

HONG LEONG BANK BERHAD
Registration No: 193401000023 (97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 December 2021

		The Group		The Bank	
	Note	As at 31/12/2021 RM'000	As at 30/06/2021 RM'000	As at 31/12/2021 RM'000	As at 30/06/2021 RM'000
ASSETS					
Cash and short-term funds		6,358,534	3,466,178	5,289,489	3,042,541
Deposits and placements with banks and other financial institutions		285,996	486,779	1,796,660	1,426,484
Securities purchased under resale agreements		102,222	-	102,222	-
Financial assets at fair value through profit or loss	A8	8,648,084	8,246,366	8,689,198	8,041,221
Financial investments at fair value through other comprehensive income	A9	30,282,984	34,450,238	26,763,442	30,464,881
Financial investments at amortised cost	A10	28,416,741	23,634,907	20,249,602	16,558,726
Loans, advances and financing	A11	158,239,754	154,070,707	121,591,224	119,085,694
Other assets	A12	1,184,567	2,011,856	1,172,907	1,873,246
Derivative financial instruments		858,136	1,005,249	837,511	983,205
Amount due from subsidiaries		-	-	16,858	15,870
Statutory deposits with Central Banks		493,924	493,605	273,496	301,428
Subsidiary companies		-	-	2,620,040	2,556,570
Investment in associated companies		6,079,697	5,501,542	971,182	971,182
Property and equipment		1,154,387	1,197,788	558,634	595,225
Intangible assets		271,701	242,317	244,691	218,277
Right-of-use assets		199,700	214,726	324,570	344,387
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		398,443	275,670	276,756	183,513
TOTAL ASSETS		244,806,182	237,129,240	193,550,029	188,433,997
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	A13	188,551,880	183,289,771	147,976,948	144,357,035
Investment accounts of customers	A14	1,039,346	1,145,154	-	-
Deposits and placements of banks and other financial institutions	A15	8,451,870	12,130,039	8,126,334	12,015,297
Obligations on securities sold under repurchase agreements		5,247,362	742,750	5,247,362	742,750
Bills and acceptances payable		155,204	189,642	117,629	150,433
Lease liabilities		197,141	209,761	325,311	341,591
Other liabilities	A16	5,876,213	5,358,784	5,544,843	5,066,401
Derivative financial instruments		1,092,167	909,666	1,064,173	879,986
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,328,263	1,033,839	502,863	300,572
Tier 2 subordinated bonds	A17	1,502,389	1,502,340	1,502,389	1,502,340
Multi-currency Additional Tier 1 capital securities	A18	806,511	806,390	806,511	806,390
Provision for taxation		491,625	351,990	422,908	272,296
TOTAL LIABILITIES		214,739,971	207,670,126	171,637,271	166,435,091
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		23,041,668	22,439,081	14,888,215	14,978,873
Less: Treasury shares		(714,520)	(719,030)	(714,520)	(719,030)
TOTAL SHAREHOLDERS' EQUITY		30,066,211	29,459,114	21,912,758	21,998,906
TOTAL LIABILITIES AND EQUITY		244,806,182	237,129,240	193,550,029	188,433,997
COMMITMENTS AND CONTINGENCIES	A30	242,315,925	278,901,435	224,667,572	261,848,638

Net asset per share attributable to ordinary equity holders of the parent (RM) *

14.68 14.39 10.70 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: 193401000023 (97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 December 2021

	Note	The Group			
		Current Quarter Ended 31/12/2021 RM'000	Corresponding Quarter Ended 31/12/2020 RM'000	Current Period Ended 31/12/2021 RM'000	Corresponding Period Ended 31/12/2020 RM'000
Interest income	A19(a)	1,377,052	1,372,530	2,711,687	2,736,200
Interest income for financial assets at fair value through profit or loss	A19(b)	51,722	38,404	103,152	78,740
Interest expense	A20	(468,431)	(544,258)	(935,691)	(1,151,986)
Net interest income		960,343	866,676	1,879,148	1,662,954
Net income from Islamic Banking business	A21	232,996	234,228	441,085	452,808
Other operating income	A22	177,828	299,184	430,876	633,177
Net income		1,371,167	1,400,088	2,751,109	2,748,939
Other operating expenses	A23	(512,887)	(511,685)	(1,020,124)	(1,032,733)
Operating profit before allowances		858,280	888,403	1,730,985	1,716,206
Allowance for impairment losses on loans, advances and financing	A24	(33,268)	(240,888)	(82,059)	(345,281)
Written back of/(allowance for) impairment losses on financial investments and other assets	A25	390	84	569	(194)
		825,402	647,599	1,649,495	1,370,731
Share of profit after tax of equity accounted associated companies		251,135	167,691	469,154	334,808
Profit before taxation		1,076,537	815,290	2,118,649	1,705,539
Taxation	B5	(337,944)	(144,502)	(521,804)	(305,847)
Net profit for the financial period		738,593	670,788	1,596,845	1,399,692
Attributable to:					
Owners of the parent		738,593	670,788	1,596,845	1,399,692
Earnings per share - basic (sen)	B12(a)	36.1	32.8	78.0	68.4
Earnings per share - fully diluted (sen)	B12(b)	36.0	32.8	77.9	68.4

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HONG LEONG BANK BERHAD
Registration No: 193401000023 (97141-X)
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 31 December 2021

	The Group			
	Current Quarter Ended 31/12/2021 RM'000	Corresponding Quarter Ended 31/12/2020 RM'000	Current Period Ended 31/12/2021 RM'000	Corresponding Period Ended 31/12/2020 RM'000
Net profit for the financial period	738,593	670,788	1,596,845	1,399,692
Other comprehensive (loss)/income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated company	10,661	(16,131)	4,656	(22,778)
(b) Currency translation differences	53,551	(11,144)	116,554	(22,985)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(223,525)	(61,796)	(516,375)	92,155
- Changes in expected credit losses	(163)	(148)	(339)	(189)
(d) Net fair value changes in cash flow hedge	3,617	1,405	5,864	1,357
Income tax relating to components of other comprehensive loss/(income)	47,880	14,037	115,825	(18,440)
Other comprehensive (loss)/income for the financial period, net of tax	(107,979)	(73,777)	(273,815)	29,120
Total comprehensive income for the financial period	<u>630,614</u>	<u>597,011</u>	<u>1,323,030</u>	<u>1,428,812</u>
Attributable to:				
- Owners of the parent	<u>630,614</u>	<u>597,011</u>	<u>1,323,030</u>	<u>1,428,812</u>

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: 193401000023 (97141-X)
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Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 December 2021

	Note	The Bank			
		Current Quarter Ended 31/12/2021 RM'000	Corresponding Quarter Ended 31/12/2020 RM'000	Current Period Ended 31/12/2021 RM'000	Corresponding Period Ended 31/12/2020 RM'000
Interest income	A19(a)	1,328,821	1,336,243	2,617,253	2,661,833
Interest income for financial assets at fair value through profit or loss	A19(b)	51,722	38,404	103,152	78,740
Interest expense	A20	(451,453)	(530,912)	(900,894)	(1,125,386)
Net interest income		929,090	843,735	1,819,511	1,615,187
Other operating income	A22	171,382	295,671	416,288	622,794
Net income		1,100,472	1,139,406	2,235,799	2,237,981
Other operating expenses	A23	(431,789)	(435,478)	(857,706)	(880,559)
Operating profit before allowances		668,683	703,928	1,378,093	1,357,422
Written back of/(allowance for) impairment losses on loans, advances and financing	A24	54,057	(164,264)	53,300	(281,519)
Written back of/(allowance for) impairment losses on financial investments and other assets	A25	448	1,045	(454)	571
Profit before taxation		723,188	540,709	1,430,939	1,076,474
Taxation	B5	(301,269)	(116,120)	(456,157)	(231,213)
Net profit for the financial period		421,919	424,589	974,782	845,261
Attributable to:					
Owners of the parent		421,919	424,589	974,782	845,261
Earnings per share - basic (sen)	B12(a)	20.6	20.7	47.6	41.3
Earnings per share - fully diluted (sen)	B12(b)	20.6	20.7	47.6	41.3

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HONG LEONG BANK BERHAD
Registration No: 193401000023 (97141-X)
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 31 December 2021

	The Bank			
	Current Quarter Ended 31/12/2021 RM'000	Corresponding Quarter Ended 31/12/2020 RM'000	Current Period Ended 31/12/2021 RM'000	Corresponding Period Ended 31/12/2020 RM'000
Net profit for the financial period	421,919	424,589	974,782	845,261
Other comprehensive (loss)/income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	(5,504)	(10,845)	609	(30,314)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(199,349)	(56,271)	(451,347)	73,313
- Changes in expected credit losses	(161)	(118)	(342)	(181)
(c) Net fair value changes in cash flow hedge	3,617	1,405	5,864	1,355
Income tax relating to components of other comprehensive loss/(income)	42,072	12,930	100,219	(13,943)
Other comprehensive (loss)/income for the financial period, net of tax	(159,325)	(52,899)	(344,997)	30,230
Total comprehensive income for the financial period	262,594	371,690	629,785	875,491

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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 31 December 2021

Attributable to owners of the parent

<u>The Group</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2021	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	-	-	-	1,596,845	-	1,596,845
- Share of other comprehensive income of associated company	-	4,656	-	-	-	4,656
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(399,143)	-	-	-	(399,143)
- Changes in expected credit losses	-	(339)	-	-	-	(339)
- Net fair value changes in cash flow hedge	-	4,457	-	-	-	4,457
- Currency translation differences	-	116,554	-	-	-	116,554
Total comprehensive (loss)/income	-	(273,815)	-	1,596,845	-	1,323,030
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	68,776	(68,776)	-	-
Dividends paid	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(10,164)	-	6,569	4,510	915
Option charge arising from ESS granted	-	4,390	-	-	-	4,390
Total transactions with owners	-	(5,774)	68,776	(783,445)	4,510	(715,933)
At 31 December 2021	7,739,063	984,162	492,730	21,564,776	(714,520)	30,066,211
At 1 July 2020	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	-	-	-	1,399,692	-	1,399,692
- Share of other comprehensive loss of associated company	-	(22,778)	-	-	-	(22,778)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	74,041	-	-	-	74,041
- Changes in expected credit losses	-	(189)	-	-	-	(189)
- Net fair value changes in cash flow hedge	-	1,031	-	-	-	1,031
- Currency translation differences	-	(22,985)	-	-	-	(22,985)
Total comprehensive income	-	29,120	-	1,399,692	-	1,428,812
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	(272,891)	272,891	-	-
Dividends paid	-	-	-	(409,455)	-	(409,455)
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	4,968	-	-	-	4,968
Total transactions with owners	-	4,613	(272,891)	(134,701)	1,734	(401,245)
At 31 December 2020	7,739,063	1,231,079	575,537	19,437,797	(721,610)	28,261,866

