

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

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 30 September 2020**

	Note	The Group		The Bank	
		As at 30/09/2020 RM'000	As at 30/06/2020 RM'000	As at 30/09/2020 RM'000	As at 30/06/2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds		3,846,502	8,562,169	3,331,953	5,543,800
Deposits and placements with banks and other financial institutions		1,331,191	1,052,379	1,908,386	1,818,174
Financial assets at fair value through profit or loss	A8	7,933,043	8,069,396	7,693,648	8,047,727
Financial investments at fair value through other comprehensive income	A9	32,550,613	27,282,544	27,668,312	24,737,905
Financial investments at amortised cost	A10	21,252,029	20,101,432	15,942,285	15,079,081
Loans, advances and financing	A11	146,808,528	144,694,950	114,643,872	112,823,975
Other assets	A12	2,067,811	1,682,516	2,029,129	1,606,849
Derivative financial instruments		1,006,587	1,111,469	908,159	1,057,621
Amount due from subsidiaries		-	-	119,573	106,363
Statutory deposits with Central Banks		378,102	418,120	212,457	254,181
Subsidiary companies		-	-	2,568,068	2,558,901
Investment in associated companies		4,841,133	4,644,527	971,182	971,182
Property and equipment		1,270,307	1,299,902	657,577	685,169
Intangible assets		204,124	187,505	184,489	168,060
Right-of-use assets		243,495	253,118	395,130	420,653
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		67,178	86,578	41,183	55,984
<b>TOTAL ASSETS</b>		<b>225,631,955</b>	<b>221,277,917</b>	<b>181,046,950</b>	<b>177,707,172</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	A13	174,692,397	173,492,661	138,409,308	137,633,362
Investment accounts of customers	A14	440,257	356,475	-	-
Deposits and placements of banks and other financial institutions	A15	8,682,021	6,501,080	8,522,854	6,651,241
Obligations on securities sold under repurchase agreements		3,058,941	3,124,132	3,058,941	3,124,132
Bills and acceptances payable		153,789	134,053	132,361	120,216
Lease liabilities		233,214	241,177	384,840	407,838
Other liabilities	A16	5,166,831	5,348,210	4,765,511	4,773,705
Derivative financial instruments		1,510,767	1,298,513	1,448,941	1,251,096
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		1,042,064	1,049,005	303,199	300,567
Tier 2 subordinated bonds	A17	1,519,011	1,502,224	1,519,011	1,502,224
Multi-currency Additional Tier 1 capital securities	A18	806,818	806,320	806,818	806,320
Provision for taxation		255,929	189,768	202,057	150,979
<b>TOTAL LIABILITIES</b>		<b>197,562,039</b>	<b>194,043,618</b>	<b>159,553,841</b>	<b>156,721,680</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		21,052,463	20,218,580	14,475,656	13,969,773
Less: Treasury shares		(721,610)	(723,344)	(721,610)	(723,344)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>28,069,916</b>	<b>27,234,299</b>	<b>21,493,109</b>	<b>20,985,492</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>225,631,955</b>	<b>221,277,917</b>	<b>181,046,950</b>	<b>177,707,172</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>157,541,312</b>	<b>147,233,168</b>	<b>141,038,918</b>	<b>131,969,797</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		13.71	13.30	10.50	10.25

\* The Net assets per share attributable to ordinary equity holders of the parent (RM) is computed as Total Shareholders' Equity (excluding Minority Interest) divided by total number of ordinary shares in circulation.

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2020**

	Note	The Group			
		Current Quarter Ended 30/09/2020 RM'000	Corresponding Quarter Ended 30/09/2019 RM'000	Current Period Ended 30/09/2020 RM'000	Corresponding Period Ended 30/09/2019 RM'000
Interest income	A19(a)	1,363,670	1,542,405	1,363,670	1,542,405
Interest income for financial assets at fair value through profit or loss	A19(b)	40,336	69,653	40,336	69,653
Interest expense	A20	(607,728)	(907,746)	(607,728)	(907,746)
Net interest income		796,278	704,312	796,278	704,312
Net income from Islamic Banking business	A21	218,580	199,791	218,580	199,791
Other operating income	A22	333,993	310,989	333,993	310,989
Net income		1,348,851	1,215,092	1,348,851	1,215,092
Other operating expenses	A23	(521,048)	(522,259)	(521,048)	(522,259)
Operating profit before allowances (Allowance for)/written back of impairment losses on loans, advances and financing	A24	827,803	692,833	827,803	692,833
Allowance for impairment losses on financial investments and other financial assets	A25	(278)	(100)	(278)	(100)
Share of profit after tax of equity accounted associated companies		723,132	701,624	723,132	701,624
		167,117	144,929	167,117	144,929
Profit before taxation		890,249	846,553	890,249	846,553
Taxation	B5	(161,345)	(157,975)	(161,345)	(157,975)
Net profit for the financial period		728,904	688,578	728,904	688,578
<b>Attributable to:</b>					
Owners of the parent		728,904	688,578	728,904	688,578
Earnings per share - basic (sen)	B12(a)	35.6	33.6	35.6	33.6
Earnings per share - fully diluted (sen)	B12(b)	35.6	33.6	35.6	33.6

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2020**

	<b>The Group</b>			
	<b>Current Quarter Ended 30/09/2020 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2019 RM'000</b>	<b>Current Period Ended 30/09/2020 RM'000</b>	<b>Corresponding Period Ended 30/09/2019 RM'000</b>
Net profit for the financial period	<u>728,904</u>	<u>688,578</u>	<u>728,904</u>	<u>688,578</u>
Other comprehensive income/(loss) in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive loss of associated company	(6,647)	(7,930)	(6,647)	(7,930)
(b) Currency translation differences	(11,841)	(103,934)	(11,841)	(103,934)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	153,951	13,806	153,951	13,806
- Changes in expected credit losses	(41)	56	(41)	56
(d) Net fair value changes in cash flow hedge	(48)	(811)	(48)	(811)
Income tax relating to components of other comprehensive income	<u>(32,477)</u>	<u>(2,697)</u>	<u>(32,477)</u>	<u>(2,697)</u>
Other comprehensive income/(loss) for the financial period, net of tax	<u>102,897</u>	<u>(101,510)</u>	<u>102,897</u>	<u>(101,510)</u>
Total comprehensive income for the financial period	<u><u>831,801</u></u>	<u><u>587,068</u></u>	<u><u>831,801</u></u>	<u><u>587,068</u></u>
Attributable to:				
- Owners of the parent	<u><u>831,801</u></u>	<u><u>587,068</u></u>	<u><u>831,801</u></u>	<u><u>587,068</u></u>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 30 September 2020**

	Note	The Bank			
		Current Quarter Ended 30/09/2020 RM'000	Corresponding Quarter Ended 30/09/2019 RM'000	Current Period Ended 30/09/2020 RM'000	Corresponding Period Ended 30/09/2019 RM'000
Interest income	A19(a)	1,325,590	1,508,658	1,325,590	1,508,658
Interest income for financial assets at fair value through profit or loss	A19(b)	40,336	69,653	40,336	69,653
Interest expense	A20	(594,474)	(897,911)	(594,474)	(897,911)
Net interest income		771,452	680,400	771,452	680,400
Other operating income	A22	327,123	306,022	327,123	306,022
Net income		1,098,575	986,422	1,098,575	986,422
Other operating expenses	A23	(445,081)	(445,008)	(445,081)	(445,008)
Operating profit before allowances (Allowance for)/written back of impairment losses on loans, advances and financing	A24	653,494	541,414	653,494	541,414
Allowance for impairment losses on financial investments and other financial assets	A25	(117,255)	55,104	(117,255)	55,104
Profit before taxation		(474)	(1,183)	(474)	(1,183)
Taxation	B5	535,765	595,335	535,765	595,335
		(115,093)	(133,684)	(115,093)	(133,684)
Net profit for the financial period		420,672	461,651	420,672	461,651
<b>Attributable to:</b>					
Owners of the parent		420,672	461,651	420,672	461,651
Earnings per share - basic (sen)	B12(a)	20.5	22.6	20.5	22.6
Earnings per share - fully diluted (sen)	B12(b)	20.5	22.5	20.5	22.5

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 30 September 2020**

	<b>The Bank</b>			
	<b>Current Quarter Ended 30/09/2020 RM'000</b>	<b>Corresponding Quarter Ended 30/09/2019 RM'000</b>	<b>Current Period Ended 30/09/2020 RM'000</b>	<b>Corresponding Period Ended 30/09/2019 RM'000</b>
Net profit for the financial period	420,672	461,651	420,672	461,651
Other comprehensive income/(loss) in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	(19,469)	(6,150)	(19,469)	(6,150)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	129,584	(1,573)	129,584	(1,573)
- Changes in expected credit losses	(63)	120	(63)	120
(c) Net fair value changes in cash flow hedge	(50)	(812)	(50)	(812)
Income tax relating to components of other comprehensive (income)/loss	(26,873)	775	(26,873)	775
Other comprehensive income/(loss) for the financial period, net of tax	83,129	(7,640)	83,129	(7,640)
Total comprehensive income for the financial period	503,801	454,011	503,801	454,011

