

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

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

	Note	The Group		The Bank	
		As at 31/03/2021 RM'000	As at 30/06/2020 RM'000	As at 31/03/2021 RM'000	As at 30/06/2020 RM'000
ASSETS					
Cash and short-term funds		4,537,142	8,562,169	3,626,898	5,543,800
Deposits and placements with banks and other financial institutions		782,729	1,052,379	1,454,371	1,818,174
Financial assets at fair value through profit or loss	A8	8,292,202	8,069,396	8,271,269	8,047,727
Financial investments at fair value through other comprehensive income	A9	34,686,223	27,282,544	30,798,777	24,737,905
Financial investments at amortised cost	A10	20,777,698	20,101,432	14,325,038	15,079,081
Loans, advances and financing	A11	151,161,276	144,694,950	116,871,485	112,823,975
Other assets	A12	2,587,265	1,682,516	2,504,101	1,606,849
Derivative financial instruments		1,217,483	1,111,469	1,170,201	1,057,621
Amount due from subsidiaries		-	-	77,980	106,363
Statutory deposits with Central Banks		438,056	418,120	259,354	254,181
Subsidiary companies		-	-	2,568,316	2,558,901
Investment in associated companies		5,366,019	4,644,527	971,182	971,182
Property and equipment		1,227,134	1,299,902	619,236	685,169
Intangible assets		209,192	187,505	188,997	168,060
Right-of-use assets		223,245	253,118	363,224	420,653
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		292,040	86,578	233,880	55,984
TOTAL ASSETS		233,629,016	221,277,917	186,075,856	177,707,172
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	A13	180,602,729	173,492,661	142,428,747	137,633,362
Investment accounts of customers	A14	1,042,995	356,475	-	-
Deposits and placements of banks and other financial institutions	A15	8,697,258	6,501,080	8,738,677	6,651,241
Obligations on securities sold under repurchase agreements		4,320,421	3,124,132	4,320,421	3,124,132
Bills and acceptances payable		200,843	134,053	176,771	120,216
Lease liabilities		216,694	241,177	358,172	407,838
Other liabilities	A16	4,811,019	5,348,210	4,455,603	4,773,705
Derivative financial instruments		1,156,798	1,298,513	1,099,243	1,251,096
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,035,146	1,049,005	303,173	300,567
Tier 2 subordinated bonds	A17	1,518,744	1,502,224	1,518,744	1,502,224
Multi-currency Additional Tier 1 capital securities	A18	806,766	806,320	806,766	806,320
Provision for taxation		671,529	189,768	547,067	150,979
TOTAL LIABILITIES		205,080,942	194,043,618	164,753,384	156,721,680
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		21,528,469	20,218,580	14,302,867	13,969,773
Less: Treasury shares		(719,458)	(723,344)	(719,458)	(723,344)
TOTAL SHAREHOLDERS' EQUITY		28,548,074	27,234,299	21,322,472	20,985,492
TOTAL LIABILITIES AND EQUITY		233,629,016	221,277,917	186,075,856	177,707,172
COMMITMENTS AND CONTINGENCIES	A30	226,017,954	147,233,168	207,605,709	131,969,797
Net asset per share attributable to ordinary equity holders of the parent (RM) *		13.94	13.30	10.41	10.25

* 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 2020.

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

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

	Note	The Group			
		Current Quarter Ended 31/03/2021 RM'000	Corresponding Quarter Ended 30/03/2020 RM'000	Current Period Ended 31/03/2021 RM'000	Corresponding Period Ended 30/03/2020 RM'000
Interest income	A19(a)	1,323,299	1,477,490	4,059,499	4,571,611
Interest income for financial assets at fair value through profit or loss	A19(b)	39,032	75,182	117,772	218,477
Interest expense	A20	(485,501)	(872,533)	(1,637,487)	(2,676,816)
Net interest income		876,830	680,139	2,539,784	2,113,272
Net income from Islamic Banking business	A21	234,607	206,284	687,415	612,469
Other operating income	A22	274,206	242,643	907,383	855,961
Net income		1,385,643	1,129,066	4,134,582	3,581,702
Other operating expenses	A23	(512,625)	(533,629)	(1,545,358)	(1,582,900)
Operating profit before allowances		873,018	595,437	2,589,224	1,998,802
Allowance for impairment losses on loans, advances and financing	A24	(114,277)	(125,852)	(459,558)	(136,357)
Written back of/(allowance for) impairment losses on financial investments and other financial assets	A25	164	2,029	(30)	391
		758,905	471,614	2,129,636	1,862,836
Share of profit after tax of equity accounted associated companies		181,884	165,580	516,692	477,879
Profit before taxation		940,789	637,194	2,646,328	2,340,715
Taxation	B5	(169,323)	(102,404)	(475,170)	(415,533)
Net profit for the financial period		771,466	534,790	2,171,158	1,925,182
Attributable to:					
Owners of the parent		771,466	534,790	2,171,158	1,925,182
Earnings per share - basic (sen)	B12(a)	37.7	26.1	106.0	94.1
Earnings per share - fully diluted (sen)	B12(b)	37.7	26.1	106.0	94.0

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

	The Group			
	Current Quarter Ended 31/03/2021 RM'000	Corresponding Quarter Ended 30/03/2020 RM'000	Current Period Ended 31/03/2021 RM'000	Corresponding Period Ended 30/03/2020 RM'000
Net profit for the financial period	771,466	534,790	2,171,158	1,925,182
Other comprehensive (loss)/income in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	(168)	-	(168)	-
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated company	9,270	-	(13,508)	(4,631)
(b) Currency translation differences	206,705	200,203	183,720	74,597
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(526,410)	(110,291)	(434,255)	(109,670)
- Changes in expected credit losses	(2)	(641)	(191)	(173)
(d) Net fair value changes in cash flow hedge	3,349	(6,172)	4,706	(6,421)
Income tax relating to components of other comprehensive loss	119,692	21,063	101,252	22,318
Other comprehensive (loss)/income for the financial period, net of tax	(187,564)	104,162	(158,444)	(23,980)
Total comprehensive income for the financial period	<u>583,902</u>	<u>638,952</u>	<u>2,012,714</u>	<u>1,901,202</u>
Attributable to:				
- Owners of the parent	<u>583,902</u>	<u>638,952</u>	<u>2,012,714</u>	<u>1,901,202</u>

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HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 March 2021

	Note	The Bank			
		Current Quarter Ended 31/03/2021 RM'000	Corresponding Quarter Ended 30/03/2020 RM'000	Current Period Ended 31/03/2021 RM'000	Corresponding Period Ended 30/03/2020 RM'000
Interest income	A19(a)	1,286,244	1,442,281	3,948,077	4,474,907
Interest income for financial assets at fair value through profit or loss	A19(b)	39,032	75,182	117,772	218,477
Interest expense	A20	(472,804)	(862,080)	(1,598,190)	(2,652,378)
Net interest income		852,472	655,383	2,467,659	2,041,006
Other operating income	A22	268,661	253,166	891,455	856,650
Net income		1,121,133	908,549	3,359,114	2,897,656
Other operating expenses	A23	(436,479)	(453,740)	(1,317,038)	(1,349,352)
Operating profit before allowances Allowance for impairment losses on loans, advances and financing (Allowance for)/written back of impairment losses on financial investments and other financial assets	A24	684,654	454,809	2,042,076	1,548,304
	A25	(94,548)	(96,815)	(376,067)	(47,465)
	A25	(441)	1,276	130	(1,433)
Profit before taxation		589,665	359,270	1,666,139	1,499,406
Taxation	B5	(127,737)	(74,020)	(358,950)	(327,212)
Net profit for the financial period		461,928	285,250	1,307,189	1,172,194
Attributable to:					
Owners of the parent		461,928	285,250	1,307,189	1,172,194
Earnings per share - basic (sen)	B12(a)	22.6	13.9	63.8	57.3
Earnings per share - fully diluted (sen)	B12(b)	22.6	13.9	63.8	57.3

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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 31 March 2021

	The Bank			
	Current Quarter Ended 31/03/2021 RM'000	Corresponding Quarter Ended 30/03/2020 RM'000	Current Period Ended 31/03/2021 RM'000	Corresponding Period Ended 30/03/2020 RM'000
Net profit for the financial period	461,928	285,250	1,307,189	1,172,194
Other comprehensive loss in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	(168)	-	(168)	-
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	23,574	10,043	(6,740)	1,436
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(423,427)	(84,674)	(350,114)	(99,081)
- Changes in expected credit losses	3	(436)	(178)	(66)
(c) Net fair value changes in cash flow hedge	3,349	(6,171)	4,704	(6,420)
Income tax relating to components of other comprehensive loss	95,169	15,369	81,226	19,698
Other comprehensive loss for the financial period, net of tax	(301,500)	(65,869)	(271,270)	(84,433)
Total comprehensive income for the financial period	<u>160,428</u>	<u>219,381</u>	<u>1,035,919</u>	<u>1,087,761</u>

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HONG LEONG BANK BERHAD
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Condensed Financial Statements

Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2021

Attributable to owners of the parent

<u>The Group</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2020	7,739,063	1,197,346	848,428	18,172,806	(723,344)	27,234,299
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	2,171,158	-	2,171,158
- Share of other comprehensive loss of associated company	-	(13,508)	-	-	-	(13,508)
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	(168)	-	-	-	(168)
- Net gain on disposal	-	(10)	-	10	-	-
- Debt instruments						
- Net fair value changes	-	(331,873)	-	-	-	(331,873)
- Changes in expected credit losses	-	(191)	-	-	-	(191)
- Net fair value changes in cash flow hedge	-	3,576	-	-	-	3,576
- Currency translation differences	-	183,720	-	-	-	183,720
Total comprehensive (loss)/income	-	(158,454)	-	2,171,168	-	2,012,714
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	(282,782)	282,782	-	-
Dividends paid	-	-	-	(712,086)	-	(712,086)
ESS exercised	-	(5,117)	-	5,064	3,886	3,833
Option charge arising from ESS granted	-	9,314	-	-	-	9,314
Total transactions with owners	-	4,197	(282,782)	(424,240)	3,886	(698,939)
At 31 March 2021	7,739,063	1,043,089	565,646	19,919,734	(719,458)	28,548,074
At 1 July 2019	7,739,063	918,414	858,315	16,686,412	(727,817)	25,474,387
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,925,182	-	1,925,182
- Share of other comprehensive loss of associated company	-	(4,631)	-	-	-	(4,631)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(88,929)	-	-	-	(88,929)
- Changes in expected credit losses	-	(173)	-	-	-	(173)
- Net fair value changes in cash flow hedge	-	(4,844)	-	-	-	(4,844)
- Currency translation differences	-	74,597	-	-	-	74,597
Total comprehensive (loss)/income	-	(23,980)	-	1,925,182	-	1,901,202
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	111,168	(111,168)	-	-
Dividends paid	-	-	-	(1,023,340)	-	(1,023,340)
ESS exercised	-	(6,464)	-	5,250	4,473	3,259
Option charge arising from ESS granted	-	17,533	-	-	-	17,533
Total transactions with owners	-	11,069	111,168	(1,129,258)	4,473	(1,002,548)
At 30 March 2020	7,739,063	905,503	969,483	17,482,336	(723,344)	26,373,041