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM481,485,000 (31 December 2020: RM564,292,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (31 December 2020: RM11,245,000)

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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 31 December 2021

	Attributable to owners of the parent					
The Bank	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2021	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	-	-	-	974,782	-	974,782
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(349,721)	-	-	-	(349,721)
- Changes in expected credit losses	-	(342)	-	-	-	(342)
- Net fair value changes in cash flow hedge	-	4,457	-	-	-	4,457
- Currency translation differences	-	609	-	-	-	609
Total comprehensive (loss)/income	-	(344,997)	-	974,782	-	629,785
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	56,756	(56,756)	-	-
Dividends paid	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(10,164)	-	6,569	4,510	915
Option charge arising from ESS granted	-	4,390	-	-	-	4,390
Total transactions with owners	-	(5,774)	56,756	(771,425)	4,510	(715,933)
At 31 December 2021	7,739,063	100,870	444,433	14,342,912	(714,520)	21,912,758
At 1 July 2020	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	-	-	-	845,261	-	845,261
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	59,696	-	-	-	59,696
- Changes in expected credit losses	-	(181)	-	-	-	(181)
- Net fair value changes in cash flow hedge	-	1,029	-	-	-	1,029
- Currency translation differences	-	(30,314)	-	-	-	(30,314)
Total comprehensive income	-	30,230	-	845,261	-	875,491
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	(246,069)	246,069	-	-
Dividends paid	-	-	-	(409,455)	-	(409,455)
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	4,968	-	-	-	4,968
Total transactions with owners	-	4,613	(246,069)	(161,523)	1,734	(401,245)
At 31 December 2020	7,739,063	639,157	457,918	13,345,210	(721,610)	21,459,738

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HONG LEONG BANK BERHAD
Registration No: 19340100023 (97141-X)
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Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 December 2021

	The Group		The Bank	
	Financial Period Ended 31/12/2021 RM'000	Financial Period Ended 31/12/2020 RM'000	Financial Period Ended 31/12/2021 RM'000	Financial Period Ended 31/12/2020 RM'000
Profit before taxation	2,118,649	1,705,539	1,430,939	1,076,474
Adjustments for non-cash items	(851,668)	(643,131)	(562,432)	(396,533)
Operating profit before working capital changes	1,266,981	1,062,408	868,507	679,941
Changes in working capital:				
Net changes in operating assets	(3,846,926)	(3,734,429)	(2,862,301)	(1,570,130)
Net changes in operating liabilities	6,835,884	5,915,098	5,041,979	4,460,796
Income taxes and zakat paid	(403,364)	(92,456)	(311,185)	(59,885)
Net cash generated from operating activities	<u>3,852,575</u>	<u>3,150,621</u>	<u>2,737,000</u>	<u>3,510,722</u>
Cash flows from investing activities				
Investment in subordinated facilities	-	-	(63,398)	628
Net proceeds/(purchases) of financial investments at fair value through other comprehensive income	4,102,361	(3,003,080)	3,703,916	(576,277)
Net purchases of financial investments at amortised cost	(4,494,062)	(1,792,195)	(3,403,555)	(891,331)
Purchase of property and equipment	(62,916)	(54,826)	(55,168)	(46,584)
Net proceeds from sale of property and equipment	165	3,141	165	3,141
Purchase of intangible assets	(12,919)	(7,737)	(12,827)	(7,362)
Dividends received from:				
- Financial assets at fair value through profit or loss	66,144	53,700	66,610	53,700
- Financial investments at fair value through other comprehensive income	-	375	-	375
Net cash (used in)/generated from investing activities	<u>(401,227)</u>	<u>(4,800,622)</u>	<u>235,743</u>	<u>(1,463,710)</u>
Cash flows from financing activities				
Dividends paid	(721,238)	(409,455)	(721,238)	(409,455)
Repayment of lease liabilities	(15,370)	(15,468)	(28,408)	(27,388)
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	(27,130)	(26,653)	(5,234)	(5,232)
- Tier 2 subordinated bonds	(33,524)	(33,476)	(33,524)	(33,476)
- Multi-currency Additional Tier 1 capital securities	(19,788)	(19,850)	(19,871)	(19,932)
- Lease liabilities	(4,584)	(5,151)	(7,533)	(8,582)
Net cash used in financing activities	<u>(520,719)</u>	<u>(506,811)</u>	<u>(614,893)</u>	<u>(500,823)</u>

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Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 December 2021

	The Group		The Bank	
	Financial Period Ended 31/12/2021 RM'000	Financial Period Ended 31/12/2020 RM'000	Financial Period Ended 31/12/2021 RM'000	Financial Period Ended 31/12/2020 RM'000
Net increase/(decrease) in cash and cash equivalents	2,930,629	(2,156,812)	2,357,850	1,546,189
Currency translation differences	11,898	(88,366)	(240)	(29,185)
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>6,417,345</u>	<u>4,942,043</u>	<u>5,918,196</u>	<u>6,522,036</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	6,358,534	6,227,126	5,289,489	6,458,077
Deposits and placements with banks and other financial institutions	285,996	1,037,200	1,796,660	1,697,644
	<u>6,644,530</u>	<u>7,264,326</u>	<u>7,086,149</u>	<u>8,155,721</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	(227,185)	(2,322,283)	(1,167,953)	(1,633,685)
	<u>6,417,345</u>	<u>4,942,043</u>	<u>5,918,196</u>	<u>6,522,036</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 31 DECEMBER 2021**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 December 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 cyclical 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 31 December 2021:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 December 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 31 December 2021, the trust did not purchase any new shares. As at 31 December 2021, the total number of Treasury Shares for ESS was 38,377,171 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.

On 3 November 2021, the Bank has granted 1,292,356 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 1,292,356 free ordinary shares in HLB will be done in tranches over a period of 3 years from the date of the grant.

During the financial period ended 31 December 2021, a total of 11,900,000 share options and 875 grant shares lapsed and a total of 545,872 grant shares were vested and transferred while a total of 66,502 share options were exercised pursuant to the Bank's ESS.

A7 Dividends paid

A final single tier dividend of 35.22 sen per share in respect of financial year ended 30 June 2021 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>	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Money market instruments:				
Bank Negara Malaysia bills	104,347	-	104,347	-
Government treasury bills	1,364,329	392,473	1,364,329	392,473
Malaysian Government securities	1,221,032	622,393	1,221,032	622,393
Malaysian Government investment certificates	1,531,381	1,425,947	1,531,381	1,425,947
Cagamas bonds	227,026	218,267	227,026	-
Khazanah bonds	94,048	-	94,048	-
Other Government securities	-	32,756	-	32,756
	<u>4,542,163</u>	<u>2,691,836</u>	<u>4,542,163</u>	<u>2,473,569</u>
Quoted securities:				
Shares in Malaysia	50,587	74,010	-	-
Shares outside Malaysia	2,079	41,318	2,079	41,318
Wholesale fund/unit trust	3,602,013	4,947,955	3,693,714	5,035,087
Foreign currency bonds outside Malaysia	2,113	29,755	2,113	29,755
Unquoted securities:				
Government sukuk	-	81,315	-	81,315
Corporate bonds and sukuk	75,260	6,308	75,260	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>8,648,084</u></u>	<u><u>8,246,366</u></u>	<u><u>8,689,198</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>31/12/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>	<u>31/12/2021</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>
At fair value				
(a) Debt instruments	30,213,884	34,381,144	26,694,342	30,395,787
(b) Equity instruments	69,100	69,094	69,100	69,094
Total financial investments at FVOCI	<u>30,282,984</u>	<u>34,450,238</u>	<u>26,763,442</u>	<u>30,464,881</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	68,219	917,859	68,219	917,859
Malaysian Government securities	3,797,859	4,199,850	3,797,859	4,199,850
Malaysian Government investment certificates	9,818,723	12,242,066	6,281,839	8,448,049
Negotiable instruments of deposit	2,644,975	800,392	3,143,962	1,100,378
Other Government securities	31,120	87,514	31,120	77,943
Cagamas bonds	1,362,262	1,511,844	1,260,122	1,408,914
Khazanah bonds	519,218	469,874	519,218	469,874
	<u>18,242,376</u>	<u>20,229,399</u>	<u>15,102,339</u>	<u>16,622,867</u>
Quoted securities:				
Government sukuk	890,222	903,959	890,222	903,959
Foreign currency bonds in Malaysia	1,428,412	2,248,808	1,428,412	2,248,808
Foreign currency bonds outside Malaysia	903,313	1,505,360	903,313	1,505,360
Unquoted securities:				
Government sukuk	525,452	495,244	525,452	495,244
Corporate bonds and sukuk	7,747,024	8,484,648	7,375,834	8,105,823
Foreign currency bonds in Malaysia	227,821	270,932	227,821	270,932
Foreign currency bonds outside Malaysia	249,264	242,794	240,949	242,794
	<u>30,213,884</u>	<u>34,381,144</u>	<u>26,694,342</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:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Group				
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	326	-	-	326
Financial assets derecognised	(583)	-	-	(583)
Changes due to change in credit risk	(88)	-	-	(88)
Exchange differences	6	-	-	6
At 31 December	<u>1,927</u>	<u>-</u>	<u>4,287</u>	<u>6,214</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Group				
30 June 2021	RM'000	RM'000	RM'000	RM'000
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)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Bank				
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	321	-	-	321
Financial assets derecognised	(583)	-	-	(583)
Changes due to change in credit risk	(88)	-	-	(88)
Exchange differences	8	-	-	8
At 31 December	<u>1,924</u>	<u>-</u>	<u>4,287</u>	<u>6,211</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Bank				
30 June 2021	RM'000	RM'000	RM'000	RM'000
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	<u>2,266</u>	<u>-</u>	<u>4,287</u>	<u>6,553</u>

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	<u>69,100</u>	<u>69,094</u>	<u>69,100</u>	<u>69,094</u>

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A10 Financial investments at amortised cost

