

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	<u>The Group</u>		<u>The Company</u>	
		30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000
<b>Assets</b>					
Cash and short-term funds		14,218,602	9,605,894	10,956	26,609
Deposits and placements with banks and other financial institutions		4,328,165	1,300,746	3,360	3,360
Financial assets at fair value through profit or loss	A9	29,442,553	29,470,629	-	-
Financial investments at fair value through other comprehensive income	A10	26,838,521	27,452,943	-	-
Financial investments at amortised cost	A11	32,030,340	33,608,857	-	-
Derivative financial instruments	B10	3,140,307	1,902,169	-	-
Loans, advances and financing	A12	168,332,191	167,177,303	-	-
Clients' and brokers' balances		850,702	722,181	-	-
Other assets	A13	2,506,247	2,431,500	535,247	2,635
Statutory deposits with Central Banks		531,065	520,650	-	-
Tax recoverable		8,750	6,262	403	492
Deferred tax assets		394,634	364,931	229	229
Investment in subsidiary companies		-	-	19,477,908	19,459,428
Investment in associated companies		7,876,519	7,660,825	-	-
Property and equipment		1,298,362	1,274,380	5,238	4,803
Right-of-use assets		213,229	214,355	3,840	4,075
Investment properties		471,610	471,610	-	-
Goodwill arising on consolidation		2,410,644	2,410,644	-	-
Intangible assets		330,820	324,938	65	76
<b>Total Assets</b>		<b>295,223,261</b>	<b>286,920,817</b>	<b>20,037,246</b>	<b>19,501,707</b>
<b>Liabilities</b>					
Deposits from customers	A14	197,021,727	197,382,921	-	-
Investment accounts of customers	A15	2,278,289	2,668,408	-	-
Deposits and placements of banks and other financial institutions	A16	11,290,844	8,229,485	-	-
Obligations on securities sold under repurchase agreements		8,058,049	3,971,304	-	-
Bills and acceptances payable		166,231	241,361	-	-
Derivative financial instruments	B10	2,780,158	1,765,006	-	-
Clients' and brokers' balances		473,133	306,901	-	-
Other liabilities	A17	12,780,085	12,001,014	372,009	14,868
Lease liabilities		212,776	212,599	4,030	4,249
Recourse obligations on loans/financing sold to Cagamas Berhad		1,259,280	1,623,936	-	-
Provision for claims		349,071	338,005	-	-
Provision for taxation		206,604	331,101	-	-
Borrowings	B7	405,538	411,931	405,479	411,858
Subordinated obligations	B8	2,225,116	2,207,083	1,619,890	1,601,624
Multi-currency Additional Tier 1 capital securities	B9	1,727,960	1,715,849	806,944	806,431
Insurance funds		17,623,451	17,524,189	-	-
<b>Total Liabilities</b>		<b>258,858,312</b>	<b>250,931,093</b>	<b>3,208,352</b>	<b>2,839,030</b>
<b>Equity</b>					
Share capital		2,267,008	2,267,008	2,267,008	2,267,008
Reserves		22,551,835	22,244,622	14,739,542	14,573,325
Treasury shares for ESOS		(236,039)	(236,039)	(177,656)	(177,656)
<b>Total Shareholders' Equity</b>		<b>24,582,804</b>	<b>24,275,591</b>	<b>16,828,894</b>	<b>16,662,677</b>
Non-controlling interests		11,782,145	11,714,133	-	-
<b>Total Equity</b>		<b>36,364,949</b>	<b>35,989,724</b>	<b>16,828,894</b>	<b>16,662,677</b>
<b>Total Liabilities and Equity</b>		<b>295,223,261</b>	<b>286,920,817</b>	<b>20,037,246</b>	<b>19,501,707</b>
<b>Commitments and Contingencies</b>	A30	<b>290,655,986</b>	214,693,156	-	-
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)		<b>21.68</b>	21.41	<b>14.67</b>	14.52

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

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Note	1st Quarter Ended		Three Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Group</b>					
Interest income	A18	<b>1,662,083</b>	1,388,574	<b>1,662,083</b>	1,388,574
Interest income for financial assets at fair value through profit or loss	A19	<b>80,718</b>	65,313	<b>80,718</b>	65,313
Interest expense	A20	<b>(731,165)</b>	(501,172)	<b>(731,165)</b>	(501,172)
Net interest income		<b>1,011,636</b>	952,715	<b>1,011,636</b>	952,715
Income from Islamic banking business	A21	<b>251,520</b>	208,089	<b>251,520</b>	208,089
		<b>1,263,156</b>	1,160,804	<b>1,263,156</b>	1,160,804
Non-interest income	A22	<b>381,979</b>	398,491	<b>381,979</b>	398,491
Net income		<b>1,645,135</b>	1,559,295	<b>1,645,135</b>	1,559,295
Overhead expenses	A23	<b>(621,079)</b>	(579,336)	<b>(621,079)</b>	(579,336)
Operating profit before allowances		<b>1,024,056</b>	979,959	<b>1,024,056</b>	979,959
Allowance for impairment losses on loans, advances and financing and other losses	A24	<b>(37,461)</b>	(48,519)	<b>(37,461)</b>	(48,519)
Writeback of impairment losses on other assets	A25	<b>342</b>	188	<b>342</b>	188
		<b>986,937</b>	931,628	<b>986,937</b>	931,628
Share of results of associated companies		<b>275,281</b>	242,765	<b>275,281</b>	242,765
Profit before taxation		<b>1,262,218</b>	1,174,393	<b>1,262,218</b>	1,174,393
Taxation	B5	<b>(223,123)</b>	(209,821)	<b>(223,123)</b>	(209,821)
<b>Net profit for the financial period</b>		<b>1,039,095</b>	964,572	<b>1,039,095</b>	964,572
Attributable to:					
Owners of the parent		<b>681,740</b>	640,562	<b>681,740</b>	640,562
Non-controlling interests		<b>357,355</b>	324,010	<b>357,355</b>	324,010
		<b>1,039,095</b>	964,572	<b>1,039,095</b>	964,572
Earnings per share attributable to equity holders of the Company - basic (sen)		<b>60.1</b>	56.5	<b>60.1</b>	56.5

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

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Group</b>				
<b>Net profit for the financial period</b>	<b>1,039,095</b>	964,572	<b>1,039,095</b>	964,572
<b>Other comprehensive (loss)/income in respect of:</b>				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of associated companies	(11,550)	(6,006)	(11,550)	(6,006)
Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(74,473)	(302,499)	(74,473)	(302,499)
- Changes in expected credit losses	19	(198)	19	(198)
Net fair value changes in cash flow hedge	279	2,248	279	2,248
Currency translation differences	38,173	63,346	38,173	63,346
Income tax relating to components of other comprehensive income	11,379	70,262	11,379	70,262
Other comprehensive loss for the financial period, net of tax	(36,173)	(172,847)	(36,173)	(172,847)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>1,002,922</b>	791,725	<b>1,002,922</b>	791,725
Attributable to:				
Owners of the parent	661,162	526,779	661,162	526,779
Non-controlling interests	341,760	264,946	341,760	264,946
	<b>1,002,922</b>	791,725	<b>1,002,922</b>	791,725

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

		1st Quarter Ended		Three Months Ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
<b>The Company</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A18	27,898	27,890	27,898	27,890
Interest expense	A20	(31,292)	(34,258)	(31,292)	(34,258)
Net interest expense		(3,394)	(6,368)	(3,394)	(6,368)
Non-interest income	A22	531,624	519,974	531,624	519,974
Net income		528,230	513,606	528,230	513,606
Overhead expenses	A23	(10,351)	(8,048)	(10,351)	(8,048)
Writeback of impairment losses on other assets	A25	213	195	213	195
Profit before taxation		518,092	505,753	518,092	505,753
Taxation	B5	(89)	16	(89)	16
<b>Net profit for the financial period</b>		<b>518,003</b>	<b>505,769</b>	<b>518,003</b>	<b>505,769</b>
Earnings per share attributable to equity holders of the Company - basic (sen)		45.5	44.4	45.5	44.4

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	1st Quarter Ended		Three Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>518,003</b>	<b>505,769</b>	<b>518,003</b>	<b>505,769</b>
Other comprehensive income for the financial period, net of tax	-	-	-	-
<b>Total comprehensive income for the financial period, net of tax</b>	<b>518,003</b>	<b>505,769</b>	<b>518,003</b>	<b>505,769</b>

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

<u>The Group</u>	← Attributable to owner of the parent →											
	Share capital RM'000	Regulatory reserve# RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESOS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2022	2,267,008	666,534	(541,311)	(185)	213,314	60,866	907,614	20,937,790	(236,039)	24,275,591	11,714,133	35,989,724
<u>Comprehensive income</u>												
Net profit for the financial period	-	-	-	-	-	-	-	681,740	-	681,740	357,355	1,039,095
Currency translation differences	-	-	-	-	-	-	28,355	-	-	28,355	9,818	38,173
Share of other comprehensive loss of associated companies	-	-	(7,655)	-	-	-	-	-	-	(7,655)	(3,895)	(11,550)
Financial investments measured at fair value through other comprehensive income												
- Debt instruments												
- Net fair value changes	-	-	(41,475)	-	-	-	-	-	-	(41,475)	(21,619)	(63,094)
- Changes in expected credit losses	-	-	12	-	-	-	-	-	-	12	7	19
Net fair value changes in cash flow hedge	-	-	-	185	-	-	-	-	-	185	94	279
Total comprehensive (loss)/income	-	-	(49,118)	185	-	-	28,355	681,740	-	661,162	341,760	1,002,922
<u>Transaction with owners</u>												
Transfer to regulatory reserve	-	39,802	-	-	-	-	-	(39,802)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	718	-	718	(718)	-
Dividends payable	-	-	-	-	-	-	-	(352,792)	-	(352,792)	-	(352,792)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(273,857)	(273,857)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	827	827
Options charge arising from executive share scheme	-	-	-	-	-	(1,048)	-	-	-	(1,048)	-	(1,048)
Exercise of executive share scheme	-	-	-	-	-	(1,953)	-	1,126	-	(827)	-	(827)
<b>At 30 September 2022</b>	<b>2,267,008</b>	<b>706,336</b>	<b>(590,429)</b>	<b>-</b>	<b>213,314</b>	<b>57,865</b>	<b>935,969</b>	<b>21,228,780</b>	<b>(236,039)</b>	<b>24,582,804</b>	<b>11,782,145</b>	<b>36,364,949</b>