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM554,401,000 (31 March 2020: RM958,238,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (31 March 2020: RM11,245,000)

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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2021

Attributable to owners of the parent

The Bank	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2020	7,739,063	604,314	703,987	12,661,472	(723,344)	20,985,492
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,307,189	-	1,307,189
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	(168)	-	-	-	(168)
- Net gain on disposal	-	(10)	-	10	-	-
- Debt instruments						
- Net fair value changes	-	(267,758)	-	-	-	(267,758)
- Changes in expected credit losses	-	(178)	-	-	-	(178)
- Net fair value changes in cash flow hedge	-	3,574	-	-	-	3,574
- Currency translation differences	-	(6,740)	-	-	-	(6,740)
Total comprehensive (loss)/income	<u>-</u>	<u>(271,280)</u>	<u>-</u>	<u>1,307,199</u>	<u>-</u>	<u>1,035,919</u>
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	(270,328)	270,328	-	-
Dividends paid	-	-	-	(712,086)	-	(712,086)
ESS exercised	-	(5,117)	-	5,064	3,886	3,833
Option charge arising from ESS granted	-	9,314	-	-	-	9,314
Total transactions with owners	<u>-</u>	<u>4,197</u>	<u>(270,328)</u>	<u>(436,694)</u>	<u>3,886</u>	<u>(698,939)</u>
At 31 March 2021	7,739,063	337,231	433,659	13,531,977	(719,458)	21,322,472
At 1 July 2019	7,739,063	384,364	695,197	12,034,337	(727,817)	20,125,144
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,172,194	-	1,172,194
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(80,960)	-	-	-	(80,960)
- Changes in expected credit losses	-	(66)	-	-	-	(66)
- Net fair value changes in cash flow hedge	-	(4,843)	-	-	-	(4,843)
- Currency translation differences	-	1,436	-	-	-	1,436
Total comprehensive (loss)/income	<u>-</u>	<u>(84,433)</u>	<u>-</u>	<u>1,172,194</u>	<u>-</u>	<u>1,087,761</u>
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	71,482	(71,482)	-	-
Dividends paid	-	-	-	(1,023,340)	-	(1,023,340)
ESS exercised	-	(6,464)	-	5,250	4,473	3,259
Option charge arising from ESS granted	-	17,533	-	-	-	17,533
Total transactions with owners	<u>-</u>	<u>11,069</u>	<u>71,482</u>	<u>(1,089,572)</u>	<u>4,473</u>	<u>(1,002,548)</u>
At 30 March 2020	7,739,063	311,000	766,679	12,116,959	(723,344)	20,210,357

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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 31 March 2021

	The Group		The Bank	
	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 30/03/2020 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 30/03/2020 RM'000
Profit before taxation	2,646,328	2,340,715	1,666,139	1,499,406
Adjustments for non-cash items	<u>(979,609)</u>	<u>(967,324)</u>	<u>(592,197)</u>	<u>(617,646)</u>
Operating profit before working capital changes	1,666,719	1,373,391	1,073,942	881,760
Changes in working capital:				
Net changes in operating assets	(7,313,084)	479,960	(4,823,514)	2,908,684
Net changes in operating liabilities	10,712,641	7,783,491	7,796,159	5,302,429
Income taxes and zakat paid	<u>(97,349)</u>	<u>(347,319)</u>	<u>(59,644)</u>	<u>(269,026)</u>
Net cash generated from operating activities	<u>4,968,927</u>	<u>9,289,523</u>	<u>3,986,943</u>	<u>8,823,847</u>
Cash flows from investing activities				
Investment in subordinated facilities	-	-	(146)	(1,358)
Net purchases of financial investments at fair value through other comprehensive income	(7,081,996)	(4,297,028)	(5,656,172)	(3,479,785)
Net (purchases)/proceeds of financial investments at amortised cost	(263,254)	(2,003,939)	1,166,558	(1,805,919)
Purchase of property and equipment	(84,836)	(115,815)	(72,160)	(97,299)
Net proceeds from sale of property and equipment	9,306	6,169	9,306	6,128
Purchase of intangible assets	(11,171)	(42,143)	(10,590)	(38,104)
- Financial assets at fair value through profit or loss	90,340	191,051	90,340	191,051
- Financial investments at fair value through other comprehensive income	375	3,683	375	3,683
Net cash used in investing activities	<u>(7,341,236)</u>	<u>(6,258,022)</u>	<u>(4,472,489)</u>	<u>(5,221,603)</u>
Cash flows from financing activities				
Dividends paid	(712,086)	(1,023,340)	(712,086)	(1,023,340)
Repayment of lease liabilities	(23,177)	(22,390)	(41,164)	(39,453)
Cash received from ESOS exercised	3,833	3,259	3,833	3,259
Proceeds/(repayment) from debt issuance				
- Recourse obligation on financing sold to Cagamas	-	799,950	-	99,950
Repayment of Innovative Tier 1 capital securities	-	(500,000)	-	(500,000)
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(41,368)	(20,865)	(5,232)	(3,691)
- Tier 2 subordinated bonds	(33,476)	(33,660)	(33,476)	(33,689)
- Multi-currency Additional Tier 1 capital securities	(29,203)	(29,245)	(29,327)	(29,369)
- Innovative Tier 1 capital securities	-	(21,071)	-	(21,071)
- Lease liabilities	<u>(7,570)</u>	<u>(8,620)</u>	<u>(12,614)</u>	<u>(14,552)</u>
Net cash used in financing activities	<u>(843,047)</u>	<u>(855,982)</u>	<u>(830,066)</u>	<u>(1,561,956)</u>

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

	The Group		The Bank	
	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 30/03/2020 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Period Ended 30/03/2020 RM'000
Net (decrease)/increase in cash and cash equivalents	(3,215,356)	2,175,519	(1,315,612)	2,040,288
Currency translation differences	(33,582)	29,355	(6,769)	1,204
Cash and cash equivalents at the beginning of financial period	7,187,221	4,523,737	5,005,032	4,258,769
Cash and cash equivalents at the end of financial period	<u>3,938,283</u>	<u>6,728,611</u>	<u>3,682,651</u>	<u>6,300,261</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	4,537,142	5,678,964	3,626,898	5,072,330
Deposits and placements with banks and other financial institutions	782,729	1,131,830	1,454,371	1,787,288
	<u>5,319,871</u>	<u>6,810,794</u>	<u>5,081,269</u>	<u>6,859,618</u>
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(1,381,588)	(82,183)	(1,398,618)	(559,357)
	<u>3,938,283</u>	<u>6,728,611</u>	<u>3,682,651</u>	<u>6,300,261</u>

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR FINANCIAL PERIOD ENDED 31 MARCH 2021**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2021 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss (“FVTPL”), financial investments at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad (“HLB” or “the Bank”) for the financial year ended 30 June 2020. 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 2020.

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 2020, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2020:

- (i) * Amendments to MFRS 3 ‘Definition of a Business’
- * Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
- * Amendments to MFRS 7, MFRS 9 and MFRS 139 ‘Interest Rate Benchmark Reform’
- * Revised Conceptual Framework for Financial Reporting

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 2020

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2020.

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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 31 March 2021:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2021 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

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

A trust has been set up for the ESS of the Bank and it is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance with MFRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESS holders are recorded as “Treasury Shares”, in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the Statements of Financial Position.

During the financial period ended 31 March 2021, the trust did not purchase any new shares. As at 31 March 2021, the total number of Treasury Shares for ESS was 39,047,545 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

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

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

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

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

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

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

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

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

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

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

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

During the financial period ended 31 March 2021, a total of 709,872 share options and grant shares lapsed and a total of 249,138 ordinary shares were vested and transferred while a total of 278,413 share options were exercised pursuant to the Bank's ESS.

A7 Dividends paid

A final single tier dividend of 20.0 sen per share in respect of financial year ended 30 June 2020 amounting to RM409.5 million was paid on 20 November 2020.

An interim single tier dividend of 14.78 sen per share in respect of financial year ending 30 June 2021 amounting to RM302.6 million was paid on 25 March 2021.

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

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Money market instruments:				
Government treasury bills	425,434	579,866	425,434	579,866
Malaysian Government securities	114,432	747,323	114,432	747,323
Malaysian Government investment certificates	623,011	1,135,704	602,078	1,114,035
Cagamas bonds	35,176	166,697	35,176	166,697
Khazanah bonds	-	19,999	-	19,999
Other Government securities	-	47,452	-	47,452
	<u>1,198,053</u>	<u>2,697,041</u>	<u>1,177,120</u>	<u>2,675,372</u>
Quoted securities:				
Shares outside Malaysia	47,369	-	47,369	-
Wholesale fund/unit trust	6,236,921	4,657,038	6,236,921	4,657,038
Foreign currency bonds in Malaysia	254,749	159,401	254,749	159,401
Foreign currency bonds outside Malaysia	70,674	145,069	70,674	145,069
Unquoted securities:				
Malaysian Government sukuk	82,645	-	82,645	-
Corporate bonds and sukuk	46,155	55,211	46,155	55,211
Shares in Malaysia	330,636	330,636	330,636	330,636
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u>8,292,202</u>	<u>8,069,396</u>	<u>8,271,269</u>	<u>8,047,727</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
At fair value				
(a) Debt instruments	34,626,526	27,222,450	30,739,080	24,677,811
(b) Equity instruments	59,697	60,094	59,697	60,094
Total financial investments at FVOCI	<u>34,686,223</u>	<u>27,282,544</u>	<u>30,798,777</u>	<u>24,737,905</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	1,043,607	487,768	1,043,607	487,768
Malaysian Government securities	3,961,320	2,106,857	3,961,320	2,106,857
Malaysian Government investment certificates	12,248,322	8,287,017	8,430,194	6,656,156
Negotiable instruments of deposit	1,902,540	950,404	2,349,853	700,603
Other Government securities	178,723	312,507	140,594	196,152
Cagamas bonds	1,609,139	1,687,440	1,505,748	1,522,417
Khazanah bonds	482,280	529,373	482,280	529,373
	<u>21,425,931</u>	<u>14,361,366</u>	<u>17,913,596</u>	<u>12,199,326</u>
Quoted securities:				
Foreign currency bonds in Malaysia	1,975,681	2,131,473	1,975,681	2,131,473
Foreign currency bonds outside Malaysia	1,307,537	1,353,402	1,307,537	1,353,402
Unquoted securities:				
Malaysian Government sukuk	944,570	554,124	944,570	554,124
Corporate bonds and sukuk	8,460,121	8,091,050	8,085,010	7,708,451
Foreign currency bonds in Malaysia	270,875	306,295	270,875	306,295
Foreign currency bonds outside Malaysia	241,811	424,740	241,811	424,740
	<u>34,626,526</u>	<u>27,222,450</u>	<u>30,739,080</u>	<u>24,677,811</u>

