

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

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 30 September 2022**

		<b>The Group</b>		<b>The Bank</b>	
	<b>Note</b>	<b>30/09/2022</b>	<b>30/06/2022</b>	<b>30/09/2022</b>	<b>30/06/2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>ASSETS</u></b>					
Cash and short-term funds		12,552,397	6,094,729	10,923,720	5,455,788
Deposits and placements with banks and other financial institutions		2,566,028	842,506	3,132,843	2,614,335
Financial assets at fair value through profit or loss	A8	6,811,067	7,244,482	6,908,425	6,940,762
Financial investments at fair value through other comprehensive income	A9	25,511,787	26,196,303	21,765,448	22,416,521
Financial investments at amortised cost	A10	30,972,338	32,358,414	22,301,139	23,144,545
Loans, advances and financing	A11	167,659,854	166,487,621	126,721,982	126,745,536
Other assets	A12	2,343,308	2,280,742	2,324,906	1,781,555
Derivative financial instruments		3,078,431	1,863,300	2,901,812	1,776,371
Amount due from subsidiaries		-	-	17,625	91,110
Statutory deposits with Central Banks		531,065	520,650	267,148	272,138
Subsidiary companies		-	-	2,664,257	2,625,696
Investment in associated companies		6,659,673	6,455,474	971,182	971,182
Property and equipment		1,131,114	1,110,606	552,708	527,989
Intangible assets		311,432	304,749	274,571	269,645
Right-of-use assets		210,218	211,718	313,180	321,446
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		550,766	528,771	424,812	403,666
<b>TOTAL ASSETS</b>		<b><u>262,720,790</u></b>	<b><u>254,331,377</u></b>	<b><u>204,237,305</u></b>	<b><u>198,129,832</u></b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	197,399,915	197,292,459	153,282,155	155,007,304
Investment accounts of customers	A14	2,278,289	2,668,408	-	-
Deposits and placements of banks and other financial institutions	A15	9,267,316	6,322,250	7,932,487	5,175,420
Obligations on securities sold under repurchase agreements		8,058,049	3,971,304	7,502,192	3,971,304
Bills and acceptances payable		166,231	241,361	121,490	153,419
Lease liabilities		210,430	210,981	318,389	325,365
Other liabilities	A16	6,746,635	5,750,350	6,426,885	5,392,859
Derivative financial instruments		2,732,822	1,736,838	2,566,905	1,711,745
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,259,280	1,623,937	504,083	502,798
Tier 2 subordinated bonds	A17	1,518,993	1,502,206	1,518,993	1,502,206
Multi-currency Additional Tier 1 capital securities	A18	1,727,809	1,715,695	1,727,809	1,715,695
Provision for taxation		188,657	306,612	141,147	272,986
<b>TOTAL LIABILITIES</b>		<b><u>231,554,426</u></b>	<b><u>223,342,401</u></b>	<b><u>182,042,535</u></b>	<b><u>175,731,101</u></b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		24,140,164	23,963,603	15,168,570	15,373,358
Less: Treasury shares		(712,863)	(713,690)	(712,863)	(713,690)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>31,166,364</u></b>	<b><u>30,988,976</u></b>	<b><u>22,194,770</u></b>	<b><u>22,398,731</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>262,720,790</u></b>	<b><u>254,331,377</u></b>	<b><u>204,237,305</u></b>	<b><u>198,129,832</u></b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	A30	<b><u>283,611,271</u></b>	<b><u>208,116,971</u></b>	<b><u>256,966,347</u></b>	<b><u>194,469,898</u></b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		15.21	15.13	10.83	10.94

\* 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 2022.*

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2022**

	Note	The Group			
		Current Quarter Ended 30/09/2022 RM'000	Corresponding Quarter Ended 30/09/2021 RM'000	Current Period Ended 30/09/2022 RM'000	Corresponding Period Ended 30/09/2021 RM'000
Interest income	A19(a)	1,623,489	1,334,635	1,623,489	1,334,635
Interest income for financial assets at fair value through profit or loss	A19(b)	67,486	51,430	67,486	51,430
Interest expense	A20	(701,409)	(467,260)	(701,409)	(467,260)
Net interest income		989,566	918,805	989,566	918,805
Net income from Islamic Banking business	A21	251,520	208,089	251,520	208,089
Other operating income	A22	258,830	253,048	258,830	253,048
Net income		1,499,916	1,379,942	1,499,916	1,379,942
Other operating expenses	A23	(540,555)	(507,237)	(540,555)	(507,237)
Operating profit before allowances		959,361	872,705	959,361	872,705
Allowance for impairment losses on loans, advances and financing	A24	(37,576)	(48,791)	(37,576)	(48,791)
Written back of impairment losses on financial investments and other assets	A25	343	179	343	179
Share of profit after tax of equity accounted associated companies		922,128	824,093	922,128	824,093
		265,003	218,019	265,003	218,019
Profit before taxation		1,187,131	1,042,112	1,187,131	1,042,112
Taxation	B5	(205,722)	(183,860)	(205,722)	(183,860)
Net profit for the financial period		981,409	858,252	981,409	858,252
<b>Attributable to:</b>					
Owners of the parent		981,409	858,252	981,409	858,252
Earnings per share - basic (sen)	B12(a)	47.9	41.9	47.9	41.9
Earnings per share - fully diluted (sen)	B12(b)	47.9	41.9	47.9	41.9

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022.*

**HONG LEONG BANK BERHAD**  
**Registration No: 193401000023 (97141-X)**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2022**

	<b>The Group</b>			
	<b>Current Quarter Ended 30/09/2022 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2021 RM'000</b>	<b>Current Period Ended 30/09/2022 RM'000</b>	<b>Corresponding Period Ended 30/09/2021 RM'000</b>
Net profit for the financial period	<u>981,409</u>	<u>858,252</u>	<u>981,409</u>	<u>858,252</u>
Other comprehensive loss in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive loss of associated company	(11,300)	(6,005)	(11,300)	(6,005)
(b) Currency translation differences	28,480	63,003	28,480	63,003
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(72,478)	(292,850)	(72,478)	(292,850)
- Changes in expected credit losses	23	(176)	23	(176)
(d) Net fair value changes in cash flow hedge	362	2,247	362	2,247
Income tax relating to components of other comprehensive loss	<u>10,879</u>	<u>67,945</u>	<u>10,879</u>	<u>67,945</u>
Other comprehensive loss for the financial period, net of tax	<u>(44,034)</u>	<u>(165,836)</u>	<u>(44,034)</u>	<u>(165,836)</u>
Total comprehensive income for the financial period	<u><u>937,375</u></u>	<u><u>692,416</u></u>	<u><u>937,375</u></u>	<u><u>692,416</u></u>
Attributable to:				
- Owners of the parent	<u><u>937,375</u></u>	<u><u>692,416</u></u>	<u><u>937,375</u></u>	<u><u>692,416</u></u>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022.*

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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2022**

	Note	The Bank			
		Current Quarter Ended 30/09/2022 RM'000	Corresponding Quarter Ended 30/09/2021 RM'000	Current Period Ended 30/09/2022 RM'000	Corresponding Period Ended 30/09/2021 RM'000
Interest income	A19(a)	1,560,667	1,288,432	1,560,667	1,288,432
Interest income for financial assets at fair value through profit or loss	A19(b)	67,486	51,430	67,486	51,430
Interest expense	A20	(675,159)	(449,441)	(675,159)	(449,441)
Net interest income		952,994	890,421	952,994	890,421
Other operating income	A22	252,836	244,906	252,836	244,906
Net income		1,205,830	1,135,327	1,205,830	1,135,327
Other operating expenses	A23	(449,165)	(425,917)	(449,165)	(425,917)
Operating profit before allowances Allowance for impairment losses on loans, advances and financing	A24	756,665	709,410	756,665	709,410
Written back of/(allowance for) impairment losses on financial investments and other assets	A25	(11,610)	(757)	(11,610)	(757)
Profit before taxation		1,795	(902)	1,795	(902)
Taxation	B5	746,850	707,751	746,850	707,751
		(161,385)	(154,888)	(161,385)	(154,888)
Net profit for the financial period		585,465	552,863	585,465	552,863
<b>Attributable to:</b>					
Owners of the parent		585,465	552,863	585,465	552,863
Earnings per share - basic (sen)	B12(a)	28.6	27.0	28.6	27.0
Earnings per share - fully diluted (sen)	B12(b)	28.6	27.0	28.6	27.0

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2022**

	<b>The Bank</b>			
	<b>Current Quarter Ended 30/09/2022 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2021 RM'000</b>	<b>Current Period Ended 30/09/2022 RM'000</b>	<b>Corresponding Period Ended 30/09/2021 RM'000</b>
Net profit for the financial period	585,465	552,863	585,465	552,863
Other comprehensive loss in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	36,540	6,113	36,540	6,113
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(78,779)	(251,998)	(78,779)	(251,998)
- Changes in expected credit losses	23	(181)	23	(181)
(c) Net fair value changes in cash flow hedge	362	2,247	362	2,247
Income tax relating to components of other comprehensive loss	12,415	58,147	12,415	58,147
Other comprehensive loss for the financial period, net of tax	(29,439)	(185,672)	(29,439)	(185,672)
Total comprehensive income for the financial period	556,026	367,191	556,026	367,191

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**Condensed Financial Statements**