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

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	← Attributable to owner of the parent →											
	Share capital RM'000	Regulatory reserve# RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESOS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	
At 1 July 2021	2,267,008	437,103	85,375	(3,959)	213,314	96,305	749,226	19,213,037	(238,970)	22,818,439	11,114,999	33,933,438
<b>Comprehensive income</b>												
Net profit for the financial period	-	-	-	-	-	-	640,562	-	-	640,562	324,010	964,572
Currency translation differences	-	-	-	-	-	-	41,642	-	-	41,642	21,704	63,346
Share of other comprehensive loss of associated companies	-	-	(3,937)	-	-	-	-	-	-	(3,937)	(2,069)	(6,006)
Financial investments measured at fair value through other comprehensive income												
- Debt instruments												
- Net fair value changes	-	-	(152,477)	-	-	-	-	-	-	(152,477)	(79,221)	(231,698)
- Changes in expected credit losses	-	-	(131)	-	-	-	-	-	-	(131)	(67)	(198)
Net fair value changes in cash flow hedge	-	-	-	1,120	-	-	-	-	-	1,120	589	1,709
Total comprehensive (loss)/income	-	-	(156,545)	1,120	-	-	41,642	640,562	-	526,779	264,946	791,725
<b>Transaction with owners</b>												
Transfer to regulatory reserve	-	13,563	-	-	-	-	-	(13,563)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	(601)	-	(601)	601	-
Dividends paid	-	-	-	-	-	-	-	(332,262)	-	(332,262)	-	(332,262)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(265,357)	(265,357)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	1,338	1,338
Options charge arising from executive share scheme	-	-	-	-	-	3,780	-	-	-	3,780	-	3,780
Exercise of executive share scheme	-	-	-	-	-	(2,044)	-	1,622	-	(422)	-	(422)
At 30 September 2021	<u>2,267,008</u>	<u>450,666</u>	<u>(71,170)</u>	<u>(2,839)</u>	<u>213,314</u>	<u>98,041</u>	<u>790,868</u>	<u>19,508,795</u>	<u>(238,970)</u>	<u>23,015,713</u>	<u>11,116,527</u>	<u>34,132,240</u>

# Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM695,091,000 (30 September 2021: RM439,421,000) in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing and the banking subsidiary company in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2021: RM11,245,000).

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

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	← Non-distributable →			Distributable		Total equity RM'000
	Share capital RM'000	Other capital reserve RM'000	Share options reserve RM'000	Treasury shares for ESOS RM'000	Retained profits RM'000	
<b><u>The Company</u></b>						
At 1 July 2022	2,267,008	254,991	2,685	(177,656)	14,315,649	16,662,677
Net profit for the financial period	-	-	-	-	518,003	518,003
Dividends payable	-	-	-	-	(352,792)	(352,792)
Options charge arising from executive share scheme	-	-	1,006	-	-	1,006
<b>At 30 September 2022</b>	<b>2,267,008</b>	<b>254,991</b>	<b>3,691</b>	<b>(177,656)</b>	<b>14,480,860</b>	<b>16,828,894</b>
At 1 July 2021	2,267,008	254,991	24,215	(180,587)	14,011,005	16,376,632
Net loss for the financial period	-	-	-	-	505,769	505,769
Dividends paid	-	-	-	-	(332,262)	(332,262)
Options charge arising from executive share scheme	-	-	991	-	-	991
At 30 September 2021	2,267,008	254,991	25,206	(180,587)	14,184,512	16,551,130

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	The Group		The Company	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	1,262,218	1,174,393	518,092	505,753
Adjustment for non-cash items	<b>(542,354)</b>	(247,301)	<b>(524,170)</b>	(509,732)
Operating profit/(loss) before working capital changes	<b>719,864</b>	927,092	<b>(6,078)</b>	(3,979)
Income tax paid	<b>(334,998)</b>	(273,923)	-	-
Interest received	114	106	114	106
Changes in working capital:				
Net changes in operating assets	<b>(3,939,394)</b>	(1,118,235)	<b>(3,738)</b>	(3,206)
Net changes in operating liabilities	<b>6,594,182</b>	3,422,385	<b>4,341</b>	4,605
Net cash generated from/(used in) operating activities	<b>3,039,768</b>	2,957,425	<b>(5,361)</b>	(2,474)
<b>Cash flows from investing activities</b>				
Net disposal of financial investments at fair value through other comprehensive income	<b>614,028</b>	3,262,094	-	-
Net disposal/(purchases) of financial investments at amortised cost	<b>1,578,517</b>	(2,010,237)	-	-
Interest received on financial investments at fair value through other comprehensive income and financial investments at amortised cost	<b>339,878</b>	337,676	-	-
Purchase of intangible assets	<b>(8,630)</b>	(10,402)	-	-
Purchase of property and equipment	<b>(59,742)</b>	(21,217)	<b>(706)</b>	-
Net proceeds from disposal of property and equipment	314	-	-	-
Dividends received from other investments	<b>23,812</b>	27,162	-	128
Interest received from investment in debt instrument issued by subsidiary company	-	-	-	-
- Interest on Multi-currency Additional Tier 1 capital securities	-	-	<b>9,518</b>	9,518
Net cash generated from investing activities	<b>2,488,177</b>	1,585,076	<b>8,812</b>	9,646
<b>Cash flows from financing activities</b>				
Cash received from executive share scheme exercised	-	915	-	-
Repayment of lease liabilities	<b>(5,117)</b>	(6,918)	<b>(223)</b>	(207)
Proceeds from revolving credit	-	85,000	-	85,000
(Repayment)/proceeds from commercial papers	<b>(5,000)</b>	130,000	<b>(5,000)</b>	130,000
Repayment of senior notes	-	(170,000)	-	(200,000)
(Repayment of)/proceeds from recourse obligations on loans/financing sold to Cagamas Berhad	<b>(362,914)</b>	300,000	-	-
Interest paid on Multi-currency Additional Tier 1 capital securities	<b>(9,663)</b>	(9,719)	<b>(9,719)</b>	(9,719)
Interest paid on subordinated obligations	<b>(5,727)</b>	(5,728)	-	-
Interest paid on borrowings	<b>(4,097)</b>	(15,131)	<b>(4,111)</b>	(10,601)
Interest paid on recourse obligations on loans/financing sold to Cagamas Berhad	<b>(13,813)</b>	(16,684)	-	-
Interest paid on lease liabilities	<b>(2,161)</b>	(2,390)	<b>(51)</b>	(67)
Net cash (used in)/generated from financing activities	<b>(408,492)</b>	289,345	<b>(19,104)</b>	(5,594)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,119,453</b>	4,831,846	<b>(15,653)</b>	1,578
<b>Effects of exchange rate changes</b>	<b>136,300</b>	23,027	-	-
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>9,844,724</b>	9,193,042	<b>26,669</b>	10,674
<b>Cash and cash equivalents at end of financial period</b>	<b>15,100,477</b>	14,047,915	<b>11,016</b>	12,252
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>14,218,602</b>	10,183,546	<b>10,956</b>	12,192
Deposits and placements with banks and other financial institutions	<b>4,328,165</b>	7,905,179	<b>3,360</b>	3,360
	<b>18,546,767</b>	18,088,725	<b>14,316</b>	15,552
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months	<b>(3,446,290)</b>	(4,040,810)	<b>(3,300)</b>	(3,300)
	<b>15,100,477</b>	14,047,915	<b>11,016</b>	12,252

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



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**A1 Basis of preparation**

The unaudited condensed financial statements 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, financial investments at fair value through other comprehensive income 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 Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company for the financial year ended 30 June 2022. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 30 June 2022.

The unaudited condensed financial statements incorporate the activities relating to the Islamic banking and Takaful businesses which have been undertaken by its subsidiaries, Hong Leong Islamic Bank Berhad and Hong Leong MSIG Takaful Berhad in compliance with Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the audited annual financial statements for the financial year ended 30 June 2022 and modified for the adoption of the following accounting standards applicable for financial year beginning on or after 1 July 2022:

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

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 Company.

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 Company'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 statement for the financial year ended 30 June 2022**

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

**A3 Seasonality or cyclical nature of operations**

The business operations of the Group and the Company have not been materially affected by any 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 year**

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

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

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares during the financial period ended 30 September 2022 other than as mentioned below.

Purchase of shares pursuant to Executive Share Scheme ("ESS")

In December 2017, the Group has granted up to 20,450,000 shares at an exercise price of RM17.12 to eligible executives of the Company and its subsidiary pursuant to the Company'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 numbers of shares (if any) to be vested shall be determined following the end of respective performance periods. The vested options for each performance period are exercisable in three tranches over a period of 2 - 26 months from the respective vesting dates. The Group has decided not to recommend any award of 30% (5,925,000 shares) ESOS due to non-performance of KPIs.

On 3 November 2021, the Company has granted 469,210 ordinary shares in the Company to eligible executives pursuant to the Executive Share Grant Scheme ("ESGS"). The vesting of the 469,210 free ordinary shares in the Company will be done in tranches over a period of 3 years from the date of the grant.

During the financial period ended 30 September 2022, no shares were exercised pursuant to the Company's Executive Share Option Scheme ("ESOS").

As at 30 September 2022, the total number of Treasury Shares for ESOS is 9,479,596 at an average price of RM18.74 per share and the total consideration paid, including transaction costs was RM177,656,388.

