

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 March 2022

	Note	The Group		The Bank	
		As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
ASSETS					
Cash and short-term funds		8,054,482	3,466,178	6,939,190	3,042,541
Deposits and placements with banks and other financial institutions		1,268,401	486,779	2,776,000	1,426,484
Securities purchased under resale agreements		100,623	-	100,623	-
Financial assets at fair value through profit or loss	A8	9,505,109	8,246,366	9,406,010	8,041,221
Financial investments at fair value through other comprehensive income	A9	27,711,843	34,450,238	23,788,883	30,464,881
Financial investments at amortised cost	A10	29,644,261	23,634,907	21,035,411	16,558,726
Loans, advances and financing	A11	160,801,705	154,070,707	123,216,337	119,085,694
Other assets	A12	2,753,729	2,011,856	2,635,196	1,873,246
Derivative financial instruments		1,217,980	1,005,249	1,196,163	983,205
Amount due from subsidiaries		-	-	21,279	15,870
Statutory deposits with Central Banks		471,052	493,605	245,566	301,428
Subsidiary companies		-	-	2,630,918	2,556,570
Investment in associated companies		6,488,748	5,501,542	971,182	971,182
Property and equipment		1,126,066	1,197,788	533,541	595,225
Intangible assets		296,917	242,317	268,000	218,277
Right-of-use assets		186,518	214,726	305,097	344,387
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		422,960	275,670	311,662	183,513
TOTAL ASSETS		251,881,706	237,129,240	198,152,605	188,433,997
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	A13	190,425,995	183,289,771	149,560,997	144,357,035
Investment accounts of customers	A14	2,618,307	1,145,154	-	-
Deposits and placements of banks and other financial institutions	A15	9,700,597	12,130,039	9,270,695	12,015,297
Obligations on securities sold under repurchase agreements		7,334,188	742,750	7,334,188	742,750
Bills and acceptances payable		170,041	189,642	140,187	150,433
Lease liabilities		184,529	209,761	307,355	341,591
Other liabilities	A16	5,576,617	5,358,784	5,226,187	5,066,401
Derivative financial instruments		1,326,450	909,666	1,300,477	879,986
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,472,189	1,033,839	504,016	300,572
Tier 2 subordinated bonds	A17	1,518,811	1,502,340	1,518,811	1,502,340
Multi-currency Additional Tier 1 capital securities	A18	806,897	806,390	806,897	806,390
Provision for taxation		386,155	351,990	370,506	272,296
TOTAL LIABILITIES		221,520,776	207,670,126	176,340,316	166,435,091
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		23,335,557	22,439,081	14,786,916	14,978,873
Less: Treasury shares		(713,690)	(719,030)	(713,690)	(719,030)
TOTAL SHAREHOLDERS' EQUITY		30,360,930	29,459,114	21,812,289	21,998,906
TOTAL LIABILITIES AND EQUITY		251,881,706	237,129,240	198,152,605	188,433,997
COMMITMENTS AND CONTINGENCIES	A30	236,810,519	278,901,435	218,574,075	261,848,638

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

14.82 14.39 10.65 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 March 2022

	Note	The Group			
		Current Quarter Ended 31/03/2022 RM'000	Corresponding Quarter Ended 31/03/2021 RM'000	Current Period Ended 31/03/2022 RM'000	Corresponding Period Ended 31/03/2021 RM'000
Interest income	A19(a)	1,371,731	1,323,299	4,083,418	4,059,499
Interest income for financial assets at fair value through profit or loss	A19(b)	57,263	39,032	160,415	117,772
Interest expense	A20	(481,367)	(485,501)	(1,417,058)	(1,637,487)
Net interest income		947,627	876,830	2,826,775	2,539,784
Net income from Islamic Banking business	A21	224,397	234,607	665,482	687,415
Other operating income	A22	175,880	274,206	606,756	907,383
Net income		1,347,904	1,385,643	4,099,013	4,134,582
Other operating expenses	A23	(518,196)	(512,625)	(1,538,320)	(1,545,358)
Operating profit before allowances		829,708	873,018	2,560,693	2,589,224
Allowance for impairment losses on loans, advances and financing	A24	(51,313)	(114,277)	(133,372)	(459,558)
(Allowance for)/written back of impairment losses on financial investments and other assets	A25	(112)	164	457	(30)
Share of profit after tax of equity accounted associated companies		778,283	758,905	2,427,778	2,129,636
Profit before taxation		1,030,823	940,789	3,149,472	2,646,328
Taxation	B5	(246,025)	(169,323)	(767,829)	(475,170)
Net profit for the financial period		784,798	771,466	2,381,643	2,171,158
Attributable to:					
Owners of the parent		784,798	771,466	2,381,643	2,171,158
Earnings per share - basic (sen)	B12(a)	38.3	37.7	116.3	106.0
Earnings per share - fully diluted (sen)	B12(b)	38.3	37.7	116.2	106.0

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 Comprehensive Income
For The Financial Period Ended 31 March 2022

	The Group			
	Current Quarter Ended 31/03/2022 RM'000	Corresponding Quarter Ended 31/03/2021 RM'000	Current Period Ended 31/03/2022 RM'000	Corresponding Period Ended 31/03/2021 RM'000
Net profit for the financial period	784,798	771,466	2,381,643	2,171,158
Other comprehensive loss in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	-	(168)	-	(168)
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated company	-	9,270	4,656	(13,508)
(b) Currency translation differences	87,027	206,705	203,581	183,720
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(261,897)	(526,410)	(778,272)	(434,255)
- Changes in expected credit losses	(59)	(2)	(398)	(191)
(d) Net fair value changes in cash flow hedge	4,612	3,349	10,476	4,706
Income tax relating to components of other comprehensive loss	47,699	119,692	163,524	101,252
Other comprehensive loss for the financial period, net of tax	(122,618)	(187,564)	(396,433)	(158,444)
Total comprehensive income for the financial period	<u>662,180</u>	<u>583,902</u>	<u>1,985,210</u>	<u>2,012,714</u>
Attributable to:				
- Owners of the parent	<u>662,180</u>	<u>583,902</u>	<u>1,985,210</u>	<u>2,012,714</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)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 March 2022

	Note	The Bank			
		Current Quarter Ended 31/03/2022 RM'000	Corresponding Quarter Ended 31/03/2021 RM'000	Current Period Ended 31/03/2022 RM'000	Corresponding Period Ended 31/03/2021 RM'000
Interest income	A19(a)	1,320,399	1,286,244	3,937,652	3,948,077
Interest income for financial assets at fair value through profit or loss	A19(b)	57,263	39,032	160,415	117,772
Interest expense	A20	(463,276)	(472,804)	(1,364,170)	(1,598,190)
Net interest income		914,386	852,472	2,733,897	2,467,659
Other operating income	A22	168,569	268,661	584,857	891,455
Net income		1,082,955	1,121,133	3,318,754	3,359,114
Other operating expenses	A23	(428,709)	(436,479)	(1,286,415)	(1,317,038)
Operating profit before allowances Written back of/(allowance for) impairment losses on loans, advances and financing (Allowance for)/written back of impairment losses on financial investments and other assets	A24	654,246	684,654	2,032,339	2,042,076
	A25	(424)	(441)	(878)	130
Profit before taxation		666,298	589,665	2,097,237	1,666,139
Taxation	B5	(211,111)	(127,737)	(667,268)	(358,950)
Net profit for the financial period		455,187	461,928	1,429,969	1,307,189
Attributable to:					
Owners of the parent		455,187	461,928	1,429,969	1,307,189
Earnings per share - basic (sen)	B12(a)	22.2	22.6	69.8	63.8
Earnings per share - fully diluted (sen)	B12(b)	22.2	22.6	69.8	63.8

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 Comprehensive Income
For The Financial Period Ended 31 March 2022

	The Bank			
	Current Quarter Ended 31/03/2022 RM'000	Corresponding Quarter Ended 31/03/2021 RM'000	Current Period Ended 31/03/2022 RM'000	Corresponding Period Ended 31/03/2021 RM'000
Net profit for the financial period	455,187	461,928	1,429,969	1,307,189
Other comprehensive loss in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	-	(168)	-	(168)
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	7,015	23,574	7,624	(6,740)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(242,990)	(423,427)	(694,337)	(350,114)
- Changes in expected credit losses	(59)	3	(401)	(178)
(c) Net fair value changes in cash flow hedge	4,612	3,349	10,476	4,704
Income tax relating to components of other comprehensive loss	43,227	95,169	143,446	81,226
Other comprehensive loss for the financial period, net of tax	(188,195)	(301,500)	(533,192)	(271,270)
Total comprehensive income for the financial period	<u>266,992</u>	<u>160,428</u>	<u>896,777</u>	<u>1,035,919</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: 19340100023 (97141-X)
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2022
Attributable to owners of the parent