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Group 31 March 2021	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>RM'000</u>
At 1 July	2,068	-	4,287	6,355
New financial assets originated or purchased	11	-	-	11
Financial assets derecognised	(800)	-	-	(800)
Changes due to change in credit risk	658	-	-	658
Changes in models/risk parameters	(20)	-	-	(20)
Exchange differences	(40)	-	-	(40)
At 31 March	<u>1,877</u>	<u>-</u>	<u>4,287</u>	<u>6,164</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Group 30 June 2020	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>RM'000</u>
At 1 July	1,566	-	4,287	5,853
New financial assets originated or purchased	1,735	-	-	1,735
Financial assets derecognised	(1,046)	-	-	(1,046)
Changes due to change in credit risk	(197)	-	-	(197)
Changes in models/risk parameters	(20)	-	-	(20)
Exchange differences	30	-	-	30
At 30 June	<u>2,068</u>	<u>-</u>	<u>4,287</u>	<u>6,355</u>

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Bank 31 March 2021	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	2,055	-	4,287	6,342
New financial assets originated or purchased	10	-	-	10
Financial assets derecognised	(787)	-	-	(787)
Changes due to change in credit risk	657	-	-	657
Changes in models/risk parameters	(18)	-	-	(18)
Exchange differences	(40)	-	-	(40)
At 31 March	<u>1,877</u>	<u>-</u>	<u>4,287</u>	<u>6,164</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Bank 30 June 2020	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	1,454	-	4,287	5,741
New financial assets originated or purchased	1,724	-	-	1,724
Financial assets derecognised	(975)	-	-	(975)
Changes due to change in credit risk	(158)	-	-	(158)
Changes in models/risk parameters	(18)	-	-	(18)
Exchange differences	28	-	-	28
At 30 June	<u>2,055</u>	<u>-</u>	<u>4,287</u>	<u>6,342</u>

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021	30/06/2020	31/03/2021	30/06/2020
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	<u>59,697</u>	<u>60,094</u>	<u>59,697</u>	<u>60,094</u>

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A10 Financial investments at amortised cost

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Money market instruments:				
Malaysian Government securities	3,454,970	2,764,183	3,454,970	2,764,183
Malaysian Government investment certificates	11,658,373	10,871,164	6,657,008	7,301,857
Khazanah bonds	19,039	316,038	-	278,110
Other Government securities	455,427	456,623	427,544	437,425
	<u>15,587,809</u>	<u>14,408,008</u>	<u>10,539,522</u>	<u>10,781,575</u>
Quoted securities:				
Foreign currency bonds in Malaysia	809,736	857,780	809,736	857,780
Foreign currency bonds outside Malaysia	64,737	145,577	64,737	145,577
Unquoted securities:				
Malaysian Government sukuk	2,556,789	2,659,375	1,600,517	1,695,435
Corporate bonds and sukuk	1,758,721	2,030,894	1,310,618	1,598,916
Less: Expected credit losses	(94)	(202)	(92)	(202)
Total financial investments at amortised cost	<u>20,777,698</u>	<u>20,101,432</u>	<u>14,325,038</u>	<u>15,079,081</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group				
31 March 2021				
At 1 July	202	-	-	202
Changes due to change in credit risk	(99)	-	-	(99)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	(8)	-	-	(8)
At 31 March	<u>94</u>	<u>-</u>	<u>-</u>	<u>94</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group				
30 June 2020				
At 1 July	180	-	827	1,007
Changes due to change in credit risk	20	-	-	20
Amount written off	-	-	(827)	(827)
Exchange differences	2	-	-	2
At 30 June	<u>202</u>	<u>-</u>	<u>-</u>	<u>202</u>

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A10 Financial investments at amortised cost (continued)

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Bank				
31 March 2021	RM'000	RM'000	RM'000	RM'000
At 1 July	202	-	-	202
Changes due to change in credit risk	(104)	-	-	(104)
Exchange differences	(6)	-	-	(6)
At 31 March	92	-	-	92

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
The Bank				
30 June 2020	RM'000	RM'000	RM'000	RM'000
At 1 July	174	-	827	1,001
Changes due to change in credit risk	24	-	-	24
Amount written off	-	-	(827)	(827)
Exchange differences	4	-	-	4
At 30 June	202	-	-	202

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A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>31/03/2021</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
Overdrafts	3,152,052	3,590,801	2,320,620	2,751,759
Term loans/financing:				
- Housing and shop loans/financing	85,520,404	82,482,204	67,301,871	65,361,213
- Syndicated/term loans or financing	16,275,914	13,850,875	11,479,592	9,721,008
- Hire purchase receivables	17,252,151	17,006,512	13,420,539	13,297,789
- Ijarah receivables	158,721	161,188	-	-
- Other term loans/financing	11,211,971	8,959,024	7,312,791	5,446,665
Credit/charge card receivables	2,927,536	3,094,683	2,927,536	3,094,683
Bills receivable	951,484	2,711,858	744,199	2,187,795
Trust receipts	321,742	1,489,965	189,399	1,457,824
Claims on customers under acceptance credits	6,879,113	5,239,800	5,888,291	4,491,520
Revolving credit	8,009,447	7,202,385	6,423,230	5,803,126
Staff loans/financing	139,960	143,067	125,962	131,302
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	16,953	21,714	14,875	18,955
Allowance for impairment losses:				
- Expected credit losses	(1,656,172)	(1,259,126)	(1,277,420)	(939,664)
Total net loans, advances and financing	<u>151,161,276</u>	<u>144,694,950</u>	<u>116,871,485</u>	<u>112,823,975</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,015,465,000 (2020: RM1,023,078,000) and RM288,243,000 (2020: RM297,169,000) respectively.

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A11 Loans, advances and financing (continued)

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	1,553,823	1,434,866	1,219,417	1,104,936
Domestic business enterprises:				
- small and medium enterprises ("SME")	25,180,685	22,642,512	19,525,090	17,935,809
- others	21,221,674	20,648,535	15,469,988	15,767,074
Government and statutory bodies	1,732	1,892	-	44
Individuals	101,336,813	98,108,836	78,664,139	76,575,340
Other domestic entities	615,662	975,756	567,343	445,023
Foreign entities	2,890,106	2,119,965	2,688,053	1,916,458
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	1,530,905	1,577,765	973,165	1,002,819
- Hire purchase receivables	17,110,002	16,847,128	13,312,536	13,141,515
- Other fixed rate loans/financing	8,597,703	6,541,018	6,711,619	4,875,702
Variable rate:				
- Base rate/base lending rate plus	106,523,811	102,135,209	83,235,120	80,366,038
- Cost plus	18,978,213	18,778,914	13,901,322	14,358,610
- Other variables rates	59,861	52,328	268	-
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>

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A11 Loans, advances and financing (continued)

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	957,504	780,571	666,096	476,522
Purchase of transport vehicles	16,931,664	16,769,096	13,085,266	13,009,091
Purchase of landed properties				
- residential	76,470,500	73,335,991	59,392,547	57,330,388
- non-residential	18,380,660	17,244,621	15,320,094	14,575,258
Purchase of fixed assets (excluding landed properties)	1,384,452	1,102,078	993,458	750,932
Personal use	3,442,800	3,437,021	2,119,986	2,089,238
Credit card	2,927,536	3,094,683	2,927,536	3,094,683
Construction	2,822,041	2,612,109	1,834,691	1,685,437
Mergers and acquisition	-	151,784	-	-
Working capital	28,044,827	25,929,408	20,958,709	19,821,776
Other purpose	1,438,511	1,475,000	835,647	911,359
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	144,420,899	138,163,418	112,478,268	108,494,268
Singapore	5,655,494	5,250,416	5,655,494	5,250,416
Hong Kong	268	-	268	-
Vietnam	1,029,393	909,213	-	-
Cambodia	1,694,441	1,609,315	-	-
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>

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A11 Loans, advances and financing (continued)

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	25,620,925	26,269,928	21,789,510	22,339,034
One year to less than three years	5,375,636	5,687,390	4,040,097	4,545,659
Three years to less than five years	12,144,252	10,647,798	8,837,576	7,374,925
Five years and more	109,659,682	103,327,246	83,466,847	79,485,066
Gross loans, advances and financing	<u>152,800,495</u>	<u>145,932,362</u>	<u>118,134,030</u>	<u>113,744,684</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	889,754	1,071,111	663,767	887,864
Classified as impaired during the financial period/year	805,592	1,935,430	625,028	1,437,027
Reclassified as non-impaired during the financial period/year	(483,090)	(1,158,523)	(371,843)	(867,183)
Amount written back in respect of recoveries	(202,093)	(457,634)	(165,309)	(383,503)
Amount written off	(202,150)	(502,046)	(160,400)	(411,657)
Exchange difference	(205)	1,416	6	1,219
At 31 March	<u>807,808</u>	<u>889,754</u>	<u>591,249</u>	<u>663,767</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.6%</u>	<u>0.5%</u>	<u>0.6%</u>

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A11 Loans, advances and financing (continued)