The remaining number of shares held by the appointed trustee for the insurance subsidiary company as at 30 September 2022 was 4,091,900 units at an average price of RM14.27 per share with total consideration paid, including transaction costs was RM58,381,907 which have been classified as Treasury Shares for ESOS at the Group level.

**A7 Dividends payable**

A final single-tier dividend of 31.0 sen per share, amounting to approximately RM352,792,000 in respect of the financial year ended 30 June 2022 payable on 23 November 2022.

**A8 Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

Inter-segment pricing is based on internally computed cost of funds.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

**Business segments**

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking and asset management	Investment banking, futures and stockbroking, fund and unit trust management
Insurance	Life and general insurance and family takaful business
Other operations	Investment holding and provision of management services

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**A8 Segmental reporting (continued)**

<b>The Group</b>	<b>Commercial banking RM'000</b>	<b>Investment banking RM'000</b>	<b>Insurance RM'000</b>	<b>Other operations RM'000</b>	<b>Eliminations/ consolidation adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>30 September 2022</b>						
<b>Revenue</b>						
External revenue	1,492,736	50,843	107,320	(5,764)	-	1,645,135
Inter-segment revenue	7,180	108	397	524,713	(532,398)	-
Segment revenue	<u>1,499,916</u>	<u>50,951</u>	<u>107,717</u>	<u>518,949</u>	<u>(532,398)</u>	<u>1,645,135</u>
<b>Results</b>						
Segment results	922,128	20,803	57,421	518,087	(531,502)	986,937
Share of results of associated companies						275,281
Profit before taxation						1,262,218
Taxation						<u>(223,123)</u>
Net profit for the financial period						1,039,095
Non-controlling interests						<u>(357,355)</u>
Profit attributable to owners of the parent						<u>681,740</u>
<b>Other information</b>						
Segment assets	262,720,790	4,336,873	27,446,914	20,037,276	(19,318,592)	<u>295,223,261</u>
Segment liabilities	231,554,426	3,422,230	23,414,172	3,210,001	(2,742,517)	<u>258,858,312</u>

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**A8 Segmental reporting (continued)**

<b>The Group</b>	<b>Commercial banking RM'000</b>	<b>Investment banking RM'000</b>	<b>Insurance RM'000</b>	<b>Other operations RM'000</b>	<b>Eliminations/ consolidation adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>30 September 2021</b>						
<b>Revenue</b>						
External revenue	1,375,600	67,319	124,603	(8,227)	-	1,559,295
Inter-segment revenue	4,342	78	302	518,580	(523,302)	-
Segment revenue	<u>1,379,942</u>	<u>67,397</u>	<u>124,905</u>	<u>510,353</u>	<u>(523,302)</u>	<u>1,559,295</u>
<b>Results</b>						
Segment results	824,093	36,851	84,129	505,748	(519,193)	931,628
Share of results of associated companies						<u>242,765</u>
Profit before taxation						<u>1,174,393</u>
Taxation						<u>(209,821)</u>
Net profit for the financial period						<u>964,572</u>
Non-controlling interests						<u>(324,010)</u>
Profit attributable to owners of the parent						<u><u>640,562</u></u>
<b>Other information</b>						
Segment assets	242,354,751	4,427,441	27,182,770	20,033,595	(15,791,002)	<u><u>278,207,555</u></u>
Segment liabilities	212,921,074	3,510,270	23,386,682	3,484,073	773,216	<u><u>244,075,315</u></u>

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**A9 Financial assets at fair value through profit or loss ("FVTPL")**

	<b>The Group</b>	
	<b>30 September</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Bank Negara Malaysia bills	-	49,806
Government treasury bills	<b>1,382,982</b>	2,083,409
Malaysian Government securities	<b>4,987,190</b>	4,323,656
Malaysian Government investment certificates	<b>945,824</b>	741,032
Negotiable instruments of deposit	<b>1,584,377</b>	1,473,440
Khazanah bonds	<b>14,585</b>	-
Cagamas bonds	<b>45,544</b>	65,587
Other Government securities	<b>5,706,453</b>	5,761,134
	<b>14,666,955</b>	<b>14,498,064</b>
<b>Quoted securities</b>		
Shares in Malaysia	<b>4,844,000</b>	4,758,170
Shares outside Malaysia	<b>455,396</b>	553,017
Wholesale fund/unit trust investments	<b>846,608</b>	749,777
Portfolio Investment Accounts [Note]	<b>4,093</b>	9,097
Foreign currency bonds in Malaysia	<b>11,859</b>	11,938
Foreign currency bonds outside Malaysia	<b>97,240</b>	31,120
Convertible bonds outside Malaysia	<b>1,102,086</b>	1,108,752
Investment-linked funds	<b>303</b>	305
Loan stocks	<b>924</b>	1,073
Warrants in Malaysia	<b>3,627</b>	3,545
	<b>7,366,136</b>	<b>7,226,794</b>
<b>Unquoted securities</b>		
Shares in Malaysia	<b>382,664</b>	382,664
Foreign currency bonds in Malaysia	<b>32,938</b>	-
Foreign currency bonds outside Malaysia	<b>9,177</b>	9,047
Government sukuk	-	101,766
Corporate bonds and sukuk	<b>6,871,581</b>	7,141,464
Perpetual bonds	<b>88,102</b>	85,830
Redeemable preference shares	<b>25,000</b>	25,000
	<b>7,409,462</b>	<b>7,745,771</b>
Total financial assets at FVTPL	<b>29,442,553</b>	<b>29,470,629</b>

**Note :**

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

**A10 Financial investments at fair value through other comprehensive income ("FVOCI")**

		<b>The Group</b>	
		<b>30 September</b>	<b>30 June</b>
		<b>2022</b>	<b>2022</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>			
Debt instruments	(a)	<b>26,755,135</b>	27,369,557
Equity instruments	(b)	<b>83,386</b>	83,386
		<b>26,838,521</b>	<b>27,452,943</b>

(a) Debt instruments

**Money market instruments**

Malaysian Government securities	<b>3,826,105</b>	3,791,081
Malaysian Government investment certificates	<b>9,128,628</b>	9,197,348
Negotiable instruments of deposit	<b>1,146,087</b>	1,796,800
Khazanah bonds	<b>350,273</b>	348,079
Cagamas bonds	<b>891,427</b>	890,863
	<b>15,342,520</b>	<b>16,024,171</b>

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**A10 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

	<b>The Group</b>	
	<b>30 September</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Debt instruments (continued)		
<b>Quoted securities</b>		
Government sukuk	<b>862,563</b>	831,321
Foreign currency bonds in Malaysia	<b>1,250,900</b>	1,216,476
Foreign currency bonds outside Malaysia	<b>831,208</b>	842,415
	<b><u>2,944,671</u></b>	<u>2,890,212</u>
<b>Unquoted securities</b>		
Government sukuk	<b>412,635</b>	417,257
Corporate bonds and sukuk	<b>7,563,219</b>	7,537,091
Foreign currency bonds in Malaysia	<b>185,302</b>	175,112
Foreign currency bonds outside Malaysia	<b>306,788</b>	325,714
	<b><u>8,467,944</u></b>	<u>8,455,174</u>
	<b><u>26,755,135</u></b>	<u>27,369,557</u>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
<b>The Group</b>	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	<b>ECL</b>
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2022	1,981	-	17,407	19,388
New financial assets originated or purchased	47	-	-	47
Financial assets derecognised	(64)	-	-	(64)
Changes due to change in credit risk	(28)	-	-	(28)
Exchange differences	66	-	678	744
<b>At 30 September 2022</b>	<b><u>2,002</u></b>	<b><u>-</u></b>	<b><u>18,085</u></b>	<b><u>20,087</u></b>
At 1 July 2021	2,741	-	16,647	19,388
New financial assets originated or purchased	300	-	-	300
Financial assets derecognised	(1,058)	-	-	(1,058)
Changes due to change in credit risk	(69)	-	-	(69)
Exchange differences	67	-	760	827
At 30 June 2022	<u>1,981</u>	<u>-</u>	<u>17,407</u>	<u>19,388</u>

(b) Equity instruments

<b>Unquoted securities</b>		
Shares in Malaysia	<b>83,386</b>	83,386

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**A11 Financial investments at amortised cost**

	<b>The Group</b>	
	<b>30 September</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Government treasury bills	60,705	57,612
Malaysian Government securities	6,052,048	5,413,511
Malaysian Government investment certificates	22,936,285	23,305,894
Cagamas bonds	1,100,423	416,700
Khazanah bonds	14,015	13,889
Other Government securities	428,325	419,246
	<b>30,591,801</b>	<b>29,626,852</b>
<b>Quoted securities</b>		
Foreign currency bonds outside Malaysia	47,070	62,174
<b>Unquoted securities</b>		
Government sukuk	80,687	2,583,133
Corporate bonds and sukuk	1,310,807	1,336,766
	<b>1,391,494</b>	<b>3,919,899</b>
Less: Expected credit losses	(25)	(68)
Total financial investments at amortised cost	<b>32,030,340</b>	<b>33,608,857</b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2022	68	-	-	68
Changes due to change in credit risk	(42)	-	-	(42)
Changes in models/risk parameters	(1)	-	-	(1)
<b>At 30 September 2022</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>
At 1 July 2021	80	-	-	80
New financial assets originated or purchased	67	-	-	67
Financial assets derecognised	(81)	-	-	(81)
Exchange differences	2	-	-	2
At 30 June 2022	68	-	-	68

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**A12 Loans, advances and financing**

	<b>The Group</b>	
	<b>30 September 2022 RM'000</b>	<b>30 June 2022 RM'000</b>
Overdrafts	3,431,463	3,546,936
Term loans/financing:		
- Housing and shop loans/financing	93,011,698	91,169,501
- Hire purchase receivables	18,618,031	18,035,880
- Ijarah receivables	244,705	247,445
- Other term loans/financing and syndicated term loans	33,002,594	32,347,688
Credit/charge card receivables	3,009,654	2,923,883
Bills receivable	1,709,685	1,539,682
Trust receipts	282,333	417,252
Policy and premium loans	286,052	295,962
Claims on customers under acceptance credits	7,990,290	8,817,344
Revolving credits	8,414,722	9,455,248
Staff loans/financing	123,244	127,105
Other loans/financing	127	128
Gross loans, advances and financing	<b>170,124,598</b>	<b>168,924,054</b>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	<b>(15,212)</b>	<b>(9,962)</b>
Allowance for impairment losses:		
- Expected credit losses	<b>(1,777,195)</b>	<b>(1,736,789)</b>
Total net loans, advances and financing	<b>168,332,191</b>	<b>167,177,303</b>

Included in loans, advances and financing are housing loans sold to Cagamas Berhad with recourse to the Group amounting to RM1,202,443,000 (30 June 2022: RM1,572,077,000).