The Group	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
Comprehensive income						
Net profit for the financial period	-	-	-	2,381,643	-	2,381,643
- 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	-	(612,234)	-	-	-	(612,234)
- Changes in expected credit losses	-	(398)	-	-	-	(398)
- Net fair value changes in cash flow hedge	-	7,962	-	-	-	7,962
- Currency translation differences	-	203,581	-	-	-	203,581
Total comprehensive (loss)/income	-	(396,433)	-	2,381,643	-	1,985,210
Transactions with owners						
Transfer to regulatory reserve	-	-	135,905	(135,905)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	5,632	-	-	-	5,632
Total transactions with owners	-	(6,489)	135,905	(1,218,150)	5,340	(1,083,394)
At 31 March 2022	7,739,063	860,829	559,859	21,914,869	(713,690)	30,360,930
At 1 July 2020	7,739,063	1,197,346	848,428	18,172,806	(723,344)	27,234,299
Comprehensive income						
Net profit for the financial period	-	-	-	2,171,158	-	2,171,158
- Share of other comprehensive loss of associated company	-	(13,508)	-	-	-	(13,508)
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	(168)	-	-	-	(168)
- Net gain on disposal	-	(10)	-	10	-	-
- Debt instruments						
- Net fair value changes	-	(331,873)	-	-	-	(331,873)
- Changes in expected credit losses	-	(191)	-	-	-	(191)
- Net fair value changes in cash flow hedge	-	3,576	-	-	-	3,576
- Currency translation differences	-	183,720	-	-	-	183,720
Total comprehensive (loss)/income	-	(158,454)	-	2,171,168	-	2,012,714
Transactions with owners						
Transfer from regulatory reserve	-	-	(282,782)	282,782	-	-
Dividends paid	-	-	-	(712,086)	-	(712,086)
ESS exercised	-	(5,117)	-	5,064	3,886	3,833
Option charge arising from ESS granted	-	9,314	-	-	-	9,314
Total transactions with owners	-	4,197	(282,782)	(424,240)	3,886	(698,939)
At 31 March 2021	7,739,063	1,043,089	565,646	19,919,734	(719,458)	28,548,074

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM548,614,000 (31 March 2021: RM554,401,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (31 March 2021: RM11,245,000)

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 Changes in Equity For The Financial Period Ended 31 March 2022

	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	-	-	-	1,429,969	-	1,429,969
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(548,377)	-	-	-	(548,377)
- Changes in expected credit losses	-	(401)	-	-	-	(401)
- Net fair value changes in cash flow hedge	-	7,962	-	-	-	7,962
- Currency translation differences	-	7,624	-	-	-	7,624
Total comprehensive (loss)/income	-	(533,192)	-	1,429,969	-	896,777
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	90,978	(90,978)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	5,632	-	-	-	5,632
Total transactions with owners	-	(6,489)	90,978	(1,173,223)	5,340	(1,083,394)
At 31 March 2022	7,739,063	(88,040)	478,655	14,396,301	(713,690)	21,812,289
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	-	-	-	1,307,189	-	1,307,189
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	(168)	-	-	-	(168)
- Net gain on disposal	-	(10)	-	10	-	-
- Debt instruments						
- Net fair value changes	-	(267,758)	-	-	-	(267,758)
- Changes in expected credit losses	-	(178)	-	-	-	(178)
- Net fair value changes in cash flow hedge	-	3,574	-	-	-	3,574
- Currency translation differences	-	(6,740)	-	-	-	(6,740)
Total comprehensive (loss)/income	-	(271,280)	-	1,307,199	-	1,035,919
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	(270,328)	270,328	-	-
Dividends paid	-	-	-	(712,086)	-	(712,086)
ESS exercised	-	(5,117)	-	5,064	3,886	3,833
Option charge arising from ESS granted	-	9,314	-	-	-	9,314
Total transactions with owners	-	4,197	(270,328)	(436,694)	3,886	(698,939)
At 31 March 2021	7,739,063	337,231	433,659	13,531,977	(719,458)	21,322,472

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 Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2022

	The Group		The Bank	
	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2021 RM'000
Profit before taxation	3,149,472	2,646,328	2,097,237	1,666,139
Adjustments for non-cash items	<u>(1,325,902)</u>	<u>(979,609)</u>	<u>(870,964)</u>	<u>(592,197)</u>
Operating profit before working capital changes	1,823,570	1,666,719	1,226,273	1,073,942
Changes in working capital:				
Net changes in operating assets	(10,842,372)	(7,313,084)	(8,627,294)	(4,823,514)
Net changes in operating liabilities	13,640,810	10,712,641	9,862,439	7,796,159
Income taxes and zakat paid	<u>(716,962)</u>	<u>(97,349)</u>	<u>(552,392)</u>	<u>(59,644)</u>
Net cash generated from operating activities	<u>3,905,046</u>	<u>4,968,927</u>	<u>1,909,026</u>	<u>3,986,943</u>
Cash flows from investing activities				
Investment in subordinated facilities	-	-	(65,057)	(146)
Net proceeds/(purchases) of financial investments at fair value through other comprehensive income	6,585,131	(7,081,996)	6,609,949	(5,656,172)
Net (purchases)/proceeds of financial investments at amortised cost	(5,564,660)	(263,254)	(4,032,576)	1,166,558
Purchase of property and equipment	(92,881)	(84,836)	(82,112)	(72,160)
Net proceeds from sale of property and equipment	190	9,306	175	9,306
Purchase of intangible assets	(23,736)	(11,171)	(22,063)	(10,590)
Dividends received from:				
- Financial assets at fair value through profit or loss	83,939	90,340	84,755	90,340
- Financial investments at fair value through other comprehensive income	-	375	-	375
Net cash generated from/(used in) investing activities	<u>987,983</u>	<u>(7,341,236)</u>	<u>2,493,071</u>	<u>(4,472,489)</u>
Cash flows from financing activities				
Dividends paid	(1,089,942)	(712,086)	(1,089,942)	(712,086)
Repayment of lease liabilities	(22,575)	(23,177)	(42,272)	(41,164)
Cash received from ESOS exercised	916	3,833	916	3,833
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	500,000	-	200,000	-
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(94,190)	(41,368)	(8,021)	(5,232)
- Tier 2 subordinated bonds	(33,524)	(33,476)	(33,525)	(33,476)
- Multi-currency Additional Tier 1 capital securities	(29,142)	(29,203)	(29,266)	(29,327)
- Lease liabilities	(6,715)	(7,570)	(11,063)	(12,614)
Net cash used in financing activities	<u>(775,172)</u>	<u>(843,047)</u>	<u>(1,013,173)</u>	<u>(830,066)</u>

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

Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2022

	The Group		The Bank	
	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2021 RM'000
Net increase/(decrease) in cash and cash equivalents	4,117,857	(3,215,356)	3,388,924	(1,315,612)
Currency translation differences	24,686	(33,582)	6,106	(6,769)
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>7,617,361</u>	<u>3,938,283</u>	<u>6,955,616</u>	<u>3,682,651</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	8,054,482	4,537,142	6,939,190	3,626,898
Deposits and placements with banks and other financial institutions	1,268,401	782,729	2,776,000	1,454,371
	<u>9,322,883</u>	<u>5,319,871</u>	<u>9,715,190</u>	<u>5,081,269</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	(1,705,522)	(1,381,588)	(2,759,574)	(1,398,618)
	<u>7,617,361</u>	<u>3,938,283</u>	<u>6,955,616</u>	<u>3,682,651</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)
(Incorporated in Malaysia)

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 MARCH 2022**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2022 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.

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

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 March 2022:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2022 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 March 2022, the trust did not purchase any new shares. As at 31 March 2022, the total number of Treasury Shares for ESS was 38,264,610 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.

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

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.

On 21 March 2022, the Bank has granted 253,416 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 253,416 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

During the financial period ended 31 March 2022, a total of 11,900,000 share options and 3,645 grant shares lapsed and a total of 658,433 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.

An interim single tier dividend of 18.00 sen per share in respect of financial year ending 30 June 2022 amounting to RM368.7 million was paid on 25 March 2022.