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	297	284	221	284
Purchase of transport vehicles	89,178	71,019	65,357	53,363
Purchase of landed properties				
- residential	276,457	341,175	206,923	245,500
- non-residential	127,119	150,277	113,764	131,656
Purchase of fixed assets (excluding landed properties)	835	4,648	835	4,427
Personal use	52,389	24,479	25,841	12,692
Credit card	31,717	24,568	31,717	24,568
Construction	8,121	9,663	5,696	8,632
Working capital	144,571	194,803	132,650	172,473
Other purpose	77,124	68,838	8,245	10,172
Gross impaired loans, advances and financing	<u>807,808</u>	<u>889,754</u>	<u>591,249</u>	<u>663,767</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	799,020	881,407	587,266	662,511
Singapore	3,983	1,256	3,983	1,256
Vietnam	1,505	1,808	-	-
Cambodia	3,300	5,283	-	-
Gross impaired loans, advances and financing	<u>807,808</u>	<u>889,754</u>	<u>591,249</u>	<u>663,767</u>

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A11 Loans, advances and financing (continued)

A11 i Movements in expected credit losses for loans, advances and financing are as follows:

The Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
31 March 2021	RM'000	impaired	impaired	RM'000
At 1 July	549,509	435,827	273,790	1,259,126
Changes in ECL due to transfer within stages	(46,669)	(94,382)	141,051	-
Transfer to Stage 1	15,491	(15,452)	(39)	-
Transfer to Stage 2	(62,051)	102,032	(39,981)	-
Transfer to Stage 3	(109)	(180,962)	181,071	-
New financial assets originated	47,444	533	355	48,332
Financial assets derecognised	(18,908)	(35,327)	(9,347)	(63,582)
Changes due to change in credit risk	413,818	137,004	96,761	647,583
Changes in models/risk parameters	(16)	(30,643)	(2)	(30,661)
Amount written off	-	-	(204,870)	(204,870)
Exchange difference	(141)	(347)	(63)	(551)
Other movements	-	-	795	795
At 31 March	<u>945,037</u>	<u>412,665</u>	<u>298,470</u>	<u>1,656,172</u>

The Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
30 June 2020	RM'000	impaired	impaired	RM'000
At 1 July	369,715	498,325	393,599	1,261,639
Changes in ECL due to transfer within stages	(89,938)	(133,376)	223,314	-
Transfer to Stage 1	16,035	(15,930)	(105)	-
Transfer to Stage 2	(105,843)	206,821	(100,978)	-
Transfer to Stage 3	(130)	(324,267)	324,397	-
New financial assets originated	55,031	2,236	1,513	58,780
Financial assets derecognised	(19,751)	(40,717)	(22,042)	(82,510)
Changes due to change in credit risk	262,886	117,887	192,808	573,581
Changes in models/risk parameters	(28,743)	(8,852)	(10,855)	(48,450)
Amount written off	-	-	(501,536)	(501,536)
Exchange difference	309	324	1,313	1,946
Other movements	-	-	(4,324)	(4,324)
At 30 June	<u>549,509</u>	<u>435,827</u>	<u>273,790</u>	<u>1,259,126</u>

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A11 Loans, advances and financing (continued)

A11 i Movements in expected credit losses for loans, advances and financing are as follows: (continued)

The Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
31 March 2021	RM'000	impaired	impaired	RM'000
At 1 July	408,715	347,084	183,865	939,664
Changes in ECL due to transfer within stages	(33,189)	(77,165)	110,354	-
Transfer to Stage 1	12,501	(12,465)	(36)	-
Transfer to Stage 2	(45,629)	74,765	(29,136)	-
Transfer to Stage 3	(61)	(139,465)	139,526	-
New financial assets originated	27,889	497	281	28,667
Financial assets derecognised	(6,613)	(24,291)	(6,661)	(37,565)
Changes due to change in credit risk	372,007	100,481	65,948	538,436
Changes in models/risk parameters	119	(30,642)	(2)	(30,525)
Amount written off	-	-	(161,647)	(161,647)
Exchange difference	99	(302)	8	(195)
Other movements	-	-	585	585
At 31 March	<u>769,027</u>	<u>315,662</u>	<u>192,731</u>	<u>1,277,420</u>

The Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
30 June 2020	RM'000	impaired	impaired	RM'000
At 1 July	311,663	386,656	313,483	1,011,802
Changes in ECL due to transfer within stages	(74,495)	(88,115)	162,610	-
Transfer to Stage 1	12,762	(12,674)	(88)	-
Transfer to Stage 2	(87,141)	157,992	(70,851)	-
Transfer to Stage 3	(116)	(233,433)	233,549	-
New financial assets originated	22,920	1,701	1,510	26,131
Financial assets derecognised	(4,889)	(24,163)	(11,830)	(40,882)
Changes due to change in credit risk	178,900	76,802	138,440	394,142
Changes in models/risk parameters	(25,488)	(6,057)	(7,782)	(39,327)
Amount written off	-	-	(410,609)	(410,609)
Exchange difference	104	260	1,370	1,734
Other movements	-	-	(3,327)	(3,327)
At 30 June	<u>408,715</u>	<u>347,084</u>	<u>183,865</u>	<u>939,664</u>

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A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Foreclosed properties	7,376	18,447	7,650	10,985
Sundry debtors and other prepayments	663,195	693,771	606,756	641,763
Treasury related receivables	1,381,385	370,435	1,371,165	370,383
Cash collateral pledged for derivative transactions	388,508	511,094	388,508	511,094
Other receivables	146,801	88,769	130,022	72,624
	<u>2,587,265</u>	<u>1,682,516</u>	<u>2,504,101</u>	<u>1,606,849</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Amortised cost				
Fixed deposits	89,156,518	94,503,266	66,765,795	70,442,696
Negotiable instruments of deposits	8,800,341	9,049,600	6,654,340	7,002,956
Short-term placements	24,390,428	20,370,873	19,075,987	17,866,840
	<u>122,347,287</u>	<u>123,923,739</u>	<u>92,496,122</u>	<u>95,312,492</u>
Demand deposits	33,109,927	27,338,992	29,056,133	23,903,209
Saving deposits	23,268,408	21,018,664	19,280,558	17,452,144
Others	629,620	748,749	436,838	553,397
	<u>179,355,242</u>	<u>173,030,144</u>	<u>141,269,651</u>	<u>137,221,242</u>
At fair value through profit and loss				
Structured deposits linked to interest rate derivatives	1,390,788	463,933	1,290,741	413,741
Fair value changes arising from designation at fair value through profit or loss *	(143,301)	(1,416)	(131,645)	(1,621)
	<u>1,247,487</u>	<u>462,517</u>	<u>1,159,096</u>	<u>412,120</u>
	<u>180,602,729</u>	<u>173,492,661</u>	<u>142,428,747</u>	<u>137,633,362</u>

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

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

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A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	1,345,740	8,665,449	336,779	4,403,641
Business enterprises	84,486,326	69,639,804	62,767,508	53,475,665
Individuals	92,184,483	92,513,524	77,371,325	77,808,532
Others	2,586,180	2,673,884	1,953,135	1,945,524
	<u>180,602,729</u>	<u>173,492,661</u>	<u>142,428,747</u>	<u>137,633,362</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	104,673,016	102,956,857	78,093,086	78,557,105
- six months to one year	16,049,373	19,785,172	13,060,678	15,821,608
- one year to five years	1,055,244	999,959	772,704	752,028
- more than five years	569,654	181,751	569,654	181,751
	<u>122,347,287</u>	<u>123,923,739</u>	<u>92,496,122</u>	<u>95,312,492</u>

A14 Investment accounts of customers

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts	<u>1,042,995</u>	<u>356,475</u>	<u>-</u>	<u>-</u>

A15 Deposits and placements of banks and other financial institutions

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	6,983,841	5,263,923	7,109,403	5,639,271
Licensed investment banks	200,034	-	200,034	-
Central banks (Note)	1,263,371	1,176,258	1,179,228	1,011,970
Other financial institutions	250,012	60,899	250,012	-
	<u>8,697,258</u>	<u>6,501,080</u>	<u>8,738,677</u>	<u>6,651,241</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 RM1,196,892,000 and RM1,179,228,000 respectively at concession rates.

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A16 Other liabilities

	Note	<u>The Group</u>		<u>The Bank</u>	
		31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Zakat		612	350	-	-
Post employment benefits obligation					
- defined contribution plan		293	293	293	293
Loan advance payment		3,786,267	3,916,289	3,063,262	3,161,826
Amount due to subsidiary companies		-	-	432,840	429,380
Treasury and cheque clearing		81,089	210,699	75,040	38,282
Treasury related payables		131,996	197,219	131,996	197,219
Sundry creditors and accruals		50,945	306,800	31,525	268,483
Provision for bonus and staff related expenses		139,983	155,437	133,684	146,030
Expected credit losses on financial guarantee contracts	(a)	4,755	8,480	3,335	6,944
Provision for reinstatement cost		22,411	22,614	27,715	28,039
Others		592,668	530,029	555,913	497,209
		<u>4,811,019</u>	<u>5,348,210</u>	<u>4,455,603</u>	<u>4,773,705</u>

(a) Movements in expected credit losses of financial guarantee contracts 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	
	The Group			
31 March 2021				
At 1 July	3,260	5,220	-	8,480
Changes in ECL due to transfer within stages	78	(84)	6	-
Transfer to Stage 1	130	(130)	-	-
Transfer to Stage 2	(52)	52	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	75	-	-	75
Financial assets derecognised	(59)	(1)	-	(60)
Changes due to change in credit risk	134	(3,576)	17	(3,425)
Changes in models/risk parameters	1	(89)	-	(88)
Exchange difference	(2)	(224)	-	(226)
Other movements	-	-	(1)	(1)
At 31 March	<u>3,487</u>	<u>1,246</u>	<u>22</u>	<u>4,755</u>

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	The Group			
30 June 2020				
At 1 July	2,380	5,527	21	7,928
Changes in ECL due to transfer within stages	(53)	47	6	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(57)	57	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	177	1	-	178
Financial assets derecognised	(24)	(23)	-	(47)
Changes due to change in credit risk	772	(481)	(19)	272
Exchange difference	8	149	-	157
Other movements	-	-	(8)	(8)
At 30 June	<u>3,260</u>	<u>5,220</u>	<u>-</u>	<u>8,480</u>

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A16 Other liabilities (continued)

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	The Bank			
31 March 2021				
At 1 July	1,731	5,213	-	6,944
Changes in ECL due to transfer within stages	78	(84)	6	-
Transfer to Stage 1	129	(129)	-	-
Transfer to Stage 2	(51)	51	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	51	-	-	51
Financial assets derecognised	(59)	(1)	-	(60)
Changes due to change in credit risk	271	(3,575)	17	(3,287)
Changes in models/risk parameters	1	(89)	-	(88)
Exchange difference	(1)	(223)	-	(224)
Other movements	-	-	(1)	(1)
At 31 March	2,072	1,241	22	3,335