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

**Condensed Financial Statements**

**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2020**

**Attributable to owners of the parent**

<u>The Group</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
<b>At 1 July 2020</b>	7,739,063	1,197,346	848,428	18,172,806	(723,344)	27,234,299
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	728,904	-	728,904
- Share of other comprehensive loss of associated company	-	(6,647)	-	-	-	(6,647)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	121,463	-	-	-	121,463
- Changes in expected credit losses	-	(41)	-	-	-	(41)
- Net fair value changes in cash flow hedge	-	(37)	-	-	-	(37)
- Currency translation differences	-	(11,841)	-	-	-	(11,841)
Total comprehensive income	-	102,897	-	728,904	-	831,801
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	(96,961)	96,961	-	-
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	574	-	-	-	574
Total transactions with owners	-	219	(96,961)	98,824	1,734	3,816
<b>At 30 September 2020</b>	<b>7,739,063</b>	<b>1,300,462</b>	<b>751,467</b>	<b>19,000,534</b>	<b>(721,610)</b>	<b>28,069,916</b>
<b>At 1 July 2019</b>	7,739,063	918,414	858,315	16,686,412	(727,817)	25,474,387
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	688,578	-	688,578
- Share of other comprehensive loss of associated company	-	(7,930)	-	-	-	(7,930)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	10,878	-	-	-	10,878
- Changes in expected credit losses	-	56	-	-	-	56
- Net fair value changes in cash flow hedge	-	(580)	-	-	-	(580)
- Currency translation differences	-	(103,934)	-	-	-	(103,934)
Total comprehensive (loss)/income	-	(101,510)	-	688,578	-	587,068
<u>Transactions with owners</u>						
Transfer from regulatory reserve	-	-	110,418	(110,418)	-	-
ESS exercised	-	(102)	-	572	540	1,010
Option charge arising from ESS granted	-	6,161	-	-	-	6,161
Total transactions with owners	-	6,059	110,418	(109,846)	540	7,171
<b>At 30 September 2019</b>	<b>7,739,063</b>	<b>822,963</b>	<b>968,733</b>	<b>17,265,144</b>	<b>(727,277)</b>	<b>26,068,626</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM740,222,000 (30 September 2019: RM957,488,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2019: 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 2020.

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

**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2020**

**Attributable to owners of the parent**

<u>The Bank</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
<b>At 1 July 2020</b>	7,739,063	604,314	703,987	12,661,472	(723,344)	20,985,492
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	420,672	-	420,672
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	102,700	-	-	-	102,700
- Changes in expected credit losses	-	(63)	-	-	-	(63)
- Net fair value changes in cash flow hedge	-	(39)	-	-	-	(39)
- Currency translation differences	-	(19,469)	-	-	-	(19,469)
Total comprehensive income	-	83,129	-	420,672	-	503,801
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	(116,173)	116,173	-	-
ESS exercised	-	(355)	-	1,863	1,734	3,242
Option charge arising from ESS granted	-	574	-	-	-	574
Total transactions with owners	-	219	(116,173)	118,036	1,734	3,816
<b>At 30 September 2020</b>	<b>7,739,063</b>	<b>687,662</b>	<b>587,814</b>	<b>13,200,180</b>	<b>(721,610)</b>	<b>21,493,109</b>
<b>At 1 July 2019</b>	7,739,063	384,364	695,197	12,034,337	(727,817)	20,125,144
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	461,651	-	461,651
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(1,029)	-	-	-	(1,029)
- Changes in expected credit losses	-	120	-	-	-	120
- Net fair value changes in cash flow hedge	-	(581)	-	-	-	(581)
- Currency translation differences	-	(6,150)	-	-	-	(6,150)
Total comprehensive (loss)/income	-	(7,640)	-	461,651	-	454,011
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	90,210	(90,210)	-	-
ESS exercised	-	(102)	-	572	540	1,010
Option charge arising from ESS granted	-	6,161	-	-	-	6,161
Total transactions with owners	-	6,059	90,210	(89,638)	540	7,171
<b>At 30 September 2019</b>	<b>7,739,063</b>	<b>382,783</b>	<b>785,407</b>	<b>12,406,350</b>	<b>(727,277)</b>	<b>20,586,326</b>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.

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

**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2020**

	The Group		The Bank	
	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2019 RM'000	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2019 RM'000
Profit before taxation	890,249	846,553	535,765	595,335
Adjustments for non-cash items	<u>(407,922)</u>	<u>(400,504)</u>	<u>(247,995)</u>	<u>(319,974)</u>
Operating profit before working capital changes	482,327	446,049	287,770	275,361
Changes in working capital:				
Net changes in operating assets	(856,700)	1,688,044	(347,838)	2,293,792
Net changes in operating liabilities	3,502,878	(889,726)	2,833,113	(953,100)
Income taxes and zakat paid	<u>(109,458)</u>	<u>(122,890)</u>	<u>(77,231)</u>	<u>(92,917)</u>
Net cash generated from operating activities	<u>3,019,047</u>	<u>1,121,477</u>	<u>2,695,814</u>	<u>1,523,136</u>
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	270	(425)
Net (purchases)/proceeds of financial investments at fair value	(4,821,460)	2,549,174	(2,509,067)	2,257,179
Net purchases of financial investments at amortised cost	(1,019,161)	-	(731,971)	-
Net proceeds of financial investments at amortised cost	-	138,205	-	125,863
Purchase of property and equipment	(34,518)	(30,659)	(29,748)	(24,687)
Net proceeds from sale of property and equipment	320	220	320	191
Purchase of intangible assets	(2,854)	(5,619)	(2,671)	(5,433)
- Financial assets at fair value through profit or loss	29,332	63,745	29,332	63,745
- Financial investments at fair value through other comprehensive income	375	203	375	203
Net cash (used in)/generated from investing activities	<u>(5,847,966)</u>	<u>2,715,269</u>	<u>(3,243,160)</u>	<u>2,416,636</u>
<b>Cash flows from financing activities</b>				
Repayment of lease liabilities	(7,788)	(7,374)	(13,697)	(12,945)
(Repayments)/proceed of recourse obligation on loans sold to Cagamas	-	199,950	-	(200,050)
Cash received from ESOS exercised	3,242	1,010	3,242	1,010
Proceeds/(repayment) from debt issuance	-	-	-	-
Repayment of Innovative Tier 1 capital securities	-	(500,000)	-	(500,000)
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(16,206)	(1,539)	-	(3,714)
- Tier 2 subordinated bonds	-	29	-	-
- Multi-currency Additional Tier 1 capital securities	(9,458)	(9,561)	(9,499)	(9,602)
- Innovative Tier 1 capital securities	-	(21,071)	-	(21,071)
- Lease liabilities	(2,640)	(2,993)	(4,402)	(5,077)
Net cash used in financing activities	<u>(32,850)</u>	<u>(341,549)</u>	<u>(24,356)</u>	<u>(751,449)</u>



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

**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 30 September 2020**

	The Group		The Bank	
	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2019 RM'000	Financial Period Ended 30/09/2020 RM'000	Financial Period Ended 30/09/2019 RM'000
Net (decrease)/increase in cash and cash equivalents	(2,861,769)	3,495,197	(571,702)	3,188,323
Currency translation differences	(44,771)	7,269	(17,543)	(6,014)
Cash and cash equivalents at the beginning of financial period	7,187,221	4,523,737	5,005,032	4,258,769
Cash and cash equivalents at the end of financial period	<u>4,280,681</u>	<u>8,026,203</u>	<u>4,415,787</u>	<u>7,441,078</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	3,846,502	7,489,530	3,331,953	6,532,803
Deposits and placements with banks and other financial institutions	1,331,191	1,311,136	1,908,386	1,266,675
Investment accounts due from designated financial institutions	-	-	-	400,040
	<u>5,177,693</u>	<u>8,800,666</u>	<u>5,240,339</u>	<u>8,199,518</u>
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(897,012)	(774,463)	(824,552)	(758,440)
	<u>4,280,681</u>	<u>8,026,203</u>	<u>4,415,787</u>	<u>7,441,078</u>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.*

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

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 30 September 2020 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss (“FVTPL”), financial investments at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad (“HLB” or “the Bank”) for the financial year ended 30 June 2020. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2020.

The unaudited condensed financial statements incorporate the activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2020, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2020:

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

The adoption of the above amendments to published standards are not expected to have significant impact on the financial results of the Group and the Bank.

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported financial period. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

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

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2020**

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

**A3 Seasonality or cyclicity of operations**

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

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

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

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

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

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

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2020:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 September 2020 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

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

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

During the financial period ended 30 September 2020, the trust did not purchase any new shares. As at 30 September 2020, the total number of Treasury Shares for ESS was 39,339,683 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

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

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

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

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

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

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

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

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

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

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

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

During the financial period ended 30 September 2020, a total of 700,000 share options lapsed and a total of 235,413 share options were exercised pursuant to the Bank's ESS.

**A7 Dividends paid**

There were no dividends paid during the financial period under review.

