

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

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 31 March 2023**

		<b>The Group</b>		<b>The Bank</b>	
	<b>Note</b>	<b>31/03/2023</b>	<b>30/06/2022</b>	<b>31/03/2023</b>	<b>30/06/2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>ASSETS</u></b>					
Cash and short-term funds		11,965,276	6,094,729	11,305,985	5,455,788
Deposits and placements with banks and other financial institutions		839,718	842,506	1,547,056	2,614,335
Financial assets at fair value through profit or loss	A8	6,407,920	7,244,482	6,032,444	6,940,762
Financial investments at fair value through other comprehensive income	A9	28,649,266	26,196,303	24,861,832	22,416,521
Financial investments at amortised cost	A10	30,893,396	32,358,414	21,687,186	23,144,545
Loans, advances and financing	A11	172,438,117	166,487,621	130,062,301	126,745,536
Other assets	A12	1,854,590	2,280,742	1,792,442	1,781,555
Derivative financial instruments		1,488,450	1,863,300	1,464,496	1,776,371
Amount due from subsidiaries		-	-	19,657	91,110
Statutory deposits with Central Banks		3,319,164	520,650	2,459,413	272,138
Subsidiary companies		-	-	2,659,963	2,625,696
Investment in associated companies		7,686,680	6,455,474	1,409,436	971,182
Property and equipment		1,099,186	1,110,606	528,813	527,989
Intangible assets		319,758	304,749	283,755	269,645
Right-of-use assets		191,435	211,718	282,659	321,446
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		423,615	528,771	314,708	403,666
<b>TOTAL ASSETS</b>		<b>269,407,883</b>	<b>254,331,377</b>	<b>208,483,693</b>	<b>198,129,832</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	202,955,704	197,292,459	156,995,355	155,007,304
Investment accounts of customers	A14	2,880,733	2,668,408	-	-
Deposits and placements of banks and other financial institutions	A15	5,332,814	6,322,250	4,610,656	5,175,420
Obligations on securities sold under repurchase agreements		11,249,108	3,971,304	11,249,108	3,971,304
Bills and acceptances payable		142,831	241,361	117,690	153,419
Lease liabilities		193,826	210,981	290,308	325,365
Other liabilities	A16	5,716,881	5,750,350	5,695,973	5,392,859
Derivative financial instruments		1,693,901	1,736,838	1,635,258	1,711,745
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		2,974,579	1,623,937	1,506,798	502,798
Tier 2 subordinated bonds	A17	1,518,811	1,502,206	1,518,811	1,502,206
Multi-currency Additional Tier 1 capital securities	A18	1,728,190	1,715,695	1,728,190	1,715,695
Provision for taxation		88,859	306,612	35,552	272,986
<b>TOTAL LIABILITIES</b>		<b>236,476,237</b>	<b>223,342,401</b>	<b>185,383,699</b>	<b>175,731,101</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		25,901,349	23,963,603	16,069,697	15,373,358
Less: Treasury shares		(708,766)	(713,690)	(708,766)	(713,690)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>32,931,646</b>	<b>30,988,976</b>	<b>23,099,994</b>	<b>22,398,731</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>269,407,883</b>	<b>254,331,377</b>	<b>208,483,693</b>	<b>198,129,832</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	A30	<b>250,117,596</b>	<b>208,116,971</b>	<b>236,366,616</b>	<b>194,469,898</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		16.07	15.13	11.27	10.94