(a) By type of customers

	<b>The Group</b>	
	<b>30 September 2022 RM'000</b>	<b>30 June 2022 RM'000</b>
Domestic non-bank financial institutions	1,917,931	1,946,823
Domestic business enterprises:		
- Small and medium enterprises	30,270,603	30,175,416
- Others	24,635,961	25,204,745
Government and statutory bodies	1,317	1,387
Individuals	110,409,864	108,121,079
Other domestic entities	108,756	103,122
Foreign entities	2,780,166	3,371,482
Gross loans, advances and financing	<b>170,124,598</b>	<b>168,924,054</b>

(b) By interest/profit rate sensitivity

	<b>The Group</b>	
	<b>30 September 2022 RM'000</b>	<b>30 June 2022 RM'000</b>
Fixed rate		
- Housing and shop loans/financing	1,350,104	1,387,967
- Hire purchase receivables	18,554,536	17,965,989
- Other fixed rate loans/financing	9,664,258	9,809,189
Variable rate		
- Standardised base rate/base rate/ base lending rate plus	117,962,508	116,345,805
- Cost plus	22,476,832	23,275,400
- Other variable rates	116,360	139,704
Gross loans, advances and financing	<b>170,124,598</b>	<b>168,924,054</b>



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**A12 Loans, advances and financing (continued)**

(c) By economic purposes

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Purchase of securities	<b>1,214,078</b>	1,311,692
Purchase of transport vehicles	<b>18,225,565</b>	17,653,587
Purchase of landed properties		
- Residential	<b>84,432,848</b>	82,434,291
- Non-residential	<b>20,556,541</b>	20,519,124
Purchase of fixed assets (excluding landed properties)	<b>1,633,555</b>	1,613,109
Personal use	<b>3,730,067</b>	3,706,863
Credit card	<b>3,009,654</b>	2,923,883
Construction	<b>3,554,974</b>	3,531,187
Working capital	<b>32,338,105</b>	33,798,279
Other purposes	<b>1,429,211</b>	1,432,039
Gross loans, advances and financing	<b><u>170,124,598</u></b>	<u>168,924,054</u>

(d) By geographical distribution

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Malaysia	<b>157,404,593</b>	157,168,978
Singapore	<b>8,305,282</b>	7,624,640
Hong Kong	<b>28,493</b>	21,090
Vietnam	<b>1,837,390</b>	1,652,819
Cambodia	<b>2,548,840</b>	2,456,527
Gross loans, advances and financing	<b><u>170,124,598</u></b>	<u>168,924,054</u>

(e) By residual contractual maturity

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Within one year	<b>29,344,676</b>	31,300,399
One year to less than three years	<b>6,590,076</b>	6,836,044
Three years to less than five years	<b>11,639,498</b>	11,278,670
Five years and more	<b>122,550,348</b>	119,508,941
Gross loans, advances and financing	<b><u>170,124,598</u></b>	<u>168,924,054</u>

(f) Movements in impaired loans, advances and financing are as follows:

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
At beginning of financial year	<b>819,878</b>	717,672
Classified as impaired during the financial period/year	<b>328,927</b>	1,349,630
Reclassified as non-impaired during the financial period/year	<b>(201,837)</b>	(620,581)
Amount written back in respect of recoveries	<b>(53,341)</b>	(204,699)
Amount written off	<b>(56,681)</b>	(424,253)
Exchange differences	<b>665</b>	2,109
At end of financial period/year	<b><u>837,611</u></b>	<u>819,878</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<b><u>0.5%</u></b>	<u>0.5%</u>

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**A12 Loans, advances and financing (continued)**

(g) Impaired loans, advances and financing by economic purposes

	The Group	
	30 September 2022 RM'000	30 June 2022 RM'000
Purchase of securities	238	232
Purchase of transport vehicles	40,634	35,282
Purchase of landed properties		
- Residential	317,005	315,073
- Non-residential	135,408	151,278
Purchase of fixed assets (excluding landed properties)	450	485
Personal use	41,363	44,522
Credit card	23,631	21,419
Construction	13,147	9,271
Working capital	233,604	207,698
Other purposes	32,131	34,618
Gross impaired loans, advances and financing	<u>837,611</u>	<u>819,878</u>

(h) Impaired loans, advances and financing by geographical distribution

	The Group	
	30 September 2022 RM'000	30 June 2022 RM'000
Malaysia	810,169	805,766
Singapore	294	841
Vietnam	1,626	1,585
Cambodia	25,522	11,686
Gross impaired loans, advances and financing	<u>837,611</u>	<u>819,878</u>

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>The Group</b>				
At 1 July 2022	977,229	423,913	335,647	1,736,789
Changes in ECL due to transfer within stages	(8,077)	(30,027)	38,104	-
Transfer to Stage 1	6,986	(6,977)	(9)	-
Transfer to Stage 2	(14,288)	29,285	(14,997)	-
Transfer to Stage 3	(775)	(52,335)	53,110	-
New financial assets originated	12,361	101	7	12,469
Financial assets derecognised	(4,967)	(7,034)	(10,022)	(22,023)
Changes due to change in credit risk	16,473	44,932	45,885	107,290
Modifications to contractual cash flow of financial assets	-	476	305	781
Amount written off	-	-	(56,892)	(56,892)
Exchange differences	957	201	17	1,175
Other movements	-	-	(2,394)	(2,394)
<b>At 30 September 2022</b>	<u>993,976</u>	<u>432,562</u>	<u>350,657</u>	<u>1,777,195</u>

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**A12 Loans, advances and financing (continued)**

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

The Group	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	
At 1 July 2021	1,075,247	459,868	234,635	1,769,750
Changes in ECL due to transfer within stages	(56,893)	(237,992)	294,885	-
Transfer to Stage 1	33,363	(33,201)	(162)	-
Transfer to Stage 2	(87,725)	148,017	(60,292)	-
Transfer to Stage 3	(2,531)	(352,808)	355,339	-
New financial assets originated	39,280	240	299	39,819
Financial assets derecognised	(16,030)	(26,665)	(15,840)	(58,535)
Changes due to change in credit risk	(60,385)	235,423	250,768	425,806
Changes in models/risk parameters	(4,986)	(7,335)	(384)	(12,705)
Amount written off	-	-	(425,884)	(425,884)
Exchange differences	996	374	903	2,273
Other movements	-	-	(3,735)	(3,735)
At 30 June 2022	977,229	423,913	335,647	1,736,789

**A13 Other assets**

	The Group		The Company	
	30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000
Foreclosed properties	46	46	-	-
Sundry debtors and other prepayments	258,451	274,377	535,247	2,635
Settlement accounts	736,833	708,194	-	-
Treasury related receivables	119,434	578,958	-	-
Cash collateral pledged for derivative transactions	1,209,765	689,029	-	-
Fee income receivables	4,810	8,961	-	-
Other receivables	176,908	171,935	-	-
	2,506,247	2,431,500	535,247	2,635

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**A14 Deposits from customers**

(a) By type of deposits

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		
Fixed deposits	<b>97,767,934</b>	94,334,763
Negotiable instruments of deposits	<b>8,665,050</b>	8,626,532
Short-term placements	<b>23,730,153</b>	25,984,088
	<b>130,163,137</b>	128,945,383
Demand deposits	<b>39,823,897</b>	41,151,127
Savings deposits	<b>23,757,397</b>	24,771,649
Others	<b>433,894</b>	449,369
	<b>194,178,325</b>	195,317,528
<b>At FVTPL</b>		
Structured deposits linked to interest rate derivatives	<b>3,238,377</b>	2,425,376
Fair value changes arising from designation at FVTPL [Note]	<b>(394,975)</b>	(359,983)
	<b>2,843,402</b>	2,065,393
	<b>197,021,727</b>	197,382,921

Note:

The Group has issued structured deposits which are linked to interest rate derivatives and designated at FVTPL. 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.

(b) By type of customers

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>5,239,133</b>	3,703,073
Business enterprises	<b>90,404,210</b>	91,954,329
Individuals	<b>99,142,437</b>	99,418,027
Others	<b>2,235,947</b>	2,307,492
	<b>197,021,727</b>	197,382,921

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

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Due within six months	<b>101,498,483</b>	104,131,355
More than six months to one year	<b>23,161,255</b>	20,172,188
More than one year to five years	<b>4,858,226</b>	3,835,461
More than five years	<b>645,173</b>	806,379
	<b>130,163,137</b>	128,945,383

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**A15 Investment accounts of customers**

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

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

**A16 Deposits and placements of banks and other financial institutions**

	<b>The Group</b>	
	<b>30 September</b>	30 June
	<b>2022</b>	2022
	<b>RM'000</b>	RM'000
Licensed banks	<b>7,925,903</b>	5,007,600
Licensed investment banks	-	22,067
Central banks [Note]	<b>1,594,850</b>	1,579,601
Other financial institutions	<b>1,770,091</b>	1,620,217
	<b><u>11,290,844</u></b>	<u>8,229,485</u>

Note:

Deposits and placements from central banks includes monies received by the Group under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,594,850,000 (30 June 2022: RM1,579,601,000) at concession rates.