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

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

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2020 RM'000	30/06/2020 RM'000	30/09/2020 RM'000	30/06/2020 RM'000
Money market instruments:				
Government treasury bills	557,764	579,866	318,369	579,866
Malaysian Government securities	1,216,839	747,323	1,216,839	747,323
Malaysian Government investment certificates	483,881	1,135,704	483,881	1,114,035
Cagamas bonds	111,675	166,697	111,675	166,697
Khazanah bonds	-	19,999	-	19,999
Other Government securities	15,652	47,452	15,652	47,452
	<u>2,385,811</u>	<u>2,697,041</u>	<u>2,146,416</u>	<u>2,675,372</u>
Quoted securities:				
Wholesale fund/unit trust	4,956,490	4,657,038	4,956,490	4,657,038
Foreign currency bonds in Malaysia	75,662	159,401	75,662	159,401
Foreign currency bonds outside Malaysia	-	145,069	-	145,069
Unquoted securities:				
Corporate bonds and sukuk	141,686	55,211	141,686	55,211
Shares in Malaysia	330,636	330,636	330,636	330,636
Foreign currency bonds in Malaysia	17,758	-	17,758	-
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u><u>7,933,043</u></u>	<u><u>8,069,396</u></u>	<u><u>7,693,648</u></u>	<u><u>8,047,727</u></u>

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
At fair value				
(a) Debt instruments	32,490,519	27,222,450	27,608,218	24,677,811
(b) Equity instruments	60,094	60,094	60,094	60,094
Total financial investments at FVOCI	<u>32,550,613</u>	<u>27,282,544</u>	<u>27,668,312</u>	<u>24,737,905</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	600,304	487,768	600,304	487,768
Malaysian Government securities	4,951,018	2,106,857	4,951,018	2,106,857
Malaysian Government investment certificates	10,561,464	8,287,017	6,544,719	6,656,156
Negotiable instruments of deposit	813,621	950,404	614,531	700,603
Other Government securities	254,098	312,507	139,475	196,152
Cagamas bonds	1,687,130	1,687,440	1,521,917	1,522,417
Khazanah bonds	586,969	529,373	586,969	529,373
	<u>19,454,604</u>	<u>14,361,366</u>	<u>14,958,933</u>	<u>12,199,326</u>
Quoted securities:				
Foreign currency bonds in Malaysia	2,254,626	2,131,473	2,254,626	2,131,473
Foreign currency bonds outside Malaysia	1,312,677	1,353,402	1,312,677	1,353,402
Unquoted securities:				
Malaysian Government sukuk	554,081	554,124	554,081	554,124
Corporate bonds and sukuk	8,322,377	8,091,050	7,935,747	7,708,451
Foreign currency bonds in Malaysia	277,850	306,295	277,850	306,295
Foreign currency bonds outside Malaysia	314,304	424,740	314,304	424,740
	<u>32,490,519</u>	<u>27,222,450</u>	<u>27,608,218</u>	<u>24,677,811</u>

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

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
<b>The Group</b>				
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	2,068	-	4,287	6,355
New financial assets originated or purchased	5	-	-	5
Financial assets derecognised	(124)	-	-	(124)
Changes due to change in credit risk	135	-	-	135
Changes in models/risk parameters	(20)	-	-	(20)
Exchange differences	(37)	-	-	(37)
At 30 September	<u>2,027</u>	<u>-</u>	<u>4,287</u>	<u>6,314</u>

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

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

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

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b> <b>30 September 2020</b>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	2,055	-	4,287	6,342
New financial assets originated or purchased	4	-	-	4
Financial assets derecognised	(112)	-	-	(112)
Changes due to change in credit risk	100	-	-	100
Changes in models/risk parameters	(18)	-	-	(18)
Exchange differences	(37)	-	-	(37)
At 30 September	<u>1,992</u>	<u>-</u>	<u>4,287</u>	<u>6,279</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2020	30/06/2020	30/09/2020	30/06/2020
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	<u>60,094</u>	<u>60,094</u>	<u>60,094</u>	<u>60,094</u>



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

**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Malaysian Government securities	2,973,812	2,764,183	2,973,812	2,764,183
Malaysian Government investment certificates	12,043,003	10,871,164	8,179,820	7,301,857
Khazanah bonds	319,068	316,038	280,753	278,110
Other Government securities	281,444	456,623	262,574	437,425
	<u>15,617,327</u>	<u>14,408,008</u>	<u>11,696,959</u>	<u>10,781,575</u>
Quoted securities:				
Foreign currency bonds in Malaysia	819,611	857,780	819,611	857,780
Foreign currency bonds outside Malaysia	142,969	145,577	142,969	145,577
Unquoted securities:				
Malaysian Government sukuk	2,637,747	2,659,375	1,681,919	1,695,435
Corporate bonds and sukuk	2,034,651	2,030,894	1,601,103	1,598,916
Less: Expected credit losses	(276)	(202)	(276)	(202)
Total financial investments at amortised cost	<u>21,252,029</u>	<u>20,101,432</u>	<u>15,942,285</u>	<u>15,079,081</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 September 2020</b>				
At 1 July	202	-	-	202
Changes due to change in credit risk	80	-	-	80
Exchange differences	(6)	-	-	(6)
At 30 September	<u>276</u>	<u>-</u>	<u>-</u>	<u>276</u>
<b>The Group</b>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
<b>30 June 2020</b>	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	180	-	827	1,007
Changes due to change in credit risk	20	-	-	20
Amount written off	-	-	(827)	(827)
Exchange differences	2	-	-	2
At 30 June	<u>202</u>	<u>-</u>	<u>-</u>	<u>202</u>

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

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>30 September 2020</b>	RM'000	RM'000	RM'000	RM'000
At 1 July	202	-	-	202
Changes due to change in credit risk	80	-	-	80
Exchange differences	(6)	-	-	(6)
At 30 September	276	-	-	276

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

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

**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,079,764	3,590,801	2,364,925	2,751,759
Term loans/financing:				
- Housing and shop loans/financing	83,737,217	82,482,204	66,177,735	65,361,213
- Syndicated/term loans or financing	14,606,117	13,850,875	10,227,860	9,721,008
- Hire purchase receivables	17,491,697	17,006,512	13,584,171	13,297,789
- Ijarah receivables	158,721	161,188	-	-
- Other term loans/financing	8,588,864	8,642,885	5,117,459	5,130,527
Credit/charge card receivables	3,051,055	3,094,683	3,051,055	3,094,683
Bills receivable	2,498,600	2,680,254	2,046,010	2,156,191
Trust receipts	646,190	1,476,882	631,447	1,444,741
Claims on customers under acceptance credits	5,146,864	5,235,605	4,473,633	4,487,325
Revolving credit	7,549,074	7,202,385	6,431,361	5,803,126
Staff loans/financing	135,685	143,067	131,778	131,302
Other loans/financing	1,436,104	365,021	1,427,346	365,020
<b>Gross loans, advances and financing</b>	<b>148,125,952</b>	<b>145,932,362</b>	<b>115,664,780</b>	<b>113,744,684</b>
Fair value changes arising from fair value hedges	24,084	21,714	20,964	18,955
Allowance for impairment losses:				
- Expected credit losses	(1,341,508)	(1,259,126)	(1,041,872)	(939,664)
<b>Total net loans, advances and financing</b>	<b>146,808,528</b>	<b>144,694,950</b>	<b>114,643,872</b>	<b>112,823,975</b>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM1,013,074,000 (2020: RM1,023,078,000) and RM294,429,000 (2020: RM297,169,000) respectively.

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

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	1,592,725	1,434,866	1,249,659	1,104,936
Domestic business enterprises:				
- small and medium enterprises ("SME")	23,810,604	22,642,512	18,864,367	17,935,809
- others	19,487,376	20,648,535	14,879,305	15,767,074
Government and statutory bodies	1,866	1,892	-	44
Individuals	99,711,945	98,108,836	77,571,793	76,575,340
Other domestic entities	883,959	975,756	669,771	445,023
Foreign entities	2,637,477	2,119,965	2,429,885	1,916,458
Gross loans, advances and financing	<u>148,125,952</u>	<u>145,932,362</u>	<u>115,664,780</u>	<u>113,744,684</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	1,571,532	1,577,765	996,651	1,002,819
- Hire purchase receivables	17,338,592	16,847,128	13,434,033	13,141,515
- Other fixed rate loans/financing	7,628,137	6,541,018	6,110,858	4,875,702
Variable rate:				
- Base rate/base lending rate plus	103,428,341	102,135,209	81,018,673	80,366,038
- Cost plus	17,325,552	17,922,029	14,104,565	14,358,610
- Other variables rates	833,798	909,213	-	-
Gross loans, advances and financing	<u>148,125,952</u>	<u>145,932,362</u>	<u>115,664,780</u>	<u>113,744,684</u>

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

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	816,021	780,571	504,446	476,522
Purchase of transport vehicles	17,242,940	16,769,096	13,284,342	13,009,091
Purchase of landed properties				
- residential	74,527,711	73,335,991	58,117,119	57,330,388
- non-residential	17,933,850	17,244,621	15,113,508	14,575,258
Purchase of fixed assets (excluding landed properties)	1,239,346	1,102,078	899,297	750,932
Personal use	3,425,212	3,437,021	2,078,334	2,089,238
Credit card	3,051,055	3,094,683	3,051,055	3,094,683
Construction	2,609,761	2,612,109	1,665,412	1,685,437
Mergers and acquisition	-	151,784	-	-
Working capital	25,802,085	25,929,408	20,072,005	19,821,776
Other purpose	1,477,971	1,475,000	879,262	911,359
Gross loans, advances and financing	<u>148,125,952</u>	<u>145,932,362</u>	<u>115,664,780</u>	<u>113,744,684</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	140,314,342	138,163,418	110,266,100	108,494,268
Singapore	5,398,680	5,250,416	5,398,680	5,250,416
Vietnam	833,798	909,213	-	-
Cambodia	1,579,132	1,609,315	-	-
Gross loans, advances and financing	<u>148,125,952</u>	<u>145,932,362</u>	<u>115,664,780</u>	<u>113,744,684</u>