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

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 31 March 2023**

	Note	The Group			
		Current Quarter Ended 31/03/2023 RM'000	Corresponding Quarter Ended 31/03/2022 RM'000	Current Period Ended 31/03/2023 RM'000	Corresponding Period Ended 31/03/2022 RM'000
Interest income	A19(a)	1,879,683	1,371,731	5,362,252	4,083,418
Interest income for financial assets at fair value through profit or loss	A19(b)	25,342	57,263	139,951	160,415
Interest expense	A20	(1,058,377)	(481,367)	(2,711,343)	(1,417,058)
Net interest income		846,648	947,627	2,790,860	2,826,775
Net income from Islamic Banking business	A21	208,898	224,397	733,737	665,482
Other operating income	A22	340,584	175,880	857,750	606,756
Net income		1,396,130	1,347,904	4,382,347	4,099,013
Other operating expenses	A23	(559,353)	(518,196)	(1,645,915)	(1,538,320)
Operating profit before allowances		836,777	829,708	2,736,432	2,560,693
Allowance for impairment losses on loans, advances and financing	A24	(38,039)	(51,313)	(100,983)	(133,372)
Written back of / (allowance for) impairment losses on financial investments and other assets	A25	37	(112)	(140)	457
Share of profit after tax of equity accounted associated companies		798,775	778,283	2,635,309	2,427,778
Profit before taxation		312,941	252,540	950,946	721,694
Taxation	B5	(181,757)	(246,025)	(632,736)	(767,829)
Net profit for the financial period		929,959	784,798	2,953,519	2,381,643
<b>Attributable to:</b>					
Owners of the parent		929,959	784,798	2,953,519	2,381,643
Earnings per share - basic (sen)	B12(a)	45.4	38.3	144.2	116.3
Earnings per share - fully diluted (sen)	B12(b)	45.4	38.3	144.1	116.2

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 31 March 2023**

	<b>The Group</b>			
	<b>Current Quarter Ended 31/03/2023 RM'000</b>	<b>Corresponding Quarter Ended 31/03/2022 RM'000</b>	<b>Current Period Ended 31/03/2023 RM'000</b>	<b>Corresponding Period Ended 31/03/2022 RM'000</b>
Net profit for the financial period	929,959	784,798	2,953,519	2,381,643
Other comprehensive income/(loss) in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated company	-	-	(4,768)	4,656
(b) Currency translation differences	148,165	87,027	(94,170)	203,581
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	258,770	(261,897)	384,180	(778,272)
- Changes in expected credit losses	158	(59)	296	(398)
(d) Net fair value changes in cash flow hedge	-	4,612	362	10,476
Income tax relating to components of other comprehensive (income)/loss	(59,270)	47,699	(94,457)	163,524
Other comprehensive income/(loss) for the financial period, net of tax	347,823	(122,618)	191,443	(396,433)
Total comprehensive income for the financial period	<u>1,277,782</u>	<u>662,180</u>	<u>3,144,962</u>	<u>1,985,210</u>
Attributable to:				
- Owners of the parent	<u>1,277,782</u>	<u>662,180</u>	<u>3,144,962</u>	<u>1,985,210</u>

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 31 March 2023**

	Note	The Bank			
		Current Quarter Ended 31/03/2023 RM'000	Corresponding Quarter Ended 31/03/2022 RM'000	Current Period Ended 31/03/2023 RM'000	Corresponding Period Ended 31/03/2022 RM'000
Interest income	A19(a)	1,821,395	1,320,399	5,176,415	3,937,652
Interest income for financial assets at fair value through profit or loss	A19(b)	25,342	57,263	139,951	160,415
Interest expense	A20	(1,033,941)	(463,276)	(2,631,170)	(1,364,170)
Net interest income		812,796	914,386	2,685,196	2,733,897
Other operating income	A22	332,681	168,569	838,105	584,857
Net income		1,145,477	1,082,955	3,523,301	3,318,754
Other operating expenses	A23	(462,702)	(428,709)	(1,366,806)	(1,286,415)
Operating profit before allowances (Allowance for) / written back of losses on loans, advances and financing	A24	682,775	654,246	2,156,495	2,032,339
(Allowance for) / written back of impairment losses on financial investments and other assets	A25	(276)	(424)	1,441	(878)
Profit before taxation		668,997	666,298	2,137,099	2,097,237
Taxation	B5	(147,973)	(211,111)	(506,249)	(667,268)
Net profit for the financial period		521,024	455,187	1,630,850	1,429,969
<b>Attributable to:</b>					
Owners of the parent		521,024	455,187	1,630,850	1,429,969
Earnings per share - basic (sen)	B12(a)	25.4	22.2	79.6	69.8
Earnings per share - fully diluted (sen)	B12(b)	25.4	22.2	79.6	69.8