**A17 Other liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 September</b>	30 June	<b>30 September</b>	30 June
	<b>2022</b>	2022	<b>2022</b>	2022
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Trade payables	<b>4,146,073</b>	4,149,662	-	-
Post employment benefits obligation				
- defined contribution plan	<b>1,916</b>	1,905	<b>41</b>	41
Loan advance payment	<b>3,806,662</b>	3,829,956	-	-
Treasury and cheque clearing	<b>180,913</b>	128,773	-	-
Treasury related payables	<b>323,609</b>	213,260	-	-
Sundry creditors and accruals	<b>844,554</b>	402,365	<b>358,417</b>	2,411
Provision for reinstatement cost	<b>22,984</b>	22,948	<b>267</b>	264
Provision for bonus and staff related expenses	<b>295,503</b>	244,062	<b>13,284</b>	12,152
Expected credit losses on financial guarantee contracts [Note (a)]	<b>4,694</b>	3,657	-	-
Financial liabilities due to third party investors [Note (b)]	<b>1,591,947</b>	1,589,696	-	-
Settlement accounts	<b>751,975</b>	824,436	-	-
Others	<b>809,255</b>	590,294	-	-
	<b><u>12,780,085</u></b>	<u>12,001,014</u>	<b><u>372,009</u></b>	<u>14,868</u>

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**A17 Payables and other liabilities (continued)**

Note:

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

The Group	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	
At 1 July 2022	3,116	541	-	3,657
Changes in ECL due to transfer within stages	(17)	17	-	-
Transfer to Stage 1	7	(7)	-	-
Transfer to Stage 2	(24)	24	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	57	-	-	57
Financial assets derecognised	(162)	-	-	(162)
Changes due to change in credit risk	1,044	(10)	-	1,034
Exchange differences	103	5	-	108
<b>At 30 September 2022</b>	<b>4,141</b>	<b>553</b>	<b>-</b>	<b>4,694</b>
At 1 July 2021	3,378	1,185	-	4,563
Changes in ECL due to transfer within stages	15	(199)	184	-
Transfer to Stage 1	70	(70)	-	-
Transfer to Stage 2	(55)	55	-	-
Transfer to Stage 3	-	(184)	184	-
New financial assets originated	170	-	-	170
Financial assets derecognised	(1,143)	(4)	-	(1,147)
Changes due to change in credit risk	647	(425)	(184)	38
Changes in models/risk parameters	(92)	(38)	-	(130)
Exchange differences	141	22	-	163
At 30 June 2022	3,116	541	-	3,657

(b) Financial liabilities due to third party investors relate to the net asset value of units held by the third party investors of unit trust funds deemed as subsidiary company pursuant to MFRS 10 'Consolidated Financial Statements'.

**A18 Interest income**

The Group	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Loans, advances and financing	1,250,637	1,006,078	1,250,637	1,006,078
Money at call and deposit placements with financial institutions	64,404	40,460	64,404	40,460
Financial investments at FVOCI	163,884	193,471	163,884	193,471
Financial investments at amortised cost	175,994	144,205	175,994	144,205
Others	7,164	4,360	7,164	4,360
	<b>1,662,083</b>	<b>1,388,574</b>	<b>1,662,083</b>	<b>1,388,574</b>
Of which:				
Interest income earned on impaired loans, advances and financing	6,919	7,233	6,919	7,233
The Company	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Money at call and deposit placements with financial institutions	114	106	114	106
Subordinated obligations	17,853	17,853	17,853	17,853
Multi-currency Additional Tier 1 capital securities	9,931	9,931	9,931	9,931
	<b>27,898</b>	<b>27,890</b>	<b>27,898</b>	<b>27,890</b>

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**A19 Interest income for financial assets at FVTPL**

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at FVTPL	<b>80,718</b>	65,313	<b>80,718</b>	65,313

**A20 Interest expense**

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>61,020</b>	20,358	<b>61,020</b>	20,358
Deposits from customers	<b>490,084</b>	390,844	<b>490,084</b>	390,844
Short-term placements	<b>123,909</b>	34,967	<b>123,909</b>	34,967
Borrowings	<b>2,717</b>	5,667	<b>2,717</b>	5,667
Subordinated obligations	<b>23,760</b>	23,760	<b>23,760</b>	23,760
Recourse obligations on loans sold to Cagamas Berhad	<b>4,028</b>	3,466	<b>4,028</b>	3,466
Multi-currency Additional Tier 1 capital securities	<b>20,271</b>	10,120	<b>20,271</b>	10,120
Others	<b>5,376</b>	11,990	<b>5,376</b>	11,990
	<b>731,165</b>	501,172	<b>731,165</b>	501,172

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Borrowings	<b>2,731</b>	5,687	<b>2,731</b>	5,687
Subordinated obligations	<b>18,266</b>	18,266	<b>18,266</b>	18,266
Multi-currency Additional Tier 1 capital securities	<b>10,232</b>	10,232	<b>10,232</b>	10,232
Others	<b>63</b>	73	<b>63</b>	73
	<b>31,292</b>	34,258	<b>31,292</b>	34,258

**A21 Income from Islamic banking business**

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

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**A22 Non-interest income**

	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Group</b>				
Net income from insurance business	<u>71,555</u>	<u>90,744</u>	<u>71,555</u>	<u>90,744</u>
Net brokerage and commissions from stockbroking business	<u>9,473</u>	<u>20,745</u>	<u>9,473</u>	<u>20,745</u>
<b>Fee income</b>				
Commissions	39,146	54,171	39,146	54,171
Service charges and fees	6,397	5,903	6,397	5,903
Guarantee fees	5,456	2,603	5,456	2,603
Credit card related fees	51,677	42,194	51,677	42,194
Corporate advisory fees	1,400	1,450	1,400	1,450
Commitment fees	9,531	8,891	9,531	8,891
Loans, advances and financing fees	16,575	13,027	16,575	13,027
Placement fees	3,562	4,064	3,562	4,064
Arranger fees	15	533	15	533
Unit trust fees income	11,692	16,544	11,692	16,544
Other fees income	65,622	43,679	65,622	43,679
	<u>211,073</u>	<u>193,059</u>	<u>211,073</u>	<u>193,059</u>
<b>Net income/(expense) from securities</b>				
Net realised gain/(loss) from sale of:				
- Financial assets at FVTPL	11,032	3,899	11,032	3,899
- Financial investments at FVOCI	(394)	67,884	(394)	67,884
- Derivative financial instruments	(65,122)	(13,902)	(65,122)	(13,902)
	<u>(54,484)</u>	<u>57,881</u>	<u>(54,484)</u>	<u>57,881</u>
Gross dividend income from:				
- Financial assets at FVTPL	<u>23,812</u>	<u>27,162</u>	<u>23,812</u>	<u>27,162</u>
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(32,858)	(26,388)	(32,858)	(26,388)
- Derivative financial instruments	166,934	54,437	166,934	54,437
	<u>134,076</u>	<u>28,049</u>	<u>134,076</u>	<u>28,049</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>(259)</u>	<u>(2,132)</u>	<u>(259)</u>	<u>(2,132)</u>
Net unrealised loss on fair value changes arising from fair value hedges	<u>(5,238)</u>	<u>(338)</u>	<u>(5,238)</u>	<u>(338)</u>
<b>Other (expense)/income</b>				
Foreign exchange loss	(11,178)	(19,832)	(11,178)	(19,832)
Rental income	2,516	1,634	2,516	1,634
Net gain/(loss) on disposal of property and equipment	348	(5)	348	(5)
Other non-operating income	285	1,524	285	1,524
	<u>(8,029)</u>	<u>(16,679)</u>	<u>(8,029)</u>	<u>(16,679)</u>
Total non-interest income	<u>381,979</u>	<u>398,491</u>	<u>381,979</u>	<u>398,491</u>



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**A22 Non-interest income (continued)**

	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Company</b>				
<b>Fees income</b>				
Management fees and outsourcing fees	2,573	2,401	2,573	2,401
<b>Net income/(expense) from securities</b>				
Net realised gain/(loss) from sale of:				
- Financial assets at FVTPL	-	(40)	-	(40)
Gross dividend income from:				
- Financial assets at FVTPL	-	128	-	128
- Subsidiary companies	528,874	517,186	528,874	517,186
<b>Other income</b>				
Other non-operating income	177	299	177	299
Total non-interest income	<b>531,624</b>	<b>519,974</b>	<b>531,624</b>	<b>519,974</b>

**A23 Overhead expenses**

	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonus and allowances	312,305	306,913	312,305	306,913
- Medical expenses	8,038	7,627	8,038	7,627
- Training and convention expenses	2,298	2,200	2,298	2,200
- Staff welfare	2,618	3,904	2,618	3,904
- Others	8,571	9,654	8,571	9,654
	<b>333,830</b>	<b>330,298</b>	<b>333,830</b>	<b>330,298</b>
Establishment costs				
- Depreciation of property and equipment	31,413	33,046	31,413	33,046
- Depreciation of right-of-use assets	12,907	13,421	12,907	13,421
- Amortisation of intangible assets	15,462	14,127	15,462	14,127
- Rental of premises	452	476	452	476
- Information technology expenses	62,502	57,859	62,502	57,859
- Security services	4,847	6,489	4,847	6,489
- Electricity, water and sewerage	6,006	6,061	6,006	6,061
- Hire of plant and machinery	3,099	3,501	3,099	3,501
- Others	8,104	8,812	8,104	8,812
	<b>144,792</b>	<b>143,792</b>	<b>144,792</b>	<b>143,792</b>
Marketing expenses				
- Advertisement and publicity	6,450	6,466	6,450	6,466
- Sales commission and credit card related fees	38,678	21,792	38,678	21,792
- Others	14,014	7,032	14,014	7,032
	<b>59,142</b>	<b>35,290</b>	<b>59,142</b>	<b>35,290</b>
Administration and general expenses				
- Teletransmission expenses	5,727	5,740	5,727	5,740
- Stationery and printing expenses	3,103	3,179	3,103	3,179
- Professional fees	24,706	25,071	24,706	25,071
- Insurance fees	9,567	6,346	9,567	6,346
- Stamp, postage and courier	4,265	3,371	4,265	3,371
- Credit card fees	19,254	7,373	19,254	7,373
- Travelling and transport expenses	752	550	752	550
- Registration and license fees	2,802	2,498	2,802	2,498
- Brokerage and commission	2,826	2,868	2,826	2,868
- Others	10,313	12,960	10,313	12,960
	<b>83,315</b>	<b>69,956</b>	<b>83,315</b>	<b>69,956</b>
Total overhead expenses	<b>621,079</b>	<b>579,336</b>	<b>621,079</b>	<b>579,336</b>