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Money market instruments:				
Government treasury bills	55,228	-	55,228	-
Malaysian Government securities	4,486,673	3,804,892	4,486,673	3,804,892
Malaysian Government investment certificates	19,073,955	14,107,056	12,369,105	8,501,418
Khazanah bonds	19,634	19,234	-	-
Other Government securities	411,764	505,500	350,534	445,280
	<u>24,047,254</u>	<u>18,436,682</u>	<u>17,261,540</u>	<u>12,751,590</u>
Quoted securities:				
Foreign currency bonds in Malaysia	-	816,599	-	816,599
Foreign currency bonds outside Malaysia	62,170	65,232	62,170	65,232
Unquoted securities:				
Government sukuk	2,582,236	2,580,570	1,616,658	1,615,646
Corporate bonds and sukuk	1,725,091	1,735,892	1,309,234	1,309,682
Less: Expected credit losses	(10)	(68)	-	(23)
Total financial investments at amortised cost	<u>28,416,741</u>	<u>23,634,907</u>	<u>20,249,602</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	
The Group				
31 December 2021				
At 1 July	68	-	-	68
New financial assets originated or purchased	10	-	-	10
Financial assets derecognised	(66)	-	-	(66)
Exchange differences	(2)	-	-	(2)
At 31 December	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
The Group				
30 June 2021				
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	
The Bank				
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	23	-	-	23
Financial assets derecognised	(23)	-	-	(23)
At 31 December	-	-	-	-

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Bank				
30 June 2021	RM'000	RM'000	RM'000	RM'000
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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,310,292	3,371,190	2,405,983	2,408,522
Term loans/financing:				
- Housing and shop loans/financing	88,444,416	86,120,721	69,160,649	67,658,382
- Hire purchase receivables	17,334,633	17,107,240	13,458,839	13,339,011
- Ijarah receivables	160,619	160,651	-	-
- Other term loans/financing and syndicated term loans	29,975,973	28,034,032	20,336,007	19,052,856
Credit/charge card receivables	3,017,220	2,830,912	3,017,220	2,830,912
Bills receivable	1,278,339	1,112,257	833,221	830,128
Trust receipts	1,216,132	533,845	1,096,458	372,231
Claims on customers under				
acceptance credits	7,174,185	8,064,076	6,218,359	7,079,264
Revolving credit	8,019,891	8,347,977	6,217,109	6,706,335
Staff loans/financing	130,946	139,308	116,842	123,941
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</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	10,972	17,665	10,338	15,408
Allowance for impairment losses:				
- Expected credit losses	(1,833,864)	(1,769,167)	(1,279,801)	(1,331,296)
Total net loans, advances and financing	<u><u>158,239,754</u></u>	<u><u>154,070,707</u></u>	<u><u>121,591,224</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 RM1,296,258,000 (2021: RM1,019,858,000) and RM491,376,000 (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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	1,651,801	1,718,527	1,336,702	1,387,673
Domestic business enterprises:				
- small and medium enterprises ("SME")	28,149,215	26,019,272	21,305,789	19,961,037
- others	22,258,758	22,742,317	16,320,895	16,893,803
Government and statutory bodies	6,260	1,664	4,733	-
Individuals	104,573,180	101,784,773	80,747,591	78,894,079
Other domestic entities	271,818	625,649	203,296	536,853
Foreign entities	3,151,614	2,930,007	2,941,681	2,728,137
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</u>	<u>120,401,582</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	1,458,146	1,499,248	900,566	948,708
- Hire purchase receivables	17,233,109	16,982,798	13,387,671	13,246,281
- Other fixed rate loans/financing	9,292,692	8,639,186	7,565,521	6,886,245
Variable rate:				
- Base rate/base lending rate plus	111,103,535	107,668,954	85,960,350	83,743,532
- Cost plus	20,860,631	20,942,876	15,040,615	15,576,278
- Other variables rates	114,533	89,147	5,964	538
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	1,062,142	950,759	782,113	664,300
Purchase of transport vehicles	16,959,412	16,768,936	13,069,775	12,985,995
Purchase of landed properties				
- residential	79,563,107	77,191,454	61,406,864	59,824,189
- non-residential	19,282,041	18,524,366	15,705,034	15,327,981
Purchase of fixed assets (excluding landed properties)	1,336,314	1,431,572	1,048,030	1,030,050
Personal use	3,637,390	3,441,092	2,347,009	2,145,270
Credit card	3,017,220	2,830,912	3,017,220	2,830,912
Construction	3,273,523	2,823,397	2,384,404	2,017,874
Working capital	30,238,386	30,258,594	22,293,898	22,719,389
Other purpose	1,693,111	1,601,127	806,340	855,622
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</u>	<u>120,401,582</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	150,124,081	146,587,325	116,375,888	114,214,096
Singapore	6,469,980	6,186,948	6,469,980	6,186,948
Hong Kong	14,819	538	14,819	538
Vietnam	1,299,781	1,186,775	-	-
Cambodia	2,153,985	1,860,623	-	-
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	27,222,484	27,650,137	22,496,807	23,437,782
One year to less than three years	6,244,582	5,351,697	4,693,553	3,986,006
Three years to less than five years	12,277,771	12,361,350	8,945,879	8,974,388
Five years and more	114,317,809	110,459,025	86,724,448	84,003,406
Gross loans, advances and financing	<u>160,062,646</u>	<u>155,822,209</u>	<u>122,860,687</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	558,442	1,095,823	401,948	853,788
Reclassified as non-impaired during the financial period/year	(304,401)	(700,744)	(219,170)	(483,688)
Amount written back in respect of recoveries	(115,193)	(246,619)	(92,938)	(197,403)
Amount written off	(124,448)	(320,659)	(91,446)	(253,993)
Exchange difference	(53)	(148)	(96)	46
At 31 December	<u>731,754</u>	<u>717,407</u>	<u>580,815</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	240	304	221	221
Purchase of transport vehicles	48,629	71,671	33,229	53,227
Purchase of landed properties				
- residential	282,897	266,907	206,335	198,710
- non-residential	141,767	124,748	125,767	111,008
Purchase of fixed assets (excluding landed properties)	540	600	540	600
Personal use	31,816	44,705	14,801	25,023
Credit card	16,722	21,096	16,722	21,096
Construction	14,767	7,976	12,811	5,633
Working capital	161,598	147,669	138,682	136,011
Other purpose	32,778	31,731	31,707	30,988
Gross impaired loans, advances and financing	<u>731,754</u>	<u>717,407</u>	<u>580,815</u>	<u>582,517</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	716,550	706,692	579,847	576,651
Singapore	968	5,866	968	5,866
Vietnam	1,605	1,580	-	-
Cambodia	12,631	3,269	-	-
Gross impaired loans, advances and financing	<u>731,754</u>	<u>717,407</u>	<u>580,815</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:

	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	1,074,984	459,674	234,509	1,769,167
Changes in ECL due to transfer within stages	(36,581)	(44,915)	81,496	-
Transfer to Stage 1	9,133	(9,116)	(17)	-
Transfer to Stage 2	(44,179)	78,311	(34,132)	-
Transfer to Stage 3	(1,535)	(114,110)	115,645	-
New financial assets originated	19,909	136	296	20,341
Financial assets derecognised	(8,190)	(10,874)	(6,720)	(25,784)
Changes due to change in credit risk	(40,104)	172,395	66,371	198,662
Amount written off	-	-	(125,748)	(125,748)
Exchange difference	126	(346)	(77)	(297)
Other movements	-	-	(2,477)	(2,477)
At 31 December	<u>1,010,144</u>	<u>576,070</u>	<u>247,650</u>	<u>1,833,864</u>

	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				
30 June 2021	RM'000	RM'000	RM'000	RM'000
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 RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	RM'000	RM'000	RM'000	
The Bank				
31 December 2021				
At 1 July	818,437	326,761	186,098	1,331,296
Changes in ECL due to transfer within stages	(25,380)	(37,655)	63,035	-
Transfer to Stage 1	6,967	(6,951)	(16)	-
Transfer to Stage 2	(31,689)	55,102	(23,413)	-
Transfer to Stage 3	(658)	(85,806)	86,464	-
New financial assets originated	10,672	108	3	10,783
Financial assets derecognised	(2,527)	(7,306)	(4,419)	(14,252)
Changes due to change in credit risk	(26,605)	32,240	41,052	46,687
Amount written off	-	-	(92,463)	(92,463)
Exchange difference	30	(2)	4	32
Other movements	-	-	(2,282)	(2,282)
At 31 December	774,627	314,146	191,028	1,279,801

	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	
	RM'000	RM'000	RM'000	
The Bank				
30 June 2021				
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>	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Foreclosed properties	46	5,508	46	5,782
Sundry debtors and other prepayments	205,772	448,985	175,026	396,172
Settlement accounts	533,313	387,625	533,313	387,625
Treasury related receivables	11,392	785,626	11,392	734,046
Cash collateral pledged for derivative transactions	382,354	299,309	382,354	299,309
Portfolio Investment Account (Note)	1,857	-	-	-
Other receivables	49,833	84,803	70,776	50,312
	<u>1,184,567</u>	<u>2,011,856</u>	<u>1,172,907</u>	<u>1,873,246</u>

Note:

Included in other assets are the underlying assets for the Portfolio Investment Accounts ("PIA"). PIA is the restricted investment account offered to investors based on the Shariah principle of Wakalah bi Al-Istithmar, an agency contract where the investor authorises Hong Leong Islamic Bank to manage the customers' investment on their behalf.

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Amortised cost				
Fixed deposits	96,114,398	91,901,574	70,482,334	68,601,892
Negotiable instruments of deposits	7,605,517	7,276,126	5,828,637	5,428,430
Short-term placements	20,393,636	22,958,925	16,511,197	18,245,735
	<u>124,113,551</u>	<u>122,136,625</u>	<u>92,822,168</u>	<u>92,276,057</u>
Demand deposits	37,818,830	35,373,956	33,057,492	30,708,310
Saving deposits	24,511,739	23,857,612	20,255,564	19,738,092
Others	455,867	563,080	278,418	367,474
	<u>186,899,987</u>	<u>181,931,273</u>	<u>146,413,642</u>	<u>143,089,933</u>
At fair value through profit and loss				
Structured deposits linked to interest rate derivatives	1,825,663	1,469,078	1,725,628	1,369,038
Fair value changes arising from designation at fair value through profit or loss *	(173,770)	(110,580)	(162,322)	(101,936)
	<u>1,651,893</u>	<u>1,358,498</u>	<u>1,563,306</u>	<u>1,267,102</u>
	<u>188,551,880</u>	<u>183,289,771</u>	<u>147,976,948</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	1,757,753	1,861,951	280,209	203,960
Business enterprises	87,786,087	85,068,834	65,755,817	62,535,944
Individuals	96,718,011	93,778,846	80,139,692	79,706,240
Others	2,290,029	2,580,140	1,801,230	1,910,891
	<u>188,551,880</u>	<u>183,289,771</u>	<u>147,976,948</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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	100,716,030	99,382,250	75,377,382	74,636,818
- six months to one year	21,436,613	20,881,750	15,947,898	16,110,724
- one year to five years	1,240,871	1,251,960	789,680	912,032
- more than five years	720,037	620,665	707,208	616,483
	<u>124,113,551</u>	<u>122,136,625</u>	<u>92,822,168</u>	<u>92,276,057</u>

A14 Investment accounts of customers

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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				
Mudarabah with maturity	1,037,489	1,145,154	-	-
Restricted investment accounts				
Wakalah bi Al-Istithmar	1,857	-	-	-
	<u>1,039,346</u>	<u>1,145,154</u>	<u>-</u>	<u>-</u>

The underlying assets for the investment accounts are house financing, personal financing, other term financing, high quality liquid assets and unit trusts.