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

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
Within one year	24,976,327	26,269,928	21,609,204	22,339,034
One year to less than three years	6,098,877	5,687,390	4,876,731	4,545,659
Three years to less than five years	10,628,949	10,647,798	7,541,775	7,374,925
Five years and more	106,421,799	103,327,246	81,637,070	79,485,066
Gross loans, advances and financing	<u>148,125,952</u>	<u>145,932,362</u>	<u>115,664,780</u>	<u>113,744,684</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
At 1 July	889,754	1,071,111	663,767	887,864
Classified as impaired during the financial period/year	51,407	1,935,430	42,989	1,437,027
Reclassified as non-impaired during the financial period/year	(116,107)	(1,158,523)	(81,218)	(867,183)
Amount written back in respect of recoveries	(54,521)	(457,634)	(44,574)	(383,503)
Amount written off	(65,742)	(502,046)	(52,472)	(411,657)
Exchange difference	(219)	1,416	(15)	1,219
At 30 September	<u>704,572</u>	<u>889,754</u>	<u>528,477</u>	<u>663,767</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.6%</u>	<u>0.5%</u>	<u>0.6%</u>

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

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

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	1,694	284	1,692	284
Purchase of transport vehicles	38,726	71,019	28,924	53,363
Purchase of landed properties				
- residential	223,686	341,175	160,446	245,500
- non-residential	144,604	150,277	127,114	131,656
Purchase of fixed assets (excluding landed properties)	4,618	4,648	4,404	4,427
Personal use	10,891	24,479	6,823	12,692
Credit card	19,882	24,568	19,882	24,568
Construction	9,087	9,663	8,192	8,632
Working capital	183,064	194,803	160,845	172,473
Other purpose	68,320	68,838	10,155	10,172
Gross impaired loans, advances and financing	<u>704,572</u>	<u>889,754</u>	<u>528,477</u>	<u>663,767</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	695,555	881,407	526,141	662,511
Singapore	2,336	1,256	2,336	1,256
Vietnam	1,538	1,808	-	-
Cambodia	5,143	5,283	-	-
Gross impaired loans, advances and financing	<u>704,572</u>	<u>889,754</u>	<u>528,477</u>	<u>663,767</u>

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

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	<b>The Group</b>			
<b>30 September 2020</b>				
At 1 July	549,509	435,827	273,790	1,259,126
Changes in ECL due to transfer within stages	(1,773)	(9,487)	11,260	-
Transfer to Stage 1	3,692	(3,685)	(7)	-
Transfer to Stage 2	(5,458)	13,787	(8,329)	-
Transfer to Stage 3	(7)	(19,589)	19,596	-
New financial assets originated	16,559	159	53	16,771
Financial assets derecognised	(6,898)	(6,242)	(2,000)	(15,140)
Changes due to change in credit risk	232,798	(69,590)	14,871	178,079
Changes in models/risk parameters	(16)	(30,643)	(2)	(30,661)
Amount written off	-	-	(68,138)	(68,138)
Exchange difference	(411)	(229)	(45)	(685)
Other movements	-	-	2,156	2,156
At 30 September	789,768	319,795	231,945	1,341,508

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



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

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

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

<b>The Bank</b> <b>30 September 2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b> <b>RM'000</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</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>
At 1 July	408,715	347,084	183,865	939,664
Changes in ECL due to transfer within stages	(2,130)	(10,084)	12,214	-
Transfer to Stage 1	2,968	(2,963)	(5)	-
Transfer to Stage 2	(5,091)	11,230	(6,139)	-
Transfer to Stage 3	(7)	(18,351)	18,358	-
New financial assets originated	10,369	126	-	10,495
Financial assets derecognised	(1,877)	(4,854)	(1,391)	(8,122)
Changes due to change in credit risk	218,834	(46,892)	10,332	182,274
Changes in models/risk parameters	119	(30,642)	(2)	(30,525)
Amount written off	-	-	(53,521)	(53,521)
Exchange difference	(139)	(181)	(8)	(328)
Other movements	-	-	1,935	1,935
At 30 September	<u>633,891</u>	<u>254,557</u>	<u>153,424</u>	<u>1,041,872</u>

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

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

**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2020 RM'000	30/06/2020 RM'000	30/09/2020 RM'000	30/06/2020 RM'000
Foreclosed properties	18,085	18,447	11,049	10,985
Sundry debtors and other prepayments	640,342	693,771	581,396	641,763
Treasury related receivables	827,534	370,435	860,282	370,383
Cash collateral pledged for derivative transactions	533,596	511,094	533,596	511,094
Other receivables	48,254	88,769	42,806	72,624
	<u>2,067,811</u>	<u>1,682,516</u>	<u>2,029,129</u>	<u>1,606,849</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/09/2020 RM'000	30/06/2020 RM'000	30/09/2020 RM'000	30/06/2020 RM'000
<b>Amortised cost</b>				
Fixed deposits	96,570,976	94,503,266	73,527,662	70,442,696
Negotiable instruments of deposits	6,430,237	9,049,600	4,033,507	7,002,956
Short-term placements	19,267,486	20,370,873	16,134,439	17,866,840
	<u>122,268,699</u>	<u>123,923,739</u>	<u>93,695,608</u>	<u>95,312,492</u>
Demand deposits	28,859,466	27,338,992	25,102,191	23,903,209
Saving deposits	21,746,283	21,018,664	18,088,696	17,452,144
Others	717,596	748,749	516,578	553,397
	<u>173,592,044</u>	<u>173,030,144</u>	<u>137,403,073</u>	<u>137,221,242</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	1,158,418	463,933	1,058,377	413,741
Fair value changes arising from designation at fair value through profit or loss *	(58,065)	(1,416)	(52,142)	(1,621)
	<u>1,100,353</u>	<u>462,517</u>	<u>1,006,235</u>	<u>412,120</u>
	<u>174,692,397</u>	<u>173,492,661</u>	<u>138,409,308</u>	<u>137,633,362</u>

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

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

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

**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	9,609,262	8,665,449	5,336,831	4,403,641
Business enterprises	68,732,281	69,639,804	50,880,933	53,475,665
Individuals	93,542,434	92,513,524	80,137,982	77,808,532
Others	2,808,420	2,673,884	2,053,562	1,945,524
	<u>174,692,397</u>	<u>173,492,661</u>	<u>138,409,308</u>	<u>137,633,362</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	103,153,830	102,956,857	78,499,872	78,557,105
- six months to one year	17,955,658	19,785,172	14,263,389	15,821,608
- one year to five years	926,837	999,959	699,973	752,028
- more than five years	232,374	181,751	232,374	181,751
	<u>122,268,699</u>	<u>123,923,739</u>	<u>93,695,608</u>	<u>95,312,492</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts	<u>440,257</u>	<u>356,475</u>	<u>-</u>	<u>-</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u>	<u>30/06/2020</u>	<u>30/09/2020</u>	<u>30/06/2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	6,559,407	5,263,923	6,976,609	5,639,271
Licensed investment banks	100,005	-	100,005	-
Licensed Islamic banks	359,000	-	-	-
Central banks (Note)	1,173,590	1,176,258	1,046,221	1,011,970
Other financial institutions	490,019	60,899	400,019	-
	<u>8,682,021</u>	<u>6,501,080</u>	<u>8,522,854</u>	<u>6,651,241</u>

Note:

Deposits and placements from central banks includes monies received by the Group and the Bank under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,046,221,000 at concession rates.

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

**A16 Other liabilities**

	Note	<b>The Group</b>		<b>The Bank</b>	
		<b>30/09/2020</b>	<b>30/06/2020</b>	<b>30/09/2020</b>	<b>30/06/2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Zakat		437	350	-	-
Post employment benefits obligation					
- defined contribution plan		293	293	293	293
Loan advance payment		3,663,668	3,916,289	2,951,060	3,161,826
Amount due to subsidiary companies		-	-	429,501	429,380
Treasury and cheque clearing		218,020	210,699	185,335	38,282
Treasury related payables		167,494	197,219	167,494	197,219
Sundry creditors and accruals		316,796	306,800	279,263	268,483
Provision for bonus and staff related expenses		199,053	155,437	188,444	146,030
Expected credit losses on financial guarantee contracts	(a)	8,556	8,480	7,003	6,944
Provision for reinstatement cost		22,561	22,614	27,703	28,039
Others		569,953	530,029	529,415	497,209
		<u>5,166,831</u>	<u>5,348,210</u>	<u>4,765,511</u>	<u>4,773,705</u>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>		
	<b>12 Months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>		<b>Total ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
<b>The Group</b>					
<b>30 September 2020</b>					
At 1 July	3,260	5,220	-	8,480	
Changes in ECL due to transfer within stages	(5)	5	-	-	
Transfer to Stage 1	2	(2)	-	-	
Transfer to Stage 2	(7)	7	-	-	
Transfer to Stage 3	-	-	-	-	
New financial assets originated	30	-	-	30	
Financial assets derecognised	(2)	-	-	(2)	
Changes due to change in credit risk	226	47	-	273	
Changes in models/risk parameters	1	(89)	-	(88)	
Exchange difference	(7)	(130)	-	(137)	
At 30 September	<u>3,503</u>	<u>5,053</u>	<u>-</u>	<u>8,556</u>	
<b>The Group</b>					
<b>30 June 2020</b>					
At 1 July	2,380	5,527	21	7,928	
Changes in ECL due to transfer within stages	(53)	47	6	-	
Transfer to Stage 1	4	(4)	-	-	
Transfer to Stage 2	(57)	57	-	-	
Transfer to Stage 3	-	(6)	6	-	
New financial assets originated	177	1	-	178	
Financial assets derecognised	(24)	(23)	-	(47)	
Changes due to change in credit risk	772	(481)	(19)	272	
Exchange difference	8	149	-	157	
Other movements	-	-	(8)	(8)	
At 30 June	<u>3,260</u>	<u>5,220</u>	<u>-</u>	<u>8,480</u>	