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 31 March 2023**

	<b>The Bank</b>			
	<b>Current Quarter Ended 31/03/2023 RM'000</b>	<b>Corresponding Quarter Ended 31/03/2022 RM'000</b>	<b>Current Period Ended 31/03/2023 RM'000</b>	<b>Corresponding Period Ended 31/03/2022 RM'000</b>
Net profit for the financial period	521,024	455,187	1,630,850	1,429,969
Other comprehensive income/(loss) in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	15,523	7,015	48,555	7,624
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	211,489	(242,990)	297,034	(694,337)
- Changes in expected credit losses	158	(59)	297	(401)
(c) Net fair value changes in cash flow hedge	-	4,612	362	10,476
Income tax relating to components of other comprehensive (income)/loss	(47,938)	43,227	(73,543)	143,446
Other comprehensive income/(loss) for the financial period, net of tax	179,232	(188,195)	272,705	(533,192)
Total comprehensive income for the financial period	700,256	266,992	1,903,555	896,777

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

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

**Condensed Financial Statements**

**Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2023**

Attributable to owners of the parent

<b>The Group</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserves * RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2022</b>	7,739,063	581,235	654,386	22,727,982	(713,690)	30,988,976
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	2,953,519	-	2,953,519
- Share of other comprehensive loss of associated company	-	(4,768)	-	-	-	(4,768)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	289,811	-	-	-	289,811
- Changes in expected credit losses	-	296	-	-	-	296
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	(94,170)	-	-	-	(94,170)
Total comprehensive income	-	191,443	-	2,953,519	-	3,144,962
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	218,447	(218,447)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option charge arising from ESS granted	-	(14,066)	-	-	-	(14,066)
Total transactions with owners	-	(26,416)	218,447	(1,399,247)	4,924	(1,202,292)
<b>At 31 March 2023</b>	<b>7,739,063</b>	<b>746,262</b>	<b>872,833</b>	<b>24,282,254</b>	<b>(708,766)</b>	<b>32,931,646</b>
<b>At 1 July 2021</b>	7,739,063	1,263,751	423,954	20,751,376	(719,030)	29,459,114
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	2,381,643	-	2,381,643
- Share of other comprehensive income of associated company	-	4,656	-	-	-	4,656
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(612,234)	-	-	-	(612,234)
- Changes in expected credit losses	-	(398)	-	-	-	(398)
- Net fair value changes in cash flow hedge	-	7,962	-	-	-	7,962
- Currency translation differences	-	203,581	-	-	-	203,581
Total comprehensive (loss)/income	-	(396,433)	-	2,381,643	-	1,985,210
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	135,905	(135,905)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	5,632	-	-	-	5,632
Total transactions with owners	-	(6,489)	135,905	(1,218,150)	5,340	(1,083,394)
<b>At 31 March 2022</b>	<b>7,739,063</b>	<b>860,829</b>	<b>559,859</b>	<b>21,914,869</b>	<b>(713,690)</b>	<b>30,360,930</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM861,588,000 (31 March 2022: RM548,614,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (31 March 2022: RM11,245,000)