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A15 Deposits and placements of banks and other financial institutions

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Licensed banks	6,907,697	9,727,421	6,605,105	9,699,439
Licensed investment banks	-	250,012	-	250,012
Central banks (Note)	1,544,173	1,382,520	1,521,229	1,295,760
Other financial institutions	-	770,086	-	770,086
	<u>8,451,870</u>	<u>12,130,039</u>	<u>8,126,334</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 RM1,543,828,000 (2021: RM1,317,291,000) and RM1,521,229,000 (2021: RM1,295,760,000) respectively at concession rates.

A16 Other liabilities

	Note	<u>The Group</u>		<u>The Bank</u>	
		31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Zakat		525	350	-	-
Post employment benefits obligation					
- defined contribution plan		261	265	261	265
Loan advance payment		3,810,052	3,795,992	3,099,877	3,086,926
Intercompany clearing and settlement		-	-	86,701	47,725
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		220,137	162,604	208,930	156,380
Cash collateral pledged for derivative transactions		112,766	145,411	112,766	145,411
Sundry creditors and accruals		314,577	326,753	291,456	304,862
Provision for bonus and staff related expenses		193,241	179,851	185,843	171,870
Expected credit losses on financial guarantee contracts	(a)	3,966	4,563	3,322	3,148
Provision for reinstatement cost		21,831	22,416	27,602	27,717
Settlement accounts		873,145	525,131	872,981	524,969
Others		325,712	195,448	222,997	165,021
		<u>5,876,213</u>	<u>5,358,784</u>	<u>5,544,843</u>	<u>5,066,401</u>

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A16 Other liabilities (continued)

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

	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				Total ECL
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	3,378	1,185	-	4,563
Changes in ECL due to transfer within stages	(11)	11	-	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(15)	15	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	47	-	-	47
Financial assets derecognised	(1)	(3)	-	(4)
Changes due to change in credit risk	(502)	(130)	-	(632)
Exchange difference	(10)	2	-	(8)
At 31 December	<u>2,901</u>	<u>1,065</u>	<u>-</u>	<u>3,966</u>

	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				Total ECL
30 June 2021	RM'000	RM'000	RM'000	RM'000
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)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Bank				
31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	1,979	1,169	-	3,148
Changes in ECL due to transfer within stages	(5)	5	-	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(9)	9	-	-
Transfer to Stage 3	-	-	-	-
Financial assets derecognised	(1)	(3)	-	(4)
Changes due to change in credit risk	334	(148)	-	186
Exchange difference	(10)	2	-	(8)
At 31 December	<u>2,297</u>	<u>1,025</u>	<u>-</u>	<u>3,322</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Bank				
30 June 2021	RM'000	RM'000	RM'000	RM'000
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	<u>1,979</u>	<u>1,169</u>	<u>-</u>	<u>3,148</u>

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A17 Tier 2 subordinated bonds

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	2,419	2,370	2,419	2,370
	<u>1,502,419</u>	<u>1,502,370</u>	<u>1,502,419</u>	<u>1,502,370</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,502,389</u></u>	<u><u>1,502,340</u></u>	<u><u>1,502,389</u></u>	<u><u>1,502,340</u></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>31/12/2021</u>	<u>30/06/2021</u>	<u>31/12/2021</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	6,661	6,605	6,661	6,605
	<u>806,661</u>	<u>806,605</u>	<u>806,661</u>	<u>806,605</u>
Less: Unamortised discounts	(150)	(215)	(150)	(215)
	<u><u>806,511</u></u>	<u><u>806,390</u></u>	<u><u>806,511</u></u>	<u><u>806,390</u></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, HLFGB. 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 HLFGB. 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

Group	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing (Note)	1,030,353	1,038,320	2,032,626	2,071,674
Money at call and deposit placements with financial institutions	19,810	17,013	32,817	34,778
Financial investments at FVOCI	174,760	181,457	358,126	362,353
Financial investments at amortised cost	151,795	135,676	287,716	267,192
Others	334	64	402	203
	<u>1,377,052</u>	<u>1,372,530</u>	<u>2,711,687</u>	<u>2,736,200</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,721</u>	<u>7,096</u>	<u>12,954</u>	<u>10,772</u>

Bank	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing (Note)	975,284	996,763	1,926,460	1,988,316
Money at call and deposit placements with financial institutions	25,070	22,460	42,632	45,051
Financial investments at FVOCI	176,578	181,454	360,467	361,448
Financial investments at amortised cost	151,561	135,516	287,298	266,829
Others	328	50	396	189
	<u>1,328,821</u>	<u>1,336,243</u>	<u>2,617,253</u>	<u>2,661,833</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>5,678</u>	<u>7,081</u>	<u>12,896</u>	<u>10,747</u>

Note:

Included the net loss effects of RM26,757,000 (31 December 2020: RM5,634,000) 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

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Group				
Financial assets at FVTPL	51,722	38,404	103,152	78,740

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial assets at FVTPL	51,722	38,404	103,152	78,740

A20 Interest expense

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	15,484	16,944	34,495	40,682
Deposits from customers	387,784	447,793	768,501	943,976
Short-term placements	32,201	47,670	67,168	103,495
Tier 2 subordinated bonds	16,787	16,787	33,574	33,574
Multi-currency Additional Tier-1 capital securities	9,922	9,922	19,844	19,845
Recourse obligation on loans sold to Cagamas	4,059	2,631	7,525	5,263
Others	2,194	2,511	4,584	5,151
	<u>468,431</u>	<u>544,258</u>	<u>935,691</u>	<u>1,151,986</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	18,707	20,545	40,296	47,350
Deposits from customers	366,037	429,136	724,871	907,195
Short-term placements	32,201	47,670	67,168	103,495
Tier 2 subordinated bonds	16,787	16,787	33,574	33,574
Multi-currency Additional Tier-1 capital securities	9,963	9,963	19,927	19,927
Recourse obligation on loans sold to Cagamas	4,059	2,631	7,525	5,263
Others	3,699	4,180	7,533	8,582
	<u>451,453</u>	<u>530,912</u>	<u>900,894</u>	<u>1,125,386</u>

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A21 Net income from Islamic Banking business

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Group				
Income derived from investment of depositors' funds and others (Note)	326,626	355,400	690,816	703,500
Income derived from investment of shareholders' funds (Note)	71,273	48,598	86,312	100,046
Income derived from investment of investment account	16,908	6,781	24,158	12,328
Income attributable to depositors	(174,716)	(172,525)	(345,857)	(356,916)
Income attributable to depositors on investment account	(7,095)	(4,026)	(14,344)	(6,150)
	<u>232,996</u>	<u>234,228</u>	<u>441,085</u>	<u>452,808</u>
Of which:				
Financing income earned on impaired financing and advances	<u>846</u>	<u>956</u>	<u>1,866</u>	<u>1,733</u>

Note:

Included the net loss effects of RM17,475,000 (31 December 2020: RM3,335,000) 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

Group	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commissions	48,070	47,755	105,951	88,960
Service charges and fees	11,241	13,463	17,144	21,785
Guarantee fees	5,350	4,078	7,953	8,498
Credit card related fees	53,390	44,319	95,584	90,422
Corporate advisory fees	-	1,035	-	1,035
Commitment fees	9,174	9,256	18,065	18,741
Fee on loans, advances and financing	12,590	10,928	25,579	23,505
Other fee income	14,017	10,198	31,134	34,065
	153,832	141,032	301,410	287,011
(b) Gain arising from sale of financial assets:				
Net (loss)/gain from sale of financial assets at FVTPL	(25,076)	14,496	(19,946)	58,201
Net gain/(loss) from sale of derivative financial instruments	14,521	(64,834)	(9,537)	(67,036)
Net gain from sale of financial investments at FVOCI	27,435	65,141	93,348	176,940
	16,880	14,803	63,865	168,105
(c) Gross dividend income from:				
Financial assets at FVTPL	22,047	24,368	66,144	53,700
Financial investments at FVOCI	-	-	-	375
	22,047	24,368	66,144	54,075

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A22 Other operating income (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	7,624	9,865	(15,264)	6,761
- Derivatives financial instruments	15,690	91,358	67,885	97,743
	<u>23,314</u>	<u>101,223</u>	<u>52,621</u>	<u>104,504</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>(1,893)</u>	<u>(1,965)</u>	<u>(3,866)</u>	<u>(3,771)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>320</u>	<u>(57)</u>	<u>388</u>	<u>(5)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(41,175)	15,866	(56,747)	16,128
Rental income	2,283	3,965	4,604	6,911
Gain on disposal of property and equipment	164	43	164	139
Other non-operating income	2,056	(94)	2,293	80
	<u>(36,672)</u>	<u>19,780</u>	<u>(49,686)</u>	<u>23,258</u>
Total other operating income	<u>177,828</u>	<u>299,184</u>	<u>430,876</u>	<u>633,177</u>

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A22 Other operating income (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	47,451	47,375	104,490	88,119
Service charges and fees	11,026	13,271	16,755	21,461
Guarantee fees	5,334	4,056	7,927	8,451
Credit card related fees	53,390	44,319	95,584	90,422
Corporate advisory fees	-	1,035	-	1,035
Commitment fees	8,820	8,943	17,356	18,098
Fee on loans, advances and financing	9,048	9,007	18,508	19,886
Other fee income	13,949	10,136	31,002	33,830
	<u>149,018</u>	<u>138,142</u>	<u>291,622</u>	<u>281,302</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets at FVTPL	(24,479)	14,496	(19,542)	58,201
Net gain/(loss) from sale of derivative financial instruments	13,818	(64,834)	(10,240)	(67,036)
Net gain from sale of financial investments at FVOCI	27,435	65,141	93,348	176,940
	<u>16,774</u>	<u>14,803</u>	<u>63,566</u>	<u>168,105</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	22,391	24,368	66,610	53,700
Financial investments at FVOCI	-	-	-	375
	<u>22,391</u>	<u>24,368</u>	<u>66,610</u>	<u>54,075</u>