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	The Bank			
30 June 2020				
At 1 July	1,574	5,521	22	7,117
Changes in ECL due to transfer within stages	(52)	46	6	-
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(56)	56	-	-
Transfer to Stage 3	-	(6)	6	-
New financial assets originated	172	1	-	173
Financial assets derecognised	(23)	(23)	-	(46)
Changes due to change in credit risk	53	(479)	(19)	(445)
Exchange difference	7	147	-	154
Other movements	-	-	(9)	(9)
At 30 June	1,731	5,213	-	6,944

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A17 Tier 2 subordinated bonds

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	18,774	2,254	18,774	2,254
	<u>1,518,774</u>	<u>1,502,254</u>	<u>1,518,774</u>	<u>1,502,254</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,518,744</u></u>	<u><u>1,502,224</u></u>	<u><u>1,518,744</u></u>	<u><u>1,502,224</u></u>

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

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

A18 Multi-currency Additional Tier 1 capital securities

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2021</u>	<u>30/06/2020</u>	<u>31/03/2021</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM800 million Multi-currency Additional Tier-1 capital securities at par	800,000	800,000	800,000	800,000
Add: Interest payable	7,014	6,666	7,014	6,666
	<u>807,014</u>	<u>806,666</u>	<u>807,014</u>	<u>806,666</u>
Less: Unamortised discounts	(248)	(346)	(248)	(346)
	<u><u>806,766</u></u>	<u><u>806,320</u></u>	<u><u>806,766</u></u>	<u><u>806,320</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, HLF. 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 HLF. The Capital Securities carry a distribution rate of 4.72% per annum and are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's *Capital Adequacy Framework (Capital Components)* issued on 2 February 2018 and without limitation, to on-lend to HLB's subsidiaries, for investment into HLB's subsidiaries, for working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB and/or any existing capital securities issued under the Capital Securities Programme.

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A19(b) Interest income for financial assets at FVTPL

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Group				
Financial assets at FVTPL	39,032	75,182	117,772	218,477

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial assets at FVTPL	39,032	75,182	117,772	218,477

A20 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	16,503	44,392	57,185	128,323
Deposits from customers	395,984	722,521	1,339,960	2,171,938
Short-term placements	41,892	73,844	145,387	275,730
Tier 2 subordinated bonds	16,422	16,604	49,996	50,148
Multi-currency Additional Tier-1 capital securities	9,706	9,815	29,551	29,659
Innovative Tier 1 capital securities	-	-	-	8,413
Recourse obligation on loans sold to Cagamas	2,575	2,603	7,838	3,985
Others	2,419	2,754	7,570	8,620
	<u>485,501</u>	<u>872,533</u>	<u>1,637,487</u>	<u>2,676,816</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	20,440	45,262	67,790	137,148
Deposits from customers	377,695	709,247	1,284,890	2,132,589
Short-term placements	41,892	73,844	145,387	275,730
Tier 2 subordinated bonds	16,422	16,604	49,996	50,178
Multi-currency Additional Tier-1 capital securities	9,748	9,856	29,675	29,783
Innovative Tier 1 capital securities	-	-	-	8,413
Recourse obligation on loans sold to Cagamas	2,575	2,603	7,838	3,985
Others	4,032	4,664	12,614	14,552
	<u>472,804</u>	<u>862,080</u>	<u>1,598,190</u>	<u>2,652,378</u>

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A21 Net income from Islamic Banking business

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds and others	352,847	387,450	1,056,347	1,174,687
Income derived from investment of shareholders' funds	41,160	60,527	141,206	157,486
Income derived from investment of investment account	8,399	4,939	20,727	11,427
Income attributable to depositors	(163,436)	(237,107)	(520,352)	(715,538)
Income attributable to depositors on investment account	(4,363)	(9,525)	(10,513)	(15,593)
	<u>234,607</u>	<u>206,284</u>	<u>687,415</u>	<u>612,469</u>
Of which:				
Financing income earned on impaired financing and advances	<u>(43)</u>	<u>538</u>	<u>(208)</u>	<u>935</u>

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A22 Other operating income

<u>Group</u>	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	58,793	38,907	147,753	125,981
Service charges and fees	9,712	10,689	31,497	33,628
Guarantee fees	4,097	3,633	12,595	10,779
Credit card related fees	42,479	48,774	132,901	159,633
Corporate advisory fees	-	-	1,035	141
Commitment fees	9,086	8,067	27,827	24,765
Fee on loans, advances and financing	10,463	10,017	33,968	33,183
Other fee income	440	(5,741)	34,715	40,637
	<u>135,070</u>	<u>114,346</u>	<u>422,291</u>	<u>428,747</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets at FVTPL	(20,838)	28,796	37,363	85,613
Net loss from sale of derivative financial instruments	(28,767)	(9,558)	(98,087)	(50,032)
Net gain from sale of financial investments at FVOCI	45,247	127,282	222,187	246,240
Net gain from sale of financial investments at amortised cost	29,385	-	29,385	-
	<u>25,027</u>	<u>146,520</u>	<u>190,848</u>	<u>281,821</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	36,640	65,848	90,340	191,051
Financial investments at FVOCI	-	-	375	3,683
	<u>36,640</u>	<u>65,848</u>	<u>90,715</u>	<u>194,734</u>

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A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	(26,492)	(8,122)	(19,731)	(26,185)
- Derivatives financial instruments	105,587	(118,774)	203,330	(113,617)
	<u>79,095</u>	<u>(126,896)</u>	<u>183,599</u>	<u>(139,802)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(1,782)</u>	<u>(596)</u>	<u>(5,553)</u>	<u>(1,475)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(899)</u>	<u>(808)</u>	<u>(904)</u>	<u>(998)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	(8,674)	32,898	7,454	66,162
Rental income	3,390	3,709	10,301	11,016
Gain on disposal of property and equipment	5,306	3,781	5,445	4,022
Other non-operating income	1,033	3,841	3,187	11,734
	<u>1,055</u>	<u>44,229</u>	<u>26,387</u>	<u>92,934</u>
Total other operating income	<u>274,206</u>	<u>242,643</u>	<u>907,383</u>	<u>855,961</u>

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A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	58,415	38,331	146,534	123,894
Service charges and fees	9,504	10,552	30,965	33,128
Guarantee fees	4,067	3,612	12,518	10,651
Credit card related fees	42,479	48,774	132,901	159,633
Corporate advisory fees	-	-	1,035	141
Commitment fees	8,775	7,806	26,873	24,019
Fee on loans, advances and financing	9,186	9,159	29,072	29,765
Other fee income	358	(5,819)	34,398	40,354
	<u>132,784</u>	<u>112,415</u>	<u>414,296</u>	<u>421,585</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net (loss)/gain from sale of financial assets at FVTPL	(20,838)	28,796	37,363	85,613
Net loss from sale of derivative financial instruments	(28,767)	(9,558)	(98,087)	(50,032)
Net gain from sale of financial investments at FVOCI	45,247	127,282	222,187	245,949
Net gain from sale of financial investments at amortised cost	29,385	-	29,385	-
	<u>25,027</u>	<u>146,520</u>	<u>190,848</u>	<u>281,530</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	36,640	65,848	90,340	191,051
Financial investments at FVOCI	-	-	375	3,683
	<u>36,640</u>	<u>65,848</u>	<u>90,715</u>	<u>194,734</u>

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A22 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	(26,492)	(8,122)	(19,731)	(26,185)
- Derivatives financial instruments	104,821	(118,774)	201,314	(113,617)
	<u>78,329</u>	<u>(126,896)</u>	<u>181,583</u>	<u>(139,802)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>(1,782)</u>	<u>(596)</u>	<u>(5,553)</u>	<u>(1,475)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>(899)</u>	<u>(808)</u>	<u>(904)</u>	<u>(998)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	(9,421)	32,442	5,976	64,973
Rental income	1,766	2,078	5,848	6,121
Gain on disposal of property and equipment	5,306	3,780	5,445	4,021
Gain on redemption of redeemable preference shares	-	15,000	-	15,000
Other non-operating income	911	3,383	3,201	10,961
	<u>(1,438)</u>	<u>56,683</u>	<u>20,470</u>	<u>101,076</u>
Total other operating income	<u>268,661</u>	<u>253,166</u>	<u>891,455</u>	<u>856,650</u>

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A23 Other operating expenses

<u>Group</u>	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	264,475	270,030	802,815	795,639
- Medical expenses	9,296	10,682	24,099	26,931
- Training and convention expenses	2,626	2,457	6,073	14,940
- Staff welfare	2,924	2,751	8,307	6,859
- Others	9,548	11,309	58,592	31,205
	<u>288,869</u>	<u>297,229</u>	<u>899,886</u>	<u>875,574</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	31,330	33,720	95,178	100,850
- Depreciation of right-of-use assets	13,099	13,843	39,717	41,351
- Amortisation of intangible assets	14,914	14,992	43,445	44,135
- Rental of premises	716	873	2,140	2,926
- Information technology expenses	48,175	44,047	134,410	126,763
- Security services	5,010	7,574	16,559	21,863
- Electricity, water and sewerage	4,752	6,568	15,501	18,488
- Hire of plant and machinery	3,405	2,813	10,364	9,667
- Others	6,945	6,346	19,631	18,584
	<u>128,346</u>	<u>130,776</u>	<u>376,945</u>	<u>384,627</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,238	5,906	17,448	18,938
- Sales commission and credit card related fees	29,286	29,405	81,226	94,213
- Others	2,703	4,665	8,758	14,285
	<u>40,227</u>	<u>39,976</u>	<u>107,432</u>	<u>127,436</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,286	5,726	16,439	16,062
- Stationery and printing expenses	3,062	3,823	9,672	9,997
- Professional fees	15,916	20,830	57,223	70,221
- Insurance fees	6,915	11,425	19,275	32,717
- Stamp, postage and courier	4,016	4,103	10,548	10,468
- Travelling and transport expenses	684	924	2,227	3,266
- Registration and license fees	2,185	2,213	6,518	6,420
- Brokerage and commission	2,613	2,025	6,947	6,351
- Credit card fees	11,714	12,282	24,452	35,361
- Others	2,792	2,297	7,794	4,400
	<u>55,183</u>	<u>65,648</u>	<u>161,095</u>	<u>195,263</u>
	<u>512,625</u>	<u>533,629</u>	<u>1,545,358</u>	<u>1,582,900</u>