**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2022**

Attributable to owners of the parent

<b>The Group</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserves * RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2022</b>	7,739,063	581,235	654,386	22,727,982	(713,690)	30,988,976
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	981,409	-	981,409
- Share of other comprehensive loss of associated company	-	(11,300)	-	-	-	(11,300)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(61,511)	-	-	-	(61,511)
- Changes in expected credit losses	-	23	-	-	-	23
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	28,480	-	-	-	28,480
Total comprehensive (loss)/income	-	(44,034)	-	981,409	-	937,375
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	36,016	(36,016)	-	-
Dividends payable	-	-	-	(757,932)	-	(757,932)
ESS exercised	-	(1,953)	-	1,126	827	-
Option charge arising from ESS granted	-	(2,055)	-	-	-	(2,055)
Total transactions with owners	-	(4,008)	36,016	(792,822)	827	(759,987)
<b>At 30 September 2022</b>	<b>7,739,063</b>	<b>533,193</b>	<b>690,402</b>	<b>22,916,569</b>	<b>(712,863)</b>	<b>31,166,364</b>
<b>At 1 July 2021</b>	7,739,063	1,263,751	423,954	20,751,376	(719,030)	29,459,114
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	858,252	-	858,252
- Share of other comprehensive loss of associated company	-	(6,005)	-	-	-	(6,005)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(224,366)	-	-	-	(224,366)
- Changes in expected credit losses	-	(176)	-	-	-	(176)
- Net fair value changes in cash flow hedge	-	1,708	-	-	-	1,708
- Currency translation differences	-	63,003	-	-	-	63,003
Total comprehensive (loss)/income	-	(165,836)	-	858,252	-	692,416
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	13,010	(13,010)	-	-
Dividends payable	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(2,044)	-	1,622	1,337	915
Option charge arising from ESS granted	-	2,470	-	-	-	2,470
Total transactions with owners	-	426	13,010	(732,626)	1,337	(717,853)
<b>At 30 September 2021</b>	<b>7,739,063</b>	<b>1,098,341</b>	<b>436,964</b>	<b>20,877,002</b>	<b>(717,693)</b>	<b>29,433,677</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM679,157,000 (30 September 2021: RM425,719,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2021: RM11,245,000)

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2022**

	Attributable to owners of the parent					
<b>The Bank</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2022</b>	7,739,063	(283,556)	536,432	15,120,482	(713,690)	22,398,731
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	585,465	-	585,465
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(66,276)	-	-	-	(66,276)
- Changes in expected credit losses	-	23	-	-	-	23
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	36,540	-	-	-	36,540
Total comprehensive (loss)/income	-	(29,439)	-	585,465	-	556,026
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	39,828	(39,828)	-	-
Dividends payable	-	-	-	(757,932)	-	(757,932)
ESS exercised	-	(1,953)	-	1,126	827	-
Option charge arising from ESS granted	-	(2,055)	-	-	-	(2,055)
Total transactions with owners	-	(4,008)	39,828	(796,634)	827	(759,987)
<b>At 30 September 2022</b>	<b>7,739,063</b>	<b>(317,003)</b>	<b>576,260</b>	<b>14,909,313</b>	<b>(712,863)</b>	<b>22,194,770</b>
<b>At 1 July 2021</b>	7,739,063	451,641	387,677	14,139,555	(719,030)	21,998,906
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	552,863	-	552,863
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(193,312)	-	-	-	(193,312)
- Changes in expected credit losses	-	(181)	-	-	-	(181)
- Net fair value changes in cash flow hedge	-	1,708	-	-	-	1,708
- Currency translation differences	-	6,113	-	-	-	6,113
Total comprehensive (loss)/income	-	(185,672)	-	552,863	-	367,191
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	13,445	(13,445)	-	-
Dividends payable	-	-	-	(721,238)	-	(721,238)
ESS exercised	-	(2,044)	-	1,622	1,337	915
Option charge arising from ESS granted	-	2,470	-	-	-	2,470
Total transactions with owners	-	426	13,445	(733,061)	1,337	(717,853)
<b>At 30 September 2021</b>	<b>7,739,063</b>	<b>266,395</b>	<b>401,122</b>	<b>13,959,357</b>	<b>(717,693)</b>	<b>21,648,244</b>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2022**

	The Group		The Bank	
	Financial Period Ended 30/09/2022 RM'000	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2022 RM'000	Financial Period Ended 30/09/2021 RM'000
Profit before taxation	1,187,131	1,042,112	746,850	707,751
Adjustments for non-cash items	(514,887)	(414,370)	(307,136)	(281,529)
Operating profit before working capital changes	672,244	627,742	439,714	426,222
Changes in working capital:				
Net changes in operating assets	(3,394,163)	(3,395,283)	(2,275,783)	(3,426,447)
Net changes in operating liabilities	8,299,133	4,433,439	6,036,651	3,639,913
Income taxes and zakat paid	(332,705)	(255,991)	(301,305)	(197,746)
Net cash generated from operating activities	<u>5,244,509</u>	<u>1,409,907</u>	<u>3,899,277</u>	<u>441,942</u>
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	(29,124)	(364)
Net proceeds of financial investments at fair value through other comprehensive income	765,652	3,564,159	725,822	3,719,319
Net proceeds/(purchases) of financial investments at amortised cost	1,553,654	(1,836,905)	1,010,751	(1,117,652)
Purchase of property and equipment	(58,783)	(19,043)	(58,744)	(16,860)
Net proceeds from sale of property and equipment	226	-	131	-
Purchase of intangible assets	(8,377)	(7,777)	(6,119)	(7,333)
Dividends received from:				
- Financial assets at fair value through profit or loss	17,577	44,097	17,456	44,219
Net cash generated from investing activities	<u>2,269,949</u>	<u>1,744,531</u>	<u>1,660,173</u>	<u>2,621,329</u>
<b>Cash flows from financing activities</b>				
Repayment of lease liabilities	(6,968)	(7,675)	(13,804)	(14,163)
Repayment of recourse obligation on loans sold to Cagamas	(362,914)	-	-	-
Cash received from ESOS exercised	-	915	-	915
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	-	300,000	-	200,000
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(13,813)	(16,684)	(2,743)	-
- Multi-currency Additional Tier 1 capital securities	(9,564)	(9,509)	(9,606)	(9,551)
- Lease liabilities	(2,319)	(2,390)	(3,550)	(3,834)
Net cash (used in)/generated from financing activities	<u>(395,578)</u>	<u>264,657</u>	<u>(29,703)</u>	<u>173,367</u>



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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2022**

	The Group		The Bank	
	Financial Period Ended 30/09/2022 RM'000	Financial Period Ended 30/09/2021 RM'000	Financial Period Ended 30/09/2022 RM'000	Financial Period Ended 30/09/2021 RM'000
Net increase in cash and cash equivalents	7,118,880	3,419,095	5,529,747	3,236,638
Currency translation differences	75,134	16,577	36,934	557
Cash and cash equivalents at the beginning of financial period	5,981,992	3,474,818	6,119,034	3,560,586
<b>Cash and cash equivalents at the end of financial period</b>	<b>13,176,006</b>	<b>6,910,490</b>	<b>11,685,715</b>	<b>6,797,781</b>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	12,552,397	5,515,933	10,923,720	5,195,381
Deposits and placements with banks and other financial institutions	2,566,028	1,630,800	3,132,843	2,685,469
	15,118,425	7,146,733	14,056,563	7,880,850
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(1,942,419)	(236,243)	(2,370,848)	(1,083,069)
	<b>13,176,006</b>	<b>6,910,490</b>	<b>11,685,715</b>	<b>6,797,781</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022.*

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 30 September 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 2022. 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 2022.

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 2022, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2022:

- (i) \* Annual improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’
- \* Amendments to MFRS 3 ‘Business Combinations’ - Reference to the Conceptual Framework
- \* Amendments to MFRS 116 ‘Proceeds before Intended Use’
- \* Amendments to MFRS 137 ‘Onerous Contracts - Cost of Fulfilling a Contract’

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 2022**

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2022.

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**A3 Seasonality or cyclicity of operations**

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

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

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

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

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

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

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2022:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 September 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 30 September 2022, the trust did not purchase any new shares. As at 30 September 2022, the total number of Treasury Shares for ESS was 38,152,316 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

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

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

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

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

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

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

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

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

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

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

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

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

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 30 September 2022, a total of 354 grant shares lapsed and a total of 112,294 grant shares were vested and transferred pursuant to the Bank's ESS.

**A7 Dividends payable**

On 30 August 2022, the Board of Directors declared a final single tier dividend of 37 sen per share in respect of the financial year ended 30 June 2022.

The final single tier dividend of 37 sen amounting to RM772.0 million was paid on 17 November 2022.

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Bank Negara Malaysia bills	-	49,806	-	49,806
Government treasury bills	1,382,982	2,083,409	1,382,982	1,786,542
Malaysian Government securities	518,939	321,783	518,939	321,783
Malaysian Government investment certificates	280,568	158,570	280,568	158,570
Cagamas bonds	45,544	65,587	45,544	65,587
Khazanah bonds	14,585	-	14,585	-
	<u>2,242,618</u>	<u>2,679,155</u>	<u>2,242,618</u>	<u>2,382,288</u>
Quoted securities:				
Shares in Malaysia	57,982	56,693	-	-
Wholesale fund/unit trust	2,779,146	2,780,869	2,857,020	2,859,382
Portfolio Investment Accounts (Note)	4,093	9,097	-	-
Foreign currency bonds in Malaysia	11,859	11,938	11,859	11,938
Foreign currency bonds outside Malaysia	97,240	31,120	97,240	31,120
Convertible bonds outside Malaysia	1,102,086	1,108,752	1,183,645	1,190,942
Unquoted securities:				
Government sukuk	-	101,766	-	-
Corporate bonds and sukuk	102,485	84,472	102,485	84,472
Shares in Malaysia	355,620	355,620	355,620	355,620
Foreign currency bonds in Malaysia	32,938	-	32,938	-
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u>6,811,067</u>	<u>7,244,482</u>	<u>6,908,425</u>	<u>6,940,762</u>

Note:

Included in financial assets at FVTPL 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.