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A22 Other operating income (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	6,759	9,865	(16,015)	6,761
- Derivatives financial instruments	16,740	92,752	68,138	96,493
	<u>23,499</u>	<u>102,617</u>	<u>52,123</u>	<u>103,254</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>(1,893)</u>	<u>(1,965)</u>	<u>(3,866)</u>	<u>(3,771)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>320</u>	<u>(57)</u>	<u>388</u>	<u>(5)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(41,559)	15,596	(57,824)	15,397
Rental income	669	2,011	1,375	4,082
Gain on disposal of property and equipment	164	43	164	139
Other non-operating income	1,999	113	2,130	216
	<u>(38,727)</u>	<u>17,763</u>	<u>(54,155)</u>	<u>19,834</u>
Total other operating income	<u>171,382</u>	<u>295,671</u>	<u>416,288</u>	<u>622,794</u>

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A23 Other operating expenses

Group	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	265,397	273,165	533,795	538,340
- Medical expenses	7,690	6,384	15,128	14,803
- Training and convention expenses	2,036	1,480	4,232	3,447
- Staff welfare	2,424	2,543	6,062	5,383
- Others	5,290	21,096	9,726	49,044
	282,837	304,668	568,943	611,017
<u>Establishment costs</u>				
- Depreciation of property and equipment	30,550	31,847	61,634	63,848
- Depreciation of right-of-use assets	12,463	13,110	25,328	26,618
- Amortisation of intangible assets	13,281	14,739	26,261	28,531
- Rental of premises	546	991	959	1,424
- Information technology expenses	51,606	41,752	104,656	86,235
- Security services	5,099	5,324	11,588	11,549
- Electricity, water and sewerage	5,009	5,398	10,876	10,749
- Hire of plant and machinery	3,146	3,483	6,635	6,959
- Others	6,991	5,634	14,979	12,686
	128,691	122,278	262,916	248,599
<u>Marketing expenses</u>				
- Advertisement and publicity	4,865	5,059	9,546	9,210
- Sales commission and credit card related fees	32,395	27,798	54,187	51,940
- Others	3,178	2,704	5,043	6,055
	40,438	35,561	68,776	67,205
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,421	5,485	10,756	11,153
- Stationery and printing expenses	2,545	3,502	5,450	6,610
- Professional fees	20,852	20,729	46,097	41,307
- Insurance fees	6,333	6,486	12,656	12,360
- Stamp, postage and courier	2,904	3,395	6,038	6,532
- Travelling and transport expenses	760	792	1,294	1,543
- Registration and license fees	2,362	2,103	4,493	4,333
- Brokerage and commission	3,014	2,218	5,877	4,334
- Credit card fees	14,276	1,148	21,520	12,738
- Others	2,454	3,320	5,308	5,002
	60,921	49,178	119,489	105,912
	512,887	511,685	1,020,124	1,032,733

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A23 Other operating expenses (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	209,615	219,091	422,332	430,596
- Medical expenses	6,260	5,574	12,309	12,059
- Training and convention expenses	1,789	1,185	3,604	2,863
- Staff welfare	1,989	1,965	4,960	4,448
- Others	4,439	19,457	8,117	46,414
	<u>224,092</u>	<u>247,272</u>	<u>451,322</u>	<u>496,380</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	26,046	27,054	52,433	54,461
- Depreciation of right-of-use assets	18,599	18,779	37,384	37,830
- Amortisation of intangible assets	12,151	13,274	23,808	25,747
- Rental of premises	614	970	1,071	1,496
- Information technology expenses	45,469	38,633	92,812	78,605
- Security services	3,856	3,882	9,099	8,813
- Electricity, water and sewerage	3,894	4,473	8,499	8,658
- Hire of plant and machinery	297	1,339	859	2,681
- Others	238	679	773	2,096
	<u>111,164</u>	<u>109,083</u>	<u>226,738</u>	<u>220,387</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	4,439	4,848	8,693	8,949
- Sales commission and credit card related fees	28,763	24,831	48,065	46,886
- Others	2,427	1,800	3,750	4,385
	<u>35,629</u>	<u>31,479</u>	<u>60,508</u>	<u>60,220</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,353	5,425	10,512	10,933
- Stationery and printing expenses	2,417	3,364	5,204	6,312
- Professional fees	23,513	21,066	44,521	40,442
- Insurance fees	5,719	5,771	10,770	10,918
- Stamp, postage and courier	3,108	3,353	5,896	6,398
- Travelling and transport expenses	669	617	1,055	1,144
- Registration and license fees	2,073	1,824	3,916	3,760
- Brokerage and commission	2,007	1,089	3,898	2,238
- Credit card fees	14,276	1,148	21,520	12,738
- Others	1,769	3,987	11,846	8,689
	<u>60,904</u>	<u>47,644</u>	<u>119,138</u>	<u>103,572</u>
	<u>431,789</u>	<u>435,478</u>	<u>857,706</u>	<u>880,559</u>

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A24 Allowance for impairment losses on loans, advances and financing

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	95,282	279,073	192,630	428,335
Impaired loans, advances and financing:				
- written off	4,741	4,678	8,329	8,500
- recovered from bad debt written off	(66,755)	(42,863)	(118,900)	(91,554)
	<u>33,268</u>	<u>240,888</u>	<u>82,059</u>	<u>345,281</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	703	197,226	43,400	351,544
Impaired loans, advances and financing:				
- written off	3,840	3,803	6,756	6,540
- recovered from bad debt written off	(58,600)	(36,765)	(103,456)	(76,565)
	<u>(54,057)</u>	<u>164,264</u>	<u>(53,300)</u>	<u>281,519</u>

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A25 (Written back of)/allowance for impairment losses on financial investments and other assets

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(158)	(107)	(345)	(111)
- Financial investments at amortised cost	(18)	(79)	(56)	1
- Cash and short-term funds	(147)	(66)	(111)	(54)
- Deposits and placements with banks and other financial institutions	(67)	168	(57)	358
	<u>(390)</u>	<u>(84)</u>	<u>(569)</u>	<u>194</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(158)	(77)	(350)	(103)
- Financial investments at amortised cost	-	(83)	(23)	(3)
- Cash and short-term funds	437	153	342	(266)
- Deposits and placements with banks and other financial institutions	(727)	(1,038)	485	(199)
	<u>(448)</u>	<u>(1,045)</u>	<u>454</u>	<u>(571)</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:

	The Group		The Bank	
	Financial Period Ended 31/12/2021	Financial Year Ended 30/06/2021	Financial Period Ended 31/12/2021	Financial Year Ended 30/06/2021
Before deducting proposed dividends				
CET I capital ratio	13.324%	14.030%	13.577%	13.911%
Tier I capital ratio	13.843%	14.561%	13.908%	14.245%
Total capital ratio	15.957%	16.703%	15.945%	16.301%
After deducting proposed dividends				
CET I capital ratio	13.084%	13.552%	13.272%	13.307%
Tier I capital ratio	13.604%	14.083%	13.603%	13.642%
Total capital ratio	15.717%	16.224%	15.640%	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:

	The Group		The Bank	
	Financial Period Ended 31/12/2021 RM'000	Financial Year Ended 30/06/2021 RM'000	Financial Period Ended 31/12/2021 RM'000	Financial Year Ended 30/06/2021 RM'000
CET I capital				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	21,059,254	20,751,376	14,342,912	14,139,555
Other reserves	996,981	1,217,660	102,444	366,088
Less: Treasury shares	(714,520)	(719,030)	(714,520)	(719,030)
Less: Deferred tax assets	(398,443)	(275,670)	(276,756)	(183,513)
Less: Other intangible assets	(271,701)	(242,317)	(244,691)	(218,277)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(6,079,697)	(5,501,542)	(2,788,589)	(2,725,221)
Total CET I capital	20,499,625	21,138,228	16,388,316	16,627,118
Additional Tier I capital				
Multi-currency Additional Tier 1 capital securities	799,850	799,785	799,850	799,785
Additional Tier I capital before regulatory adjustments	799,850	799,785	799,850	799,785
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	799,850	799,785	399,850	399,785
Total Tier I capital	21,299,475	21,938,013	16,788,166	17,026,903
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves [#]	1,751,724	1,726,493	1,358,541	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)
Total Tier II capital	3,251,694	3,226,463	2,458,511	2,456,765
Total capital	24,551,169	25,164,476	19,246,677	19,483,668

[#] Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM481,485,000 (2021: RM412,709,000) and RM444,433,000 (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:

	The Group		The Bank	
	Financial Period Ended 31/12/2021 RM'000	Financial Year Ended 30/06/2021 RM'000	Financial Period Ended 31/12/2021 RM'000	Financial Year Ended 30/06/2021 RM'000
Credit risk *	140,137,957	138,119,456	108,683,290	108,543,591
Market risk	4,703,003	3,778,671	4,753,078	3,895,661
Operational risk	9,019,121	8,761,958	7,269,603	7,087,877
Total RWA	153,860,081	150,660,085	120,705,971	119,527,129

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM768,490,000 (2021: RM847,370,000) is excluded from the calculation of capital adequacy ratio of the Group.

The Bank and its Islamic subsidiary, HLISB's profit after tax for the half year ended 31 December 2021, had been subjected to a limited review by our external auditors. As such the Bank's and HLISB's profit after tax for the half year ended 31 December 2021 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios accordingly.

