545	(721)
Swaps			
(i) Less than 1 year	28,477,502	36,521	(82,141)
(ii) 1 year to 3 years	26,207,116	114,585	(224,425)
(iii) More than 3 years	18,344,896	182,202	(257,898)
Equity related contracts			
(i) Less than 1 year	244,017	6,725	(6,725)
(ii) 1 year to 3 years	59,197	2,582	(2,512)
(iii) More than 3 years	277,693	64,016	(64,015)
Credit related contracts			
(i) More than 3 years	708,717	18,040	(18,040)
Commodity related contracts			
(i) Less than 1 year	68,705	11,509	(11,497)
(ii) 1 year to 3 years	582,830	16,481	(16,481)
<b>Total</b>	<b>210,875,897</b>	<b>887,017</b>	<b>(1,007,770)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 June 2021:

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	57,764,181	371,447	(124,530)
(ii) 1 year to 3 years	463,260	289	(4,988)
(iii) More than 3 years	432,457	1,200	(460)
Swaps			
(i) Less than 1 year	3,890,721	22,199	(29,430)
(ii) 1 year to 3 years	2,854,726	104,904	(21,075)
(iii) More than 3 years	1,586,990	30,864	(10,911)
Options			
(i) Less than 1 year	1,954,550	7,947	(7,370)
(ii) 1 year to 3 years	128,354	1,046	(625)
Interest rate related contracts			
Futures			
(i) Less than 1 year	85,901,992	2,886	(1,653)
Swaps			
(i) Less than 1 year	32,086,601	61,536	(106,741)
(ii) 1 year to 3 years	22,076,141	118,658	(276,672)
(iii) More than 3 years	14,224,550	190,292	(233,243)
Equity related contracts			
(i) Less than 1 year	247,217	5,002	(5,004)
(ii) 1 year to 3 years	101,010	5,911	(5,911)
(iii) More than 3 years	275,521	65,999	(66,000)
Credit related contracts			
(i) More than 3 years	652,187	12,095	(12,095)
Commodity related contracts			
(i) Less than 1 year	55,088	2,597	(2,581)
(ii) 1 year to 3 years	39,881	377	(377)
<b>Total</b>	<b>224,735,427</b>	<b>1,005,249</b>	<b>(909,666)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 September 2021:

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	49,766,049	234,851	(207,648)
(ii) 1 year to 3 years	341,437	1,135	(3,331)
(iii) More than 3 years	720,164	4,015	(588)
Swaps			
(i) Less than 1 year	3,469,297	22,356	(43,557)
(ii) 1 year to 3 years	2,853,520	101,723	(20,104)
(iii) More than 3 years	1,444,198	33,124	(15,855)
Options			
(i) Less than 1 year	2,125,908	7,620	(7,832)
(ii) 1 year to 3 years	236,539	1,924	(1,429)
Interest rate related contracts			
Futures			
(i) Less than 1 year	60,804,470	5,909	(1,618)
(ii) 1 year to 3 years	8,440,678	545	(721)
Swaps			
(i) Less than 1 year	28,309,645	36,124	(80,588)
(ii) 1 year to 3 years	26,207,116	114,585	(224,425)
(iii) More than 3 years	18,444,896	181,671	(248,062)
Equity related contracts			
(i) Less than 1 year	244,017	6,725	(6,725)
(ii) 1 year to 3 years	59,197	2,582	(2,512)
(iii) More than 3 years	277,693	64,016	(64,017)
Credit related contracts			
(i) More than 3 years	708,717	18,040	(18,040)
Commodity related contracts			
(i) Less than 1 year	68,705	11,509	(11,497)
(ii) 1 year to 3 years	582,830	16,481	(16,481)
<b>Total</b>	<b>205,105,076</b>	<b>864,935</b>	<b>(975,030)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 June 2021:

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	51,441,420	349,238	(104,062)
(ii) 1 year to 3 years	463,261	289	(4,988)
(iii) More than 3 years	432,457	1,200	(460)
Swaps			
(i) Less than 1 year	3,890,721	22,199	(29,428)
(ii) 1 year to 3 years	2,813,963	104,649	(21,077)
(iii) More than 3 years	1,586,990	30,863	(10,912)
Options			
(i) Less than 1 year	1,954,550	7,947	(7,370)
(ii) 1 year to 3 years	128,354	1,046	(625)
Interest rate related contracts			
Futures			
(i) Less than 1 year	85,901,993	2,886	(1,653)
Swaps			
(i) Less than 1 year	32,212,790	61,910	(105,322)
(ii) 1 year to 3 years	22,076,141	118,658	(276,672)
(iii) More than 3 years	14,324,550	190,339	(225,451)
Equity related contracts			
(i) Less than 1 year	247,217	5,002	(5,002)
(ii) 1 year to 3 years	101,010	5,911	(5,911)
(iii) More than 3 years	275,521	65,999	(66,000)
Credit related contracts			
(i) More than 3 years	652,187	12,095	(12,095)
Commodity related contracts			
(i) Less than 1 year	55,088	2,597	(2,581)
(ii) 1 year to 3 years	39,881	377	(377)
<b>Total</b>	<b>218,598,094</b>	<b>983,205</b>	<b>(879,986)</b>

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

Foreign exchange, interest rate, equity and commodity related contracts are subject to market risk and credit risk.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM38,395,000 (30 June 2021: RM327,979,000) and RM142,854,662,000 (30 June 2021: RM154,955,054,000) respectively.

Derivatives

Market risk arises from the impact on trading positions of changes in foreign exchange rates and interest rates. It also includes the impact from changes in the correlations and volatilities of other risk factors. The Group manages trading market risk in the course of market-making, structuring and packaging products for investors and other clients, as well as to benefit from market opportunities. The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including limit setting and independent model validation, monitoring and valuation. Management of derivatives risks is continually reviewed and enhanced to ensure that the complexities of the business are appropriately controlled.

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM992,193,000 (30 June 2021: RM1,122,776,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

**Credit risk (continued)**

*Derivatives (continued)*

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the statements of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

**Liquidity risk**

*Derivatives*

Liquidity risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

**Related accounting policies**

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the statements of income unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

*Fair value hedge*

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the statements of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statements of income.

*Cash flow hedge*

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the statements of income. The deferred gains and losses are then released to the statements of income in the periods when the hedged items affects the statements of income.

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**B10 Material litigation**

The Group does not have any material litigation which, in the opinion of the Directors, would have a material adverse impact on the financial results of the Group.

**B11 Dividend**

No interim dividend has been declared for the current quarter.

**B12 Earnings per share**

**(a) 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 period, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2021 RM'000</b>	<b>30/09/2020 RM'000</b>	<b>30/09/2021 RM'000</b>	<b>30/09/2020 RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	858,252	728,904	858,252	728,904
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(119,964)	(120,515)	(119,964)	(120,515)
	<u>2,047,754</u>	<u>2,047,203</u>	<u>2,047,754</u>	<u>2,047,203</u>
<b>Basic earnings per share (sen)</b>	41.9	35.6	41.9	35.6
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	552,863	420,672	552,863	420,672
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(119,964)	(120,515)	(119,964)	(120,515)
	<u>2,047,754</u>	<u>2,047,203</u>	<u>2,047,754</u>	<u>2,047,203</u>
<b>Basic earnings per share (sen)</b>	27.0	20.5	27.0	20.5

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**B12 Earnings per share** (continued)

**(b) Fully diluted earnings per share**

The Bank has two categories of dilutive potential ordinary shares, which are the share options and ordinary shares granted under the ESS. 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 below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
<b><u>The Group</u></b>				
Net profit attributable to equity holders	858,252	728,904	858,252	728,904
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,754	2,047,203	2,047,754	2,047,203
- adjustment for ESS	1,571	386	1,571	386
	2,049,325	2,047,589	2,049,325	2,047,589
<b>Fully diluted earnings per share (sen)</b>	41.9	35.6	41.9	35.6
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	552,863	420,672	552,863	420,672
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,754	2,047,203	2,047,754	2,047,203
- adjustment for ESS	1,571	386	1,571	386
	2,049,325	2,047,589	2,049,325	2,047,589
<b>Fully diluted earnings per share (sen)</b>	27.0	20.5	27.0	20.5

Dated this 29 November 2021