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At fair value				
(a) Debt instruments	25,428,401	26,112,917	21,682,062	22,333,135
(b) Equity instruments	83,386	83,386	83,386	83,386
<b>Total financial investments at FVOCI</b>	<b><u>25,511,787</u></b>	<b><u>26,196,303</u></b>	<b><u>21,765,448</u></b>	<b><u>22,416,521</u></b>
(a) Debt instruments				
Money market instruments:				
Malaysian Government securities	3,705,245	3,670,109	3,705,245	3,670,109
Malaysian Government investment certificates	8,885,464	8,954,723	5,531,637	5,571,427
Negotiable instruments of deposit	1,146,087	1,796,800	1,146,087	1,796,800
Cagamas bonds	821,855	821,260	796,356	795,929
Khazanah bonds	350,273	348,079	350,273	348,079
	<u>14,908,924</u>	<u>15,590,971</u>	<u>11,529,598</u>	<u>12,182,344</u>
Quoted securities:				
Government sukuk	862,563	831,321	862,563	831,321
Foreign currency bonds in Malaysia	1,250,900	1,216,476	1,250,900	1,216,476
Foreign currency bonds outside Malaysia	831,208	842,415	831,208	842,415
Unquoted securities:				
Government sukuk	412,635	417,257	412,635	417,257
Corporate bonds and sukuk	6,742,163	6,783,878	6,381,948	6,420,235
Foreign currency bonds in Malaysia	185,302	175,112	185,302	175,112
Foreign currency bonds outside Malaysia	234,706	255,487	227,908	247,975
	<u>25,428,401</u>	<u>26,112,917</u>	<u>21,682,062</u>	<u>22,333,135</u>

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Group</b> <b>30 September 2022</b>	RM'000	RM'000	RM'000	RM'000
At 1 July	1,729	-	4,287	6,016
New financial assets originated or purchased	45	-	-	45
Financial assets derecognised	(67)	-	-	(67)
Changes due to change in credit risk	(19)	-	-	(19)
Exchange differences	64	-	-	64
At 30 September	1,752	-	4,287	6,039

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Group</b> <b>30 June 2022</b>	RM'000	RM'000	RM'000	RM'000
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	244	-	-	244
Financial assets derecognised	(791)	-	-	(791)
Changes due to change in credit risk	(66)	-	-	(66)
Exchange differences	76	-	-	76
At 30 June	1,729	-	4,287	6,016

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b> <b>30 September 2022</b>	RM'000	impaired	impaired	RM'000
At 1 July	1,724	-	4,287	6,011
New financial assets originated or purchased	45	-	-	45
Financial assets derecognised	(62)	-	-	(62)
Changes due to change in credit risk	(23)	-	-	(23)
Exchange differences	63	-	-	63
At 30 September	1,747	-	4,287	6,034

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b> <b>30 June 2022</b>	RM'000	impaired	impaired	RM'000
At 1 July	2,266	-	4,287	6,553
New financial assets originated or purchased	237	-	-	237
Financial assets derecognised	(791)	-	-	(791)
Changes due to change in credit risk	(66)	-	-	(66)
Exchange differences	78	-	-	78
At 30 June	1,724	-	4,287	6,011

	<b>The Group</b>		<b>The Bank</b>	
	30/09/2022	30/06/2022	30/09/2022	30/06/2022
	RM'000	RM'000	RM'000	RM'000
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	83,386	83,386	83,386	83,386



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**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022 RM'000	30/06/2022 RM'000	30/09/2022 RM'000	30/06/2022 RM'000
Money market instruments:				
Government treasury bills	60,705	57,612	60,705	57,612
Malaysian Government securities	5,432,050	4,787,205	5,432,050	4,787,205
Malaysian Government investment certificates	22,537,551	22,720,790	14,394,585	14,950,431
Cagamas bonds	1,100,423	416,700	950,359	265,439
Khazanah bonds	14,015	13,889	14,015	13,889
Other Government securities	428,325	419,246	364,521	357,270
	<u>29,573,069</u>	<u>28,415,442</u>	<u>21,216,235</u>	<u>20,431,846</u>
Quoted securities:				
Foreign currency bonds outside Malaysia	47,070	62,174	47,070	62,174
Unquoted securities:				
Government sukuk	80,687	2,583,133	30,379	1,617,188
Corporate bonds and sukuk	1,271,537	1,297,733	1,007,455	1,033,337
Less: Expected credit losses	(25)	(68)	-	-
Total financial investments at amortised cost	<u>30,972,338</u>	<u>32,358,414</u>	<u>22,301,139</u>	<u>23,144,545</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>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	68	-	-	68
Changes due to change in credit risk	(42)	-	-	(42)
Changes in models/risk parameters	(1)	-	-	(1)
At 30 September	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	68	-	-	68
New financial assets originated or purchased	67	-	-	67
Financial assets derecognised	(68)	-	-	(68)
Exchange differences	1	-	-	1
At 30 June	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2022</b>				
At 1 July/30 September	-	-	-	-
	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2022</b>				
At 1 July	23	-	-	23
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	1	-	-	1
At 30 June	-	-	-	-

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**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,431,463	3,546,936	2,352,045	2,418,512
Term loans/financing:				
- Housing and shop loans/financing	93,011,698	91,169,501	72,000,057	70,818,806
- Hire purchase receivables	18,618,031	18,035,880	14,079,074	13,757,762
- Ijarah receivables	244,705	247,445	-	-
- Other term loans/financing and syndicated term loans	32,616,138	31,953,779	21,770,413	21,668,500
Credit/charge card receivables	3,009,654	2,923,883	3,009,654	2,923,883
Bills receivable	1,709,685	1,539,682	1,359,641	1,226,517
Trust receipts	282,333	417,252	138,975	219,633
Claims on customers under				
acceptance credits	7,990,290	8,817,344	6,710,289	7,484,462
Revolving credit	8,414,722	9,455,248	6,524,296	7,423,951
Staff loans/financing	123,216	127,075	108,773	111,524
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	(15,212)	(9,962)	(11,553)	(6,919)
Allowance for impairment losses:				
- Expected credit losses	(1,776,869)	(1,736,442)	(1,319,682)	(1,301,095)
Total net loans, advances and financing	<u>167,659,854</u>	<u>166,487,621</u>	<u>126,721,982</u>	<u>126,745,536</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,202,443,000 (2022: RM1,572,077,000) and RM475,019,000 (2022: RM481,662,000) respectively.

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	1,888,928	1,916,763	1,524,795	1,589,487
Domestic business enterprises:				
- small and medium enterprises ("SME")	30,212,871	30,114,790	21,854,260	22,093,010
- others	24,559,328	25,126,789	18,348,657	18,824,683
Government and statutory bodies	1,317	1,387	-	-
Individuals	109,903,380	107,602,406	83,764,616	82,391,900
Other domestic entities	108,756	103,122	9,303	9,529
Foreign entities	2,777,355	3,368,768	2,551,586	3,144,941
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	1,350,076	1,387,937	813,828	841,055
- Hire purchase receivables	18,554,536	17,965,989	14,039,549	13,709,506
- Other fixed rate loans/financing	9,378,079	9,513,099	7,753,742	7,878,168
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	117,962,508	116,345,805	90,339,174	89,645,540
- Cost plus	22,090,376	22,881,491	15,101,504	15,973,965
- Other variables rates	116,360	139,704	5,420	5,316
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	884,891	976,120	643,005	723,762
Purchase of transport vehicles	18,225,565	17,653,587	13,667,186	13,359,480
Purchase of landed properties				
- residential	84,432,693	82,434,133	64,474,981	63,214,707
- non-residential	20,556,541	20,519,124	15,729,811	15,916,196
Purchase of fixed assets (excluding landed properties)	1,633,555	1,613,109	1,165,502	1,152,867
Personal use	3,730,067	3,706,863	2,514,844	2,487,061
Credit card	3,009,654	2,923,883	3,009,654	2,923,883
Construction	3,554,974	3,531,187	2,533,472	2,545,847
Working capital	32,309,840	33,770,002	23,594,808	25,022,038
Other purpose	1,114,155	1,106,017	719,954	707,709
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	156,731,930	156,478,949	119,719,442	120,407,820
Singapore	8,305,282	7,624,640	8,305,282	7,624,640
Hong Kong	28,493	21,090	28,493	21,090
Vietnam	1,837,390	1,652,819	-	-
Cambodia	2,548,840	2,456,527	-	-
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	28,711,534	30,652,059	23,329,200	25,192,137
One year to less than three years	6,555,940	6,799,754	4,665,235	4,984,708
Three years to less than five years	11,634,415	11,278,670	8,941,002	8,521,519
Five years and more	122,550,046	119,503,542	91,117,780	89,355,186
Gross loans, advances and financing	<u>169,451,935</u>	<u>168,234,025</u>	<u>128,053,217</u>	<u>128,053,550</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	819,750	717,407	647,646	582,517
Classified as impaired during the financial period/year	328,927	1,349,618	228,435	862,737
Reclassified as non-impaired during the financial period/year	(201,837)	(620,581)	(158,968)	(450,333)
Amount written back in respect of recoveries	(53,340)	(204,612)	(43,431)	(170,103)
Amount written off	(56,681)	(424,191)	(40,514)	(177,218)
Exchange difference	665	2,109	19	46
At 30 September	<u>837,484</u>	<u>819,750</u>	<u>633,187</u>	<u>647,646</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>

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

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022 RM'000	30/06/2022 RM'000	30/09/2022 RM'000	30/06/2022 RM'000
Purchase of securities	238	232	217	220
Purchase of transport vehicles	40,634	35,282	28,157	24,091
Purchase of landed properties				
- residential	316,878	314,945	219,418	237,431
- non-residential	135,408	151,278	118,932	132,400
Purchase of fixed assets (excluding landed properties)	450	485	450	485
Personal use	41,363	44,522	21,950	22,823
Credit card	23,631	21,419	23,631	21,419
Construction	13,147	9,271	7,610	7,292
Working capital	233,604	207,698	182,182	172,273
Other purpose	32,131	34,618	30,640	29,212
Gross impaired loans, advances and financing	<u>837,484</u>	<u>819,750</u>	<u>633,187</u>	<u>647,646</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022 RM'000	30/06/2022 RM'000	30/09/2022 RM'000	30/06/2022 RM'000
Malaysia	810,042	805,638	632,893	646,805
Singapore	294	841	294	841
Vietnam	1,626	1,585	-	-
Cambodia	25,522	11,686	-	-
Gross impaired loans, advances and financing	<u>837,484</u>	<u>819,750</u>	<u>633,187</u>	<u>647,646</u>