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**A23 Overhead expenses (continued)**

The Company	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonus and allowances	5,188	5,275	5,188	5,275
- Medical expenses	2	1	2	1
- Training and convention expenses	7	1	7	1
- Staff welfare	166	127	166	127
- Others	3,390	1,267	3,390	1,267
	<b>8,753</b>	<b>6,671</b>	<b>8,753</b>	<b>6,671</b>
Establishment costs				
- Depreciation of property and equipment	272	132	272	132
- Depreciation of right-of-use assets	235	235	235	235
- Amortisation of intangible assets	10	10	10	10
- Information technology expenses	62	30	62	30
- Electricity, water and sewerage	10	7	10	7
- Others	51	44	51	44
	<b>640</b>	<b>458</b>	<b>640</b>	<b>458</b>
Administration and general expenses				
- Teletransmission expenses	7	4	7	4
- Stationery and printing expenses	5	-	5	-
- Professional fees	250	230	250	230
- Management fees	598	584	598	584
- Others	98	101	98	101
	<b>958</b>	<b>919</b>	<b>958</b>	<b>919</b>
Total overhead expenses	<b>10,351</b>	<b>8,048</b>	<b>10,351</b>	<b>8,048</b>

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

The Group	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Allowance for/(writeback of) impairment losses on:				
- Loans, advances and financing	99,451	97,175	99,451	97,175
- Clients' and brokers' balances	(94)	(99)	(94)	(99)
Impaired loans, advances and financing:				
- Written off	9,194	3,588	9,194	3,588
- Recovered from bad debt written off	(71,090)	(52,145)	(71,090)	(52,145)
	<b>37,461</b>	<b>48,519</b>	<b>37,461</b>	<b>48,519</b>

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**A25 Writeback of impairment losses on other assets**

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on:				
- Financial investments at FVOCI	(45)	(204)	(45)	(204)
- Financial investments at amortised cost	(43)	(38)	(43)	(38)
- Other receivables	5	8	5	8
- Cash and short-term funds	-	36	-	36
- Deposits and placements with banks and other financial institutions	(259)	10	(259)	10
	<b>(342)</b>	<b>(188)</b>	<b>(342)</b>	<b>(188)</b>
	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on:				
- Investment in debt instruments issued by subsidiary	(213)	(195)	(213)	(195)

**A26 Capital adequacy**

The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The consolidated capital adequacy of the Group includes consolidation of all financial and non-financial subsidiary companies, except the insurance/takaful subsidiary companies which shall be deducted in the calculation of Common Equity Tier 1 ("CET 1") capital. The total risk-weighted assets ("RWA") of the Group are computed based on Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk.

The Capital Adequacy Framework (Capital Components) sets out the minimum capital adequacy ratios as well as requirements on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The minimum capital adequacy requirements for CET 1 capital ratio, Tier 1 capital ratio and Total capital ratio are 4.500%, 6.000% and 8.000% respectively. The Group is also required to maintain CCB of up to 2.500% of total 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 the Group has credit exposures. The minimum capital adequacy including CCB for CET 1 capital ratio, Tier 1 capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

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

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**A26 Capital adequacy (continued)**

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

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022	30 September 2022	30 June 2022	30 September 2022	30 June 2022
<b>Before deducting proposed dividends</b>								
CET 1 capital ratio	11.421%	12.025%	12.915%	13.935%	12.920%	13.912%	35.801%	39.445%
Tier 1 capital ratio	12.609%	13.220%	14.005%	15.050%	13.987%	14.999%	35.801%	39.445%
Total capital ratio	15.487%	16.130%	16.099%	17.176%	16.010%	17.051%	46.841%	50.437%
<b>After deducting proposed dividends</b>								
CET 1 capital ratio	11.421%	11.792%	12.915%	13.428%	12.920%	13.266%	35.801%	35.367%
Tier 1 capital ratio	12.609%	12.987%	14.005%	14.543%	13.987%	14.353%	35.801%	35.367%
Total capital ratio	15.487%	15.897%	16.099%	16.669%	16.010%	16.404%	46.841%	46.359%

(b) The components of CET 1, Tier 1 and Tier 2 capital under the Capital Components Framework are as follows:

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000
<b>CET 1 capital</b>								
Share capital	2,267,008	2,267,008	7,739,063	7,739,063	7,739,063	7,739,063	252,950	252,950
Retained profit	20,533,596	20,937,790	21,919,918	22,727,982	14,308,607	15,120,482	248,941	287,881
Other reserves	627,966	651,730	544,438	592,754	(317,003)	(283,282)	(21,379)	(19,792)
Qualifying non-controlling interests	7,058,520	6,896,206	-	-	-	-	-	-
Less: Treasury shares	(236,039)	(236,039)	(712,863)	(713,690)	(712,863)	(713,690)	-	-
Less: Other intangible assets	(316,182)	(309,817)	(311,432)	(304,749)	(274,571)	(269,645)	-	-
Less: Goodwill	(2,346,287)	(2,346,287)	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(33,403)	(33,638)
Less: Deferred tax assets	-	-	(550,766)	(528,771)	(424,812)	(403,666)	(107,200)	(110,559)
Less: Investment in subsidiary companies/ associated companies	(9,893,251)	(9,640,457)	(6,659,673)	(6,455,474)	(2,823,415)	(2,794,291)	(200)	(200)
Total CET 1 capital	17,695,331	18,220,134	20,137,373	21,225,803	15,723,459	16,623,424	339,709	376,642

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**A26 Capital adequacy (continued)**

(b) The components of CET 1, Tier 1 and Tier 2 capital under the Capital Components Framework are as follows: (continued)

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30 September 2022	30 June 2022	30 September 2022	30 June 2022	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Tier 1 capital</b>								
Multi-currency Additional Tier 1 capital securities	799,961	799,932	1,698,927	1,698,839	1,698,927	1,698,839	-	-
Qualifying non-controlling interests	1,040,517	1,011,415	-	-	-	-	-	-
Tier 1 capital before regulatory adjustments	1,840,478	1,811,347	1,698,927	1,698,839	1,698,927	1,698,839	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	-	-	(400,000)	(400,000)	-	-
Tier 1 capital after regulatory adjustments	1,840,478	1,811,347	1,698,927	1,698,839	1,298,927	1,298,839	-	-
Total Tier 1 capital	19,535,809	20,031,481	21,836,300	22,924,642	17,022,386	17,922,263	339,709	376,642
<b>Tier 2 capital</b>								
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	1,743,376	1,718,509	1,765,835	1,738,471	1,361,562	1,350,820	4,760	4,952
Subordinated obligations	1,599,911	1,599,900	1,499,970	1,499,970	1,499,970	1,499,970	100,000	100,000
Qualifying non-controlling interests	1,115,850	1,090,639	-	-	-	-	-	-
Less: Investment in Tier 2 subordinated sukuk murabahah	-	-	-	-	(400,000)	(400,000)	-	-
Total Tier 2 capital	4,459,137	4,409,048	3,265,805	3,238,441	2,461,532	2,450,790	104,760	104,952
Total capital	23,994,946	24,440,529	25,102,105	26,163,083	19,483,918	20,373,053	444,469	481,594

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**A26 Capital adequacy (continued)**

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

	<b>Hong Leong Financial Group</b>		<b>Hong Leong Bank Group</b>		<b>Hong Leong Bank Berhad</b>		<b>Hong Leong Investment Bank Berhad</b>	
	<b>30 September 2022</b>	30 June 2022	<b>30 September 2022</b>	30 June 2022	<b>30 September 2022</b>	30 June 2022	<b>30 September 2022</b>	30 June 2022
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk [Note]	<b>139,470,045</b>	137,480,719	<b>141,266,797</b>	139,077,644	<b>108,924,984</b>	108,065,582	<b>380,782</b>	396,120
Market risk	<b>5,441,140</b>	4,254,505	<b>5,090,976</b>	3,917,894	<b>5,097,219</b>	3,934,497	<b>221,958</b>	217,123
Operational risk	<b>10,025,099</b>	9,789,061	<b>9,565,080</b>	9,327,630	<b>7,678,940</b>	7,485,705	<b>346,146</b>	341,603
Total RWA	<b>154,936,284</b>	151,524,285	<b>155,922,853</b>	152,323,168	<b>121,701,143</b>	119,485,784	<b>948,886</b>	954,846

Note:

In accordance with BNM Investment Account Policy, the credit RWA of Hong Leong Islamic Bank Berhad funded by Investment Account of RM1,635,092,000 (30 June 2022: RM1,899,820,000) is excluded from the calculation of capital adequacy ratio of the Group.

(d) The capital adequacy ratios of Hong Leong Bank Group's subsidiary company are as follows:

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>30 September 2022</b>	30 June 2022
<b>Before deducting proposed dividends</b>		
CET 1 capital ratio	<b>10.896%</b>	11.176%
Tier 1 capital ratio	<b>12.235%</b>	12.550%
Total capital ratio	<b>14.751%</b>	15.101%
<b>After deducting proposed dividends</b>		
CET 1 capital ratio	<b>10.896%</b>	11.176%
Tier 1 capital ratio	<b>12.235%</b>	12.550%
Total capital ratio	<b>14.751%</b>	15.101%

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**A27 Material events subsequent to the end of the financial period**

There were no material events subsequent to the end of the financial period ended 30 September 2022.