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

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

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2022 RM'000	30/06/2021 RM'000	31/03/2022 RM'000	30/06/2021 RM'000
Money market instruments:				
Government treasury bills	1,579,221	392,473	1,460,851	392,473
Malaysian Government securities	1,454,269	622,393	1,454,269	622,393
Malaysian Government investment certificates	539,106	1,425,947	529,145	1,425,947
Cagamas bonds	202,183	218,267	202,183	-
Khazanah bonds	13,938	-	13,938	-
Other Government securities	-	32,756	-	32,756
	<u>3,788,717</u>	<u>2,691,836</u>	<u>3,660,386</u>	<u>2,473,569</u>
Quoted securities:				
Shares in Malaysia	36,814	74,010	-	-
Shares outside Malaysia	-	41,318	-	41,318
Wholesale fund/unit trust	3,595,212	4,947,955	3,679,695	5,035,087
Foreign currency bonds in Malaysia	221,019	-	221,019	-
Foreign currency bonds outside Malaysia	52,112	29,755	52,112	29,755
Convertible bonds outside Malaysia	871,609	-	954,423	-
Unquoted securities:				
Government sukuk	101,251	81,315	-	81,315
Corporate bonds and sukuk	464,506	6,308	464,506	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>9,505,109</u>	<u>8,246,366</u>	<u>9,406,010</u>	<u>8,041,221</u>

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>	<u>31/03/2022</u> <u>RM'000</u>	<u>30/06/2021</u> <u>RM'000</u>
At fair value				
(a) Debt instruments	27,642,743	34,381,144	23,719,783	30,395,787
(b) Equity instruments	69,100	69,094	69,100	69,094
Total financial investments at FVOCI	<u>27,711,843</u>	<u>34,450,238</u>	<u>23,788,883</u>	<u>30,464,881</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	62,108	917,859	62,108	917,859
Malaysian Government securities	3,718,044	4,199,850	3,718,044	4,199,850
Malaysian Government investment certificates	9,135,873	12,242,066	5,653,223	8,448,049
Negotiable instruments of deposit	2,489,076	800,392	2,489,076	1,100,378
Other Government securities	31,067	87,514	31,067	77,943
Cagamas bonds	888,970	1,511,844	822,817	1,408,914
Khazanah bonds	450,883	469,874	450,883	469,874
	<u>16,776,021</u>	<u>20,229,399</u>	<u>13,227,218</u>	<u>16,622,867</u>
Quoted securities:				
Government sukuk	818,852	903,959	818,852	903,959
Foreign currency bonds in Malaysia	1,372,605	2,248,808	1,372,605	2,248,808
Foreign currency bonds outside Malaysia	865,437	1,505,360	865,437	1,505,360
Unquoted securities:				
Government sukuk	417,425	495,244	417,425	495,244
Corporate bonds and sukuk	6,976,959	8,484,648	6,609,970	8,105,823
Foreign currency bonds in Malaysia	168,479	270,932	168,479	270,932
Foreign currency bonds outside Malaysia	246,965	242,794	239,797	242,794
	<u>27,642,743</u>	<u>34,381,144</u>	<u>23,719,783</u>	<u>30,395,787</u>

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

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:

	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				
31 March 2022	RM'000	RM'000	RM'000	RM'000
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	373	-	-	373
Financial assets derecognised	(655)	-	-	(655)
Changes due to change in credit risk	(133)	-	-	(133)
Exchange differences	17	-	-	17
At 31 March	<u>1,868</u>	<u>-</u>	<u>4,287</u>	<u>6,155</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	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>

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

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 March 2022	RM'000	RM'000	RM'000	
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	368	-	-	368
Financial assets derecognised	(655)	-	-	(655)
Changes due to change in credit risk	(133)	-	-	(133)
Exchange differences	19	-	-	19
At 31 March	<u>1,865</u>	<u>-</u>	<u>4,287</u>	<u>6,152</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	
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>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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>

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

A10 Financial investments at amortised cost

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2022 RM'000	30/06/2021 RM'000	31/03/2022 RM'000	30/06/2021 RM'000
Money market instruments:				
Government treasury bills	55,512	-	55,512	-
Malaysian Government securities	4,526,160	3,804,892	4,526,160	3,804,892
Malaysian Government investment certificates	19,689,033	14,107,056	12,684,424	8,501,418
Cagamas bonds	200,136	-	50,034	-
Khazanah bonds	19,833	19,234	-	-
Other Government securities	607,877	505,500	547,720	445,280
	<u>25,098,551</u>	<u>18,436,682</u>	<u>17,863,850</u>	<u>12,751,590</u>
Quoted securities:				
Foreign currency bonds in Malaysia	-	816,599	-	816,599
Foreign currency bonds outside Malaysia	60,651	65,232	60,651	65,232
Unquoted securities:				
Government sukuk	2,559,328	2,580,570	1,602,045	1,615,646
Corporate bonds and sukuk	1,925,784	1,735,892	1,508,865	1,309,682
Less: Expected credit losses	(53)	(68)	-	(23)
Total financial investments at amortised cost	<u>29,644,261</u>	<u>23,634,907</u>	<u>21,035,411</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
	<u>12 Months ECL</u> RM'000	<u>Lifetime ECL not credit impaired</u> RM'000	<u>Lifetime ECL credit impaired</u> RM'000	
The Group				
31 March 2022				
At 1 July	68	-	-	68
New financial assets originated or purchased	53	-	-	53
Financial assets derecognised	(65)	-	-	(65)
Exchange differences	(3)	-	-	(3)
At 31 March	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</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>

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

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 March 2022	RM'000	RM'000	RM'000	RM'000
At 1 July	23	-	-	23
Financial assets derecognised	(23)	-	-	(23)
At 31 March	-	-	-	-

	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

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

A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,319,040	3,371,190	2,369,601	2,408,522
Term loans/financing:				
- Housing and shop loans/financing	89,648,144	86,120,721	69,896,258	67,658,382
- Hire purchase receivables	17,531,580	17,107,240	13,528,278	13,339,011
- Ijarah receivables	244,423	160,651	-	-
- Other term loans/financing and syndicated term loans	30,364,276	28,034,032	20,752,409	19,052,856
Credit/charge card receivables	2,949,816	2,830,912	2,949,816	2,830,912
Bills receivable	1,272,615	1,112,257	984,171	830,128
Trust receipts	501,856	533,845	354,428	372,231
Claims on customers under acceptance credits	8,306,630	8,064,076	7,054,365	7,079,264
Revolving credit	8,226,395	8,347,977	6,475,280	6,706,335
Staff loans/financing	129,490	139,308	114,579	123,941
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</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	4,935	17,665	5,742	15,408
Allowance for impairment losses:				
- Expected credit losses	(1,697,495)	(1,769,167)	(1,268,590)	(1,331,296)
Total net loans, advances and financing	<u>160,801,705</u>	<u>154,070,707</u>	<u>123,216,337</u>	<u>119,085,694</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,436,270,000 (2021: RM1,019,858,000) and RM482,132,000 (2021: RM299,455,000) respectively.

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

A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	1,648,237	1,718,527	1,330,127	1,387,673
Domestic business enterprises:				
- small and medium enterprises ("SME")	28,296,749	26,019,272	21,166,017	19,961,037
- others	23,396,571	22,742,317	17,511,371	16,893,803
Government and statutory bodies	6,068	1,664	4,608	-
Individuals	105,801,956	101,784,773	81,418,306	78,894,079
Other domestic entities	85,651	625,649	9,748	536,853
Foreign entities	3,259,033	2,930,007	3,039,008	2,728,137
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</u>	<u>120,401,582</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	1,425,602	1,499,248	871,440	948,708
- Hire purchase receivables	17,440,357	16,982,798	13,468,405	13,246,281
- Other fixed rate loans/financing	9,273,377	8,639,186	7,730,573	6,886,245
Variable rate:				
- Base rate/base lending rate plus	112,709,440	107,668,954	87,121,801	83,743,532
- Cost plus	21,510,218	20,942,876	15,284,927	15,576,278
- Other variables rates	135,271	89,147	2,039	538
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</u>	<u>120,401,582</u>

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

A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	996,705	950,759	736,234	664,300
Purchase of transport vehicles	17,149,820	16,768,936	13,132,341	12,985,995
Purchase of landed properties				
- residential	80,826,310	77,191,454	62,198,641	59,824,189
- non-residential	19,469,072	18,524,366	15,653,441	15,327,981
Purchase of fixed assets (excluding landed properties)	1,387,780	1,431,572	1,100,625	1,030,050
Personal use	3,693,363	3,441,092	2,417,851	2,145,270
Credit card	2,949,816	2,830,912	2,949,816	2,830,912
Construction	3,289,028	2,823,397	2,394,060	2,017,874
Working capital	31,060,399	30,258,594	23,099,937	22,719,389
Other purpose	1,671,972	1,601,127	796,239	855,622
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</u>	<u>120,401,582</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	152,005,637	146,587,325	117,663,066	114,214,096
Singapore	6,801,698	6,186,948	6,801,698	6,186,948
Hong Kong	14,421	538	14,421	538
Vietnam	1,425,291	1,186,775	-	-
Cambodia	2,247,218	1,860,623	-	-
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</u>	<u>120,401,582</u>