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Group</b> <b>30 September 2022</b>			
At 1 July	976,919	423,876	335,647	1,736,442
Changes in ECL due to transfer within stages	(8,069)	(30,034)	38,103	-
Transfer to Stage 1	6,981	(6,971)	(10)	-
Transfer to Stage 2	(14,275)	29,272	(14,997)	-
Transfer to Stage 3	(775)	(52,335)	53,110	-
New financial assets originated	12,360	101	7	12,468
Financial assets derecognised	(4,965)	(7,034)	(10,022)	(22,021)
Changes due to change in credit risk	16,492	44,933	45,885	107,310
Modifications to contractual cash flows of financial asset	-	476	305	781
Amount written off	-	-	(56,892)	(56,892)
Exchange difference	957	200	18	1,175
Other movements	-	-	(2,394)	(2,394)
At 30 September	993,694	432,518	350,657	1,776,869

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Group</b> <b>30 June 2022</b>			
At 1 July	1,074,984	459,674	234,509	1,769,167
Changes in ECL due to transfer within stages	(57,015)	(237,985)	295,000	-
Transfer to Stage 1	33,219	(33,172)	(47)	-
Transfer to Stage 2	(87,703)	147,995	(60,292)	-
Transfer to Stage 3	(2,531)	(352,808)	355,339	-
New financial assets originated	39,269	230	299	39,798
Financial assets derecognised	(16,026)	(26,665)	(15,760)	(58,451)
Changes due to change in credit risk	(60,303)	235,583	250,653	425,933
Changes in models/risk parameters	(4,986)	(7,335)	(384)	(12,705)
Amount written off	-	-	(425,838)	(425,838)
Exchange difference	996	374	903	2,273
Other movements	-	-	(3,735)	(3,735)
At 30 June	976,919	423,876	335,647	1,736,442



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

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				
<b>30 September 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	745,735	296,203	259,157	1,301,095
Changes in ECL due to transfer within stages	(6,522)	(21,564)	28,086	-
Transfer to Stage 1	4,525	(4,515)	(10)	-
Transfer to Stage 2	(10,524)	20,929	(10,405)	-
Transfer to Stage 3	(523)	(37,978)	38,501	-
New financial assets originated	8,792	76	-	8,868
Financial assets derecognised	(2,641)	(4,517)	(7,790)	(14,948)
Changes due to change in credit risk	10,155	27,612	28,295	66,062
Modifications to contractual cash flows				
of financial asset	-	476	26	502
Amount written off	-	-	(40,613)	(40,613)
Exchange difference	511	26	6	543
Other movements	-	-	(1,827)	(1,827)
At 30 September	<u>756,030</u>	<u>298,312</u>	<u>265,340</u>	<u>1,319,682</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	818,437	326,761	186,098	1,331,296
Changes in ECL due to transfer within stages	(39,809)	(80,113)	119,922	-
Transfer to Stage 1	24,038	(24,007)	(31)	-
Transfer to Stage 2	(62,553)	103,838	(41,285)	-
Transfer to Stage 3	(1,294)	(159,944)	161,238	-
New financial assets originated	24,649	198	3	24,850
Financial assets derecognised	(6,553)	(16,235)	(9,573)	(32,361)
Changes due to change in credit risk	(47,827)	71,620	145,195	168,988
Changes in models/risk parameters	(3,638)	(6,080)	(349)	(10,067)
Amount written off	-	-	(178,336)	(178,336)
Exchange difference	476	52	12	540
Other movements	-	-	(3,815)	(3,815)
At 30 June	<u>745,735</u>	<u>296,203</u>	<u>259,157</u>	<u>1,301,095</u>

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**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022	30/06/2022	30/09/2022	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	174,799	163,872	169,699	155,655
Settlement accounts	736,833	708,194	735,644	707,138
Treasury related receivables	109,482	578,958	99,216	106,758
Cash collateral pledged for derivative transactions	1,192,586	678,909	1,192,586	678,909
Other receivables	129,562	150,763	127,715	133,049
	<u>2,343,308</u>	<u>2,280,742</u>	<u>2,324,906</u>	<u>1,781,555</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022	30/06/2022	30/09/2022	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Amortised cost</b>				
Fixed deposits	97,586,563	93,856,333	69,413,388	68,772,681
Negotiable instruments of deposits	8,665,050	8,626,532	6,868,556	6,299,840
Short-term placements	24,140,454	26,244,055	19,962,383	22,181,987
	<u>130,392,067</u>	<u>128,726,920</u>	<u>96,244,327</u>	<u>97,254,508</u>
Demand deposits	39,973,155	41,279,128	34,424,321	35,060,757
Saving deposits	23,757,397	24,771,649	19,574,882	20,420,243
Others	433,894	449,369	276,198	287,918
	<u>194,556,513</u>	<u>195,227,066</u>	<u>150,519,728</u>	<u>153,023,426</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	3,238,377	2,425,376	3,138,329	2,325,345
Fair value changes arising from designation at fair value through profit or loss *	(394,975)	(359,983)	(375,902)	(341,467)
	<u>2,843,402</u>	<u>2,065,393</u>	<u>2,762,427</u>	<u>1,983,878</u>
	<u>197,399,915</u>	<u>197,292,459</u>	<u>153,282,155</u>	<u>155,007,304</u>

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

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

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**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	4,738,273	3,149,204	1,045,068	532,038
Business enterprises	91,297,874	92,431,255	69,360,223	71,326,600
Individuals	99,127,821	99,404,508	81,101,609	81,309,351
Others	2,235,947	2,307,492	1,775,255	1,839,315
	<u>197,399,915</u>	<u>197,292,459</u>	<u>153,282,155</u>	<u>155,007,304</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	101,727,413	103,914,125	74,401,514	77,555,688
- six months to one year	23,161,255	20,170,955	17,834,818	16,272,452
- one year to five years	4,858,226	3,835,461	3,377,577	2,633,850
- more than five years	645,173	806,379	630,418	792,518
	<u>130,392,067</u>	<u>128,726,920</u>	<u>96,244,327</u>	<u>97,254,508</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts				
Mudarabah with maturity	2,274,196	2,659,311	-	-
Restricted investment accounts *				
Wakalah bi Al-Istithmar	4,093	9,097	-	-
	<u>2,278,289</u>	<u>2,668,408</u>	<u>-</u>	<u>-</u>

The underlying assets for the investment accounts are house financing, personal financing, other term financing, cash and cash equivalent and unit trusts.

\* Restricted Investment Account-i (“RIA”) refers to a type of investment account where the Investment Account Holder (IAH), provides a specific investment mandate to the Bank such as purpose and/or period for investment. The RIA is based on shariah principle of Wakalah bi Al-Istithmar, an agency contract where the investor authorises the Bank as investment agent (Wakil) to manage the customers’ investment on their behalf. Profit generated from the investment will be distributed to the IAH during the Profit Distribution Period.

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

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2022	30/06/2022	30/09/2022	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Licensed banks	7,672,466	4,742,649	6,359,428	3,617,792
Central banks (Note)	1,594,850	1,579,601	1,573,059	1,557,628
	<u>9,267,316</u>	<u>6,322,250</u>	<u>7,932,487</u>	<u>5,175,420</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 RM1,594,850,000 (2022: RM1,579,601,000) and RM1,573,059,000 (2022: RM1,557,628,000) respectively at concession rates.

**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		30/09/2022	30/06/2022	30/09/2022	30/06/2022
		RM'000	RM'000	RM'000	RM'000
Zakat		437	350	-	-
Post employment benefits obligation					
- defined contribution plan		289	278	289	278
Loan advance payment		3,806,662	3,829,956	3,110,188	3,120,374
Intercompany clearing and settlement		-	-	69,203	-
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		180,913	128,773	125,877	96,711
Cash collateral pledged for derivative transactions		323,609	213,260	323,609	213,260
Sundry creditors and accruals		430,584	348,272	412,730	331,414
Provision for bonus and staff related expenses		219,618	179,683	202,600	166,171
Expected credit losses on financial					
guarantee contracts	(a)	4,694	3,657	4,413	3,352
Provision for reinstatement cost		21,994	21,911	27,201	27,160
Settlement accounts		751,975	824,436	751,419	824,144
Others		1,005,860	199,774	967,249	177,888
		<u>6,746,635</u>	<u>5,750,350</u>	<u>6,426,885</u>	<u>5,392,859</u>

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**A16 Other liabilities (continued)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>				<b>Total ECL</b>
<b>30 September 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	3,116	541	-	3,657
Changes in ECL due to transfer within stages	(17)	17	-	-
Transfer to Stage 1	7	(7)	-	-
Transfer to Stage 2	(24)	24	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	57	-	-	57
Financial assets derecognised	(162)	-	-	(162)
Changes due to change in credit risk	1,044	(10)	-	1,034
Exchange difference	103	5	-	108
At 30 September	<u>4,141</u>	<u>553</u>	<u>-</u>	<u>4,694</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>				<b>Total ECL</b>
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	3,378	1,185	-	4,563
Changes in ECL due to transfer within stages	15	(199)	184	-
Transfer to Stage 1	70	(70)	-	-
Transfer to Stage 2	(55)	55	-	-
Transfer to Stage 3	-	(184)	184	-
New financial assets originated	170	-	-	170
Financial assets derecognised	(1,143)	(4)	-	(1,147)
Changes due to change in credit risk	647	(425)	(184)	38
Changes in models/risk parameters	(92)	(38)	-	(130)
Exchange difference	141	22	-	163
At 30 June	<u>3,116</u>	<u>541</u>	<u>-</u>	<u>3,657</u>