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

**A16 Other liabilities (continued)**

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<b>Total ECL</b> <b>RM'000</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,731	5,213	-	6,944
Changes in ECL due to transfer within stages	(6)	6	-	-
Transfer to Stage 1	1	(1)	-	-
Transfer to Stage 2	(7)	7	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	25	-	-	25
Financial assets derecognised	(2)	-	-	(2)
Changes due to change in credit risk	213	48	-	261
Changes in models/risk parameters	1	(89)	-	(88)
Exchange difference	(6)	(131)	-	(137)
At 30 September	<u>1,956</u>	<u>5,047</u>	<u>-</u>	<u>7,003</u>

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

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

**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	19,041	2,254	19,041	2,254
	<u>1,519,041</u>	<u>1,502,254</u>	<u>1,519,041</u>	<u>1,502,254</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,519,011</u></u>	<u><u>1,502,224</u></u>	<u><u>1,519,011</u></u>	<u><u>1,502,224</u></u>

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

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>	<u>30/09/2020</u> <u>RM'000</u>	<u>30/06/2020</u> <u>RM'000</u>
RM800 million Multi-currency Additional Tier-1 capital securities at par	800,000	800,000	800,000	800,000
Add: Interest payable	7,131	6,666	7,131	6,666
	<u>807,131</u>	<u>806,666</u>	<u>807,131</u>	<u>806,666</u>
Less: Unamortised discounts	(313)	(346)	(313)	(346)
	<u><u>806,818</u></u>	<u><u>806,320</u></u>	<u><u>806,818</u></u>	<u><u>806,320</u></u>

On 30 November 2017, the Bank issued a nominal value RM400.0 million perpetual Multi-currency Additional Tier 1 capital securities (“Capital Securities”) under the RM10.0 billion Capital Securities Programme of which was fully subscribed by its holding company, HLF. The Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 5.13% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe the RM400.0 million Multi-currency Additional Tier 1 subordinated sukuk wakalah issued by HLISB, a wholly-owned subsidiary of the Bank.

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

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

**A19(a) Interest income**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Loan, advances and financing	1,033,354	1,225,389	1,033,354	1,225,389
Money at call and deposit placements with financial institutions	17,765	47,798	17,765	47,798
Financial investments at FVOCI	180,896	170,722	180,896	170,722
Financial investments at amortised cost	131,516	96,771	131,516	96,771
Others	139	1,725	139	1,725
	<u>1,363,670</u>	<u>1,542,405</u>	<u>1,363,670</u>	<u>1,542,405</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>(1,924)</u>	<u>1,371</u>	<u>(1,924)</u>	<u>1,371</u>
	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Loan, advances and financing	991,553	1,192,659	991,553	1,192,659
Money at call and deposit placements with financial institutions	19,175	46,815	19,175	46,815
Financial investments at FVOCI	179,994	170,888	179,994	170,888
Financial investments at amortised cost	131,313	96,565	131,313	96,565
Others	3,555	1,731	3,555	1,731
	<u>1,325,590</u>	<u>1,508,658</u>	<u>1,325,590</u>	<u>1,508,658</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>(1,934)</u>	<u>1,353</u>	<u>(1,934)</u>	<u>1,353</u>

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

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Financial assets at FVTPL	40,336	69,653	40,336	69,653

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Financial assets at FVTPL	40,336	69,653	40,336	69,653

**A20 Interest expense**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	23,738	42,184	23,738	42,184
Deposits from customers	496,183	722,735	496,183	722,735
Short-term placements	55,825	103,931	55,825	103,931
Tier 2 subordinated bonds	16,787	16,757	16,787	16,757
Multi-currency Additional Tier-1 capital securities	9,923	9,923	9,923	9,923
Innovative Tier 1 capital securities	-	8,413	-	8,413
Recourse obligation on loans sold to Cagamas	2,632	810	2,632	810
Others	2,640	2,993	2,640	2,993
	<u>607,728</u>	<u>907,746</u>	<u>607,728</u>	<u>907,746</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Deposits and placements of banks and other financial institutions	26,805	42,769	26,805	42,769
Deposits from customers	478,059	710,160	478,059	710,160
Short-term placements	55,825	103,931	55,825	103,931
Tier 2 subordinated bonds	16,787	16,787	16,787	16,787
Multi-currency Additional Tier-1 capital securities	9,964	9,964	9,964	9,964
Innovative Tier 1 capital securities	-	8,413	-	8,413
Recourse obligation on loans sold to Cagamas	2,632	810	2,632	810
Others	4,402	5,077	4,402	5,077
	<u>594,474</u>	<u>897,911</u>	<u>594,474</u>	<u>897,911</u>



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

**A21 Net income from Islamic Banking business**

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Income derived from investment of depositors' funds and others	348,100	393,131	348,100	393,131
Income derived from investment of shareholders' funds	51,448	45,811	51,448	45,811
Income derived from investment of investment account	5,547	92	5,547	92
Income attributable to depositors	(184,391)	(239,177)	(184,391)	(239,177)
Income attributable to depositors on investment account	(2,124)	(66)	(2,124)	(66)
	<u>218,580</u>	<u>199,791</u>	<u>218,580</u>	<u>199,791</u>
Of which:				
Financing income earned on impaired financing and advances	<u>(220)</u>	<u>251</u>	<u>(220)</u>	<u>251</u>

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

**A22 Other operating income**

<u>Group</u>	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	41,205	46,084	41,205	46,084
Service charges and fees	8,322	9,656	8,322	9,656
Guarantee fees	4,420	3,655	4,420	3,655
Credit card related fees	46,103	52,769	46,103	52,769
Corporate advisory fees	-	94	-	94
Commitment fees	9,485	8,387	9,485	8,387
Fee on loans, advances and financing	12,577	12,538	12,577	12,538
Other fee income	23,793	33,058	23,793	33,058
	<u>145,905</u>	<u>166,241</u>	<u>145,905</u>	<u>166,241</u>
(b) <u>Gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	43,705	49,768	43,705	49,768
Net loss from sale of derivative financial instruments	(3,100)	(5,058)	(3,100)	(5,058)
Net gain from sale of financial investments at FVOCI	111,799	89,268	111,799	89,268
	<u>152,404</u>	<u>133,978</u>	<u>152,404</u>	<u>133,978</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	29,332	63,745	29,332	63,745
Financial investments at FVOCI	375	203	375	203
	<u>29,707</u>	<u>63,948</u>	<u>29,707</u>	<u>63,948</u>

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

**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	(3,104)	(18,798)	(3,104)	(18,798)
- Derivatives financial instruments	6,385	(53,180)	6,385	(53,180)
	<u>3,281</u>	<u>(71,978)</u>	<u>3,281</u>	<u>(71,978)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges</u>	<u>(1,806)</u>	<u>(409)</u>	<u>(1,806)</u>	<u>(409)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>52</u>	<u>(178)</u>	<u>52</u>	<u>(178)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	262	11,558	262	11,558
Rental income	3,281	3,710	3,281	3,710
Gain on disposal of property and equipment	96	176	96	176
Other non-operating income	811	3,943	811	3,943
	<u>4,450</u>	<u>19,387</u>	<u>4,450</u>	<u>19,387</u>
Total other operating income	<u>333,993</u>	<u>310,989</u>	<u>333,993</u>	<u>310,989</u>

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

**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	40,744	45,273	40,744	45,273
Service charges and fees	8,190	9,402	8,190	9,402
Guarantee fees	4,395	3,642	4,395	3,642
Credit card related fees	46,103	52,769	46,103	52,769
Corporate advisory fees	-	94	-	94
Commitment fees	9,155	8,147	9,155	8,147
Fee on loans, advances and financing	10,879	11,437	10,879	11,437
Other fee income	23,620	32,928	23,620	32,928
	<u>143,086</u>	<u>163,692</u>	<u>143,086</u>	<u>163,692</u>
<b>(b) <u>Gain arising from sale of financial assets:</u></b>				
Net gain from sale of financial assets at FVTPL	43,705	49,768	43,705	49,768
Net loss from sale of derivative financial instruments	(3,100)	(5,058)	(3,100)	(5,058)
Net gain from sale of financial investments at FVOCI	111,799	88,977	111,799	88,977
	<u>152,404</u>	<u>133,687</u>	<u>152,404</u>	<u>133,687</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Financial assets at FVTPL	29,332	63,745	29,332	63,745
Financial investments at FVOCI	375	203	375	203
	<u>29,707</u>	<u>63,948</u>	<u>29,707</u>	<u>63,948</u>