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

A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	28,146,194	27,650,137	23,278,773	23,437,782
One year to less than three years	6,771,064	5,351,697	4,941,130	3,986,006
Three years to less than five years	11,514,551	12,361,350	8,689,672	8,974,388
Five years and more	116,062,456	110,459,025	87,569,610	84,003,406
Gross loans, advances and financing	<u>162,494,265</u>	<u>155,822,209</u>	<u>124,479,185</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>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	988,407	1,095,823	598,529	853,788
Reclassified as non-impaired during the financial period/year	(417,061)	(700,744)	(302,822)	(483,688)
Amount written back in respect of recoveries	(149,013)	(246,619)	(122,727)	(197,403)
Amount written off	(362,312)	(320,659)	(131,889)	(253,993)
Exchange difference	1,798	(148)	(64)	46
At 31 March	<u>779,226</u>	<u>717,407</u>	<u>623,544</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>

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

A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	241	304	221	221
Purchase of transport vehicles	41,418	71,671	29,109	53,227
Purchase of landed properties				
- residential	326,198	266,907	242,986	198,710
- non-residential	143,884	124,748	128,850	111,008
Purchase of fixed assets (excluding landed properties)	524	600	524	600
Personal use	38,235	44,705	17,822	25,023
Credit card	18,770	21,096	18,770	21,096
Construction	16,501	7,976	14,541	5,633
Working capital	160,493	147,669	138,730	136,011
Other purpose	32,962	31,731	31,991	30,988
Gross impaired loans, advances and financing	<u>779,226</u>	<u>717,407</u>	<u>623,544</u>	<u>582,517</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	767,556	706,692	623,127	576,651
Singapore	417	5,866	417	5,866
Vietnam	1,542	1,580	-	-
Cambodia	9,711	3,269	-	-
Gross impaired loans, advances and financing	<u>779,226</u>	<u>717,407</u>	<u>623,544</u>	<u>582,517</u>

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

A11 Loans, advances and financing (continued)

A11 i 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 March 2022	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	(41,004)	(213,431)	254,435	-
Transfer to Stage 1	24,161	(24,129)	(32)	-
Transfer to Stage 2	(63,266)	107,542	(44,276)	-
Transfer to Stage 3	(1,899)	(296,844)	298,743	-
New financial assets originated	31,008	182	296	31,486
Financial assets derecognised	(11,960)	(17,731)	(10,523)	(40,214)
Changes due to change in credit risk	(28,256)	181,060	149,358	302,162
Amount written off	-	-	(363,756)	(363,756)
Exchange difference	266	201	922	1,389
Other movements	-	-	(2,739)	(2,739)
At 31 March	<u>1,025,038</u>	<u>409,955</u>	<u>262,502</u>	<u>1,697,495</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>

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

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	
The Bank				
31 March 2022				
At 1 July	818,437	326,761	186,098	1,331,296
Changes in ECL due to transfer within stages	(29,296)	(61,530)	90,826	-
Transfer to Stage 1	17,368	(17,349)	(19)	-
Transfer to Stage 2	(45,797)	76,111	(30,314)	-
Transfer to Stage 3	(867)	(120,292)	121,159	-
New financial assets originated	17,142	154	3	17,299
Financial assets derecognised	(4,209)	(11,314)	(6,930)	(22,453)
Changes due to change in credit risk	(23,899)	34,456	67,716	78,273
Amount written off	-	-	(133,020)	(133,020)
Exchange difference	116	7	4	127
Other movements	-	-	(2,932)	(2,932)
At 31 March	778,291	288,534	201,765	1,268,590

	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	
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

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

A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2022 RM'000	30/06/2021 RM'000	31/03/2022 RM'000	30/06/2021 RM'000
Foreclosed properties	46	5,508	46	5,782
Sundry debtors and other prepayments	184,664	448,985	166,456	396,172
Settlement accounts	549,284	387,625	549,284	387,625
Treasury related receivables	1,188,162	785,626	1,188,162	734,046
Cash collateral pledged for derivative transactions	687,324	299,309	687,324	299,309
Portfolio Investment Account (Note)	6,813	-	-	-
Other receivables	137,436	84,803	43,924	50,312
	<u>2,753,729</u>	<u>2,011,856</u>	<u>2,635,196</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>	
	31/03/2022 RM'000	30/06/2021 RM'000	31/03/2022 RM'000	30/06/2021 RM'000
Amortised cost				
Fixed deposits	92,253,354	91,901,574	67,463,296	68,601,892
Negotiable instruments of deposits	9,180,060	7,276,126	7,135,557	5,428,430
Short-term placements	23,741,627	22,958,925	19,771,473	18,245,735
	<u>125,175,041</u>	<u>122,136,625</u>	<u>94,370,326</u>	<u>92,276,057</u>
Demand deposits	38,383,467	35,373,956	32,827,433	30,708,310
Saving deposits	24,603,813	23,857,612	20,351,011	19,738,092
Others	442,802	563,080	275,797	367,474
	<u>188,605,123</u>	<u>181,931,273</u>	<u>147,824,567</u>	<u>143,089,933</u>
At fair value through profit and loss				
Structured deposits linked to interest rate derivatives	2,075,956	1,469,078	1,975,909	1,369,038
Fair value changes arising from designation at fair value through profit or loss *	(255,084)	(110,580)	(239,479)	(101,936)
	<u>1,820,872</u>	<u>1,358,498</u>	<u>1,736,430</u>	<u>1,267,102</u>
	<u>190,425,995</u>	<u>183,289,771</u>	<u>149,560,997</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.

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

A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	1,340,216	1,861,951	217,734	203,960
Business enterprises	87,163,187	85,068,834	65,852,967	62,535,944
Individuals	99,594,146	93,778,846	81,756,277	79,706,240
Others	2,328,446	2,580,140	1,734,019	1,910,891
	<u>190,425,995</u>	<u>183,289,771</u>	<u>149,560,997</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>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	101,313,376	99,382,250	76,151,704	74,636,818
- six months to one year	20,432,687	20,881,750	15,666,223	16,110,724
- one year to five years	2,661,846	1,251,960	1,798,343	912,032
- more than five years	767,132	620,665	754,056	616,483
	<u>125,175,041</u>	<u>122,136,625</u>	<u>94,370,326</u>	<u>92,276,057</u>

A14 Investment accounts of customers

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	2,611,494	1,145,154	-	-
Restricted investment accounts				
Wakalah bi Al-Istithmar	6,813	-	-	-
	<u>2,618,307</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.

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

A15 Deposits and placements of banks and other financial institutions

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	8,040,605	9,727,421	7,632,998	9,699,439
Licensed investment banks	102,505	250,012	102,505	250,012
Central banks (Note)	1,557,487	1,382,520	1,535,192	1,295,760
Other financial institutions	-	770,086	-	770,086
	<u>9,700,597</u>	<u>12,130,039</u>	<u>9,270,695</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 RM1,557,135,000 (2021: RM1,317,291,000) and RM1,535,192,000 (2021: RM1,295,760,000) respectively at concession rates.

A16 Other liabilities

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		612	350	-	-
Post employment benefits obligation					
- defined contribution plan		296	265	296	265
Loan advance payment		3,825,853	3,795,992	3,108,576	3,086,926
Intercompany clearing and settlement		-	-	118,921	47,725
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		151,724	162,604	116,381	156,380
Cash collateral pledged for derivative transactions		172,097	145,411	172,097	145,411
Sundry creditors and accruals		258,909	326,753	240,276	304,862
Provision for bonus and staff related expenses		127,963	179,851	120,940	171,870
Expected credit losses on financial					
guarantee contracts	(a)	6,752	4,563	5,409	3,148
Provision for reinstatement cost		21,670	22,416	27,084	27,717
Settlement accounts		676,350	507,248	676,176	507,086
Others		334,391	213,331	207,924	182,904
		<u>5,576,617</u>	<u>5,358,784</u>	<u>5,226,187</u>	<u>5,066,401</u>

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

A16 Other liabilities (continued)

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

	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Group				
31 March 2022	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	(44)	44	-	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(48)	48	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	47	-	-	47
Financial assets derecognised	(1)	(3)	-	(4)
Changes due to change in credit risk	2,268	(118)	-	2,150
Exchange difference	(8)	4	-	(4)
At 31 March	<u>5,640</u>	<u>1,112</u>	<u>-</u>	<u>6,752</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	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>

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

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 March 2022	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	(39)	39	-	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(43)	43	-	-
Transfer to Stage 3	-	-	-	-
Financial assets derecognised	(1)	(3)	-	(4)
Changes due to change in credit risk	2,411	(142)	-	2,269
Exchange difference	(8)	4	-	(4)
At 31 March	<u>4,342</u>	<u>1,067</u>	<u>-</u>	<u>5,409</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>

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

A17 Tier 2 subordinated bonds

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</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	18,841	2,370	18,841	2,370
	<u>1,518,841</u>	<u>1,502,370</u>	<u>1,518,841</u>	<u>1,502,370</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,518,811</u></u>	<u><u>1,502,340</u></u>	<u><u>1,518,811</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>31/03/2022</u>	<u>30/06/2021</u>	<u>31/03/2022</u>	<u>30/06/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM800 million Multi-currency Additional Tier-1 capital securities at par	800,000	800,000	800,000	800,000
Add: Interest payable	7,014	6,605	7,014	6,605
	<u>807,014</u>	<u>806,605</u>	<u>807,014</u>	<u>806,605</u>
Less: Unamortised discounts	(117)	(215)	(117)	(215)
	<u><u>806,897</u></u>	<u><u>806,390</u></u>	<u><u>806,897</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.