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A23 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	212,329	217,813	642,925	641,811
- Medical expenses	7,674	8,632	19,733	22,478
- Training and convention expenses	2,423	1,942	5,286	12,211
- Staff welfare	2,478	2,201	6,926	5,383
- Others	8,725	9,417	55,139	25,887
	<u>233,629</u>	<u>240,005</u>	<u>730,009</u>	<u>707,770</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	26,628	29,060	81,089	87,304
- Depreciation of right-of-use assets	18,651	19,403	56,481	58,032
- Amortisation of intangible assets	13,501	13,612	39,248	40,412
- Rental of premises	757	836	2,253	2,902
- Information technology expenses	43,366	40,045	121,971	114,770
- Security services	3,761	6,066	12,574	17,209
- Electricity, water and sewerage	3,687	5,028	12,345	14,802
- Hire of plant and machinery	1,240	837	3,921	3,600
- Others	1,524	1,592	3,620	2,986
	<u>113,115</u>	<u>116,479</u>	<u>333,502</u>	<u>342,017</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	7,591	5,025	16,540	16,492
- Sales commission and credit card related fees	26,244	25,877	73,130	83,363
- Others	2,004	3,563	6,389	10,929
	<u>35,839</u>	<u>34,465</u>	<u>96,059</u>	<u>110,784</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	5,159	5,539	16,092	15,650
- Stationery and printing expenses	2,889	3,718	9,201	9,603
- Professional fees	15,327	19,851	55,769	69,931
- Insurance fees	6,113	10,028	17,031	28,675
- Stamp, postage and courier	3,952	4,059	10,350	10,253
- Travelling and transport expenses	516	649	1,660	2,323
- Registration and license fees	1,893	1,913	5,653	5,605
- Brokerage and commission	1,440	1,214	3,678	3,211
- Credit card fees	11,714	12,282	24,452	35,361
- Others	4,893	3,538	13,582	8,169
	<u>53,896</u>	<u>62,791</u>	<u>157,468</u>	<u>188,781</u>
	<u>436,479</u>	<u>453,740</u>	<u>1,317,038</u>	<u>1,349,352</u>

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	169,839	166,307	598,174	283,075
Impaired loans, advances and financing:				
- written off	3,907	3,467	12,407	13,271
- recovered from bad debt written off	(59,469)	(43,922)	(151,023)	(159,989)
	<u>114,277</u>	<u>125,852</u>	<u>459,558</u>	<u>136,357</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	144,085	131,479	495,629	177,513
Impaired loans, advances and financing:				
- written off	3,204	2,857	9,744	9,804
- recovered from bad debt written off	(52,741)	(37,521)	(129,306)	(139,852)
	<u>94,548</u>	<u>96,815</u>	<u>376,067</u>	<u>47,465</u>

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Expected credit losses on:				
- Financial investments at FVOCI	(40)	(678)	(151)	(200)
- Financial investments at amortised cost	(101)	112	(100)	94
- Other receivables	-	-	-	(13)
- Cash and short-term funds	-	(136)	(54)	(179)
- Deposits and placements with banks and other financial institutions	(23)	(1,327)	335	(93)
	<u>(164)</u>	<u>(2,029)</u>	<u>30</u>	<u>(391)</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Expected credit losses on:				
- Financial investments at FVOCI	(35)	(472)	(138)	(91)
- Financial investments at amortised cost	(101)	112	(104)	98
- Other receivables	-	-	-	(13)
- Cash and short-term funds	-	(302)	(266)	334
- Deposits and placements with banks and other financial institutions	577	(614)	378	1,105
	<u>441</u>	<u>(1,276)</u>	<u>(130)</u>	<u>1,433</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) (the "Framework"). The Framework sets 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 requirement on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.500% of total risk-weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019 onwards. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

BNM had issued a letter dated 24 March 2020 on additional measures to assist borrowers/customers affected by the COVID-19 outbreak. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by providing flexibilities for banking institutions to respond swiftly to the needs of their customers. To this effect, banking institutions are allowed to drawdown on the capital conservation buffer of 2.500%. However, BNM fully expects banking institutions to restore their buffers within a reasonable period after 31 December 2020 and to be in position to restore their buffers to the minimum regulatory requirements by 30 September 2021.

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

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

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

	The Group		The Bank	
	Financial Period Ended	Financial Year Ended	Financial Period Ended	Financial Year Ended
	31/03/2021	30/06/2020	31/03/2021	30/06/2020
Before deducting proposed dividends				
CET I capital ratio	12.995%	13.950%	13.204%	13.761%
Tier I capital ratio	13.537%	14.523%	13.545%	14.118%
Total capital ratio	15.706%	16.750%	15.626%	16.245%
After deducting proposed dividends				
CET I capital ratio	12.995%	13.657%	13.204%	13.395%
Tier I capital ratio	13.537%	14.230%	13.545%	13.752%
Total capital ratio	15.706%	16.456%	15.626%	15.879%

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A26 Capital adequacy (continued)

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

	The Group		The Bank	
	Financial Period Ended 31/03/2021 RM'000	Financial Year Ended 30/06/2020 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Year Ended 30/06/2020 RM'000
CET I capital				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	18,777,173	18,172,806	13,066,839	12,661,472
Other reserves	1,059,247	1,029,080	310,341	433,536
Less: Treasury shares	(719,458)	(723,344)	(719,458)	(723,344)
Less: Deferred tax assets	(292,040)	(86,578)	(233,880)	(55,984)
Less: Other intangible assets	(209,192)	(187,505)	(188,997)	(168,060)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(5,366,019)	(4,644,527)	(2,727,633)	(2,727,486)
Total CET I capital	19,157,462	19,467,683	15,474,728	15,387,650
Additional Tier I capital				
Multi-currency Additional Tier 1 capital securities	799,752	799,654	799,752	799,654
Additional Tier I capital before regulatory adjustments	799,752	799,654	799,752	799,654
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	799,752	799,654	399,752	399,654
Total Tier I capital	19,957,214	20,267,337	15,874,480	15,787,304
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves #	1,696,679	1,607,378	1,338,333	1,278,446
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
Total Tier II capital	3,196,649	3,107,348	2,438,303	2,378,416
Total capital	23,153,863	23,374,685	18,312,783	18,165,720

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM554,401,000 (2020: RM837,183,000) and RM433,659,000 (2020: RM703,987,000) respectively.

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A26 Capital adequacy (continued)

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

	The Group		The Bank	
	Financial Period Ended 31/03/2021 RM'000	Financial Year Ended 30/06/2020 RM'000	Financial Period Ended 31/03/2021 RM'000	Financial Year Ended 30/06/2020 RM'000
Credit risk *	135,734,346	128,590,231	107,066,650	102,275,706
Market risk	3,026,735	2,496,060	3,091,284	2,562,366
Operational risk	8,662,877	8,468,140	7,036,258	6,983,001
Total RWA	147,423,958	139,554,431	117,194,192	111,821,073

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM 758,178,000 (2020: RM 238,775,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	Hong Leong Islamic Bank Berhad	
	Financial Period Ended 31/03/2021	Financial Year Ended 30/06/2020
Before deducting proposed dividends		
CET I capital ratio	10.424%	10.871%
Tier I capital ratio	11.857%	12.432%
Total capital ratio	<u>14.471%</u>	<u>15.173%</u>
After deducting proposed dividends		
CET I capital ratio	10.424%	10.871%
Tier I capital ratio	11.857%	12.432%
Total capital ratio	<u>14.471%</u>	<u>15.173%</u>

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A27 Group segmental reporting on revenue, profit and assets

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

Financial quarter ended 31/03/2021

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	714,482	252,356	356,358	77,256	(8,311)	(6,498)	1,385,643
Inter-segment revenue	(46,011)	72,613	(108,167)	-	81,565	-	-
Segment revenue	<u>668,471</u>	<u>324,969</u>	<u>248,191</u>	<u>77,256</u>	<u>73,254</u>	<u>(6,498)</u>	<u>1,385,643</u>
Segment profit before taxation	318,268	229,006	221,497	21,148	(19,929)	(11,085)	758,905
Share of profit after tax of equity accounted associated companies				181,884			<u>181,884</u>
Profit before taxation							940,789
Taxation							(169,323)
Profit after taxation							<u><u>771,466</u></u>

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

Financial period ended 31/03/2021

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	1,993,822	746,462	1,222,491	227,773	(36,172)	(19,794)	4,134,582
Inter-segment revenue	(71,904)	255,393	(419,497)	-	236,008	-	-
Segment revenue	<u>1,921,918</u>	<u>1,001,855</u>	<u>802,994</u>	<u>227,773</u>	<u>199,836</u>	<u>(19,794)</u>	<u>4,134,582</u>
Segment profit before taxation	779,802	708,527	723,116	60,803	(109,655)	(32,957)	2,129,636
Share of profit after tax of equity accounted associated companies				516,692			516,692
Profit before taxation							<u>2,646,328</u>
Taxation							(475,170)
Profit after taxation							<u><u>2,171,158</u></u>
Segment assets	104,185,433	39,792,447	66,070,226	16,674,232	-	-	226,722,338
Unallocated assets							6,906,678
Total assets							<u><u>233,629,016</u></u>

Corresponding quarter ended 31/03/2020

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	621,529	161,887	319,869	63,479	(16,436)	(21,262)	1,129,066
Inter-segment revenue	(41,147)	130,166	(159,091)	-	70,072	-	-
Segment revenue	<u>580,382</u>	<u>292,053</u>	<u>160,778</u>	<u>63,479</u>	<u>53,636</u>	<u>(21,262)</u>	<u>1,129,066</u>
Segment profit before taxation	199,594	201,368	135,925	(45,882)	6,136	(25,527)	471,614
Share of profit after tax of equity accounted associated companies				165,580			165,580
Profit before taxation							<u>637,194</u>
Taxation							(102,404)
Profit after taxation							<u><u>534,790</u></u>

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

Corresponding financial period ended 31/03/2020

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	2,070,439	500,275	917,220	198,415	(71,148)	(33,499)	3,581,702
Inter-segment revenue	(192,793)	398,574	(430,215)	-	224,434	-	-
Segment revenue	<u>1,877,646</u>	<u>898,849</u>	<u>487,005</u>	<u>198,415</u>	<u>153,286</u>	<u>(33,499)</u>	<u>3,581,702</u>
Segment profit before taxation	853,382	584,437	405,739	(29,283)	90,816	(42,255)	1,862,836
Share of profit after tax of equity accounted associated companies				477,879			477,879
Profit before taxation							<u>2,340,715</u>
Taxation							<u>(415,533)</u>
Profit after taxation							<u>1,925,182</u>
Segment assets	100,040,718	33,530,984	60,064,186	16,466,432	-	-	210,102,320
Unallocated assets							6,612,789
Total assets							<u>216,715,109</u>

A28 Property and equipment

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

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

There are no material events subsequent to the end of the financial period ended 31 March 2021.