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

**A22 Other operating income** (continued)

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	(3,104)	(18,798)	(3,104)	(18,798)
- Derivatives financial instruments	3,741	(53,180)	3,741	(53,180)
	<u>637</u>	<u>(71,978)</u>	<u>637</u>	<u>(71,978)</u>
(e) <u>Net realised loss on fair value changes arising from fair value hedges</u>	<u>(1,806)</u>	<u>(409)</u>	<u>(1,806)</u>	<u>(409)</u>
(f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u>	<u>52</u>	<u>(178)</u>	<u>52</u>	<u>(178)</u>
(g) <u>Other income:</u>				
Foreign exchange gain	(199)	11,233	(199)	11,233
Rental income	2,071	2,078	2,071	2,078
Gain on disposal of property and equipment	96	176	96	176
Other non-operating income	1,075	3,773	1,075	3,773
	<u>3,043</u>	<u>17,260</u>	<u>3,043</u>	<u>17,260</u>
Total other operating income	<u>327,123</u>	<u>306,022</u>	<u>327,123</u>	<u>306,022</u>

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

**A23 Other operating expenses**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
<b><u>Group</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	265,175	261,451	265,175	261,451
- Medical expenses	8,419	7,306	8,419	7,306
- Training and convention expenses	1,967	7,051	1,967	7,051
- Staff welfare	2,840	2,003	2,840	2,003
- Others	27,948	10,233	27,948	10,233
	<u>306,349</u>	<u>288,044</u>	<u>306,349</u>	<u>288,044</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	32,001	33,839	32,001	33,839
- Depreciation of right-of-use assets	13,508	13,516	13,508	13,516
- Amortisation of intangible assets	13,792	13,802	13,792	13,802
- Rental of premises	433	1,419	433	1,419
- Information technology expenses	44,483	40,128	44,483	40,128
- Security services	6,225	7,087	6,225	7,087
- Electricity, water and sewerage	5,351	6,268	5,351	6,268
- Hire of plant and machinery	3,476	3,465	3,476	3,465
- Others	7,052	7,535	7,052	7,535
	<u>126,321</u>	<u>127,059</u>	<u>126,321</u>	<u>127,059</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	4,151	6,353	4,151	6,353
- Sales commission and credit card related fees	24,142	31,436	24,142	31,436
- Others	3,351	5,358	3,351	5,358
	<u>31,644</u>	<u>43,147</u>	<u>31,644</u>	<u>43,147</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	5,668	5,044	5,668	5,044
- Stationery and printing expenses	3,108	2,790	3,108	2,790
- Professional fees	20,578	25,708	20,578	25,708
- Insurance fees	5,874	10,272	5,874	10,272
- Stamp, postage and courier	3,137	3,039	3,137	3,039
- Travelling and transport expenses	751	1,239	751	1,239
- Registration and license fees	2,230	2,101	2,230	2,101
- Brokerage and commission	2,116	2,367	2,116	2,367
- Credit card fees	11,590	11,526	11,590	11,526
- Others	1,682	(77)	1,682	(77)
	<u>56,734</u>	<u>64,009</u>	<u>56,734</u>	<u>64,009</u>
	<u>521,048</u>	<u>522,259</u>	<u>521,048</u>	<u>522,259</u>

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

**A23 Other operating expenses (continued)**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	211,505	211,114	211,505	211,114
- Medical expenses	6,485	6,045	6,485	6,045
- Training and convention expenses	1,678	5,818	1,678	5,818
- Staff welfare	2,483	1,649	2,483	1,649
- Others	26,957	8,372	26,957	8,372
	<u>249,108</u>	<u>232,998</u>	<u>249,108</u>	<u>232,998</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	27,407	29,446	27,407	29,446
- Depreciation of right-of-use assets	19,051	19,308	19,051	19,308
- Amortisation of intangible assets	12,473	12,661	12,473	12,661
- Rental of premises	526	1,118	526	1,118
- Information technology expenses	39,972	35,834	39,972	35,834
- Security services	4,931	5,541	4,931	5,541
- Electricity, water and sewerage	4,185	5,068	4,185	5,068
- Hire of plant and machinery	1,342	1,418	1,342	1,418
- Others	1,417	1,517	1,417	1,517
	<u>111,304</u>	<u>111,911</u>	<u>111,304</u>	<u>111,911</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	4,101	5,863	4,101	5,863
- Sales commission and credit card related fees	22,055	27,284	22,055	27,284
- Others	2,585	4,138	2,585	4,138
	<u>28,741</u>	<u>37,285</u>	<u>28,741</u>	<u>37,285</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	5,508	4,942	5,508	4,942
- Stationery and printing expenses	2,948	2,638	2,948	2,638
- Professional fees	19,376	25,686	19,376	25,686
- Insurance fees	5,147	8,922	5,147	8,922
- Stamp, postage and courier	3,045	2,919	3,045	2,919
- Travelling and transport expenses	527	879	527	879
- Registration and license fees	1,936	1,843	1,936	1,843
- Brokerage and commission	1,149	1,151	1,149	1,151
- Credit card fees	11,590	11,526	11,590	11,526
- Others	4,702	2,308	4,702	2,308
	<u>55,928</u>	<u>62,814</u>	<u>55,928</u>	<u>62,814</u>
	<u>445,081</u>	<u>445,008</u>	<u>445,081</u>	<u>445,008</u>

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

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

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	149,262	39,732	149,262	39,732
Impaired loans, advances and financing:				
- written off	3,822	4,499	3,822	4,499
- recovered from bad debt written off	(48,691)	(53,122)	(48,691)	(53,122)
	<u>104,393</u>	<u>(8,891)</u>	<u>104,393</u>	<u>(8,891)</u>

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Allowance for/(written back of) impairment on loans, advances and financing:				
- expected credit losses	154,318	(11,820)	154,318	(11,820)
Impaired loans, advances and financing:				
- written off	2,737	3,307	2,737	3,307
- recovered from bad debt written off	(39,800)	(46,591)	(39,800)	(46,591)
	<u>117,255</u>	<u>(55,104)</u>	<u>117,255</u>	<u>(55,104)</u>



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

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

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</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	(4)	45	(4)	45
- Financial investments at amortised cost	80	53	80	53
- Other receivables	-	(13)	-	(13)
- Cash and short-term funds	(371)	(21)	(371)	(21)
- Deposits and placements with banks and other financial institutions	573	36	573	36
	<u>278</u>	<u>100</u>	<u>278</u>	<u>100</u>

<b>Bank</b>	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</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	(26)	111	(26)	111
- Financial investments at amortised cost	80	55	80	55
- Other receivables	-	(13)	-	(13)
- Cash and short-term funds	403	238	403	238
- Deposits and placements with banks and other financial institutions	17	792	17	792
	<u>474</u>	<u>1,183</u>	<u>474</u>	<u>1,183</u>

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

**A26 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.500% of total risk-weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019 onwards. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

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

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

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2020</b>	<b>Financial Year Ended 30/06/2020</b>	<b>Financial Period Ended 30/09/2020</b>	<b>Financial Year Ended 30/06/2020</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.774%	13.950%	13.778%	13.761%
Tier I capital ratio	14.341%	14.523%	14.133%	14.118%
Total capital ratio	16.554%	16.750%	16.248%	16.245%
<b>After deducting proposed dividends</b>				
CET I capital ratio	13.484%	13.657%	13.415%	13.395%
Tier I capital ratio	14.051%	14.230%	13.770%	13.752%
Total capital ratio	16.263%	16.456%	15.884%	15.879%

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

**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2020 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Period Ended 30/09/2020 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	18,269,767	18,172,806	12,777,645	12,661,472
Other reserves	1,069,106	1,029,080	460,472	433,536
Less: Treasury shares	(721,610)	(723,344)	(721,610)	(723,344)
Less: Deferred tax assets	(67,178)	(86,578)	(41,183)	(55,984)
Less: Other intangible assets	(204,124)	(187,505)	(184,489)	(168,060)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(4,841,133)	(4,644,527)	(2,727,216)	(2,727,486)
<b>Total CET I capital</b>	<b>19,412,579</b>	<b>19,467,683</b>	<b>15,531,135</b>	<b>15,387,650</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	799,687	799,654	799,687	799,654
<b>Additional Tier I capital before regulatory adjustments</b>	<b>799,687</b>	<b>799,654</b>	<b>799,687</b>	<b>799,654</b>
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
<b>Additional Tier I capital after regulatory adjustments</b>	<b>799,687</b>	<b>799,654</b>	<b>399,687</b>	<b>399,654</b>
<b>Total Tier I capital</b>	<b>20,212,266</b>	<b>20,267,337</b>	<b>15,930,822</b>	<b>15,787,304</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>#</sup>	1,617,976	1,607,378	1,283,942	1,278,446
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,117,946</b>	<b>3,107,348</b>	<b>2,383,912</b>	<b>2,378,416</b>
<b>Total capital</b>	<b>23,330,212</b>	<b>23,374,685</b>	<b>18,314,734</b>	<b>18,165,720</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM740,222,000 (2020: RM837,183,000) and RM587,814,000 (2020: RM703,987,000) respectively.