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**A16 Other liabilities** (continued)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
<b>The Bank</b>				
<b>30 September 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	2,849	503	-	3,352
Changes in ECL due to transfer within stages	(10)	10	-	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(14)	14	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	57	-	-	57
Financial assets derecognised	(162)	-	-	(162)
Changes due to change in credit risk	1,075	(15)	-	1,060
Exchange difference	102	4	-	106
At 30 September	<u>3,911</u>	<u>502</u>	<u>-</u>	<u>4,413</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>	
<b>The Bank</b>				
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,979	1,169	-	3,148
Changes in ECL due to transfer within stages	20	(204)	184	-
Transfer to Stage 1	69	(69)	-	-
Transfer to Stage 2	(49)	49	-	-
Transfer to Stage 3	-	(184)	184	-
New financial assets originated	122	-	-	122
Financial assets derecognised	(57)	(4)	-	(61)
Changes due to change in credit risk	712	(443)	(184)	85
Changes in models/risk parameters	(66)	(37)	-	(103)
Exchange difference	139	22	-	161
At 30 June	<u>2,849</u>	<u>503</u>	<u>-</u>	<u>3,352</u>

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**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u> <u>RM'000</u>	<u>30/06/2022</u> <u>RM'000</u>	<u>30/09/2022</u> <u>RM'000</u>	<u>30/06/2022</u> <u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	19,023	2,236	19,023	2,236
	<u>1,519,023</u>	<u>1,502,236</u>	<u>1,519,023</u>	<u>1,502,236</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,518,993</u></u>	<u><u>1,502,206</u></u>	<u><u>1,518,993</u></u>	<u><u>1,502,206</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 Tier 2 Subordinated Notes (“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.

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2022</u>	<u>30/06/2022</u>	<u>30/09/2022</u>	<u>30/06/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM1,700 million Multi-currency Additional Tier-1 and Additional Tier-1 Green capital securities at par	1,700,000	1,700,000	1,700,000	1,700,000
Add: Interest payable	24,082	13,574	24,082	13,574
	<u>1,724,082</u>	<u>1,713,574</u>	<u>1,724,082</u>	<u>1,713,574</u>
Less: Unamortised discounts	(1,073)	(1,161)	(1,073)	(1,161)
Add: Fair value changes arising from fair value hedge	4,800	3,282	4,800	3,282
	<u><u>1,727,809</u></u>	<u><u>1,715,695</u></u>	<u><u>1,727,809</u></u>	<u><u>1,715,695</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, HLFG. The Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 5.13% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe the RM400.0 million Multi-currency Additional Tier 1 subordinated sukuk wakalah issued by HLISB, a wholly-owned subsidiary of the Bank.

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

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.





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

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Financial assets at FVTPL	67,486	51,430	67,486	51,430

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Financial assets at FVTPL	67,486	51,430	67,486	51,430

**A20 Interest expense**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Deposits and placements of banks and other financial institutions	57,716	19,011	57,716	19,011
Deposits from customers	476,578	380,717	476,578	380,717
Short-term placements	123,909	34,967	123,909	34,967
Tier 2 subordinated bonds	16,787	16,787	16,787	16,787
Multi-currency Additional Tier-1 capital securities	20,072	9,922	20,072	9,922
Recourse obligation on loans sold to Cagamas	4,028	3,466	4,028	3,466
Others	2,319	2,390	2,319	2,390
	<u>701,409</u>	<u>467,260</u>	<u>701,409</u>	<u>467,260</u>

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	62,921	21,589	62,921	21,589
Deposits from customers	443,850	358,834	443,850	358,834
Short-term placements	123,909	34,967	123,909	34,967
Tier 2 subordinated bonds	16,787	16,787	16,787	16,787
Multi-currency Additional Tier-1 capital securities	20,114	9,964	20,114	9,964
Recourse obligation on loans sold to Cagamas	4,028	3,466	4,028	3,466
Others	3,550	3,834	3,550	3,834
	<u>675,159</u>	<u>449,441</u>	<u>675,159</u>	<u>449,441</u>

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**A21 Net income from Islamic Banking business**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	417,996	364,190	417,996	364,190
Income derived from investment of shareholders' funds	48,982	15,039	48,982	15,039
Income derived from investment of investment account	25,644	7,250	25,644	7,250
Income attributable to depositors	(227,233)	(171,141)	(227,233)	(171,141)
Income attributable to depositors on investment account	(13,869)	(7,249)	(13,869)	(7,249)
	<u>251,520</u>	<u>208,089</u>	<u>251,520</u>	<u>208,089</u>
Financing income earned on impaired financing and advances during the financial period	<u>1,143</u>	<u>1,020</u>	<u>1,143</u>	<u>1,020</u>

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**A22 Other operating income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) <u>Fee income:</u></b>				
Commissions	46,086	57,881	46,086	57,881
Service charges and fees	6,397	5,903	6,397	5,903
Guarantee fees	5,456	2,603	5,456	2,603
Credit card related fees	51,677	42,194	51,677	42,194
Commitment fees	9,531	8,891	9,531	8,891
Fee on loans, advances and financing	16,574	12,989	16,574	12,989
Other fee income	19,827	17,117	19,827	17,117
	<u>155,548</u>	<u>147,578</u>	<u>155,548</u>	<u>147,578</u>
<b>(b) <u>(Loss)/gain arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets at FVTPL	12,381	5,130	12,381	5,130
Net loss from sale of derivative financial instruments	(75,708)	(24,058)	(75,708)	(24,058)
Net gain from sale of financial investments at FVOCI	-	65,913	-	65,913
	<u>(63,327)</u>	<u>46,985</u>	<u>(63,327)</u>	<u>46,985</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Financial assets at FVTPL	17,577	44,097	17,577	44,097

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**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(8,019)	(22,888)	(8,019)	(22,888)
- Derivatives financial instruments	160,280	52,195	160,280	52,195
	<u>152,261</u>	<u>29,307</u>	<u>152,261</u>	<u>29,307</u>
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>989</u>	<u>(1,973)</u>	<u>989</u>	<u>(1,973)</u>
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	<u>(4,980)</u>	<u>68</u>	<u>(4,980)</u>	<u>68</u>
(g) <u>Other income:</u>				
Foreign exchange loss	(3,973)	(15,572)	(3,973)	(15,572)
Rental income	4,099	2,321	4,099	2,321
Gain on disposal of property and equipment	225	-	225	-
Other non-operating income	411	237	411	237
	<u>762</u>	<u>(13,014)</u>	<u>762</u>	<u>(13,014)</u>
Total other operating income	<u>258,830</u>	<u>253,048</u>	<u>258,830</u>	<u>253,048</u>

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**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	45,544	57,039	45,544	57,039
Service charges and fees	6,119	5,729	6,119	5,729
Guarantee fees	5,426	2,593	5,426	2,593
Credit card related fees	51,677	42,194	51,677	42,194
Commitment fees	9,140	8,536	9,140	8,536
Fee on loans, advances and financing	14,236	9,460	14,236	9,460
Other fee income	19,748	17,053	19,748	17,053
	<u>151,890</u>	<u>142,604</u>	<u>151,890</u>	<u>142,604</u>
<b>(b) <u>(Loss)/gain arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets at FVTPL	11,745	4,937	11,745	4,937
Net loss from sale of derivative financial instruments	(75,708)	(24,058)	(75,708)	(24,058)
Net gain from sale of financial investments at FVOCI	-	65,913	-	65,913
	<u>(63,963)</u>	<u>46,792</u>	<u>(63,963)</u>	<u>46,792</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Financial assets at FVTPL	17,456	44,219	17,456	44,219

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**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(7,139)	(22,774)	(7,139)	(22,774)
- Derivatives financial instruments	160,213	51,398	160,213	51,398
	<u>153,074</u>	<u>28,624</u>	<u>153,074</u>	<u>28,624</u>
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>989</u>	<u>(1,973)</u>	<u>989</u>	<u>(1,973)</u>
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	<u>(4,980)</u>	<u>68</u>	<u>(4,980)</u>	<u>68</u>
(g) <u>Other income:</u>				
Foreign exchange loss	(4,293)	(16,265)	(4,293)	(16,265)
Rental income	2,184	706	2,184	706
Gain on disposal of property and equipment	130	-	130	-
Other non-operating income	349	131	349	131
	<u>(1,630)</u>	<u>(15,428)</u>	<u>(1,630)</u>	<u>(15,428)</u>
Total other operating income	<u>252,836</u>	<u>244,906</u>	<u>252,836</u>	<u>244,906</u>

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**A23 Other operating expenses**

<u>Group</u>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	271,177	268,398	271,177	268,398
- Medical expenses	7,751	7,438	7,751	7,438
- Training and convention expenses	2,184	2,196	2,184	2,196
- Staff welfare	2,314	3,638	2,314	3,638
- Others	1,504	4,436	1,504	4,436
	<u>284,930</u>	<u>286,106</u>	<u>284,930</u>	<u>286,106</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	28,866	31,084	28,866	31,084
- Depreciation of right-of-use assets	12,434	12,865	12,434	12,865
- Amortisation of intangible assets	14,101	12,980	14,101	12,980
- Rental of premises	640	413	640	413
- Information technology expenses	56,628	53,050	56,628	53,050
- Security services	4,847	6,489	4,847	6,489
- Electricity, water and sewerage	5,766	5,867	5,766	5,867
- Hire of plant and machinery	3,099	3,489	3,099	3,489
- Others	7,341	7,988	7,341	7,988
	<u>133,722</u>	<u>134,225</u>	<u>133,722</u>	<u>134,225</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	5,745	4,681	5,745	4,681
- Sales commission and credit card related fees	38,678	21,792	38,678	21,792
- Others	5,094	1,865	5,094	1,865
	<u>49,517</u>	<u>28,338</u>	<u>49,517</u>	<u>28,338</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,350	5,335	5,350	5,335
- Stationery and printing expenses	2,796	2,905	2,796	2,905
- Professional fees	25,551	25,245	25,551	25,245
- Insurance fees	9,541	6,323	9,541	6,323
- Stamp, postage and courier	4,077	3,134	4,077	3,134
- Travelling and transport expenses	703	534	703	534
- Registration and license fees	2,271	2,131	2,271	2,131
- Brokerage and commission	2,826	2,863	2,826	2,863
- Credit card fees	18,994	7,244	18,994	7,244
- Others	277	2,854	277	2,854
	<u>72,386</u>	<u>58,568</u>	<u>72,386</u>	<u>58,568</u>
	<u>540,555</u>	<u>507,237</u>	<u>540,555</u>	<u>507,237</u>