**A28 Changes in composition of the Group**

There were no changes in the composition of the Group for the current financial period and up to the date of the report except for the following:

- (a) On 10 November 2022, Hong Leong Capital Berhad (“HLCB”) announced that the liquidator of HLG Capital Markets Sdn Bhd (“HLGCM”) had convened the final meeting to conclude the member’s voluntary winding-up of HLGCM. The Returns by Liquidator Relating to Final Meeting of HLGCM were lodged with the Companies Commission of Malaysia and the Official Receiver on 10 November 2022 (“Lodgement Date”), and on the expiration of 3 months after the Lodgement Date, HLGCM will be dissolved.

As additional information, on the application of HLCB, the High Court of Malaya in Kuala Lumpur had on 22 August 2022 issued an order to terminate the voluntary winding up of HLCB Assets Sdn Bhd, a wholly-owned subsidiary of HLCB.

**A29 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.

**A30 Commitments and contingencies**

In the normal course of business, the Group 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/principal amount of the commitments and contingencies constitute the following:

	<b>The Group</b>	
	<b>30 September</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Commitments and contingencies</b>		
Direct credit substitutes	<b>220,267</b>	138,103
Certain transaction related contingent items	<b>2,074,781</b>	2,024,547
Short-term self liquidating trade related contingencies	<b>855,361</b>	853,412
Obligations under underwriting agreement	-	7,140
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- More than one year	<b>1,000</b>	-
Any commitments that are unconditionally cancellable at any time by the Group without prior notice:		
- Less than one year	<b>880,289</b>	919,747
Irrevocable commitments to extend credit:		
- Less than one year	<b>26,950,963</b>	23,913,907
- More than one year	<b>18,135,397</b>	17,538,803
Unutilised credit card lines	<b>7,027,479</b>	7,090,121
	<b>56,145,537</b>	52,485,780
<b>Derivative financial instruments</b>		
Foreign exchange related contracts:		
- Less than one year	<b>105,160,442</b>	58,120,986
- One year to less than five years	<b>7,055,356</b>	5,944,644
- Five years and above	<b>569,982</b>	396,495
Interest rate related contracts:		
- Less than one year	<b>43,602,768</b>	35,859,070
- One year to less than five years	<b>70,684,412</b>	55,088,368
- Five years and above	<b>4,538,371</b>	4,308,323
Equity related contracts:		
- Less than one year	<b>331,197</b>	245,878
- One year to less than five years	<b>581,137</b>	102,899
- Five years and above	-	270,542
Credit related contracts:		
- Five years and above	<b>1,008,083</b>	938,327
Commodity related contracts:		
- Less than one year	<b>693,247</b>	438,428
- One year to less than five years	<b>285,454</b>	493,416
	<b>234,510,449</b>	162,207,376
	<b>290,655,986</b>	214,693,156

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**A31 Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

**Determination of fair value and fair value hierarchy**

The Group and the Company 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 is 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 then determines fair value based upon valuation techniques that use as inputs, 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.

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

The Group	Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>30 September 2022</b>				
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL				
- Money market instruments	-	14,666,955	-	14,666,955
- Quoted securities	7,366,136	-	-	7,366,136
- Unquoted securities	-	7,026,799	382,663	7,409,462
Financial investments at FVOCI				
- Money market instruments	-	15,342,520	-	15,342,520
- Quoted securities	2,944,671	-	-	2,944,671
- Unquoted securities	-	8,467,944	83,386	8,551,330
Derivative financial instruments	51,873	3,027,000	61,434	3,140,307
	<b>10,362,680</b>	<b>48,531,218</b>	<b>527,483</b>	<b>59,421,381</b>



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**A31 Fair value of financial instruments (continued)**

**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 Group	Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>30 September 2022</b>				
<b>Recurring fair value measurements</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	14,946	2,705,060	60,152	2,780,158
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,843,402	-	2,843,402
	<u>14,946</u>	<u>5,548,462</u>	<u>60,152</u>	<u>5,623,560</u>
<b>30 June 2022</b>				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	14,498,064	-	14,498,064
- Quoted securities	7,226,794	-	-	7,226,794
- Unquoted securities	-	7,363,108	382,663	7,745,771
Financial investments at FVOCI				
- Money market instruments	-	16,024,171	-	16,024,171
- Quoted securities	2,890,212	-	-	2,890,212
- Unquoted securities	-	8,455,174	83,386	8,538,560
Derivative financial instruments	9,909	1,787,458	104,802	1,902,169
	<u>10,126,915</u>	<u>48,127,975</u>	<u>570,851</u>	<u>58,825,741</u>
<b>Financial liabilities</b>				
Derivative financial instruments	104	1,661,392	103,510	1,765,006
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,065,393	-	2,065,393
	<u>104</u>	<u>3,726,785</u>	<u>103,510</u>	<u>3,830,399</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 (30 June 2022: RM Nil).

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

**A31 Fair value of financial instruments (continued)**

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets			Financial liability
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
<b>The Group</b>				
At 1 July 2022	382,663	83,386	104,802	103,510
Fair value changes recognised in statements of income	-	-	1,671	1,671
Purchases	-	-	45,611	45,723
Settlements	-	-	(90,650)	(90,752)
<b>At 30 September 2022</b>	<b>382,663</b>	<b>83,386</b>	<b>61,434</b>	<b>60,152</b>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2022	-	-	1,671	1,671
At 1 July 2021	374,729	69,094	76,913	76,913
Fair value changes recognised in statements of income	7,934	-	28,076	28,076
Net fair value changes recognised in other comprehensive income	-	14,292	-	-
Purchases	-	-	2,155	863
Settlements	-	-	(2,342)	(2,342)
At 30 June 2022	382,663	83,386	104,802	103,510
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2022	7,934	-	28,076	28,076
Total gain recognised in other comprehensive income relating to assets held on 30 June 2022	-	14,292	-	-

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

**B1 Review of performance**

**Current quarter against previous corresponding quarter**

HLFG Group recorded a profit before tax of RM1,262.2 million for the current quarter ended 30 September 2022 as compared to RM1,174.4 million in the previous corresponding quarter, an increase of RM87.8 million or 7.5%. The increase was mainly due to higher contribution from commercial banking divisions.

Hong Leong Bank Group recorded a profit before tax of RM1,187.1 million for the current quarter ended 30 September 2022 as compared to RM1,042.1 million in the previous corresponding quarter, an increase of RM145.0 million or 13.9%. The increase was mainly due to higher revenue of RM120.0 million, higher share of profit from associated companies of RM47.0 million and lower allowance for impairment losses on loans, advances & financing of RM11.2 million. This was offset by higher operating expenses of RM33.3 million.

HLA Holdings Group recorded a profit before tax of RM67.7 million for the current quarter ended 30 September 2022 as compared to RM108.9 million in the previous corresponding quarter, a decrease of RM41.2 million or 37.8%. The decrease was mainly due to lower life fund surplus of RM17.2 million, lower share of profit from associated company of RM14.5 million and higher operating expenses of RM9.5 million.

Hong Leong Capital Group recorded a profit before tax of RM20.8 million for the current quarter ended 30 September 2022 as compared to RM36.9 million in the previous corresponding quarter, a decrease of RM16.1 million or 43.6%. The decrease was mainly due to lower contribution across all operating divisions.

**B2 Current quarter against preceding quarter**

HLFG Group recorded a profit before tax of RM1,262.2 million for the current quarter ended 30 September 2022 as compared to RM1,334.2 million in the preceding quarter, a decrease of RM72.0 million or 5.4%. The decrease was mainly due to lower contribution from commercial banking and insurance divisions.

Hong Leong Bank Group recorded a profit before tax of RM1,187.1 million for the current quarter ended 30 September 2022 as compared to RM1,217.3 million in the preceding quarter, a decrease of RM30.2 million or 2.5%. The decrease was mainly due to lower share of profit from associated companies of RM43.8 million and higher allowance for impairment losses on loans, advances and financing of RM7.4 million. This was mitigated by lower operating expenses of RM19.5 million and higher revenue of RM1.5 million.

HLA Holdings Group recorded a profit before tax of RM67.7 million for the current quarter ended 30 September 2022 as compared to RM88.9 million in the preceding quarter, a decrease of RM21.2 million or 23.8%. The decrease was mainly due to lower life fund surplus of RM0.2 million, higher operating expenses of RM13.5 million and lower share of profit from associated company of RM7.5 million.

Hong Leong Capital Group recorded a profit before tax of RM20.8 million for the current quarter ended 30 September 2022 as compared to RM12.4 million in the preceding quarter, an increase of RM8.4 million or 67.7%. This was mainly due to higher contribution from investment holding, investment banking and stockbroking divisions.

**B3 Prospects for the current financial year**

Looking forward, Malaysia's economy is expected to remain resilient on the back of heightened economic activities supported by robust export growth, improved performance in the services and rebound in manufacturing sectors. The World Bank has revised upward Malaysia's gross domestic product growth forecast for 2022 from 5.5% to 6.4% on the back of solid economic fundamentals. However, the recovery momentum continues to face multiple macro-economic and external headwinds ranging from elevated inflationary pressures, the effects of a strong US dollar and the risk of a global economic recession. With many factors at play, we are cautious on the outlook of the Malaysian economy and hopeful that it will remain resilient amidst an uncertain and volatile global state of affairs.

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

There was no profit forecast or profit guarantee issued by the Group.