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

	Hong Leong Islamic Bank Berhad	
	Financial Period Ended 31/12/2021	Financial Year Ended 30/06/2021
Before deducting proposed dividends		
CET I capital ratio	10.644%	11.133%
Tier I capital ratio	11.968%	12.535%
Total capital ratio	<u>14.470%</u>	<u>15.112%</u>
After deducting proposed dividends		
CET I capital ratio	10.644%	11.133%
Tier I capital ratio	11.968%	12.535%
Total capital ratio	<u>14.470%</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 31/12/2021

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	734,533	273,895	342,387	85,815	(58,498)	(6,965)	1,371,167
Inter-segment revenue	(20,738)	108,019	(140,778)	-	53,497	-	-
Segment revenue	<u>713,795</u>	<u>381,914</u>	<u>201,609</u>	<u>85,815</u>	<u>(5,001)</u>	<u>(6,965)</u>	<u>1,371,167</u>
Segment profit before taxation	466,161	151,580	172,703	26,105	14,022	(5,169)	825,402
Share of profit after tax of equity accounted associated companies				251,135			251,135
Profit before taxation							<u>1,076,537</u>
Taxation							(337,944)
Profit after taxation							<u><u>738,593</u></u>

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

Financial period ended 31/12/2021

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	1,451,325	533,364	736,679	180,587	(137,066)	(13,780)	2,751,109
Inter-segment revenue	(67,455)	195,640	(268,470)	-	140,285	-	-
Segment revenue	<u>1,383,870</u>	<u>729,004</u>	<u>468,209</u>	<u>180,587</u>	<u>3,219</u>	<u>(13,780)</u>	<u>2,751,109</u>
Segment profit before taxation	782,034	378,930	409,463	61,438	33,506	(15,876)	1,649,495
Share of profit after tax of equity accounted associated companies				469,154			469,154
Profit before taxation							<u>2,118,649</u>
Taxation							(521,804)
Profit after taxation							<u>1,596,845</u>
Segment assets	106,869,971	42,568,500	69,961,647	16,504,297	-	-	235,904,415
Unallocated assets							8,901,767
Total assets							<u>244,806,182</u>

Corresponding quarter ended 31/12/2020

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	666,131	245,996	421,343	74,425	(987)	(6,820)	1,400,088
Inter-segment revenue	(25,150)	96,908	(148,652)	-	76,894	-	-
Segment revenue	<u>640,981</u>	<u>342,904</u>	<u>272,691</u>	<u>74,425</u>	<u>75,907</u>	<u>(6,820)</u>	<u>1,400,088</u>
Segment profit before taxation	157,896	248,481	245,949	16,889	(9,454)	(12,162)	647,599
Share of profit after tax of equity accounted associated companies				167,691			167,691
Profit before taxation							<u>815,290</u>
Taxation							(144,502)
Profit after taxation							<u>670,788</u>

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

Corresponding financial period ended 31/12/2020

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	1,279,340	494,106	866,133	150,517	(27,861)	(13,296)	2,748,939
Inter-segment revenue	(25,893)	182,780	(311,330)	-	154,443	-	-
Segment revenue	<u>1,253,447</u>	<u>676,886</u>	<u>554,803</u>	<u>150,517</u>	<u>126,582</u>	<u>(13,296)</u>	<u>2,748,939</u>
Segment profit before taxation	461,534	479,521	501,619	39,655	(89,726)	(21,872)	1,370,731
Share of profit after tax of equity accounted associated companies				334,808			334,808
Profit before taxation							<u>1,705,539</u>
Taxation							(305,847)
Profit after taxation							<u>1,399,692</u>
Segment assets	103,524,898	37,962,144	64,396,790	14,642,982	-	-	220,526,814
Unallocated assets							7,896,595
Total assets							<u>228,423,409</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 31 December 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 31 December 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.

On 19 January 2022, the Bank announced that the liquidator of EB Nominees (Asing) Sendirian Berhad ("EB Nominees (Asing)", a wholly-owned subsidiary of HLB had convened the final meeting to conclude the member's voluntary winding-up of EB Nominees (Asing). The Returns by Liquidator Relating to Final Meeting of EB Nominees (Asing) were lodged with the Companies Commission of Malaysia and the Official Receiver on 19 January 2022 ("Lodgement Date"), and on the expiration of 3 months after the Lodgement Date, EB Nominees (Asing) will be dissolved.

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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	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Principal amount				
Direct credit substitutes	175,759	171,600	120,585	116,915
Certain transaction related contingent items	1,888,628	1,676,061	1,440,913	1,337,502
Short-term self liquidating trade related contingencies	1,208,482	671,759	1,159,382	615,796
Irrevocable commitments to extend credit:				
- maturity more than one year	23,228,396	20,459,242	16,388,977	14,682,053
- maturity less than one year	24,395,265	23,767,882	19,909,699	19,078,814
Foreign exchange related contracts:				
- less than one year	62,461,053	63,609,452	56,791,380	57,286,691
- one year to less than five years	4,898,627	5,104,301	4,857,635	5,063,539
- five years and above	438,480	361,486	438,480	361,486
Interest rate related contracts:				
- less than one year	59,607,861	117,988,593	59,607,862	118,114,783
- one year to less than five years	49,734,559	31,913,336	49,667,892	31,913,336
- five years and above	4,819,736	4,387,355	4,825,688	4,487,355
Equity related contracts:				
- less than one year	252,448	247,217	252,448	247,217
- one year to less than five years	123,522	121,419	123,522	121,419
- five years and above	256,449	255,112	256,449	255,112
Credit related contracts:				
- five years and above	795,765	652,187	795,765	652,187
Commodity related contracts:				
- less than one year	139,603	55,088	139,603	55,088
- one year to less than five years	841,882	39,881	841,882	39,881
Unutilised credit card lines	7,049,410	7,419,464	7,049,410	7,419,464
Total	242,315,925	278,901,435	224,667,572	261,848,638

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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.

(a) Connected parties exposures

	The Group		The Bank	
	31/12/2021 RM'000	30/06/2021 RM'000	31/12/2021 RM'000	30/06/2021 RM'000
Aggregate value of outstanding credit exposures with connected parties	2,593,315	2,964,510	2,518,326	2,901,895
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.43%	1.69%	1.80%	2.13%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0000%	0.0001%	0.0001%	0.0001%

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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:

	The Group			
	Financial Period Ended 31/12/2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	4,542,163	-	4,542,163
- Quoted securities	3,656,792	-	-	3,656,792
- Unquoted securities	-	100,260	348,869	449,129
Financial investments at FVOCI				
- Money market instrument	-	18,242,376	-	18,242,376
- Quoted securities	3,221,947	-	-	3,221,947
- Unquoted securities	-	8,749,561	69,100	8,818,661
Derivative financial instruments	3,982	756,643	97,511	858,136
	<u>6,882,721</u>	<u>32,391,003</u>	<u>515,480</u>	<u>39,789,204</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	2,623	992,076	97,468	1,092,167
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,651,893	-	1,651,893
	<u>2,623</u>	<u>2,643,969</u>	<u>97,468</u>	<u>2,744,060</u>
The Group				
Financial Year Ended 30/06/2021				
Fair Value				
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
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>
<u>Financial Liabilities</u>				
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)

	The Bank			
	Financial Period Ended 31/12/2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	4,542,163	-	4,542,163
- Quoted securities	3,697,906	-	-	3,697,906
- Unquoted securities	-	100,260	348,869	449,129
Financial investments at FVOCI				
- Money market instrument	-	15,102,339	-	15,102,339
- Quoted securities	3,221,947	-	-	3,221,947
- Unquoted securities	-	8,370,056	69,100	8,439,156
Derivative financial instruments	3,982	736,018	97,511	837,511
	<u>6,923,835</u>	<u>28,850,836</u>	<u>515,480</u>	<u>36,290,151</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	2,623	964,082	97,468	1,064,173
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,563,306	-	1,563,306
	<u>2,623</u>	<u>2,527,388</u>	<u>97,468</u>	<u>2,627,479</u>
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
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>
<u>Financial Liabilities</u>				
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:

The Group 31 December 2021	Financial Assets		Derivative financial instruments RM'000	Financial
	Financial assets at FVTPL RM'000	investments at FVOCI RM'000		Liability Derivative financial instruments RM'000
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	21,207	21,207
Net fair value changes recognised in other comprehensive income	-	6	-	-
Purchases	-	-	2,867	2,824
Settlements	-	-	(3,476)	(3,476)
At 31 December	<u>348,869</u>	<u>69,100</u>	<u>97,511</u>	<u>97,468</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2021	<u>-</u>	<u>-</u>	<u>21,207</u>	<u>21,207</u>
Total gain recognised in other comprehensive income relating to assets held on 31 December 2021	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>

The Group 30 June 2021	Financial Assets		Derivative financial instruments RM'000	Financial
	Financial assets at FVTPL RM'000	investments at FVOCI RM'000		Liability Derivative financial instruments RM'000
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)

The Bank 31 December 2021	Financial Assets			Financial
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Liability Derivative financial instruments RM'000
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	21,207	21,207
Net fair value changes recognised in other comprehensive income	-	6	-	-
Purchases	-	-	2,867	2,824
Settlements	-	-	(3,476)	(3,476)
At 31 December	<u>348,869</u>	<u>69,100</u>	<u>97,511</u>	<u>97,468</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2021	<u>-</u>	<u>-</u>	<u>21,207</u>	<u>21,207</u>
Total gain recognised in other comprehensive income relating to assets held on 31 December 2021	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>

The Bank 30 June 2021	Financial Assets			Financial
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Liability Derivative financial instruments RM'000
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>

A33 Liquidity risk

Please refer to Appendix A.

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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 RM1,076.5 million for the current financial quarter ended 31 December 2021, an increase of RM261.2 million or 32.0% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to lower allowance for impairment losses on loans, advances and financing of RM207.6 million, higher written back of impairment losses on financial investments and other assets of RM0.3 million and higher share of profit from associated company of RM83.4 million. However, this was mitigated by lower net income of RM28.9 million and higher operating expenses of RM1.2 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 RM466.2 million for the second quarter ended 31 December 2021 as compared to previous corresponding quarter of RM157.9 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM151.6 million for the second quarter ended 31 December 2021 as compared to previous corresponding quarter of RM248.5 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 RM172.7 million for the second quarter ended 31 December 2021 as compared to previous corresponding quarter of RM245.9 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 assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM277.2 million for the second quarter ended 31 December 2021 as compared to previous corresponding quarter of RM184.6 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China, higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

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B1 Review of performance (continued)

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

The Group's pre-tax profit for the financial period ended 31 December 2021 stood at RM2,118.6 million, an increase of RM413.1 million or 24.2% as compared to RM1,705.5 million in the previous financial period. The increase was mainly due to higher net income of RM2.2 million, lower operating expenses of RM12.6 million, lower allowance for impairment losses on loans, advances and financing of RM263.2 million, higher written back of impairment losses on financial investments and other assets of RM0.8 million and higher share of profit from associated companies of RM134.3 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM782.0 million for the financial period ended 31 December 2021 as compared to previous corresponding period of RM461.5 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Personal Financial Services's loan base grew from RM103.5 billion as at 31 December 2020 to RM106.7 billion as at 31 December 2021. Deposit base increased from RM96.6 billion to RM101.8 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM378.9 million for the financial period ended 31 December 2021 as compared to previous corresponding period of RM479.5 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.

Business and Corporate Banking's loan base increased from RM37.9 billion as at 31 December 2020 to RM42.5 billion as at 31 December 2021. Deposit base increased from RM39.5 billion to RM45.3 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM409.5 million for the financial period ended 31 December 2021 as compared to previous corresponding period of RM501.6 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 assets.