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**A23 Other operating expenses (continued)**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	212,292	212,717	212,292	212,717
- Medical expenses	6,254	6,049	6,254	6,049
- Training and convention expenses	1,993	1,815	1,993	1,815
- Staff welfare	1,768	2,971	1,768	2,971
- Others	698	3,678	698	3,678
	223,005	227,230	223,005	227,230
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	24,287	26,387	24,287	26,387
- Depreciation of right-of-use assets	18,169	18,785	18,169	18,785
- Amortisation of intangible assets	12,288	11,657	12,288	11,657
- Rental of premises	632	457	632	457
- Information technology expenses	47,784	47,343	47,784	47,343
- Security services	3,534	5,243	3,534	5,243
- Electricity, water and sewerage	4,435	4,605	4,435	4,605
- Hire of plant and machinery	414	562	414	562
- Others	639	535	639	535
	112,182	115,574	112,182	115,574
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	5,204	4,254	5,204	4,254
- Sales commission and credit card related fees	33,362	19,302	33,362	19,302
- Others	3,120	1,323	3,120	1,323
	41,686	24,879	41,686	24,879
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	5,173	5,159	5,173	5,159
- Stationery and printing expenses	2,675	2,787	2,675	2,787
- Professional fees	24,619	21,008	24,619	21,008
- Insurance fees	8,024	5,051	8,024	5,051
- Stamp, postage and courier	3,955	2,788	3,955	2,788
- Travelling and transport expenses	489	386	489	386
- Registration and license fees	1,963	1,843	1,963	1,843
- Brokerage and commission	1,740	1,891	1,740	1,891
- Credit card fees	18,994	7,244	18,994	7,244
- Others	4,660	10,077	4,660	10,077
	72,292	58,234	72,292	58,234
	449,165	425,917	449,165	425,917

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Group</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	99,467	97,348	99,467	97,348
Impaired loans, advances and financing:				
- written off	9,194	3,588	9,194	3,588
- recovered from bad debt written off	(71,085)	(52,145)	(71,085)	(52,145)
	<u>37,576</u>	<u>48,791</u>	<u>37,576</u>	<u>48,791</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Bank</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	61,439	42,697	61,439	42,697
Impaired loans, advances and financing:				
- written off	7,426	2,916	7,426	2,916
- recovered from bad debt written off	(57,255)	(44,856)	(57,255)	(44,856)
	<u>11,610</u>	<u>757</u>	<u>11,610</u>	<u>757</u>

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Group</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(41)	(187)	(41)	(187)
- Financial investments at amortised cost	(43)	(38)	(43)	(38)
- Cash and short-term funds	(91)	36	(91)	36
- Deposits and placements with banks and other financial institutions	(168)	10	(168)	10
	<u>(343)</u>	<u>(179)</u>	<u>(343)</u>	<u>(179)</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b><u>Bank</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(40)	(192)	(40)	(192)
- Financial investments at amortised cost	-	(23)	-	(23)
- Cash and short-term funds	(711)	(95)	(711)	(95)
- Deposits and placements with banks and other financial institutions	(1,044)	1,212	(1,044)	1,212
	<u>(1,795)</u>	<u>902</u>	<u>(1,795)</u>	<u>902</u>

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**A26 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), which set out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirements on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.5% of total risk-weighted assets ("RWA"). The CCyB, which could range from 0% up to 2.5%, 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 7.0%, 8.5% and 10.5% respectively.

On 5 July 2021 BNM issued a letter on enhancements to the existing financing facilities under the BNM's Fund for SMEs and increased the allocation of the PEMERKASA+ and PEMULIH facilities. These enhancements were announced in order to provide further relief and support recovery of affected SMEs. BNM has earlier 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. The Bank has provided assistance to borrowers that required assistance during the pandemic period.

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 2.5%; (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 for banks as it was deemed not required due to HLB's assessment of its financial and portfolio profile.

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

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2022</b>	<b>Financial Year Ended 30/06/2022</b>	<b>Financial Period Ended 30/09/2022</b>	<b>Financial Year Ended 30/06/2022</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	12.915%	13.935%	12.920%	13.912%
Tier I capital ratio	14.005%	15.050%	13.987%	14.999%
Total capital ratio	<u>16.099%</u>	<u>17.176%</u>	<u>16.010%</u>	<u>17.051%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	12.915%	13.428%	12.920%	13.266%
Tier I capital ratio	14.005%	14.543%	13.987%	14.353%
Total capital ratio	<u>16.099%</u>	<u>16.669%</u>	<u>16.010%</u>	<u>16.404%</u>

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**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2022 RM'000</b>	<b>Financial Year Ended 30/06/2022 RM'000</b>	<b>Financial Period Ended 30/09/2022 RM'000</b>	<b>Financial Year Ended 30/06/2022 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	21,919,918	22,727,982	14,308,607	15,120,482
Other reserves	544,438	592,754	(317,003)	(283,282)
Less: Treasury shares	(712,863)	(713,690)	(712,863)	(713,690)
Less: Deferred tax assets	(550,766)	(528,771)	(424,812)	(403,666)
Less: Other intangible assets	(311,432)	(304,749)	(274,571)	(269,645)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(6,659,673)	(6,455,474)	(2,823,415)	(2,794,291)
<b>Total CET I capital</b>	<b>20,137,373</b>	<b>21,225,803</b>	<b>15,723,459</b>	<b>16,623,424</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	1,698,927	1,698,839	1,698,927	1,698,839
Additional Tier I capital before regulatory adjustments	1,698,927	1,698,839	1,698,927	1,698,839
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	1,698,927	1,698,839	1,298,927	1,298,839
<b>Total Tier I capital</b>	<b>21,836,300</b>	<b>22,924,642</b>	<b>17,022,386</b>	<b>17,922,263</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>#</sup>	1,765,835	1,738,471	1,361,562	1,350,820
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,265,805</b>	<b>3,238,441</b>	<b>2,461,532</b>	<b>2,450,790</b>
<b>Total capital</b>	<b>25,102,105</b>	<b>26,163,083</b>	<b>19,483,918</b>	<b>20,373,053</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM679,157,000 (2022: RM643,141,000) and RM576,260,000 (2022: RM536,432,000) respectively.

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**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2022 RM'000</b>	<b>Financial Year Ended 30/06/2022 RM'000</b>	<b>Financial Period Ended 30/09/2022 RM'000</b>	<b>Financial Year Ended 30/06/2022 RM'000</b>
Credit risk *	141,266,797	139,077,644	108,924,984	108,065,582
Market risk	5,090,976	3,917,894	5,097,219	3,934,497
Operational risk	9,565,080	9,327,630	7,678,940	7,485,705
<b>Total RWA</b>	<b>155,922,853</b>	<b>152,323,168</b>	<b>121,701,143</b>	<b>119,485,784</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,635,092,000 (2022: RM1,899,820,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Period Ended 30/09/2022</b>	<b>Financial Year Ended 30/06/2022</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	10.896%	11.176%
Tier I capital ratio	12.235%	12.550%
Total capital ratio	<u>14.751%</u>	<u>15.101%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	10.896%	11.176%
Tier I capital ratio	12.235%	12.550%
Total capital ratio	<u>14.751%</u>	<u>15.101%</u>

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

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

The various business segments are described below:

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

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

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

Overseas/International Operations refers to Hong Leong Bank Berhad Overseas Branches, Subsidiaries 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 30/09/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	834,484	304,181	289,095	100,523	(21,264)	(7,103)	1,499,916
Inter-segment revenue	(54,831)	105,494	(148,592)	-	97,929	-	-
Segment revenue	<u>779,653</u>	<u>409,675</u>	<u>140,503</u>	<u>100,523</u>	<u>76,665</u>	<u>(7,103)</u>	<u>1,499,916</u>
Segment profit before taxation	403,025	319,201	115,881	33,926	62,136	(12,041)	922,128
Share of profit after tax of equity accounted associated companies				265,003			265,003
Profit before taxation							<u>1,187,131</u>
Taxation							(205,722)
Profit after taxation							<u><u>981,409</u></u>

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

**Financial period ended 30/09/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	834,484	304,181	289,095	100,523	(21,264)	(7,103)	1,499,916
Inter-segment revenue	(54,831)	105,494	(148,592)	-	97,929	-	-
Segment revenue	<u>779,653</u>	<u>409,675</u>	<u>140,503</u>	<u>100,523</u>	<u>76,665</u>	<u>(7,103)</u>	<u>1,499,916</u>
Segment profit before taxation	403,025	319,201	115,881	33,926	62,136	(12,041)	922,128
Share of profit after tax of equity accounted associated companies				265,003			265,003
Profit before taxation							<u>1,187,131</u>
Taxation							(205,722)
Profit after taxation							<u>981,409</u>
Segment assets	111,757,202	44,315,074	76,215,092	20,803,619	-	-	253,090,987
Unallocated assets							9,629,803
Total assets							<u>262,720,790</u>

**Corresponding quarter ended 30/09/2021**

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



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

**Corresponding financial period ended 30/09/2021**

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

**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 materials events subsequent to the end of the financial period ended 30 September 2022 except for the following:

On 14 October 2022, the Bank issued a nominal value of RM400.0 million Additional Tier 1 capital securities (“HLB Capital Securities”), pursuant to its multi-currency Additional Tier 1 capital securities programme. The HLB Capital Securities carry a distribution rate of 4.70% 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. 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 9 December 2020 and as updated from time to time and for the refinancing of an existing tranche of RM400.0 million in nominal value of HLB Capital Securities issued previously under the HLB AT1 Programme on 30 November 2017.