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

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

**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2023**

	Attributable to owners of the parent					
<b>The Bank</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2022</b>	7,739,063	(283,556)	536,432	15,120,482	(713,690)	22,398,731
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,630,850	-	1,630,850
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	223,579	-	-	-	223,579
- Changes in expected credit losses	-	297	-	-	-	297
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	48,555	-	-	-	48,555
Total comprehensive income	-	272,705	-	1,630,850	-	1,903,555
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	176,361	(176,361)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option charge arising from ESS granted	-	(14,066)	-	-	-	(14,066)
Total transactions with owners	-	(26,416)	176,361	(1,357,161)	4,924	(1,202,292)
<b>At 31 March 2023</b>	<b>7,739,063</b>	<b>(37,267)</b>	<b>712,793</b>	<b>15,394,171</b>	<b>(708,766)</b>	<b>23,099,994</b>
<b>At 1 July 2021</b>	7,739,063	451,641	387,677	14,139,555	(719,030)	21,998,906
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,429,969	-	1,429,969
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	(548,377)	-	-	-	(548,377)
- Changes in expected credit losses	-	(401)	-	-	-	(401)
- Net fair value changes in cash flow hedge	-	7,962	-	-	-	7,962
- Currency translation differences	-	7,624	-	-	-	7,624
Total comprehensive (loss)/income	-	(533,192)	-	1,429,969	-	896,777
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	90,978	(90,978)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	5,632	-	-	-	5,632
Total transactions with owners	-	(6,489)	90,978	(1,173,223)	5,340	(1,083,394)
<b>At 31 March 2022</b>	<b>7,739,063</b>	<b>(88,040)</b>	<b>478,655</b>	<b>14,396,301</b>	<b>(713,690)</b>	<b>21,812,289</b>

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

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

**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 31 March 2023**

	The Group		The Bank	
	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2022 RM'000
Profit before taxation	3,586,255	3,149,472	2,137,099	2,097,237
Adjustments for non-cash items	(1,645,825)	(1,325,902)	(854,747)	(870,964)
Operating profit before working capital changes	1,940,430	1,823,570	1,282,352	1,226,273
Changes in working capital:				
Net changes in operating assets	(7,045,237)	(10,842,372)	(3,652,917)	(8,627,294)
Net changes in operating liabilities	12,280,079	13,640,810	9,174,272	9,862,439
Income taxes and zakat paid	(831,964)	(716,962)	(724,651)	(552,392)
Net cash generated from operating activities	<u>6,343,308</u>	<u>3,905,046</u>	<u>6,079,056</u>	<u>1,909,026</u>
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	(23,143)	(65,057)
Net (purchases)/proceeds of financial investments at fair value through other comprehensive income	(1,873,769)	6,585,131	(1,953,502)	6,609,949
Net proceeds/(purchases) of financial investments at amortised cost	1,969,296	(5,564,660)	1,961,039	(4,032,576)
Purchase of property and equipment	(107,377)	(92,881)	(105,316)	(82,112)
Net proceeds from sale of property and equipment	369	190	158	175
Purchase of intangible assets	(21,252)	(23,736)	(15,606)	(22,063)
Dividends received from:				
- Subsidiary company	-	-	330	-
- Financial assets at fair value through profit or loss	64,655	83,939	65,288	84,755
- Financial investments at fair value through other comprehensive income	1,740	-	1,740	-
Net cash generated from/(used in) investing activities	<u>33,662</u>	<u>987,983</u>	<u>(69,012)</u>	<u>2,493,071</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(1,188,226)	(1,089,942)	(1,188,226)	(1,089,942)
Repayment of lease liabilities	(20,914)	(22,575)	(41,638)	(42,272)
Repayment of recourse obligation on loans sold to Cagamas	(962,937)	-	(300,019)	-
Repayment of Multi-currency Additional Tier 1 capital securities	(400,000)	-	(400,000)	-
Cash received from ESOS exercised	-	916	-	916
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	2,300,000	500,000	1,300,000	200,000
- Multi-currency Additional Tier 1 capital securities	400,000	-	400,000	-
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(34,706)	(94,190)	(10,775)	(8,021)
- Tier 2 subordinated bonds	(33,391)	(33,524)	(33,391)	(33,525)
- Multi-currency Additional Tier 1 capital securities	(49,750)	(29,142)	(49,819)	(29,266)
- Lease liabilities	(6,705)	(6,715)	(10,193)	(11,063)
Net cash generated from/(used in) financing activities	<u>3,371</u>	<u>(775,172)</u>	<u>(334,061)</u>	<u>(1,013,173)</u>