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

A19(a) Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loan, advances and financing (Note)	1,024,036	1,011,977	3,056,662	3,083,651
Money at call and deposit placements with financial institutions	24,947	23,416	57,764	58,194
Financial investments at FVOCI	165,143	171,617	523,269	533,970
Financial investments at amortised cost	156,966	116,335	444,682	383,527
Others	639	(46)	1,041	157
	<u>1,371,731</u>	<u>1,323,299</u>	<u>4,083,418</u>	<u>4,059,499</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>8,285</u>	<u>7,638</u>	<u>21,239</u>	<u>18,410</u>
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loan, advances and financing (Note)	966,202	969,237	2,892,662	2,957,553
Money at call and deposit placements with financial institutions	30,690	29,336	73,322	74,387
Financial investments at FVOCI	166,080	171,397	526,547	532,845
Financial investments at amortised cost	156,788	116,197	444,086	383,026
Others	639	77	1,035	266
	<u>1,320,399</u>	<u>1,286,244</u>	<u>3,937,652</u>	<u>3,948,077</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>8,285</u>	<u>7,638</u>	<u>21,181</u>	<u>18,385</u>

Note:

Included the net loss effects of RM27,273,000 (31 March 2021: RM2,277,000) attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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

A19(b) Interest income for financial assets at FVTPL

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Group				
Financial assets at FVTPL	57,263	39,032	160,415	117,772

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial assets at FVTPL	57,263	39,032	160,415	117,772

A20 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	16,540	16,503	51,035	57,185
Deposits from customers	388,045	395,984	1,156,546	1,339,960
Short-term placements	44,582	41,892	111,750	145,387
Tier 2 subordinated bonds	16,422	16,422	49,996	49,996
Multi-currency Additional Tier-1 capital securities	9,707	9,706	29,551	29,551
Recourse obligation on loans sold to Cagamas	3,940	2,575	11,465	7,838
Others	2,131	2,419	6,715	7,570
	<u>481,367</u>	<u>485,501</u>	<u>1,417,058</u>	<u>1,637,487</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	19,787	20,440	60,083	67,790
Deposits from customers	365,267	377,695	1,090,138	1,284,890
Short-term placements	44,582	41,892	111,750	145,387
Tier 2 subordinated bonds	16,422	16,422	49,996	49,996
Multi-currency Additional Tier-1 capital securities	9,748	9,748	29,675	29,675
Recourse obligation on loans sold to Cagamas	3,940	2,575	11,465	7,838
Others	3,530	4,032	11,063	12,614
	<u>463,276</u>	<u>472,804</u>	<u>1,364,170</u>	<u>1,598,190</u>

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

A21 Net income from Islamic Banking business

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Group				
Income derived from investment of depositors' funds and others (Note)	339,001	352,847	1,029,817	1,056,347
Income derived from investment of shareholders' funds (Note)	38,651	41,160	124,963	141,206
Income derived from investment of investment account	31,678	8,399	55,836	20,727
Income attributable to depositors	(175,110)	(163,436)	(520,967)	(520,352)
Income attributable to depositors on investment account	(9,823)	(4,363)	(24,167)	(10,513)
	<u>224,397</u>	<u>234,607</u>	<u>665,482</u>	<u>687,415</u>
Of which:				
Financing income earned on impaired financing and advances	<u>1,577</u>	<u>2,991</u>	<u>3,443</u>	<u>4,724</u>

Note:

Included the net loss effects of RM17,801,000 (31 March 2021: RM5,538,000) attributable to the various government support measures to provide assistance to borrowers and customers to sustain their business operations in response to COVID-19.

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

A22 Other operating income

<u>Group</u>	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>(a) Fee income:</u>				
Commissions	46,227	58,793	152,178	147,753
Service charges and fees	12,063	9,712	29,207	31,497
Guarantee fees	4,444	4,097	12,397	12,595
Credit card related fees	47,783	42,479	143,367	132,901
Corporate advisory fees	-	-	-	1,035
Commitment fees	9,223	9,086	27,288	27,827
Fee on loans, advances and financing	13,210	10,463	38,789	33,968
Other fee income	20,806	15,225	51,940	49,290
	<u>153,756</u>	<u>149,855</u>	<u>455,166</u>	<u>436,866</u>
<u>(b) Gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets at FVTPL	(7,044)	(20,838)	(26,990)	37,363
Net gain/(loss) from sale of derivative financial instruments	2,541	(42,729)	(6,996)	(109,765)
Net gain from sale of financial investments at FVOCI	8,374	45,247	101,722	222,187
Net gain from sale of financial investments at amortised cost	-	29,385	-	29,385
	<u>3,871</u>	<u>11,065</u>	<u>67,736</u>	<u>179,170</u>
<u>(c) Gross dividend income from:</u>				
Financial assets at FVTPL	17,795	36,640	83,939	90,340
Financial investments at FVOCI	-	-	-	375
	<u>17,795</u>	<u>36,640</u>	<u>83,939</u>	<u>90,715</u>

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

A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(15,777)	(26,492)	(31,041)	(19,731)
- Derivatives financial instruments	102,010	105,587	169,895	203,330
	<u>86,233</u>	<u>79,095</u>	<u>138,854</u>	<u>183,599</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>(1,673)</u>	<u>(1,782)</u>	<u>(5,539)</u>	<u>(5,553)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>189</u>	<u>(899)</u>	<u>577</u>	<u>(904)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(90,456)	(8,674)	(147,203)	7,454
Rental income	5,437	3,390	10,041	10,301
Gain on disposal of property and equipment	9	5,012	173	5,151
Other non-operating income	719	504	3,012	584
	<u>(84,291)</u>	<u>232</u>	<u>(133,977)</u>	<u>23,490</u>
Total other operating income	<u>175,880</u>	<u>274,206</u>	<u>606,756</u>	<u>907,383</u>

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

A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	45,727	58,415	150,217	146,534
Service charges and fees	11,781	9,504	28,536	30,965
Guarantee fees	4,424	4,067	12,351	12,518
Credit card related fees	47,783	42,479	143,367	132,901
Corporate advisory fees	-	-	-	1,035
Commitment fees	8,831	8,775	26,187	26,873
Fee on loans, advances and financing	10,908	9,186	29,416	29,072
Other fee income	20,730	15,143	51,732	48,973
	<u>150,184</u>	<u>147,569</u>	<u>441,806</u>	<u>428,871</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets at FVTPL	(7,466)	(20,838)	(27,008)	37,363
Net gain/(loss) from sale of derivative financial instruments	2,541	(42,729)	(7,699)	(109,765)
Net gain from sale of financial investments at FVOCI	8,374	45,247	101,722	222,187
Net gain from sale of financial investments at amortised cost	-	29,385	-	29,385
	<u>3,449</u>	<u>11,065</u>	<u>67,015</u>	<u>179,170</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	18,145	36,640	84,755	90,340
Financial investments at FVOCI	-	-	-	375
	<u>18,145</u>	<u>36,640</u>	<u>84,755</u>	<u>90,715</u>

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

A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(15,541)	(26,492)	(31,556)	(19,731)
- Derivatives financial instruments	100,651	104,821	168,789	201,314
	<u>85,110</u>	<u>78,329</u>	<u>137,233</u>	<u>181,583</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>(1,673)</u>	<u>(1,782)</u>	<u>(5,539)</u>	<u>(5,553)</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>189</u>	<u>(899)</u>	<u>577</u>	<u>(904)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(91,328)	(9,421)	(149,152)	5,976
Rental income	3,811	1,766	5,186	5,848
Gain on disposal of property and equipment	9	5,012	173	5,151
Other non-operating income	673	382	2,803	598
	<u>(86,835)</u>	<u>(2,261)</u>	<u>(140,990)</u>	<u>17,573</u>
Total other operating income	<u>168,569</u>	<u>268,661</u>	<u>584,857</u>	<u>891,455</u>