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

**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 30/09/2020 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>	<b>Financial Period Ended 30/09/2020 RM'000</b>	<b>Financial Year Ended 30/06/2020 RM'000</b>
Credit risk *	129,438,048	128,590,231	102,715,350	102,275,706
Market risk	2,975,513	2,496,060	3,015,824	2,562,366
Operational risk	8,522,804	8,468,140	6,991,269	6,983,001
<b>Total RWA</b>	<b>140,936,365</b>	<b>139,554,431</b>	<b>112,722,443</b>	<b>111,821,073</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM 305,419,000 (2020: RM238,775,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Period Ended 30/09/2020</b>	<b>Financial Year Ended 30/06/2020</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	10.654%	10.871%
Tier I capital ratio	12.188%	12.432%
Total capital ratio	<u>14.901%</u>	<u>15.173%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	10.654%	10.871%
Tier I capital ratio	12.188%	12.432%
Total capital ratio	<u>14.901%</u>	<u>15.173%</u>

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

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

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

**Financial quarter ended 30/09/2020**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	613,209	248,110	444,790	76,092	(26,874)	(6,476)	1,348,851
Inter-segment revenue	(743)	85,872	(162,678)	-	77,549	-	-
Segment revenue	<u>612,466</u>	<u>333,982</u>	<u>282,112</u>	<u>76,092</u>	<u>50,675</u>	<u>(6,476)</u>	<u>1,348,851</u>
Segment profit before taxation	303,638	231,040	255,670	22,766	(80,272)	(9,710)	723,132
Share of profit after tax of equity accounted associated companies				167,117			167,117
Profit before taxation							<u>890,249</u>
Taxation							(161,345)
Profit after taxation							<u><u>728,904</u></u>

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

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

**Financial period ended 30/09/2020**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	613,209	248,110	444,790	76,092	(26,874)	(6,476)	1,348,851
Inter-segment revenue	(743)	85,872	(162,678)	-	77,549	-	-
Segment revenue	<u>612,466</u>	<u>333,982</u>	<u>282,112</u>	<u>76,092</u>	<u>50,675</u>	<u>(6,476)</u>	<u>1,348,851</u>
Segment profit before taxation	303,638	231,040	255,670	22,766	(80,272)	(9,710)	723,132
Share of profit after tax of equity accounted associated companies				167,117			167,117
Profit before taxation							890,249
Taxation							(161,345)
Profit after taxation							<u>728,904</u>
Segment assets	103,068,031	36,828,992	62,791,162	15,417,009	-	-	218,105,194
Unallocated assets							7,526,761
Total assets							<u>225,631,955</u>

**Corresponding quarter ended 30/09/2019**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	716,664	173,045	298,832	69,464	(36,877)	(6,036)	1,215,092
Inter-segment revenue	(81,762)	129,194	(126,573)	-	79,141	-	-
Segment revenue	<u>634,902</u>	<u>302,239</u>	<u>172,259</u>	<u>69,464</u>	<u>42,264</u>	<u>(6,036)</u>	<u>1,215,092</u>
Segment profit before taxation	344,926	175,374	144,113	12,937	32,910	(8,636)	701,624
Share of profit after tax of equity accounted associated companies				144,929			144,929
Profit before taxation							846,553
Taxation							(157,975)
Profit after taxation							<u>688,578</u>

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

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

**Corresponding financial period ended 30/09/2019**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	716,664	173,045	298,832	69,464	(36,877)	(6,036)	1,215,092
Inter-segment revenue	(81,762)	129,194	(126,573)	-	79,141	-	-
Segment revenue	<u>634,902</u>	<u>302,239</u>	<u>172,259</u>	<u>69,464</u>	<u>42,264</u>	<u>(6,036)</u>	<u>1,215,092</u>
Segment profit before taxation	344,926	175,374	144,113	12,937	32,910	(8,636)	701,624
Share of profit after tax of equity accounted associated companies				144,929			144,929
Profit before taxation							<u>846,553</u>
Taxation							(157,975)
Profit after taxation							<u>688,578</u>
Segment assets	97,872,038	32,605,877	51,765,541	14,062,997	-	-	196,306,453
Unallocated assets							10,467,926
Total assets							<u>206,774,379</u>

**A28 Property and equipment**

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

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

There are no material events subsequent to the end of the financial period ended 30 September 2020.

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

There were no changes in the composition of the Group for the current financial period ended 30 September 2020 and up to the date of this report.

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

**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	30/09/2020 RM'000	30/06/2020 RM'000	30/09/2020 RM'000	30/06/2020 RM'000
<b>Principal amount</b>				
Direct credit substitutes	218,688	133,166	165,569	80,144
Certain transaction related contingent items	1,544,490	1,489,056	1,323,438	1,283,921
Short-term self liquidating trade related contingencies	532,751	538,144	515,799	508,190
Irrevocable commitments to extend credit:				
- maturity more than one year	17,856,279	17,777,310	12,736,821	12,807,826
- maturity less than one year	23,582,748	20,856,358	19,197,609	17,067,748
Foreign exchange related contracts:				
- less than one year	45,998,133	40,277,996	39,138,830	33,398,925
- one year to less than five years	3,771,956	4,089,668	3,709,109	4,089,668
- five years and above	279,628	288,397	279,628	288,397
Interest rate related contracts:				
- less than one year	24,469,175	18,957,616	24,634,651	19,457,616
- one year to less than five years	27,681,498	32,060,237	27,631,498	32,260,237
- five years and above	3,438,454	2,609,803	3,538,454	2,571,708
Equity related contracts:				
- less than one year	195,140	264,263	195,140	264,263
- one year to less than five years	135,594	136,115	135,594	136,115
Credit related contracts:				
- five years and above	380,541	291,272	380,541	291,272
Unutilised credit card lines	7,456,237	7,463,767	7,456,237	7,463,767
<b>Total</b>	<b>157,541,312</b>	<b>147,233,168</b>	<b>141,038,918</b>	<b>131,969,797</b>

**A31 Related party transactions**

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



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

**A32 Fair value of financial instruments**

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

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

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

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

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

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

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

Valuation techniques

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

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

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

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

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

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

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

	<b>The Group</b>			
	<b>Financial Period Ended 30/09/2020</b>			
	<b>Fair Value</b>			<b>Total RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,385,811	-	2,385,811
- Quoted securities	5,032,152	-	-	5,032,152
- Unquoted securities	-	184,444	330,636	515,080
Financial investments at FVOCI				
- Money market instrument	-	19,454,604	-	19,454,604
- Quoted securities	3,567,303	-	-	3,567,303
- Unquoted securities	-	9,468,612	60,094	9,528,706
Derivative financial instruments	755	999,516	6,316	1,006,587
	<u>8,600,210</u>	<u>32,492,987</u>	<u>397,046</u>	<u>41,490,243</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	1,661	1,502,790	6,316	1,510,767
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,100,353	-	1,100,353
	<u>1,661</u>	<u>2,603,143</u>	<u>6,316</u>	<u>2,611,120</u>
<b>The Group</b>				
<b>Financial Year Ended 30/06/2020</b>				
	<b>Fair Value</b>			
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,697,041	-	2,697,041
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	14,361,366	-	14,361,366
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	9,376,209	60,094	9,436,303
Derivative financial instruments	8	1,097,969	13,492	1,111,469
	<u>8,446,391</u>	<u>27,612,796</u>	<u>404,222</u>	<u>36,463,409</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	65	1,284,956	13,492	1,298,513
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	462,517	-	462,517
	<u>65</u>	<u>1,747,473</u>	<u>13,492</u>	<u>1,761,030</u>

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2020: RM Nil).

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

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

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

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

	<b>The Bank</b>			
	<b>Financial Period Ended 30/09/2020</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,146,416	-	2,146,416
- Quoted securities	5,032,152	-	-	5,032,152
- Unquoted securities	-	184,444	330,636	515,080
Financial investments at FVOCI				
- Money market instrument	-	14,958,933	-	14,958,933
- Quoted securities	3,567,303	-	-	3,567,303
- Unquoted securities	-	9,081,982	60,094	9,142,076
Derivative financial instruments	755	901,088	6,316	908,159
	<u>8,600,210</u>	<u>27,272,863</u>	<u>397,046</u>	<u>36,270,119</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	1,661	1,440,964	6,316	1,448,941
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,006,235	-	1,006,235
	<u>1,661</u>	<u>2,447,199</u>	<u>6,316</u>	<u>2,455,176</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/06/2020</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,675,372	-	2,675,372
- Quoted securities	4,961,508	-	-	4,961,508
- Unquoted securities	-	80,211	330,636	410,847
Financial investments at FVOCI				
- Money market instrument	-	12,199,326	-	12,199,326
- Quoted securities	3,484,875	-	-	3,484,875
- Unquoted securities	-	8,993,610	60,094	9,053,704
Derivative financial instruments	8	1,044,121	13,492	1,057,621
	<u>8,446,391</u>	<u>24,992,640</u>	<u>404,222</u>	<u>33,843,253</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	65	1,237,539	13,492	1,251,096
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	412,120	-	412,120
	<u>65</u>	<u>1,649,659</u>	<u>13,492</u>	<u>1,663,216</u>

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2020: RM Nil).