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

There are no changes in the composition of the Group for the financial period ended 30 September 2022.

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**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	30/09/2022 RM'000	30/06/2022 RM'000	30/09/2022 RM'000	30/06/2022 RM'000
<b>Principal amount</b>				
Direct credit substitutes	219,267	137,103	212,066	129,077
Certain transaction related contingent items	2,074,781	2,024,547	1,483,678	1,444,276
Short-term self liquidating trade related contingencies	855,361	853,412	805,888	803,334
Irrevocable commitments to extend credit:				
- maturity more than one year	18,135,397	17,538,803	13,320,475	12,942,713
- maturity less than one year	26,950,963	23,913,907	21,549,247	19,450,920
Foreign exchange related contracts:				
- less than one year	102,918,688	55,995,785	87,177,465	51,999,925
- one year to less than five years	7,055,356	5,944,644	7,055,356	5,987,312
- five years and above	569,982	396,495	569,982	396,495
Interest rate related contracts:				
- less than one year	42,635,375	34,839,173	42,635,375	34,692,744
- one year to less than five years	67,743,412	52,585,368	67,887,459	52,835,368
- five years and above	4,538,371	4,308,323	4,355,038	4,208,323
Equity related contracts:				
- less than one year	319,118	245,878	319,118	245,878
- one year to less than five years	580,937	102,699	580,937	102,699
- five years and above	-	270,542	-	270,542
Credit related contracts:				
- five years and above	1,008,083	938,327	1,008,083	938,327
Commodity related contracts:				
- less than one year	693,247	438,428	693,247	438,428
- one year to less than five years	285,454	493,416	285,454	493,416
Unutilised credit card lines	7,027,479	7,090,121	7,027,479	7,090,121
<b>Total</b>	<b>283,611,271</b>	<b>208,116,971</b>	<b>256,966,347</b>	<b>194,469,898</b>

**A31 Related party transactions**

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

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**A32 Fair value of financial instruments**

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

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

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

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

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

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

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

Valuation techniques

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques such as discounted cash flow that uses inputs such as market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain corporate bonds, government bonds and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques. This category includes unquoted shares held for socio-economic reasons. Fair value for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

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

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

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

	<b>The Group</b>			
	<b>Financial Period Ended 30/09/2022</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,242,618	-	2,242,618
- Quoted securities	4,052,406	-	-	4,052,406
- Unquoted securities	-	160,423	355,620	516,043
Financial investments at FVOCI				
- Money market instrument	-	14,908,924	-	14,908,924
- Quoted securities	2,944,671	-	-	2,944,671
- Unquoted securities	-	7,574,806	83,386	7,658,192
Derivative financial instruments	51,873	2,965,124	61,434	3,078,431
	<u>7,048,950</u>	<u>27,851,895</u>	<u>500,440</u>	<u>35,401,285</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	14,946	2,657,724	60,152	2,732,822
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,843,402	-	2,843,402
	<u>14,946</u>	<u>5,501,126</u>	<u>60,152</u>	<u>5,576,224</u>
<b>The Group</b>				
<b>Financial Year Ended 30/06/2022</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,679,155	-	2,679,155
- Quoted securities	3,998,469	-	-	3,998,469
- Unquoted securities	-	211,238	355,620	566,858
Financial investments at FVOCI				
- Money market instrument	-	15,590,971	-	15,590,971
- Quoted securities	2,890,212	-	-	2,890,212
- Unquoted securities	-	7,631,734	83,386	7,715,120
Derivative financial instruments	9,909	1,748,589	104,802	1,863,300
	<u>6,898,590</u>	<u>27,861,687</u>	<u>543,808</u>	<u>35,304,085</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	104	1,633,224	103,510	1,736,838
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,065,393	-	2,065,393
	<u>104</u>	<u>3,698,617</u>	<u>103,510</u>	<u>3,802,231</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 (2022: RM Nil).

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

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

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

	<b>The Bank</b>			
	<b>Financial Period Ended 30/09/2022</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,242,618	-	2,242,618
- Quoted securities	4,149,764	-	-	4,149,764
- Unquoted securities	-	160,423	355,620	516,043
Financial investments at FVOCI				
- Money market instrument	-	11,529,598	-	11,529,598
- Quoted securities	2,944,671	-	-	2,944,671
- Unquoted securities	-	7,207,793	83,386	7,291,179
Derivative financial instruments	51,873	2,788,505	61,434	2,901,812
	<u>7,146,308</u>	<u>23,928,937</u>	<u>500,440</u>	<u>31,575,685</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	14,946	2,491,807	60,152	2,566,905
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,762,427	-	2,762,427
	<u>14,946</u>	<u>5,254,234</u>	<u>60,152</u>	<u>5,329,332</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/06/2022</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,382,288	-	2,382,288
- Quoted securities	4,093,382	-	-	4,093,382
- Unquoted securities	-	109,472	355,620	465,092
Financial investments at FVOCI				
- Money market instrument	-	12,182,344	-	12,182,344
- Quoted securities	2,890,212	-	-	2,890,212
- Unquoted securities	-	7,260,579	83,386	7,343,965
Derivative financial instruments	9,909	1,661,660	104,802	1,776,371
	<u>6,993,503</u>	<u>23,596,343</u>	<u>543,808</u>	<u>31,133,654</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	104	1,608,131	103,510	1,711,745
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,983,878	-	1,983,878
	<u>104</u>	<u>3,592,009</u>	<u>103,510</u>	<u>3,695,623</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 (2022: RM Nil).

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

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

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

<b>The Group</b>	<b>Financial Assets</b>			<b>Financial</b>
<b>30 September 2022</b>	<b>Financial assets</b>	<b>investments</b>	<b>financial</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>instruments</b>	<b>Derivative</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>financial</b>
				<b>instruments</b>
				<b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	-	-	1,671	1,671
Purchases	-	-	45,611	45,723
Settlements	-	-	(90,650)	(90,752)
At 30 September	<u>355,620</u>	<u>83,386</u>	<u>61,434</u>	<u>60,152</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2022	<u>-</u>	<u>-</u>	<u>1,671</u>	<u>1,671</u>

<b>The Group</b>	<b>Financial Assets</b>			<b>Financial</b>
<b>30 June 2022</b>	<b>Financial assets</b>	<b>investments</b>	<b>financial</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>instruments</b>	<b>Derivative</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>financial</b>
				<b>instruments</b>
				<b>RM'000</b>
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	6,751	-	28,076	28,076
Net fair value changes recognised in other comprehensive income	-	14,292	-	-
Purchases	-	-	2,155	863
Settlements	-	-	(2,342)	(2,342)
At 30 June	<u>355,620</u>	<u>83,386</u>	<u>104,802</u>	<u>103,510</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2022	<u>6,751</u>	<u>-</u>	<u>28,076</u>	<u>28,076</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2022	<u>-</u>	<u>14,292</u>	<u>-</u>	<u>-</u>

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

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

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

<b>The Bank</b> <b>30 September 2022</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets</b>	<b>Financial</b>	<b>Derivative</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>investments</b>	<b>financial</b>	<b>Derivative</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>instruments</b>	<b>financial</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>instruments</b>
				<b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	-	-	1,671	1,671
Purchases	-	-	45,611	45,723
Settlements	-	-	(90,650)	(90,752)
At 30 September	<u>355,620</u>	<u>83,386</u>	<u>61,434</u>	<u>60,152</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2022	<u>-</u>	<u>-</u>	<u>1,671</u>	<u>1,671</u>

<b>The Bank</b> <b>30 June 2022</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets</b>	<b>Financial</b>	<b>Derivative</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>investments</b>	<b>financial</b>	<b>Derivative</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>instruments</b>	<b>financial</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>instruments</b>
				<b>RM'000</b>
At 1 July	348,869	69,094	76,913	76,913
Fair value changes recognised in statements of income	6,751	-	28,076	28,076
Net fair value changes recognised in other comprehensive income	-	14,292	-	-
Purchases	-	-	2,155	863
Settlements	-	-	(2,342)	(2,342)
At 30 June	<u>355,620</u>	<u>83,386</u>	<u>104,802</u>	<u>103,510</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2022	<u>6,751</u>	<u>-</u>	<u>28,076</u>	<u>28,076</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2022	<u>-</u>	<u>14,292</u>	<u>-</u>	<u>-</u>

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM1,187.1 million for the current financial quarter ended 30 September 2022, an increase of RM145.0 million or 13.9% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM120.0 million, lower allowance for impairment losses on loans, advances and financing of RM11.2 million, written back of impairment losses on financial investments and other assets of RM0.1 million and higher share of profit from associated company of RM47.0 million. However, this was mitigated by higher operating expenses of RM33.3 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 RM403.0 million for the first quarter ended 30 September 2022 as compared to previous corresponding quarter of RM315.9 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM319.2 million for the first quarter ended 30 September 2022 as compared to previous corresponding quarter of RM227.4 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.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM115.9 million for the first quarter ended 30 September 2022 as compared to previous corresponding quarter of RM236.8 million. The decrease in pre-tax profit was mainly contributed by lower total income, partially offset by lower operating expenses and lower impairment losses on financial investments and other assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM298.9 million for the first quarter ended 30 September 2022 as compared to previous corresponding quarter of RM253.4 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China and higher total income, partially offset by higher operating expenses and higher allowance for impairment losses on loans, advances and financing.