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

A23 Other operating expenses

<u>Group</u>	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	269,299	264,475	803,094	802,815
- Medical expenses	8,378	9,296	23,506	24,099
- Training and convention expenses	3,139	2,626	7,371	6,073
- Staff welfare	3,158	2,924	9,220	8,307
- Others	4,317	9,548	14,043	58,592
	<u>288,291</u>	<u>288,869</u>	<u>857,234</u>	<u>899,886</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	30,267	31,330	91,901	95,178
- Depreciation of right-of-use assets	12,164	13,099	37,492	39,717
- Amortisation of intangible assets	13,667	14,914	39,928	43,445
- Rental of premises	581	716	1,540	2,140
- Information technology expenses	50,358	48,175	155,014	134,410
- Security services	4,601	5,010	16,189	16,559
- Electricity, water and sewerage	4,780	4,752	15,656	15,501
- Hire of plant and machinery	2,797	3,405	9,432	10,364
- Others	7,470	6,945	22,449	19,631
	<u>126,685</u>	<u>128,346</u>	<u>389,601</u>	<u>376,945</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,392	8,238	17,938	17,448
- Sales commission and credit card related fees	36,193	29,286	90,380	81,226
- Others	3,959	2,703	9,002	8,758
	<u>48,544</u>	<u>40,227</u>	<u>117,320</u>	<u>107,432</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,325	5,286	16,081	16,439
- Stationery and printing expenses	2,504	3,062	7,954	9,672
- Professional fees	17,148	15,916	63,245	57,223
- Insurance fees	11,179	6,915	23,835	19,275
- Stamp, postage and courier	3,755	4,016	9,793	10,548
- Travelling and transport expenses	505	684	1,799	2,227
- Registration and license fees	2,120	2,185	6,613	6,518
- Brokerage and commission	3,024	2,613	8,901	6,947
- Credit card fees	9,743	11,714	31,263	24,452
- Others	(627)	2,792	4,681	7,794
	<u>54,676</u>	<u>55,183</u>	<u>174,165</u>	<u>161,095</u>
	<u>518,196</u>	<u>512,625</u>	<u>1,538,320</u>	<u>1,545,358</u>

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

A23 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	210,865	212,329	633,197	642,925
- Medical expenses	6,724	7,674	19,033	19,733
- Training and convention expenses	2,768	2,423	6,372	5,286
- Staff welfare	2,642	2,478	7,602	6,926
- Others	3,615	8,725	11,732	55,139
	<u>226,614</u>	<u>233,629</u>	<u>677,936</u>	<u>730,009</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	25,700	26,628	78,133	81,089
- Depreciation of right-of-use assets	18,136	18,651	55,520	56,481
- Amortisation of intangible assets	12,155	13,501	35,963	39,248
- Rental of premises	659	757	1,730	2,253
- Information technology expenses	42,856	43,366	135,668	121,971
- Security services	3,420	3,761	12,519	12,574
- Electricity, water and sewerage	3,663	3,687	12,162	12,345
- Hire of plant and machinery	81	1,240	940	3,921
- Others	1,570	1,524	2,343	3,620
	<u>108,240</u>	<u>113,115</u>	<u>334,978</u>	<u>333,502</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	7,788	7,591	16,481	16,540
- Sales commission and credit card related fees	31,099	26,244	79,164	73,130
- Others	2,737	2,004	6,487	6,389
	<u>41,624</u>	<u>35,839</u>	<u>102,132</u>	<u>96,059</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,190	5,159	15,702	16,092
- Stationery and printing expenses	2,374	2,889	7,578	9,201
- Professional fees	15,850	15,327	60,371	55,769
- Insurance fees	9,554	6,113	20,324	17,031
- Stamp, postage and courier	3,685	3,952	9,581	10,350
- Travelling and transport expenses	369	516	1,424	1,660
- Registration and license fees	1,832	1,893	5,748	5,653
- Brokerage and commission	1,500	1,440	5,398	3,678
- Credit card fees	9,743	11,714	31,263	24,452
- Others	2,134	4,893	13,980	13,582
	<u>52,231</u>	<u>53,896</u>	<u>171,369</u>	<u>157,468</u>
	<u>428,709</u>	<u>436,479</u>	<u>1,286,415</u>	<u>1,317,038</u>

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

A24 Allowance for/(write back of) impairment losses on loans, advances and financing

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	102,997	169,839	295,627	598,174
Impaired loans, advances and financing:				
- written off	5,892	3,907	14,221	12,407
- recovered from bad debt written off	(57,576)	(59,469)	(176,476)	(151,023)
	<u>51,313</u>	<u>114,277</u>	<u>133,372</u>	<u>459,558</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	31,984	144,085	75,384	495,629
Impaired loans, advances and financing:				
- written off	4,621	3,204	11,377	9,744
- recovered from bad debt written off	(49,081)	(52,741)	(152,537)	(129,306)
	<u>(12,476)</u>	<u>94,548</u>	<u>(65,776)</u>	<u>376,067</u>

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

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(70)	(40)	(415)	(151)
- Financial investments at amortised cost	44	(101)	(12)	(100)
- Cash and short-term funds	61	-	(50)	(54)
- Deposits and placements with banks and other financial institutions	77	(23)	20	335
	<u>112</u>	<u>(164)</u>	<u>(457)</u>	<u>30</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(70)	(35)	(420)	(138)
- Financial investments at amortised cost	-	(101)	(23)	(104)
- Cash and short-term funds	137	-	479	(266)
- Deposits and placements with banks and other financial institutions	357	577	842	378
	<u>424</u>	<u>441</u>	<u>878</u>	<u>(130)</u>

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

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	Financial Year Ended	Financial Period Ended	Financial Year Ended
	31/03/2022	30/06/2021	31/03/2022	30/06/2021
Before deducting proposed dividends				
CET I capital ratio	12.737%	14.030%	13.001%	13.911%
Tier I capital ratio	13.260%	14.561%	13.331%	14.245%
Total capital ratio	<u>15.375%</u>	<u>16.703%</u>	<u>15.361%</u>	<u>16.301%</u>
After deducting proposed dividends				
CET I capital ratio	12.737%	13.552%	13.001%	13.307%
Tier I capital ratio	13.260%	14.083%	13.331%	13.642%
Total capital ratio	<u>15.375%</u>	<u>16.224%</u>	<u>15.361%</u>	<u>15.697%</u>

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

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 31/03/2022 RM'000	Financial Year Ended 30/06/2021 RM'000	Financial Period Ended 31/03/2022 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	20,623,421	20,751,376	13,939,987	14,139,555
Other reserves	870,143	1,217,660	(89,971)	366,088
Less: Treasury shares	(713,690)	(719,030)	(713,690)	(719,030)
Less: Deferred tax assets	(422,960)	(275,670)	(311,662)	(183,513)
Less: Other intangible assets	(296,917)	(242,317)	(268,000)	(218,277)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(6,488,748)	(5,501,542)	(2,790,235)	(2,725,221)
Total CET I capital	19,479,000	21,138,228	15,733,945	16,627,118
Additional Tier I capital				
Multi-currency Additional Tier 1 capital securities	799,883	799,785	799,883	799,785
Additional Tier I capital before regulatory adjustments	799,883	799,785	799,883	799,785
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	799,883	799,785	399,883	399,785
Total Tier I capital	20,278,883	21,938,013	16,133,828	17,026,903
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves [#]	1,734,139	1,726,493	1,356,942	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	3,234,109	3,226,463	2,456,912	2,456,765
Total capital	23,512,992	25,164,476	18,590,740	19,483,668

[#] Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM548,614,000 (2021: RM412,709,000) and RM478,655,000 (2021: RM387,677,000) respectively.

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

A26 Capital adequacy (continued)

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

	The Group		The Bank	
	Financial Period Ended 31/03/2022 RM'000	Financial Year Ended 30/06/2021 RM'000	Financial Period Ended 31/03/2022 RM'000	Financial Year Ended 30/06/2021 RM'000
Credit risk *	138,731,089	138,119,456	108,555,357	108,543,591
Market risk	5,012,000	3,778,671	5,070,959	3,895,661
Operational risk	9,184,981	8,761,958	7,398,684	7,087,877
Total RWA	152,928,070	150,660,085	121,025,000	119,527,129

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,883,060,000 (2021: RM847,370,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	Hong Leong Islamic Bank Berhad	
	Financial Period Ended 31/03/2022	Financial Year Ended 30/06/2021
Before deducting proposed dividends		
CET I capital ratio	10.914%	11.133%
Tier I capital ratio	12.290%	12.535%
Total capital ratio	<u>14.839%</u>	<u>15.112%</u>
After deducting proposed dividends		
CET I capital ratio	10.914%	11.133%
Tier I capital ratio	12.290%	12.535%
Total capital ratio	<u>14.839%</u>	<u>15.112%</u>

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

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 and Associates. The overseas operations are mainly in commercial banking and treasury business.

Other operations refers to head office and other business segments.