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

**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Period Ended 31 March 2023**

	The Group		The Bank	
	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2022 RM'000	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2022 RM'000
Net increase in cash and cash equivalents	6,380,341	4,117,857	5,675,983	3,388,924
Currency translation differences	44,135	24,686	48,128	6,106
Cash and cash equivalents at the beginning of financial period	5,981,992	3,474,818	6,119,034	3,560,586
Cash and cash equivalents at the end of financial period	<u>12,406,468</u>	<u>7,617,361</u>	<u>11,843,145</u>	<u>6,955,616</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	11,965,276	8,054,482	11,305,985	6,939,190
Deposits and placements with banks and other financial institutions	839,718	1,268,401	1,547,056	2,776,000
	<u>12,804,994</u>	<u>9,322,883</u>	<u>12,853,041</u>	<u>9,715,190</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	(398,526)	(1,705,522)	(1,009,896)	(2,759,574)
	<u>12,406,468</u>	<u>7,617,361</u>	<u>11,843,145</u>	<u>6,955,616</u>

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

**HONG LEONG BANK BERHAD**  
**Registration No: 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 31 MARCH 2023**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 March 2023 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss (“FVTPL”), financial investments at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and Hong Leong Bank Berhad (“HLB” or “the Bank”) for the financial year ended 30 June 2022. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2022.

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

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

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

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

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

**A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2022**

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

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

**A3 Seasonality or cyclical of operations**

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

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

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

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

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

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

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 March 2023:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2023 amounted to 81,101,700 shares, at an average price per share of RM5.32. None of the treasury shares were resold or cancelled to date.

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

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

During the financial period ended 31 March 2023, the trust did not purchase any new shares. As at 31 March 2023, the total number of Treasury Shares for ESS was 37,596,086 pursuant to the Bank's ESS. The Treasury Shares have an average carrying value of RM7.37 per share.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 1 March 2023, the Bank has granted 124,944 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 124,944 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

During the financial period ended 31 March 2023, a total of 2,632 grant shares lapsed and a total of 668,524 grant shares were vested and transferred pursuant to the Bank's ESS.

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

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

c) Issuance of Multi-currency Additional Tier 1 capital securities

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

d) Repayment of debt and equity securities

On 30 November 2022, the Bank had fully redeemed the RM400.0 million nominal value of HLB Capital Securities bearing coupon rate of 5.13% per annum.

**A7 Dividends paid**

A final single tier dividend of 37 sen per share in respect of financial year ended 30 June 2022 amounting to RM757.9 million was paid on 17 November 2022.

An interim single tier dividend of 21 sen per share in respect of financial year ending 31 March 2023 amounting to RM430.3 million was paid on 28 March 2023.

**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>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Money market instruments:				
Bank Negara Malaysia bills	-	49,806	-	49,806
Government treasury bills	1,172,660	2,083,409	781,102	1,786,542
Malaysian Government securities	313,441	321,783	313,441	321,783
Malaysian Government investment certificates	784,992	158,570	713,232	158,570
Cagamas bonds	30,657	65,587	30,657	65,587
	<u>2,301,750</u>	<u>2,679,155</u>	<u>1,838,432</u>	<u>2,382,288</u>
Quoted securities:				
Shares in Malaysia	67,500	56,693	11,558	-
Shares outside Malaysia	5,608	-	5,608	-
Wholesale fund/unit trust	2,807,709	2,780,869	2,884,073	2,859,382
Portfolio Investment Accounts (Note)	1,412	9,097	-	-
Foreign currency bonds in Malaysia	7,046	11,938	7,046	11,938
Foreign currency bonds outside Malaysia	-	31,120	-	31,120
Convertible bonds outside Malaysia	636,728	1,108,752	705,560	1,190,942
Unquoted securities:				
Government sukuk	-	101,766	-	-
Corporate bonds and sukuk	199,547	84,472	199,547	84,472
Shares in Malaysia	355,620	355,620	355,620	355,620
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u>6,407,920</u>	<u>7,244,482</u>	<u>6,032,444</u>	<u>6,940,762</u>