A29(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2021 and up to the date of this report except for the following.

On 30 November 2020, the Bank announced that HLF Credit (Perak) Bhd, a wholly-owned subsidiary of the Bank, had placed Promizul Sdn Bhd (formerly known as HL Leasing Sdn Bhd) ("Promizul"), its wholly-owned subsidiary, under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. Promizul is dormant.

On 16 December 2020, the Bank announced that it had placed HL Bank Nominees (Singapore) Pte. Ltd. ("HL Bank Nominees"), its wholly-owned subsidiary in Singapore, under member's voluntary winding-up. HL Bank Nominees is dormant.

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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:

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2021 RM'000	30/06/2020 RM'000	31/03/2021 RM'000	30/06/2020 RM'000
Principal amount				
Direct credit substitutes	144,378	133,166	90,581	80,144
Certain transaction related contingent items	1,617,760	1,489,056	1,327,509	1,283,921
Short-term self liquidating trade related contingencies	765,554	538,144	729,562	508,190
Irrevocable commitments to extend credit:				
- maturity more than one year	18,234,485	17,777,310	12,987,659	12,807,826
- maturity less than one year	24,539,450	20,856,358	19,940,172	17,067,748
Foreign exchange related contracts:				
- less than one year	60,092,803	40,277,996	51,765,234	33,398,925
- one year to less than five years	4,655,284	4,089,668	4,574,133	4,089,668
- five years and above	319,688	288,397	319,688	288,397
Interest rate related contracts:				
- less than one year	71,814,792	18,957,616	71,937,411	19,457,616
- one year to less than five years	31,243,230	32,060,237	31,243,230	32,260,237
- five years and above	3,830,236	2,609,803	3,930,236	2,571,708
Equity related contracts:				
- less than one year	284,972	264,263	284,972	264,263
- one year to less than five years	154,775	136,115	154,775	136,115
- five years and above	254,606	-	254,606	-
Credit related contracts:				
- five years and above	578,437	291,272	578,437	291,272
Commodity related contracts:				
- less than one year	30,415	-	30,415	-
Unutilised credit card lines	7,457,089	7,463,767	7,457,089	7,463,767
Total	226,017,954	147,233,168	207,605,709	131,969,797

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:

	The Group			
	Financial Period Ended 31/03/2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	1,198,053	-	1,198,053
- Quoted securities	6,609,713	-	-	6,609,713
- Unquoted securities	-	153,800	330,636	484,436
Financial investments at FVOCI				
- Money market instrument	-	21,425,931	-	21,425,931
- Quoted securities	3,283,218	-	-	3,283,218
- Unquoted securities	-	9,917,377	59,697	9,977,074
Derivative financial instruments	4,435	1,136,600	76,448	1,217,483
	<u>9,897,366</u>	<u>33,831,761</u>	<u>466,781</u>	<u>44,195,908</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	1,637	1,078,713	76,448	1,156,798
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,247,487	-	1,247,487
	<u>1,637</u>	<u>2,326,200</u>	<u>76,448</u>	<u>2,404,285</u>
The Group				
Financial Year Ended 30/06/2020				
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	2,697,041	-	2,697,041
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	14,361,366	-	14,361,366
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	9,376,209	60,094	9,436,303
Derivative financial instruments	8	1,097,969	13,492	1,111,469
	<u>8,446,391</u>	<u>27,612,796</u>	<u>404,222</u>	<u>36,463,409</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	65	1,284,956	13,492	1,298,513
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	462,517	-	462,517
	<u>65</u>	<u>1,747,473</u>	<u>13,492</u>	<u>1,761,030</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 (2020: RM Nil).

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A32 Fair value of financial instruments (continued)

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

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

	The Bank			
	Financial Period Ended 31/03/2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	1,177,120	-	1,177,120
- Quoted securities	6,609,713	-	-	6,609,713
- Unquoted securities	-	153,800	330,636	484,436
Financial investments at FVOCI				
- Money market instrument	-	17,913,596	-	17,913,596
- Quoted securities	3,283,218	-	-	3,283,218
- Unquoted securities	-	9,542,266	59,697	9,601,963
Derivative financial instruments	4,435	1,089,318	76,448	1,170,201
	<u>9,897,366</u>	<u>29,876,100</u>	<u>466,781</u>	<u>40,240,247</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	1,637	1,021,158	76,448	1,099,243
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,159,096	-	1,159,096
	<u>1,637</u>	<u>2,180,254</u>	<u>76,448</u>	<u>2,258,339</u>
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	2,675,372	-	2,675,372
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	12,199,326	-	12,199,326
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	8,993,610	60,094	9,053,704
Derivative financial instruments	8	1,044,121	13,492	1,057,621
	<u>8,446,391</u>	<u>24,992,640</u>	<u>404,222</u>	<u>33,843,253</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	65	1,237,539	13,492	1,251,096
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	412,120	-	412,120
	<u>65</u>	<u>1,649,659</u>	<u>13,492</u>	<u>1,663,216</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 (2020: RM Nil).

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A32 Fair value of financial instruments (continued)

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

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

The Group 31 March 2021	Financial Assets			Financial
	Financial assets	Financial	Derivative	Liability
	at FVTPL	investments	financial	Derivative
	at FVTPL	at FVOCI	instruments	financial
	RM'000	at FVOCI	instruments	instruments
	RM'000	RM'000	RM'000	RM'000
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	-	-	43,519	43,519
Net fair value changes recognised in other comprehensive income	-	(397)	-	-
Purchases	-	-	29,713	29,713
Settlements	-	-	(10,276)	(10,276)
At 31 March	<u>330,636</u>	<u>59,697</u>	<u>76,448</u>	<u>76,448</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2021	<u>-</u>	<u>-</u>	<u>43,519</u>	<u>43,519</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2021	<u>-</u>	<u>(397)</u>	<u>-</u>	<u>-</u>

The Group 30 June 2020	Financial Assets			Financial
	Financial assets	Financial	Derivative	Liability
	at FVTPL	investments	financial	Derivative
	at FVTPL	at FVOCI	instruments	financial
	RM'000	at FVOCI	instruments	instruments
	RM'000	RM'000	RM'000	RM'000
At 1 July	305,572	44,331	7,812	7,812
Fair value changes recognised in statements of income	25,064	-	(8,397)	(8,397)
Net fair value changes recognised in other comprehensive income	-	15,763	-	-
Purchases	-	-	(9,066)	(9,066)
Settlements	-	-	23,143	23,143
At 30 June	<u>330,636</u>	<u>60,094</u>	<u>13,492</u>	<u>13,492</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2020	<u>25,064</u>	<u>-</u>	<u>(8,397)</u>	<u>(8,397)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2020	<u>-</u>	<u>15,763</u>	<u>-</u>	<u>-</u>

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A32 Fair value of financial instruments (continued)

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

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

The Bank 31 March 2021	Financial Assets			Financial
	Financial assets	Financial	Derivative	Liability
	at FVTPL	investments	financial	Derivative
	at FVTPL	at FVOCI	instruments	financial
	RM'000	RM'000	RM'000	instruments
				RM'000
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	-	-	43,519	43,519
Net fair value changes recognised in other comprehensive income	-	(397)	-	-
Purchases	-	-	29,713	29,713
Settlements	-	-	(10,276)	(10,276)
At 31 March	<u>330,636</u>	<u>59,697</u>	<u>76,448</u>	<u>76,448</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2021	<u>-</u>	<u>-</u>	<u>43,519</u>	<u>43,519</u>
Total gain recognised in other comprehensive income relating to assets held on 31 March 2021	<u>-</u>	<u>(397)</u>	<u>-</u>	<u>-</u>

The Bank 30 June 2020	Financial Assets			Financial
	Financial assets	Financial	Derivative	Liability
	at FVTPL	investments	financial	Derivative
	at FVTPL	at FVOCI	instruments	financial
	RM'000	RM'000	RM'000	instruments
				RM'000
At 1 July	305,572	44,331	7,812	7,812
Fair value changes recognised in statements of income	25,064	-	(8,397)	(8,397)
Net fair value changes recognised in other comprehensive income	-	15,763	-	-
Purchases	-	-	(9,066)	(9,066)
Settlements	-	-	23,143	23,143
At 30 June	<u>330,636</u>	<u>60,094</u>	<u>13,492</u>	<u>13,492</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2020	<u>25,064</u>	<u>-</u>	<u>(8,397)</u>	<u>(8,397)</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2020	<u>-</u>	<u>15,763</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 RM940.8 million for the current financial quarter ended 31 March 2021, an increase of RM303.6 million or 47.6% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM256.6 million, lower operating expenses of RM21.0 million, lower allowance for impairment losses on loans, advances and financing of RM11.6 million and higher share of profit from associated companies of RM16.3 million. However, this was mitigated by lower written back of impairment losses on financial investments and other financial assets of RM1.9 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM318.3 million for the third quarter ended 31 March 2021 as compared to previous corresponding quarter of RM199.6 million. The increase in pre-tax profit was mainly contributed by higher total income, lower allowance for impairment losses on loans, advances and financing and lower operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM229.0 million for the third quarter ended 31 March 2021 as compared to previous corresponding quarter of RM201.4 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM221.5 million for the third quarter ended 31 March 2021 as compared to previous corresponding quarter of RM135.9 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher impairment losses on financial investments and other financial assets and higher operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM203.0 million for the third quarter ended 31 March 2021 as compared to previous corresponding quarter of RM119.7 million. The increase in pre-tax profit was mainly contributed by higher total income, lower operating expenses, higher share of profit from associated companies in China and lower allowance for impairment losses on loans, advances and financing.