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

**B5 Taxation**

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Income tax	220,183	197,582	220,183	197,582
Transfer from deferred tax	2,934	13,992	2,934	13,992
	<u>223,117</u>	<u>211,574</u>	<u>223,117</u>	<u>211,574</u>
Prior year over provision	6	(1,753)	6	(1,753)
	<u><b>223,123</b></u>	<u><b>209,821</b></u>	<u><b>223,123</b></u>	<u><b>209,821</b></u>

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Income tax	89	105	89	105
Transfer to deferred tax	-	(121)	-	(121)
	<u>89</u>	<u>(16)</u>	<u>89</u>	<u>(16)</u>

The Company's effective tax rate for the current financial period was lower than the statutory tax rate due to certain income was not subjected to tax.

**B6 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.

**B7 Borrowings**

	The Group		The Company	
	30 September	30 June	30 September	30 June
	2022	2022	2022	2022
	RM'000	RM'000	RM'000	RM'000
<b>Unsecured</b>				
RM Revolving credit	100,077	100,075	100,077	100,075
RM Commercial papers	104,915	109,920	104,915	109,920
RM Senior notes	200,546	201,936	200,487	201,863
	<u>405,538</u>	<u>411,931</u>	<u>405,479</u>	<u>411,858</u>
Repayment of revolving credit				
- Less than one year	100,077	100,075	100,077	100,075
Repayment of commercial papers				
- Less than one year	104,915	109,920	104,915	109,920
Repayment of senior notes				
- One to three years	200,546	201,936	200,487	201,863
	<u>405,538</u>	<u>411,931</u>	<u>405,479</u>	<u>411,858</u>

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

## B8 Subordinated obligations

	Note	The Group		The Company	
		30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000
Tier 2 subordinated debt, at par	(a)	<b>600,000</b>	600,000	-	-
Add: Interest payable		<b>4,597</b>	4,710	-	-
		<b>604,597</b>	604,710	-	-
Tier 2 subordinated notes, at par	(b)	<b>1,600,000</b>	1,600,000	<b>1,600,000</b>	1,600,000
Add: Interest payable		<b>20,608</b>	2,473	<b>20,608</b>	2,473
		<b>1,620,608</b>	1,602,473	<b>1,620,608</b>	1,602,473
Less: Unamortised discounts		<b>(89)</b>	(100)	<b>(718)</b>	(849)
		<b>1,620,519</b>	1,602,373	<b>1,619,890</b>	1,601,624
		<b>2,225,116</b>	2,207,083	<b>1,619,890</b>	1,601,624

Note:

- (a) On 3 February 2020, Hong Leong Assurance Berhad ("HLA"), a wholly owned subsidiary of HLA Holdings Sdn Bhd and also an indirect subsidiary of HLFGB, completed the Subordinated Notes ("Sub-Notes") issuance of RM300.0 million in nominal value. The Sub-Notes were issued for a period of 10 years on a 10 non-callable 5 years basis with a coupon rate of 3.85% per annum.

On 28 December 2020, HLA completed two issuances of Sub-Notes for RM150.0 million in nominal value each. The Sub-Notes were issued for a period of 5 years basis with a coupon rate of 3.45% per annum and 8 years basis with a coupon rate of 3.70% respectively.

The above Sub-Notes are unsecured liabilities and classified as Tier 2 capital under Risk-Based Capital Framework for Insurers.

- (b) On 25 June 2018, the Company had issued an unsecured RM500.0 million nominal value of Tier 2 subordinated notes ("Sub-Notes") out of its multi-currency perpetual notes programme. The Sub-Notes, which qualified as Tier 2 capital for the Company, carry a distribution rate of 4.93% per annum. The Sub-Notes has a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM500.0 million Tier 2 subordinated notes issued by Hong Leong Bank Berhad ("HLB"), a subsidiary of the Company.

Subsequently, on 14 June 2019, the Company issued an unsecured RM1.1 billion nominal value Sub-Notes. The Sub-Notes carry a distribution rate of 4.30% per annum with a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM1.0 billion Tier 2 subordinated notes issued by HLB and RM100.0 million Tier 2 subordinated notes issued by Hong Leong Investment Bank Berhad ("HLIB"), the subsidiary companies of the Company.

The Sub-Notes constitute unsecured liabilities of the Company.

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

B9 Multi-currency Additional Tier 1 capital securities

	The Group		The Company	
	30 September 2022 RM'000	30 June 2022 RM'000	30 September 2022 RM'000	30 June 2022 RM'000
Multi-currency Additional Tier 1 capital securities, at par	1,700,000	1,700,000	800,000	800,000
Add: Interest payable	24,220	13,712	7,213	6,799
	<u>1,724,220</u>	<u>1,713,712</u>	<u>807,213</u>	<u>806,799</u>
Less: Unamortised discounts	(1,060)	(1,145)	(269)	(368)
Add: Fair value changes arising from fair value hedge	4,800	3,282	-	-
	<u><u>1,727,960</u></u>	<u><u>1,715,849</u></u>	<u><u>806,944</u></u>	<u><u>806,431</u></u>

On 30 November 2017, the Company issued an unsecured RM400.0 million nominal value of Multi-currency Additional Tier 1 capital securities ("Capital Securities") out of its multi-currency perpetual notes programme. The Capital Securities, which qualify as Additional Tier 1 capital for the Company, carry a distribution rate of 5.23% 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 for RM400.0 million Additional Tier 1 capital securities issued by HLB.

On 29 March 2019, the Company issued a second tranche of unsecured RM400.0 million nominal value Capital Securities. The Capital Securities carry a distribution rate of 4.82% per annum, perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe for RM400.0 million Additional Tier 1 capital securities issued by HLB.

On 29 April 2022, HLB issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities ("Green Capital Securities") out of its multi-currency perpetual notes programme. The Green Capital Securities carry a distribution rate of 4.45% per annum are perpetual and non-callable for 5 year with an Issuer's call option to redeem at the end of year 5.

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

## B10 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2022

## The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	93,586,181	1,563,027	(851,733)
(ii) 1 year to 3 years	445,057	14,954	(33)
(iii) More than 3 years	1,283,618	21,199	-
- Swaps			
(i) Less than 1 year	6,825,865	118,176	(140,441)
(ii) 1 year to 3 years	3,940,816	143,309	(212,814)
(iii) More than 3 years	1,596,681	48,009	(103,854)
- Options			
(i) Less than 1 year	4,748,396	64,614	(58,173)
(ii) 1 year to 3 years	359,166	4,723	(2,591)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	9,202,548	50,482	(15,662)
(ii) 1 year to 3 years	4,780,100	25,019	(8,273)
(iii) More than 3 years	1,173,000	14,128	(9,379)
- Swaps			
(i) Less than 1 year	34,400,220	44,222	(90,254)
(ii) 1 year to 3 years	29,552,119	189,940	(258,434)
(iii) More than 3 years	39,717,564	703,091	(894,454)
Equity related contracts			
(i) Less than 1 year	331,197	3,867	(3,908)
(ii) 1 year to 3 years	34,490	230	(230)
(iii) More than 3 years	546,647	57,405	(56,013)
Credit related contracts			
(i) Less than 1 year	1,008,083	62,804	(62,804)
Commodity related contracts			
(i) Less than 1 year	693,247	6,168	(6,168)
(ii) 1 year to 3 years	285,454	4,940	(4,940)
<b>Total</b>	<b>234,510,449</b>	<b>3,140,307</b>	<b>(2,780,158)</b>

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

## B10 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2022

## The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	46,033,010	703,399	(213,346)
(ii) 1 year to 3 years	609,044	5,503	(136)
(iii) More than 3 years	930,442	9,586	(237)
- Swaps			
(i) Less than 1 year	6,881,982	102,256	(88,574)
(ii) 1 year to 3 years	2,986,090	99,294	(115,596)
(iii) More than 3 years	1,408,216	29,513	(57,286)
- Options			
(i) Less than 1 year	5,205,994	48,789	(48,156)
(ii) 1 year to 3 years	407,347	4,178	(2,447)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	2,044,262	10,146	(32,739)
- Swaps			
(i) Less than 1 year	33,814,808	40,571	(67,099)
(ii) 1 year to 3 years	30,729,412	164,897	(250,407)
(iii) More than 3 years	28,667,279	535,681	(741,971)
Equity related contracts			
(i) Less than 1 year	245,878	2,212	(2,212)
(ii) 1 year to 3 years	3,645	99	(99)
(iii) More than 3 years	369,796	102,541	(101,199)
Credit related contracts			
(iii) More than 3 years	938,327	39,156	(39,156)
Commodity related contracts			
(i) Less than 1 year	438,428	1,757	(1,755)
(ii) 1 year to 3 years	493,416	2,591	(2,591)
<b>Total</b>	<b>162,207,376</b>	<b>1,902,169</b>	<b>(1,765,006)</b>

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

**Market risk**

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

Derivatives

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



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

B10 Off-balance sheet financial instruments (continued)

**Credit risk**

Derivatives

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM3,453,024,000 (30 June 2022: RM2,203,729,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie, 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 (ie, 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.

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.

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

**B10 Off-balance sheet financial instruments (continued)**

**Related accounting policies (continued)**

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.

**B11 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.

**B12 Dividend declared**

No dividend has been declared for the current financial quarter ended 30 September 2022.

**B13 Earnings per share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial period.

	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Group</b>				
Net profit attributable to equity holders	681,740	640,562	681,740	640,562
Weighted average number of ordinary shares ('000)	1,133,945	1,133,789	1,133,945	1,133,789
<b>Basic earnings per share (sen)</b>	<b>60.1</b>	<b>56.5</b>	<b>60.1</b>	<b>56.5</b>
	1st Quarter Ended		Three Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>The Company</b>				
Net profit attributable to equity holders equity holders	518,003	505,769	518,003	505,769
Weighted average number of ordinary shares ('000)	1,138,037	1,137,881	1,138,037	1,137,881
<b>Basic earnings per share (sen)</b>	<b>45.5</b>	<b>44.4</b>	<b>45.5</b>	<b>44.4</b>

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current and previous financial period as there are no dilutive potential ordinary shares.

Dated this 29 November 2022