Treasury earning assets increased from RM62.2 billion as at 31 December 2020 to RM68.2 billion as at 31 December 2021.

International Banking

The International Banking's segment recorded a pre-tax profit of RM530.6 million for the financial period ended 31 December 2021 as compared to previous corresponding period of RM374.5 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated companies in China and higher total income, 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 RM1,076.5 million as compared to RM1,042.1 million in the preceding quarter, an increase of RM34.4 million mainly contributed by lower allowance for impairment losses on loans, advances and financing of RM15.5 million, higher written back of allowance for impairment losses on financial investments and other assets of RM0.2 million and higher share of profit from associated company of RM33.1 million. This was mitigated by lower net income of RM8.8 million and higher operating expenses of RM5.6 million.

B3 Current year prospects

We are cautiously optimistic on the growth prospects of the Malaysian economy in 2022. Evolvement of the Omicron variant which is highly infectious has reignited concerns over the reimplementing of stricter movement controls which may hamper the global economic recovery trajectory. On the other hand, rising vaccination and booster rates with a rebound in wholesale and retail trade as well as encouraging exports growth will see continued pick up in the domestic economy. In addition, accommodative policy measures from both fiscal and monetary fronts are expected to help underpin the recovery underway.

In the journey to be a highly digital and innovative ASEAN financial services institution, we are focused in innovating and providing effective banking solutions to our customers. Our brand promise of “Built Around You” does not change where clients are at the centre of everything we do. Ringing true to our brand promise, we are resolute in providing steadfast support to our existing and new clients to ensure that they can concentrate on their recovery efforts from the recent flood disaster and the ongoing COVID-19 pandemic.

During such unprecedented business environment, our ability to swiftly adapt to the changing circumstances and discipline in both investments and expenditure have provided us the impetus to constantly deliver sustainable outcomes to our stakeholders. The Bank also places significant emphasis on sustainability as we have committed to carbon reduction targets with the goal of becoming carbon neutral while continuously integrate environmental, social and governance (‘ESG’) considerations into our business operations and practices.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	336,837	192,795	528,643	369,094
Transfer from/(to) deferred taxation	1,107	(48,293)	(6,839)	(63,247)
	<u>337,944</u>	<u>144,502</u>	<u>521,804</u>	<u>305,847</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	289,899	157,017	449,181	285,878
Transfer from/(to) deferred taxation	11,370	(40,897)	6,976	(54,665)
	<u>301,269</u>	<u>116,120</u>	<u>456,157</u>	<u>231,213</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 31 December 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	55,101,551	194,610	(279,713)
(ii) 1 year to 3 years	437,196	318	(5,091)
(iii) More than 3 years	668,995	379	(4,325)
Swaps			
(i) Less than 1 year	4,328,002	23,158	(34,945)
(ii) 1 year to 3 years	2,384,305	112,318	(16,323)
(iii) More than 3 years	1,523,541	16,168	(17,297)
Options			
(i) Less than 1 year	3,031,500	6,867	(12,173)
(ii) 1 year to 3 years	323,070	2,480	(1,910)
Interest rate related contracts			
Futures			
(i) Less than 1 year	27,742,467	4,081	(3,948)
Swaps			
(i) Less than 1 year	31,865,394	35,549	(55,929)
(ii) 1 year to 3 years	32,262,212	103,440	(193,845)
(iii) More than 3 years	22,292,083	207,027	(315,173)
Equity related contracts			
(i) Less than 1 year	252,448	5,588	(5,545)
(ii) 1 year to 3 years	29,629	907	(907)
(iii) More than 3 years	350,342	91,016	(91,016)
Credit related contracts			
(i) More than 3 years	795,765	17,454	(17,454)
Commodity related contracts			
(i) Less than 1 year	139,603	11,577	(11,374)
(ii) 1 year to 3 years	841,882	25,199	(25,199)
Total	184,369,985	858,136	(1,092,167)

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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)
Total	224,735,427	1,005,249	(909,666)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 December 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	49,457,046	175,589	(264,187)
(ii) 1 year to 3 years	437,195	318	(5,096)
(iii) More than 3 years	668,995	379	(4,325)
Swaps			
(i) Less than 1 year	4,302,834	23,051	(34,945)
(ii) 1 year to 3 years	2,343,313	112,321	(16,200)
(iii) More than 3 years	1,523,542	16,168	(17,297)
Options			
(i) Less than 1 year	3,031,500	6,867	(12,173)
(ii) 1 year to 3 years	323,070	2,480	(1,910)
Interest rate related contracts			
Futures			
(i) Less than 1 year	27,742,467	4,081	(3,948)
Swaps			
(i) Less than 1 year	31,865,395	35,549	(55,929)
(ii) 1 year to 3 years	32,262,211	103,440	(193,845)
(iii) More than 3 years	22,231,369	205,528	(302,824)
Equity related contracts			
(i) Less than 1 year	252,448	5,588	(5,545)
(ii) 1 year to 3 years	29,629	907	(907)
(iii) More than 3 years	350,342	91,015	(91,015)
Credit related contracts			
(i) More than 3 years	795,765	17,454	(17,454)
Commodity related contracts			
(i) Less than 1 year	139,603	11,577	(11,374)
(ii) 1 year to 3 years	841,882	25,199	(25,199)
Total	178,598,606	837,511	(1,064,173)

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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)
Total	218,598,094	983,205	(879,986)

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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 RM280,516,000 (30 June 2021: RM327,979,000) and RM114,249,448,000 (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 RM983,338,000 (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

An interim single tier dividend of 18.00 sen per share has been declared for the current quarter.

- (i) Amount per share: 18.00 sen.
- (ii) Previous corresponding quarter: single tier dividend of 14.78 sen per share.
- (iii) Entitlement date: 15 March 2022
- (iv) Payment date: 25 March 2022

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.

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	738,593	670,788	1,596,845	1,399,692
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	(119,852)	(120,478)	(119,852)	(120,478)
	<u>2,047,866</u>	<u>2,047,240</u>	<u>2,047,866</u>	<u>2,047,240</u>
Basic earnings per share (sen)	36.1	32.8	78.0	68.4
<u>The Bank</u>				
Net profit attributable to equity holders	421,919	424,589	974,782	845,261
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	(119,852)	(120,478)	(119,852)	(120,478)
	<u>2,047,866</u>	<u>2,047,240</u>	<u>2,047,866</u>	<u>2,047,240</u>
Basic earnings per share (sen)	20.6	20.7	47.6	41.3

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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.

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	738,593	670,788	1,596,845	1,399,692
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,866	2,047,240	2,047,866	2,047,240
- adjustment for ESS	1,089	395	1,089	395
	2,048,955	2,047,635	2,048,955	2,047,635
Fully diluted earnings per share (sen)	36.0	32.8	77.9	68.4
<u>The Bank</u>				
Net profit attributable to equity holders	421,919	424,589	974,782	845,261
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,866	2,047,240	2,047,866	2,047,240
- adjustment for ESS	1,089	395	1,089	395
	2,048,955	2,047,635	2,048,955	2,047,635
Fully diluted earnings per share (sen)	20.6	20.7	47.6	41.3

Dated this 28 February 2022

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A33 Liquidity risk

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

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2021 based on the remaining contractual maturity:

	The Group							Total
	31 December 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	RM'000
Assets								
Cash and short-term funds	4,509,487	1,849,047	-	-	-	-	-	6,358,534
Deposits and placements with banks and other financial institutions	-	-	139,776	146,220	-	-	-	285,996
Securities purchased under resale agreements	-	-	102,222	-	-	-	-	102,222
Financial assets at fair value through profit or loss	185,352	600,804	539,003	276,928	221,211	6,473,838	350,948	8,648,084
Financial investments at fair value through other comprehensive income	1,224	320,308	2,407,850	170,072	857,211	26,457,219	69,100	30,282,984
Financial investments at amortised cost	636	294	2,617	1,758,044	4,622,161	22,032,989	-	28,416,741
Loans, advances and financing	12,842,943	6,018,930	4,904,567	2,435,563	618,202	131,419,549	-	158,239,754
Other assets	416,720	6,331	8,972	11,713	7,433	87,235	646,163	1,184,567
Derivative financial instruments	28,895	46,655	86,076	68,228	51,576	576,706	-	858,136
Statutory deposits with Central Banks	-	-	-	-	-	-	493,924	493,924
Investment in associated companies	-	-	-	-	-	-	6,079,697	6,079,697
Property and equipment	-	-	-	-	-	-	1,154,387	1,154,387
Intangible assets	-	-	-	-	-	-	271,701	271,701
Right-of-use assets	-	-	-	-	-	-	199,700	199,700
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	398,443	398,443
Total assets	17,985,257	8,842,369	8,191,083	4,866,768	6,377,794	187,047,536	11,495,375	244,806,182

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2021 based on the remaining contractual maturity: (continued)

	The Group							Total
	31 December 2021							
	Up to	1 week to	1 to 3	3 to 6	6 to 12	Over 1	No specific	
	1 week	1 month	months	months	months	year	maturity	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	76,549,337	26,846,773	34,217,875	24,253,596	21,461,097	5,223,202	-	188,551,880
Investment accounts of customers	22,747	66,388	477,174	351,595	121,442	-	-	1,039,346
Deposits and placements of banks and other financial institutions	334,397	3,219,156	2,821,781	462,422	70,286	1,543,828	-	8,451,870
Obligations on securities sold under repurchase agreements	-	2,324,509	2,922,853	-	-	-	-	5,247,362
Bills and acceptances payable	130	2,062	11,027	9,408	9	-	132,568	155,204
Lease liabilities	-	3,711	7,571	10,605	17,163	158,091	-	197,141
Other liabilities	5,570,842	185,179	27,167	528	11,788	-	80,709	5,876,213
Derivative financial instruments	42,038	81,140	118,511	99,826	62,112	688,540	-	1,092,167
Recourse obligation on loans/financing sold to Cagamas	-	-	56,043	913	971,307	300,000	-	1,328,263
Tier 2 subordinated bonds	-	-	-	2,419	-	1,499,970	-	1,502,389
Multi-currency Additional Tier 1 capital securities	-	-	4,862	1,799	399,850	400,000	-	806,511
Taxation	-	-	-	-	-	-	491,625	491,625
Total liabilities	82,519,491	32,728,918	40,664,864	25,193,111	23,115,054	9,813,631	704,902	214,739,971
Total equity	-	-	-	-	-	-	30,066,211	30,066,211
Total liabilities and equity	82,519,491	32,728,918	40,664,864	25,193,111	23,115,054	9,813,631	30,771,113	244,806,182
Net liquidity gap	(64,534,234)	(23,886,549)	(32,473,781)	(20,326,343)	(16,737,260)	177,233,905	10,790,473	30,066,211