Financial quarter ended 31/03/2022

	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	712,901	277,381	333,532	85,660	(54,529)	(7,041)	1,347,904
Inter-segment revenue	(2,231)	97,922	(145,492)	-	49,801	-	-
Segment revenue	<u>710,670</u>	<u>375,303</u>	<u>188,040</u>	<u>85,660</u>	<u>(4,728)</u>	<u>(7,041)</u>	<u>1,347,904</u>
Segment profit before taxation	367,416	268,538	155,825	24,960	(23,323)	(15,133)	778,283
Share of profit after tax of equity accounted associated companies				252,540			252,540
Profit before taxation							<u>1,030,823</u>
Taxation							(246,025)
Profit after taxation							<u><u>784,798</u></u>

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

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

Financial period ended 31/03/2022

	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	2,164,226	810,745	1,070,211	266,247	(191,595)	(20,821)	4,099,013
Inter-segment revenue	(69,686)	293,562	(413,962)	-	190,086	-	-
Segment revenue	<u>2,094,540</u>	<u>1,104,307</u>	<u>656,249</u>	<u>266,247</u>	<u>(1,509)</u>	<u>(20,821)</u>	<u>4,099,013</u>
Segment profit before taxation	1,149,450	647,468	565,288	86,398	10,183	(31,009)	2,427,778
Share of profit after tax of equity accounted associated companies				721,694			721,694
Profit before taxation							<u>3,149,472</u>
Taxation							(767,829)
Profit after taxation							<u>2,381,643</u>
Segment assets	108,078,562	43,397,857	74,153,481	17,803,405	-	-	243,433,305
Unallocated assets							8,448,401
Total assets							<u>251,881,706</u>

Corresponding quarter ended 31/03/2021

	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	714,482	252,356	356,358	77,256	(8,311)	(6,498)	1,385,643
Inter-segment revenue	(46,011)	72,613	(108,167)	-	81,565	-	-
Segment revenue	<u>668,471</u>	<u>324,969</u>	<u>248,191</u>	<u>77,256</u>	<u>73,254</u>	<u>(6,498)</u>	<u>1,385,643</u>
Segment profit before taxation	318,268	229,006	221,497	21,148	(19,929)	(11,085)	758,905
Share of profit after tax of equity accounted associated companies				181,884			181,884
Profit before taxation							<u>940,789</u>
Taxation							(169,323)
Profit after taxation							<u>771,466</u>

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

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

Corresponding financial period ended 31/03/2021

	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	1,993,822	746,462	1,222,491	227,773	(36,172)	(19,794)	4,134,582
Inter-segment revenue	(71,904)	255,393	(419,497)	-	236,008	-	-
Segment revenue	<u>1,921,918</u>	<u>1,001,855</u>	<u>802,994</u>	<u>227,773</u>	<u>199,836</u>	<u>(19,794)</u>	<u>4,134,582</u>
Segment profit before taxation	779,802	708,527	723,116	60,803	(109,655)	(32,957)	2,129,636
Share of profit after tax of equity accounted associated companies				516,692			516,692
Profit before taxation							<u>2,646,328</u>
Taxation							<u>(475,170)</u>
Profit after taxation							<u><u>2,171,158</u></u>
Segment assets	104,185,433	39,792,447	66,070,226	16,674,232	-	-	226,722,338
Unallocated assets							6,906,678
Total assets							<u><u>233,629,016</u></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 March 2022 except for the following:

On 29 April 2022, the Bank issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities ("Green Capital Securities"), pursuant to its multi-currency Additional Tier 1 capital securities programme. The Green Capital Securities carry a distribution rate of 4.45% per annum and are perpetual and non-callable for 5 years with an Issuer's call option to redeem at the end of year 5. Proceeds from the issuance of the Green Capital Securities shall be utilised for purposes that meet the criteria as set out in the HLB Green Bond Framework, which was established by HLB on 20 February 2022 and revised in April 2022 (as may be amended, revised and/or substituted from time to time) in accordance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in November 2017 and revised in October 2018 and the Green Bond Principles issued by the International Capital Market Association in June 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 March 2022 and up to the date of this report except for the following:

- (a) 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.
- (b) 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"). EB Nominees (Asing) was dissolved on 19 April 2022.

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

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	
	31/03/2022 RM'000	30/06/2021 RM'000	31/03/2022 RM'000	30/06/2021 RM'000
Principal amount				
Direct credit substitutes	197,199	171,600	141,407	116,915
Certain transaction related contingent items	1,940,409	1,676,061	1,436,431	1,337,502
Short-term self liquidating trade related contingencies	1,007,169	671,759	979,601	615,796
Irrevocable commitments to extend credit:				
- maturity more than one year	20,792,303	20,459,242	14,399,924	14,682,053
- maturity less than one year	24,653,460	23,767,882	20,042,018	19,078,814
Foreign exchange related contracts:				
- less than one year	63,602,479	63,609,452	57,052,303	57,286,691
- one year to less than five years	5,330,431	5,104,301	5,288,893	5,063,539
- five years and above	378,540	361,486	378,540	361,486
Interest rate related contracts:				
- less than one year	53,440,784	117,988,593	53,287,213	118,114,783
- one year to less than five years	51,074,794	31,913,336	51,274,794	31,913,336
- five years and above	4,859,001	4,387,355	4,759,001	4,487,355
Equity related contracts:				
- less than one year	264,046	247,217	264,046	247,217
- one year to less than five years	98,049	121,419	98,049	121,419
- five years and above	258,290	255,112	258,290	255,112
Credit related contracts:				
- five years and above	871,969	652,187	871,969	652,187
Commodity related contracts:				
- less than one year	276,744	55,088	276,744	55,088
- one year to less than five years	683,055	39,881	683,055	39,881
Unutilised credit card lines	7,081,797	7,419,464	7,081,797	7,419,464
Total	236,810,519	278,901,435	218,574,075	261,848,638

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.

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

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.

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

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 31/03/2022			
	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	-	3,788,717	-	3,788,717
- Quoted securities	3,905,157	871,609	-	4,776,766
- Unquoted securities	-	590,757	348,869	939,626
Financial investments at FVOCI				
- Money market instrument	-	16,776,021	-	16,776,021
- Quoted securities	3,056,894	-	-	3,056,894
- Unquoted securities	-	7,809,828	69,100	7,878,928
Derivative financial instruments	18,654	1,096,821	102,505	1,217,980
	<u>6,980,705</u>	<u>30,933,753</u>	<u>520,474</u>	<u>38,434,932</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	9,063	1,216,116	101,271	1,326,450
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,820,872	-	1,820,872
	<u>9,063</u>	<u>3,036,988</u>	<u>101,271</u>	<u>3,147,322</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).

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

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 31/03/2022			
	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	-	3,660,386	-	3,660,386
- Quoted securities	3,952,826	954,423	-	4,907,249
- Unquoted securities	-	489,506	348,869	838,375
Financial investments at FVOCI				
- Money market instrument	-	13,227,218	-	13,227,218
- Quoted securities	3,056,894	-	-	3,056,894
- Unquoted securities	-	7,435,671	69,100	7,504,771
Derivative financial instruments	18,654	1,075,004	102,505	1,196,163
	<u>7,028,374</u>	<u>26,842,208</u>	<u>520,474</u>	<u>34,391,056</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	9,063	1,190,143	101,271	1,300,477
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,736,430	-	1,736,430
	<u>9,063</u>	<u>2,926,573</u>	<u>101,271</u>	<u>3,036,907</u>
The Bank				
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	-	2,473,569	-	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).

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

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	Financial Assets			Financial
31 March 2022	Financial assets	investments	Derivative	Liability
	at FVTPL	at FVOCI	financial	Derivative
	RM'000	RM'000	instruments	financial
			RM'000	instruments
				RM'000
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	27,554	27,554
Net fair value changes recognised in other comprehensive income	-	6	-	-
Purchases	-	-	1,517	283
Settlements	-	-	(3,479)	(3,479)
At 31 March	<u>348,869</u>	<u>69,100</u>	<u>102,505</u>	<u>101,271</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2022	<u>-</u>	<u>-</u>	<u>27,554</u>	<u>27,554</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2022	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>

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

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

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	Financial Assets			Financial
31 March 2022	Financial assets	investments	Derivative	Liability
	at FVTPL	at FVOCI	financial	Derivative
	RM'000	RM'000	instruments	financial
			RM'000	instruments
				RM'000
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	-	-	27,554	27,554
Net fair value changes recognised in other comprehensive income	-	6	-	-
Purchases	-	-	1,517	283
Settlements	-	-	(3,479)	(3,479)
At 31 March	<u>348,869</u>	<u>69,100</u>	<u>102,505</u>	<u>101,271</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2022	<u>-</u>	<u>-</u>	<u>27,554</u>	<u>27,554</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2022	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>

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

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

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 RM1,030.8 million for the current financial quarter ended 31 March 2022, an increase of RM90.0 million or 9.6% 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 RM62.9 million and higher share of profit from associated company of RM70.7 million. However, this was mitigated by lower net income of RM37.7 million, higher operating expenses of RM5.6 million and allowance for impairment losses on financial investments and other assets of RM0.3 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 RM367.4 million for the third quarter ended 31 March 2022 as compared to previous corresponding quarter of RM318.3 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 RM268.5 million for the third quarter ended 31 March 2022 as compared to previous corresponding quarter of RM229.0 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM155.8 million for the third quarter ended 31 March 2022 as compared to previous corresponding quarter of RM221.5 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 RM277.5 million for the third quarter ended 31 March 2022 as compared to previous corresponding quarter of RM203.0 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.