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B1 Review of performance (continued)

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

The Group's pre-tax profit for the financial period ended 31 March 2021 stood at RM2,646.3 million, an increase of RM305.6 million or 13.1% as compared to RM2,340.7 million in the previous financial period. The increase was mainly due to higher net income of RM552.9 million, lower operating expenses of RM37.5 million and higher share of profit from associated company of RM38.8 million. This was mitigated by higher allowance for impairment losses on loans, advances and financing of RM323.2 million and allowance for impairment losses on financial investments and other financial assets of RM0.4 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 RM779.8 million for the financial period ended 31 March 2021 as compared to previous corresponding period of RM853.4 million. The decrease in pre-tax profit was mainly contributed by higher allowance for impairment losses on loans, advances and financing, partially offset by lower operating expenses and higher total income.

Personal Financial Services's loan base grew from RM99.8 billion as at 31 March 2020 to RM104.0 billion as at 31 March 2021. Deposit base increased from RM94.8 billion to RM96.7 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM708.5 million for the financial period ended 31 March 2021 as compared to previous corresponding period of RM584.4 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.

Business and Corporate Banking's loan base increased from RM33.5 billion as at 31 March 2020 to RM39.7 billion as at 31 March 2021. Deposit base increased from RM34.0 billion to RM37.3 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM723.1 million for the financial period ended 31 March 2021 as compared to previous corresponding period of RM405.7 million. The increase in pre-tax profit was mainly contributed by higher total income and lower impairment losses on financial investments and other financial assets, partially offset by higher operating expenses.

Treasury earning assets increased from RM57.5 billion as at 31 March 2020 to RM62.6 billion as at 31 March 2021.

International Banking

The International Banking's segment recorded a pre-tax profit of RM577.5 million for the financial period ended 31 March 2021 as compared to previous corresponding period of RM448.6 million. The increase in pre-tax profit was mainly contributed by higher total income, lower operating expenses, lower allowance for impairment losses on loans, advances and financing and higher share of profit from associated company in China.

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B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM940.8 million as compared to RM815.3 million in the preceding quarter, an increase of RM125.5 million mainly contributed by lower allowance for impairment losses on loans, advances and financing of RM126.6 million and higher share of profit from associated companies of RM14.2 million. This was mitigated by lower net income of RM14.4 million and higher operating expenses of RM0.9 million.

B3 Current year prospects

The Malaysian economy is expected to rebound and expand in 2021, following recovery in the global economy supported by vaccine progress and continuous accommodative policies. Growth is expected to pick up further in the second half of 2021 as more economic sectors recover from the slump, amid dissipating scarring effects and better containment of the pandemic. While there are some bright spots, the recovery path will be bumpy as uncertainties surrounding the still-evolving pandemic remain.

Domestic demand will be the biggest growth driver, on the back of rebound in both the private and public sectors expenditure. Gradual improvement in employment, underemployment and income growth, in addition to targeted policy measures especially in terms of cash assistance to the lower income group, will help reinvigorate consumer spending. Favourable exports outlook riding on continuing improvement in global demand will also provide an added impetus to economic growth in 2021.

In the journey to be a highly digital and innovative ASEAN financial services institution, we focus on building products and services propositions that ring true to our brand promise of “Built Around You” where clients are at the centre of everything we do. We continue to provide unwavering support needed to ensure clients can focus on the recovery efforts emanating from the COVID-19 crisis. The new operating environment will no doubt present us with new growth opportunities which we will endeavour to capture by being agile and responsive to the changing landscape. Concurrently, we continue to maintain our disciplined cost structure, enabling us to invest in growth opportunities and deliver sustainable returns to our stakeholders.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	210,532	118,202	579,626	469,195
Transfer to deferred taxation	(41,209)	(15,798)	(104,456)	(53,662)
	<u>169,323</u>	<u>102,404</u>	<u>475,170</u>	<u>415,533</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	169,761	81,967	455,639	362,086
Transfer to deferred taxation	(42,024)	(7,947)	(96,689)	(34,874)
	<u>127,737</u>	<u>74,020</u>	<u>358,950</u>	<u>327,212</u>

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B6 Profit on sale of unquoted investments/properties

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

B7 Purchase and disposal of quoted securities

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

B8 Status of corporate proposals

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

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B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2021:

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	51,062,239	519,187	(228,407)
(ii) 1 year to 3 years	252,784	628	(3,485)
(iii) More than 3 years	128,941	865	-
Swaps			
(i) Less than 1 year	7,151,689	32,546	(43,539)
(ii) 1 year to 3 years	2,765,519	109,847	(22,886)
(iii) More than 3 years	1,750,058	31,065	(12,113)
Options			
(i) Less than 1 year	1,878,875	9,647	(8,020)
(ii) 1 year to 3 years	77,670	556	(727)
Interest rate related contracts			
Futures			
(i) Less than 1 year	46,510,816	4,434	(1,637)
Swaps			
(i) Less than 1 year	25,303,976	50,047	(99,940)
(ii) 1 year to 3 years	22,145,455	144,343	(336,094)
(iii) More than 3 years	12,928,011	221,478	(307,138)
Equity related contracts			
(i) Less than 1 year	284,972	21,241	(21,243)
(ii) 1 year to 3 years	134,407	5,257	(5,257)
(iii) More than 3 years	274,974	49,951	(49,951)
Credit related contracts			
(i) More than 3 years	578,437	12,138	(12,138)
Commodity related contracts			
(i) Less than 1 year	30,415	4,253	(4,223)
Total	173,259,238	1,217,483	(1,156,798)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2020:

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	33,518,558	316,730	(193,064)
(ii) 1 year to 3 years	260,554	3,542	-
Swaps			
(i) Less than 1 year	5,691,949	48,729	(94,914)
(ii) 1 year to 3 years	2,269,351	89,753	(46,348)
(iii) More than 3 years	1,848,160	82,187	(2,092)
Options			
(i) Less than 1 year	1,067,489	6,746	(7,343)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,744,100	492	(65)
(ii) 1 year to 3 years	1,284,000	8	-
Swaps			
(i) Less than 1 year	17,213,516	49,138	(76,275)
(ii) 1 year to 3 years	22,210,388	210,134	(466,177)
(iii) More than 3 years	11,175,652	270,557	(378,780)
Equity related contracts			
(i) Less than 1 year	264,263	11,970	(11,972)
(ii) 1 year to 3 years	136,115	1,523	(1,523)
Credit related contracts			
(i) More than 3 years	291,272	19,960	(19,960)
Total	98,975,367	1,111,469	(1,298,513)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2021:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	42,954,466	471,175	(183,314)
(ii) 1 year to 3 years	252,784	628	(3,485)
(iii) More than 3 years	128,941	865	-
Swaps			
(i) Less than 1 year	6,931,893	32,535	(43,455)
(ii) 1 year to 3 years	2,684,368	109,847	(22,299)
(iii) More than 3 years	1,750,058	31,070	(12,114)
Options			
(i) Less than 1 year	1,878,875	9,647	(8,020)
(ii) 1 year to 3 years	77,670	556	(727)
Interest rate related contracts			
Futures			
(i) Less than 1 year	46,510,815	4,434	(1,637)
Swaps			
(i) Less than 1 year	25,426,596	50,784	(98,971)
(ii) 1 year to 3 years	22,145,455	144,343	(336,094)
(iii) More than 3 years	13,028,011	221,477	(296,317)
Equity related contracts			
(i) Less than 1 year	284,972	21,241	(21,241)
(ii) 1 year to 3 years	134,407	5,257	(5,257)
(iii) More than 3 years	274,974	49,951	(49,951)
Credit related contracts			
(i) More than 3 years	578,437	12,138	(12,138)
Commodity related contracts			
(i) Less than 1 year	30,415	4,253	(4,223)
Total	165,073,137	1,170,201	(1,099,243)

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2020:

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	26,707,413	261,937	(146,427)
(ii) 1 year to 3 years	260,554	3,542	-
Swaps			
(i) Less than 1 year	5,624,023	48,729	(94,912)
(ii) 1 year to 3 years	2,269,351	89,753	(46,352)
(iii) More than 3 years	1,848,160	82,187	(2,093)
Options			
(i) Less than 1 year	1,067,489	6,746	(7,343)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,744,100	492	(65)
(ii) 1 year to 3 years	1,284,000	8	-
Swaps			
(i) Less than 1 year	17,713,516	49,707	(76,880)
(ii) 1 year to 3 years	22,410,388	211,619	(467,841)
(iii) More than 3 years	11,137,557	269,448	(375,730)
Equity related contracts			
(i) Less than 1 year	264,263	11,970	(11,970)
(ii) 1 year to 3 years	136,115	1,523	(1,523)
Credit related contracts			
(i) More than 3 years	291,272	19,960	(19,960)
Total	92,758,201	1,057,621	(1,251,096)

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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 RM152,067,000 (30 June 2020: RM105,074,000) and RM107,602,906,000 (30 June 2020: RM55,595,557,000) respectively.

Derivatives

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

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,374,783,000 (30 June 2020: RM1,136,760,000). 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

For the financial period ended 31 March 2021, an interim single tier dividend of 14.78 sen per share was declared and paid (31 March 2020: 16.00 sen).

B12 Earnings per share

(a) Basic earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	771,466	534,790	2,171,158	1,925,182
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	(120,413)	(121,129)	(120,413)	(121,129)
	<u>2,047,305</u>	<u>2,046,589</u>	<u>2,047,305</u>	<u>2,046,589</u>
Basic earnings per share (sen)	37.7	26.1	106.0	94.1
<u>The Bank</u>				
Net profit attributable to equity holders	461,928	285,250	1,307,189	1,172,194
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	(120,413)	(121,129)	(120,413)	(121,129)
	<u>2,047,305</u>	<u>2,046,589</u>	<u>2,047,305</u>	<u>2,046,589</u>
Basic earnings per share (sen)	22.6	13.9	63.8	57.3

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B12 Earnings per share (continued)

(b) Fully diluted earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
<u>The Group</u>				
Net profit attributable to equity holders	771,466	534,790	2,171,158	1,925,182
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,305	2,046,589	2,047,305	2,046,589
- adjustment for ESS	365	556	365	556
	<u>2,047,670</u>	<u>2,047,145</u>	<u>2,047,670</u>	<u>2,047,145</u>
Fully diluted earnings per share (sen)	37.7	26.1	106.0	94.0
<u>The Bank</u>				
Net profit attributable to equity holders	461,928	285,250	1,307,189	1,172,194
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,305	2,046,589	2,047,305	2,046,589
- adjustment for ESS	365	556	365	556
	<u>2,047,670</u>	<u>2,047,145</u>	<u>2,047,670</u>	<u>2,047,145</u>
Fully diluted earnings per share (sen)	22.6	13.9	63.8	57.3

Dated this 27 May 2021