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

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

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

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

<b>The Group</b> <b>30 September 2020</b>	<b>Financial Assets</b>		<b>Derivative financial instruments</b> <b>RM'000</b>	<b>Financial Liability Derivative financial instruments</b> <b>RM'000</b>
	<b>Financial assets at FVTPL</b> <b>RM'000</b>	<b>Financial investments at FVOCI</b> <b>RM'000</b>		
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	-	-	(6,747)	(6,747)
Purchases	-	-	(2,777)	(2,777)
Settlements	-	-	2,348	2,348
At 30 September	<u>330,636</u>	<u>60,094</u>	<u>6,316</u>	<u>6,316</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2020	<u>-</u>	<u>-</u>	<u>(6,747)</u>	<u>(6,747)</u>

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

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

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

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

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

<b>The Bank</b> <b>30 September 2020</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets at FVTPL RM'000</b>	<b>investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Liability Derivative financial instruments RM'000</b>
At 1 July	330,636	60,094	13,492	13,492
Fair value changes recognised in statements of income	-	-	(6,747)	(6,747)
Purchases	-	-	(2,777)	(2,777)
Settlements	-	-	2,348	2,348
At 30 September	<u>330,636</u>	<u>60,094</u>	<u>6,316</u>	<u>6,316</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2020	<u>-</u>	<u>-</u>	<u>(6,747)</u>	<u>(6,747)</u>

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

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

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM890.2 million for the current financial quarter ended 30 September 2020, an increase of RM43.7 million or 5.2% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM133.5 million, lower operating expenses of RM1.5 million and higher share of profit from associated company of RM22.2 million. However, this was mitigated by allowance for impairment losses on loans, advances and financing of RM113.3 million and higher allowance of impairment losses on financial investments and other financial assets of RM0.2 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM303.6 million for the first quarter ended 30 September 2020 as compared to previous corresponding quarter of RM344.9 million. The decrease in pre-tax profit was mainly contributed by lower total income and higher allowance for impairment losses on loans, advances and financing, partially offset by lower operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM231.0 million for the first quarter ended 30 September 2020 as compared to previous corresponding quarter of RM175.4 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM255.7 million for the first quarter ended 30 September 2020 as compared to previous corresponding quarter of RM144.1 million. The increase in pre-tax profit was mainly contributed by higher total income, lower operating expenses and lower impairment losses on financial investments and other financial assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM189.9 million for the first quarter ended 30 September 2020 as compared to previous corresponding quarter of RM157.9 million. The increase in pre-tax profit was mainly contributed by higher total income, lower operating expenses, lower allowance for impairment losses on loans, advances and financing and higher share of profit from associated company in China.

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

**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM890.2 million as compared to RM648.7 million in the preceding quarter, an increase of RM241.5 million mainly contributed by higher net income of RM152.2 million, lower allowance for impairment losses on loans, advances and financing of RM86.9 million and higher share of profit from associated companies of RM2.7 million.

**B3 Current year prospects**

The Malaysian economy is expected to recover gradually in line with the world economy in 2021, as supply chain disruption normalises, economic activities adjust to the new norm and households feel more confident about employment and the gradual pick-up in job prospects. Indeed, we have seen encouraging signs that economic activities have bounced back from the 2Q trough, amid support from fiscal and monetary stimulus. However, taking cognisance of the rising number of COVID-19 cases both domestically and overseas, we will continue to monitor the situation closely.

While supply is expected to slowly normalise after the lifting of movement restrictions, overall demand is expected to remain soft given the new procedures in place to ensure social distancing compliance and the still cautious consumer sentiment. Concerns over job security and a shift in consumer spending behaviour will also likely affect certain business sectors. Barring the outbreak of a second wave of infections, we expect trade and domestic consumption to improve along with improved consumer sentiment as job prospects and business investments return.

In line with that, we remain focused in our vision to build a highly digital and innovative ASEAN financial services institution. Emphasis continues to be on building products and services propositions that ring true to our brand promise of “Built Around You” where clients are at the centre of everything we do. We will ensure that we continue to provide targeted assistance to clients that are and might experience financial difficulties emanating from the economic impact of the COVID-19 crisis. The new normal operating environment will no doubt present us with new growth opportunities which we will endeavour to capture by being agile and responsive to the changing landscape. Concurrently, we continue to revamp our cost structure, enabling us to invest in growth opportunities and deliver sustainable returns to our stakeholders.

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

This note is not applicable to the Group.

**B5 Taxation**

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Income tax	176,299	179,307	176,299	179,307
Transfer to deferred taxation	(14,954)	(21,332)	(14,954)	(21,332)
	<u>161,345</u>	<u>157,975</u>	<u>161,345</u>	<u>157,975</u>

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>				
Income tax	128,861	147,645	128,861	147,645
Transfer to deferred taxation	(13,768)	(13,961)	(13,768)	(13,961)
	<u>115,093</u>	<u>133,684</u>	<u>115,093</u>	<u>133,684</u>

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

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

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

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

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



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

**B9 Off-balance sheet financial instruments**

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

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	37,667,265	258,651	(410,820)
(ii) 1 year to 3 years	324,631	382	(4,988)
Swaps			
(i) Less than 1 year	6,843,032	34,110	(67,106)
(ii) 1 year to 3 years	1,992,900	89,857	(26,100)
(iii) More than 3 years	1,734,053	74,313	(3,585)
Options			
(i) Less than 1 year	1,487,836	4,577	(4,642)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,933,116	1,062	(1,661)
Swaps			
(i) Less than 1 year	15,536,059	45,148	(107,655)
(ii) 1 year to 3 years	19,683,635	199,947	(443,965)
(iii) More than 3 years	11,436,317	267,463	(409,166)
Equity related contracts			
(i) Less than 1 year	195,140	5,152	(5,154)
(ii) 1 year to 3 years	135,594	1,164	(1,164)
Credit related contracts			
(i) More than 3 years	380,541	24,761	(24,761)
<b>Total</b>	<b>106,350,119</b>	<b>1,006,587</b>	<b>(1,510,767)</b>

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

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

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

**The Group**

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

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

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

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

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	31,203,265	157,960	(354,715)
(ii) 1 year to 3 years	261,784	110	(4,944)
Swaps			
(i) Less than 1 year	6,447,729	34,101	(66,992)
(ii) 1 year to 3 years	1,992,900	89,857	(26,105)
(iii) More than 3 years	1,734,053	74,312	(3,586)
Options			
(i) Less than 1 year	1,487,836	4,577	(4,642)
Interest rate related contracts			
Futures			
(i) Less than 1 year	8,933,116	1,062	(1,661)
Swaps			
(i) Less than 1 year	15,701,535	47,383	(106,045)
(ii) 1 year to 3 years	19,633,635	199,182	(443,965)
(iii) More than 3 years	11,536,317	268,538	(405,209)
Equity related contracts			
(i) Less than 1 year	195,140	5,152	(5,152)
(ii) 1 year to 3 years	135,594	1,164	(1,164)
Credit related contracts			
(i) More than 3 years	380,541	24,761	(24,761)
<b>Total</b>	<b>99,643,445</b>	<b>908,159</b>	<b>(1,448,941)</b>

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

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

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

**The Bank**

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

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

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

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM347,181,000 (30 June 2020: RM105,074,000) and RM56,240,333,000 (30 June 2020: RM55,595,557,000) respectively.

Derivatives

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

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,068,088,000 (30 June 2020: RM1,136,760,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

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

**Credit risk (continued)**

Derivatives (continued)

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

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

**Liquidity risk**

Derivatives

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

**Related accounting policies**

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

Fair value hedge

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

Cash flow hedge

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

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

**B10 Material litigation**

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

**B11 Dividend**

No interim dividend has been proposed for the current quarter.

**B12 Earnings per share**

**(a) Basic earnings per share**

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

	<b>1st Quarter Ended</b>		<b>Cumulative Three Months Ended</b>	
	<b>30/09/2020 RM'000</b>	<b>30/09/2019 RM'000</b>	<b>30/09/2020 RM'000</b>	<b>30/09/2019 RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	728,904	688,578	728,904	688,578
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(120,515)	(121,217)	(120,515)	(121,217)
	<u>2,047,203</u>	<u>2,046,501</u>	<u>2,047,203</u>	<u>2,046,501</u>
<b>Basic earnings per share (sen)</b>	35.6	33.6	35.6	33.6
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	420,672	461,651	420,672	461,651
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(120,515)	(121,217)	(120,515)	(121,217)
	<u>2,047,203</u>	<u>2,046,501</u>	<u>2,047,203</u>	<u>2,046,501</u>
<b>Basic earnings per share (sen)</b>	20.5	22.6	20.5	22.6

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

**B12 Earnings per share (continued)**

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

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

	1st Quarter Ended		Cumulative Three Months Ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
<b><u>The Group</u></b>				
Net profit attributable to equity holders	728,904	688,578	728,904	688,578
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,203	2,046,501	2,047,203	2,046,501
- adjustment for ESS	386	1,810	386	1,810
	2,047,589	2,048,311	2,047,589	2,048,311
<b>Fully diluted earnings per share (sen)</b>	35.6	33.6	35.6	33.6
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	420,672	461,651	420,672	461,651
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,047,203	2,046,501	2,047,203	2,046,501
- adjustment for ESS	386	1,810	386	1,810
	2,047,589	2,048,311	2,047,589	2,048,311
<b>Fully diluted earnings per share (sen)</b>	20.5	22.5	20.5	22.5