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

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 March 2022 stood at RM3,149.5 million, an increase of RM503.1 million or 19.0% as compared to RM2,646.3 million in the previous financial period. The increase was mainly due to lower operating expenses of RM7.0 million, lower allowance for impairment losses on loans, advances and financing of RM326.2 million, written back of impairment losses on financial investments and other assets of RM0.5 million and higher share of profit from associated companies of RM205.0 million. This was mitigated by lower net income of RM35.6 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 RM1,149.4 million for the financial period ended 31 March 2022 as compared to previous corresponding period of RM779.8 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 increased from RM104.0 billion as at 31 March 2021 to RM107.9 billion as at 31 March 2022. Deposit base increased from RM96.7 billion to RM104.2 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM647.5 million for the financial period ended 31 March 2022 as compared to previous corresponding period of RM708.5 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 RM39.7 billion as at 31 March 2021 to RM43.3 billion as at 31 March 2022. Deposit base increased from RM37.3 billion to RM39.3 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM565.3 million for the financial period ended 31 March 2022 as compared to previous corresponding period of RM723.1 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 RM62.6 billion as at 31 March 2021 to RM70.6 billion as at 31 March 2022.

International Banking

The International Banking's segment recorded a pre-tax profit of RM808.1 million for the financial period ended 31 March 2022 as compared to previous corresponding period of RM577.5 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 operating expenses and higher allowance for impairment losses on loans, advances and financing.

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

B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM1,030.8 million as compared to RM1,076.5 million in the preceding quarter, a decrease of RM45.7 million mainly contributed by lower net income of RM23.3 million, higher operating expenses of RM5.3 million, higher allowance for impairment losses on loans, advances and financing of RM18.0 million and allowance for impairment losses on financial investments and other assets of RM0.5 million. This was mitigated by higher share of profit from associated company of RM1.4 million.

B3 Current year prospects

The Malaysian economy is on the path of recovery and is expected to gather pace to between 5.3-6.3% in 2022. Despite mounting risks from elevated inflation, COVID-19 and geopolitical-related uncertainties, the recovery prospects will be underpinned by continued expansion in external demand, domestic private consumption, lifting of COVID-19 containment measures and international borders reopening, improving labour market outlook and continued access to targeted policy measures.

In the journey to be a highly digital and innovative ASEAN financial services institution, we put focus on innovation as well as building products and services propositions for our customers that ring true to our brand promise of “Built Around You” where clients are at the centre of everything we do. We continue to provide unwavering support to our existing and new clients to ensure that they can concentrate on their recovery efforts as we move to the endemic phase of the ongoing COVID-19 pandemic.

The challenging business environment will undoubtedly present us with new growth opportunities, which we will strive to capture by swiftly adapting to changing circumstances and being disciplined in our investments and expenditures that will deliver sustainable outcomes to our stakeholders. The Bank is also committed in promoting and integrating environmental, social and governance (‘ESG’) considerations into our business practices by setting carbon reduction targets with the goal of becoming carbon neutral.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	222,908	210,532	751,551	579,626
Transfer (to)/from deferred taxation	23,117	(41,209)	16,278	(104,456)
	<u>246,025</u>	<u>169,323</u>	<u>767,829</u>	<u>475,170</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	202,819	169,761	652,000	455,639
Transfer (to)/from deferred taxation	8,292	(42,024)	15,268	(96,689)
	<u>211,111</u>	<u>127,737</u>	<u>667,268</u>	<u>358,950</u>

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

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.

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

B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2022:

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	52,973,261	214,417	(193,807)
(ii) 1 year to 3 years	398,474	62	(9,935)
(iii) More than 3 years	673,801	-	(18,458)
Swaps			
(i) Less than 1 year	4,435,841	95,998	(19,074)
(ii) 1 year to 3 years	2,990,224	59,336	(37,005)
(iii) More than 3 years	1,302,771	15,979	(10,562)
Options			
(i) Less than 1 year	6,193,377	25,333	(28,389)
(ii) 1 year to 3 years	343,701	2,276	(1,492)
Interest rate related contracts			
Futures			
(i) Less than 1 year	21,115,574	35,778	(9,064)
Swaps			
(i) Less than 1 year	32,325,210	35,581	(54,236)
(ii) 1 year to 3 years	30,214,898	107,329	(174,914)
(iii) More than 3 years	25,718,897	353,751	(498,712)
Equity related contracts			
(i) Less than 1 year	264,046	2,913	(2,913)
(ii) 1 year to 3 years	3,480	104	(104)
(iii) More than 3 years	352,859	99,488	(98,254)
Credit related contracts			
(i) More than 3 years	871,969	20,405	(20,405)
Commodity related contracts			
(i) Less than 1 year	276,744	48,788	(48,684)
(ii) 1 year to 3 years	683,055	100,442	(100,442)
Total	181,138,182	1,217,980	(1,326,450)

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

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)

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

B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2022:

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	46,456,546	196,164	(183,876)
(ii) 1 year to 3 years	398,474	62	(9,940)
(iii) More than 3 years	673,801	-	(18,458)
Swaps			
(i) Less than 1 year	4,402,113	95,998	(19,062)
(ii) 1 year to 3 years	2,948,686	58,152	(37,005)
(iii) More than 3 years	1,302,771	15,979	(10,562)
Options			
(i) Less than 1 year	6,193,644	25,323	(28,379)
(ii) 1 year to 3 years	343,701	2,276	(1,492)
Interest rate related contracts			
Futures			
(i) Less than 1 year	21,115,574	35,778	(9,064)
Swaps			
(i) Less than 1 year	32,171,639	33,783	(53,671)
(ii) 1 year to 3 years	30,214,898	107,329	(174,914)
(iii) More than 3 years	25,818,897	353,179	(483,252)
Equity related contracts			
(i) Less than 1 year	264,046	2,913	(2,913)
(ii) 1 year to 3 years	3,480	104	(104)
(iii) More than 3 years	352,859	99,488	(98,254)
Credit related contracts			
(i) More than 3 years	871,969	20,405	(20,405)
Commodity related contracts			
(i) Less than 1 year	276,744	48,788	(48,684)
(ii) 1 year to 3 years	683,055	100,442	(100,442)
Total	174,492,897	1,196,163	(1,300,477)

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

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)

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

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 RM247,951,000 (30 June 2021: RM327,979,000) and RM109,565,094,000 (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 RM1,263,025,000 (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.

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

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.

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

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

For the financial period ended 31 March 2022, an interim single tier dividend of 18.00 sen per share was declared and paid (31 March 2021: 14.78 sen).

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.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>The Group</u>				
Net profit attributable to equity holders	784,798	771,466	2,381,643	2,171,158
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	(119,711)	(120,413)	(119,711)	(120,413)
	<u>2,048,007</u>	<u>2,047,305</u>	<u>2,048,007</u>	<u>2,047,305</u>
Basic earnings per share (sen)	38.3	37.7	116.3	106.0
<u>The Bank</u>				
Net profit attributable to equity holders	455,187	461,928	1,429,969	1,307,189
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	(119,711)	(120,413)	(119,711)	(120,413)
	<u>2,048,007</u>	<u>2,047,305</u>	<u>2,048,007</u>	<u>2,047,305</u>
Basic earnings per share (sen)	22.2	22.6	69.8	63.8

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

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.

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
<u>The Group</u>				
Net profit attributable to equity holders	784,798	771,466	2,381,643	2,171,158
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,007	2,047,305	2,048,007	2,047,305
- adjustment for ESS	1,228	365	1,228	365
	<u>2,049,235</u>	<u>2,047,670</u>	<u>2,049,235</u>	<u>2,047,670</u>
Fully diluted earnings per share (sen)	38.3	37.7	116.2	106.0
<u>The Bank</u>				
Net profit attributable to equity holders	455,187	461,928	1,429,969	1,307,189
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,007	2,047,305	2,048,007	2,047,305
- adjustment for ESS	1,228	365	1,228	365
	<u>2,049,235</u>	<u>2,047,670</u>	<u>2,049,235</u>	<u>2,047,670</u>
Fully diluted earnings per share (sen)	22.2	22.6	69.8	63.8

Dated this 30 May 2022