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2021 based on the remaining contractual maturity:

	The Group							Total
	30 June 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	RM'000
Assets								
Cash and short-term funds	2,120,636	1,345,542	-	-	-	-	-	3,466,178
Deposits and placements with banks and other financial institutions	-	-	237,432	249,347	-	-	-	486,779
Financial assets at fair value through profit or loss	108	92,679	53,586	349,374	196,557	7,163,875	390,187	8,246,366
Financial investments at fair value through other comprehensive income	369,112	940,668	282,579	487,806	920,703	31,380,276	69,094	34,450,238
Financial investments at amortised cost	817,213	4,103	98,702	10,653	1,758,881	20,945,355	-	23,634,907
Loans, advances and financing	11,827,653	7,346,074	4,736,943	2,389,468	904,056	126,866,513	-	154,070,707
Other assets	1,131,696	8,168	190,531	19,759	5,071	140,641	515,990	2,011,856
Derivative financial instruments	29,888	136,732	136,930	79,227	90,837	531,635	-	1,005,249
Statutory deposits with Central Banks	-	-	-	-	-	-	493,605	493,605
Investment in associated companies	-	-	-	-	-	-	5,501,542	5,501,542
Property and equipment	-	-	-	-	-	-	1,197,788	1,197,788
Intangible assets	-	-	-	-	-	-	242,317	242,317
Right-of-use assets	-	-	-	-	-	-	214,726	214,726
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	275,670	275,670
Total assets	16,296,306	9,873,966	5,736,703	3,585,634	3,876,105	187,028,295	10,732,231	237,129,240

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2021 based on the remaining contractual maturity: (continued)

	The Group							Total
	30 June 2021							
	Up to	1 week to	1 to 3	3 to 6	6 to 12	Over 1	No specific	
	1 week	1 month	months	months	months	year	maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	73,249,737	26,288,107	34,089,463	23,770,680	20,712,536	5,179,248	-	183,289,771
Investment accounts of customers	10,879	87,633	154,762	349,307	542,573	-	-	1,145,154
Deposits and placements of banks and other financial institutions	5,478,866	3,021,618	1,939,143	307,659	65,462	1,317,291	-	12,130,039
Obligations on securities sold under repurchase agreements	-	500,345	242,405	-	-	-	-	742,750
Bills and acceptances payable	109	9,575	12,991	8,519	31	-	158,417	189,642
Lease liabilities	-	3,637	7,208	10,559	20,031	168,326	-	209,761
Other liabilities	5,089,837	170,820	14,347	705	13,646	-	69,429	5,358,784
Derivative financial instruments	23,826	38,650	62,188	57,774	94,871	632,357	-	909,666
Recourse obligation on loans/financing sold to Cagamas	-	-	5,734	973	47,711	979,421	-	1,033,839
Tier 2 subordinated bonds	-	-	-	2,370	-	1,499,970	-	1,502,340
Multi-currency Additional Tier 1 capital securities	-	-	4,806	1,799	-	799,785	-	806,390
Taxation	-	-	-	-	-	-	351,990	351,990
Total liabilities	83,853,254	30,120,385	36,533,047	24,510,345	21,496,861	10,576,398	579,836	207,670,126
Total equity	-	-	-	-	-	-	29,459,114	29,459,114
Total liabilities and equity	83,853,254	30,120,385	36,533,047	24,510,345	21,496,861	10,576,398	30,038,950	237,129,240
Net liquidity gap	(67,556,948)	(20,246,419)	(30,796,344)	(20,924,711)	(17,620,756)	176,451,897	10,152,395	29,459,114

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2021 based on the remaining contractual maturity:

	The Bank							Total RM'000
	31 December 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	
Assets								
Cash and short-term funds	4,508,971	780,518	-	-	-	-	-	5,289,489
Deposits and placements with banks and other financial institutions	-	-	1,237,969	146,221	-	412,470	-	1,796,660
Securities purchased under resale agreements	-	-	102,222	-	-	-	-	102,222
Financial assets at fair value through profit or loss	185,352	600,804	539,003	276,928	221,211	6,514,952	350,948	8,689,198
Financial investments at fair value through other comprehensive income	500,211	320,308	2,407,850	134,556	800,938	22,530,479	69,100	26,763,442
Financial investments at amortised cost	636	294	2,617	780,527	3,444,523	16,021,005	-	20,249,602
Loans, advances and financing	10,273,825	4,997,165	4,446,080	1,942,146	478,815	99,453,193	-	121,591,224
Other assets	462,570	6,314	8,939	9,807	7,333	59,321	618,623	1,172,907
Derivative financial instruments	28,181	45,856	78,757	58,035	51,473	575,209	-	837,511
Amount due from subsidiaries	-	-	-	-	-	-	16,858	16,858
Statutory deposits with Central Banks	-	-	-	-	-	-	273,496	273,496
Subsidiary companies	-	-	-	-	-	-	2,620,040	2,620,040
Investment in associated companies	-	-	-	-	-	-	971,182	971,182
Property and equipment	-	-	-	-	-	-	558,634	558,634
Intangible assets	-	-	-	-	-	-	244,691	244,691
Right-of-use assets	-	-	-	-	-	-	324,570	324,570
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	276,756	276,756
Total assets	15,959,746	6,751,259	8,823,437	3,348,220	5,004,293	145,566,629	8,096,445	193,550,029

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2021 based on the remaining contractual maturity: (continued)

	The Bank							Total RM'000
	31 December 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	
Liabilities								
Deposits from customers	63,553,997	18,314,999	25,638,884	19,544,077	16,024,950	4,900,041	-	147,976,948
Deposits and placements of banks and other financial institutions	827,790	3,093,418	2,402,137	211,474	70,286	1,521,229	-	8,126,334
Obligations on securities sold under repurchase agreements	-	2,324,509	2,922,853	-	-	-	-	5,247,362
Bills and acceptances payable	112	1,791	9,643	7,964	9	-	98,110	117,629
Lease liabilities	-	5,645	11,308	16,370	29,033	262,955	-	325,311
Other liabilities	4,748,050	185,123	26,706	494	1,663	518,808	63,999	5,544,843
Derivative financial instruments	41,952	80,359	110,548	93,299	61,943	676,072	-	1,064,173
Recourse obligation on loans sold to Cagamas	-	-	2,262	571	300,030	200,000	-	502,863
Tier 2 subordinated bonds	-	-	-	2,419	-	1,499,970	-	1,502,389
Multi-currency Additional Tier 1 capital securities	-	-	4,862	1,799	399,850	400,000	-	806,511
Taxation	-	-	-	-	-	-	422,908	422,908
Total liabilities	69,171,901	24,005,844	31,129,203	19,878,467	16,887,764	9,979,075	585,017	171,637,271
Total equity	-	-	-	-	-	-	21,912,758	21,912,758
Total liabilities and equity	69,171,901	24,005,844	31,129,203	19,878,467	16,887,764	9,979,075	22,497,775	193,550,029
Net liquidity gap	(53,212,155)	(17,254,585)	(22,305,766)	(16,530,247)	(11,883,471)	135,587,554	7,511,428	21,912,758

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2021 based on the remaining contractual maturity:

	The Bank							Total
	30 June 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	RM'000
Assets								
Cash and short-term funds	2,652,047	390,494	-	-	-	-	-	3,042,541
Deposits and placements with banks and other financial institutions	-	-	771,768	249,348	-	405,368	-	1,426,484
Financial assets at fair value through profit or loss	108	92,679	53,586	131,107	196,557	7,176,997	390,187	8,041,221
Financial investments at fair value through other comprehensive income	659,527	940,668	282,579	487,806	884,826	27,140,381	69,094	30,464,881
Financial investments at amortised cost	817,213	4,103	98,702	609	781,831	14,856,268	-	16,558,726
Loans, advances and financing	9,518,645	6,441,254	4,298,648	2,263,726	514,833	96,048,588	-	119,085,694
Other assets	1,081,875	8,138	190,472	19,671	4,998	91,550	476,542	1,873,246
Derivative financial instruments	24,875	131,879	131,740	76,719	86,566	531,426	-	983,205
Amount due from subsidiaries	-	-	-	-	-	-	15,870	15,870
Statutory deposits with Central Banks	-	-	-	-	-	-	301,428	301,428
Subsidiary companies	-	-	-	-	-	-	2,556,570	2,556,570
Investment in associated companies	-	-	-	-	-	-	971,182	971,182
Property and equipment	-	-	-	-	-	-	595,225	595,225
Intangible assets	-	-	-	-	-	-	218,277	218,277
Right-of-use assets	-	-	-	-	-	-	344,387	344,387
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	183,513	183,513
Total assets	14,754,290	8,009,215	5,827,495	3,228,986	2,469,611	146,250,578	7,893,822	188,433,997

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A33 Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2021 based on the remaining contractual maturity: (continued)

	The Bank							Total
	30 June 2021							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	RM'000
Liabilities								
Deposits from customers	60,203,671	19,229,247	25,185,036	18,739,820	16,147,307	4,851,954	-	144,357,035
Deposits and placements of banks and other financial institutions	5,873,338	2,679,962	2,032,613	68,500	65,124	1,295,760	-	12,015,297
Obligations on securities sold under repurchase agreements	-	500,345	242,405	-	-	-	-	742,750
Bills and acceptances payable	92	1,964	11,421	7,512	31	-	129,413	150,433
Lease liabilities	-	5,420	10,871	16,271	31,853	277,176	-	341,591
Other liabilities	4,337,960	170,805	14,300	675	2,226	479,832	60,603	5,066,401
Derivative financial instruments	19,815	32,637	58,536	52,392	92,038	624,568	-	879,986
Recourse obligation on loans sold to Cagamas	-	-	-	544	-	300,028	-	300,572
Tier 2 subordinated bonds	-	-	-	2,370	-	1,499,970	-	1,502,340
Multi-currency Additional Tier 1 capital securities	-	-	4,806	1,799	-	799,785	-	806,390
Taxation	-	-	-	-	-	-	272,296	272,296
Total liabilities	70,434,876	22,620,380	27,559,988	18,889,883	16,338,579	10,129,073	462,312	166,435,091
Total equity	-	-	-	-	-	-	21,998,906	21,998,906
Total liabilities and equity	70,434,876	22,620,380	27,559,988	18,889,883	16,338,579	10,129,073	22,461,218	188,433,997
Net liquidity gap	(55,680,586)	(14,611,165)	(21,732,493)	(15,660,897)	(13,868,968)	136,121,505	7,431,510	21,998,906