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**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM1,187.1 million as compared to RM1,217.3 million in the preceding quarter, a decrease of RM30.2 million mainly contributed by higher allowance for impairment losses on loans, advances and financing of RM7.4 million and lower share of profit from associated companies of RM43.8 million. This was mitigated by higher net income of RM1.5 million and lower operating expenses of RM19.5 million.

**B3 Current year prospects**

The Malaysian economy remains on a favourable growth trajectory despite mounting risks of a slowdown in the world economy. Further recovery in domestic demand underpinned by a healthy labour market and ongoing policy support, as well as diversified export base, are helping our economy weather the storm. We are expecting full year 2022 economic growth to surpass the official forecast range of 5.3-6.3%. Risks of over policy tightening, financial market volatility, geopolitical uncertainties, coupled with China's downside risk are among the larger reservations to growth prospects going forward. Further escalation of geopolitical conflicts, lingering supply disruptions, heightened financial market volatility and intensified cost pressures could weigh on overall growth prospects going forward.

As a highly digital and innovative ASEAN financial services institution, we strive to develop and tailor more effective banking solutions to our customers. Our efforts are all anchored on our brand promise of “Built Around You”, where clients are at the centre of everything we do. We will continue to prudently manage our credit and liquidity risks to ensure that we remain steadfast in our support of our clients as they invest in their business recovery and expansion, whilst supporting individuals in their banking and financing requirements.

Amid the dynamic business landscape, we are disciplined and focused in our investments and expenditure to maintain a cost structure that allows us to invest in growth opportunities that will deliver sustainable outcomes to our stakeholders. In line with our carbon neutral ambition, the Bank will continuously integrate robust environmental, social and governance (“ESG”) practices internally within our own business operations and engage proactively with all our external stakeholders.

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

This note is not applicable to the Group.

**B5 Taxation**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Income tax	216,632	191,806	216,632	191,806
Transfer to deferred taxation	(10,910)	(7,946)	(10,910)	(7,946)
	<u>205,722</u>	<u>183,860</u>	<u>205,722</u>	<u>183,860</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>				
Income tax	170,016	159,282	170,016	159,282
Transfer to deferred taxation	(8,631)	(4,394)	(8,631)	(4,394)
	<u>161,385</u>	<u>154,888</u>	<u>161,385</u>	<u>154,888</u>

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

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

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

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

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**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 September 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	91,344,427	1,538,973	(822,764)
(ii) 1 year to 3 years	445,057	14,954	(33)
(iii) More than 3 years	1,283,618	21,199	-
Swaps			
(i) Less than 1 year	6,825,865	118,176	(140,441)
(ii) 1 year to 3 years	3,940,816	143,309	(212,814)
(iii) More than 3 years	1,596,681	48,009	(103,854)
Options			
(i) Less than 1 year	4,748,396	64,614	(58,173)
(ii) 1 year to 3 years	359,166	4,723	(2,591)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,235,155	45,783	(14,947)
(ii) 1 year to 3 years	3,012,100	6,091	-
Swaps			
(i) Less than 1 year	34,400,220	44,222	(90,254)
(ii) 1 year to 3 years	29,552,119	189,940	(258,434)
(iii) More than 3 years	39,717,564	703,091	(894,454)
Equity related contracts			
(i) Less than 1 year	319,118	3,832	(3,908)
(ii) 1 year to 3 years	34,490	230	(230)
(iii) More than 3 years	546,447	57,373	(56,013)
Credit related contracts			
(i) More than 3 years	1,008,083	62,804	(62,804)
Commodity related contracts			
(i) Less than 1 year	693,247	6,168	(6,168)
(ii) 1 year to 3 years	285,454	4,940	(4,940)
<b>Total</b>	<b>228,348,023</b>	<b>3,078,431</b>	<b>(2,732,822)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 June 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	45,248,504	701,994	(211,689)
(ii) 1 year to 3 years	609,044	5,502	(136)
(iii) More than 3 years	930,442	9,586	(237)
Swaps			
(i) Less than 1 year	5,541,287	97,007	(79,973)
(ii) 1 year to 3 years	2,986,090	99,294	(115,596)
(iii) More than 3 years	1,408,216	29,513	(57,286)
Options			
(i) Less than 1 year	5,205,994	48,789	(48,156)
(ii) 1 year to 3 years	407,347	4,178	(2,447)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,894,365	9,909	(31,678)
Swaps			
(i) Less than 1 year	32,798,379	34,695	(64,911)
(ii) 1 year to 3 years	28,926,412	147,505	(241,515)
(iii) More than 3 years	28,113,708	527,022	(736,202)
Equity related contracts			
(i) Less than 1 year	245,878	2,212	(2,212)
(ii) 1 year to 3 years	3,645	99	(99)
(iii) More than 3 years	369,596	102,491	(101,199)
Credit related contracts			
(i) More than 3 years	938,327	39,156	(39,156)
Commodity related contracts			
(i) Less than 1 year	438,428	1,757	(1,755)
(ii) 1 year to 3 years	493,416	2,591	(2,591)
<b>Total</b>	<b>156,559,078</b>	<b>1,863,300</b>	<b>(1,736,838)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 September 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	75,823,722	1,367,648	(675,827)
(ii) 1 year to 3 years	445,057	14,955	(33)
(iii) More than 3 years	1,283,618	21,199	-
Swaps			
(i) Less than 1 year	6,605,347	116,327	(140,391)
(ii) 1 year to 3 years	3,940,816	143,310	(212,814)
(iii) More than 3 years	1,596,681	48,009	(103,854)
Options			
(i) Less than 1 year	4,748,396	64,614	(58,173)
(ii) 1 year to 3 years	359,166	4,723	(2,591)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,235,155	45,783	(14,947)
(ii) 1 year to 3 years	3,012,100	6,091	-
Swaps			
(i) Less than 1 year	34,400,220	44,222	(90,254)
(ii) 1 year to 3 years	29,552,118	189,940	(258,434)
(iii) More than 3 years	39,678,279	699,644	(875,524)
Equity related contracts			
(i) Less than 1 year	319,118	3,832	(3,908)
(ii) 1 year to 3 years	34,490	230	(230)
(iii) More than 3 years	546,447	57,373	(56,013)
Credit related contracts			
(i) More than 3 years	1,008,083	62,804	(62,804)
Commodity related contracts			
(i) Less than 1 year	693,247	6,168	(6,168)
(ii) 1 year to 3 years	285,454	4,940	(4,940)
<b>Total</b>	<b>212,567,514</b>	<b>2,901,812</b>	<b>(2,566,905)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 June 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	41,426,563	619,254	(204,728)
(ii) 1 year to 3 years	609,044	5,503	(136)
(iii) More than 3 years	930,442	9,586	(237)
Swaps			
(i) Less than 1 year	5,367,368	96,954	(79,973)
(ii) 1 year to 3 years	3,028,758	98,101	(115,596)
(iii) More than 3 years	1,408,216	29,513	(57,286)
Options			
(i) Less than 1 year	5,205,994	48,789	(48,156)
(ii) 1 year to 3 years	407,347	4,178	(2,447)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,894,365	9,909	(31,678)
Swaps			
(i) Less than 1 year	32,798,379	34,695	(64,911)
(ii) 1 year to 3 years	28,926,411	147,505	(241,515)
(iii) More than 3 years	28,117,280	524,078	(718,070)
Equity related contracts			
(i) Less than 1 year	245,878	2,212	(2,212)
(ii) 1 year to 3 years	3,645	99	(99)
(iii) More than 3 years	369,596	102,491	(101,199)
Credit related contracts			
(i) More than 3 years	938,327	39,156	(39,156)
Commodity related contracts			
(i) Less than 1 year	438,428	1,757	(1,755)
(ii) 1 year to 3 years	493,416	2,591	(2,591)
<b>Total</b>	<b>152,609,457</b>	<b>1,776,371</b>	<b>(1,711,745)</b>

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

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM301,027,000 (30 June 2022: RM480,304,000) and RM114,700,097,000 (30 June 2022: RM92,034,265,000) 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 RM3,453,024,000 (30 June 2022: RM2,203,729,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

**Credit risk (continued)**

Derivatives (continued)

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

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

**Liquidity risk**

Derivatives

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

**Related accounting policies**

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

Fair value hedge

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

Cash flow hedge

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



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**B10 Material litigation**

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

**B11 Dividend**

No interim dividend has been declared for the current quarter.

**B12 Earnings per share**

**(a) Basic earnings per share**

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

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	981,409	858,252	981,409	858,252
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	(119,296)	(119,964)	(119,296)	(119,964)
	<u>2,048,422</u>	<u>2,047,754</u>	<u>2,048,422</u>	<u>2,047,754</u>
<b>Basic earnings per share (sen)</b>	47.9	41.9	47.9	41.9
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	585,465	552,863	585,465	552,863
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	(119,296)	(119,964)	(119,296)	(119,964)
	<u>2,048,422</u>	<u>2,047,754</u>	<u>2,048,422</u>	<u>2,047,754</u>
<b>Basic earnings per share (sen)</b>	28.6	27.0	28.6	27.0

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**B12 Earnings per share** (continued)

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

The Bank has two categories of dilutive potential ordinary shares, which are the share options and ordinary shares granted under the ESS. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	981,409	858,252	981,409	858,252
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,422	2,047,754	2,048,422	2,047,754
- adjustment for ESS	1,115	1,571	1,115	1,571
	<u>2,049,537</u>	<u>2,049,325</u>	<u>2,049,537</u>	<u>2,049,325</u>
<b>Fully diluted earnings per share (sen)</b>	47.9	41.9	47.9	41.9
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	585,465	552,863	585,465	552,863
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,422	2,047,754	2,048,422	2,047,754
- adjustment for ESS	1,115	1,571	1,115	1,571
	<u>2,049,537</u>	<u>2,049,325</u>	<u>2,049,537</u>	<u>2,049,325</u>
<b>Fully diluted earnings per share (sen)</b>	28.6	27.0	28.6	27.0

Dated this 29 November 2022