Note:

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

**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>	
	31/03/2023 RM'000	30/6/2022 RM'000	31/03/2023 RM'000	30/6/2022 RM'000
At fair value				
(a) Debt instruments	28,565,880	26,112,917	24,778,446	22,333,135
(b) Equity instruments	83,386	83,386	83,386	83,386
Total financial investments at FVOCI	<u>28,649,266</u>	<u>26,196,303</u>	<u>24,861,832</u>	<u>22,416,521</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	1,254,759	-	1,254,759	-
Malaysian Government securities	3,683,811	3,670,109	3,683,811	3,670,109
Malaysian Government investment certificates	9,047,679	8,954,723	5,638,451	5,571,427
Negotiable instruments of deposit	-	1,796,800	-	1,796,800
Cagamas bonds	2,564,243	821,260	2,554,071	795,929
Khazanah bonds	360,141	348,079	360,141	348,079
	<u>16,910,633</u>	<u>15,590,971</u>	<u>13,491,233</u>	<u>12,182,344</u>
Quoted securities:				
Government sukuk	830,079	831,321	830,079	831,321
Foreign currency bonds in Malaysia	1,622,434	1,216,476	1,622,434	1,216,476
Foreign currency bonds outside Malaysia	1,141,793	842,415	1,141,793	842,415
Unquoted securities:				
Government sukuk	50,851	417,257	50,851	417,257
Corporate bonds and sukuk	7,374,226	6,783,878	7,011,900	6,420,235
Foreign currency bonds in Malaysia	359,889	175,112	359,889	175,112
Foreign currency bonds outside Malaysia	275,975	255,487	270,267	247,975
	<u>28,565,880</u>	<u>26,112,917</u>	<u>24,778,446</u>	<u>22,333,135</u>

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

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Group</b> <b>31 March 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,729	-	4,287	6,016
New financial assets originated or purchased	843	-	-	843
Financial assets derecognised	(143)	-	-	(143)
Changes due to change in credit risk	(420)	-	-	(420)
Exchange differences	16	-	-	16
At 31 March	2,025	-	4,287	6,312

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



**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)

	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>31 March 2023</b>	RM'000	impaired	impaired	RM'000
At 1 July	1,724	-	4,287	6,011
New financial assets originated or purchased	843	-	-	843
Financial assets derecognised	(138)	-	-	(138)
Changes due to change in credit risk	(423)	-	-	(423)
Exchange differences	15	-	-	15
At 31 March	2,021	-	4,287	6,308

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

	<b>The Group</b>		<b>The Bank</b>	
	31/03/2023	30/6/2022	31/03/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	83,386	83,386	83,386	83,386

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

**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2023 RM'000	30/6/2022 RM'000	31/03/2023 RM'000	30/6/2022 RM'000
Money market instruments:				
Government treasury bills	57,572	57,612	57,572	57,612
Malaysian Government securities	5,475,527	4,787,205	5,475,527	4,787,205
Malaysian Government investment certificates	22,513,934	22,720,790	14,254,436	14,950,431
Cagamas bonds	1,658,586	416,700	950,339	265,439
Khazanah bonds	14,266	13,889	14,266	13,889
Other Government securities	405,541	419,246	345,264	357,270
	<u>30,125,426</u>	<u>28,415,442</u>	<u>21,097,404</u>	<u>20,431,846</u>
Quoted securities:				
Foreign currency bonds outside Malaysia	18,289	62,174	18,289	62,174
Unquoted securities:				
Government sukuk	50,617	2,583,133	30,298	1,617,188
Corporate bonds and sukuk	699,083	1,297,733	541,195	1,033,337
Less: Expected credit losses	(19)	(68)	-	-
Total financial investments at amortised cost	<u>30,893,396</u>	<u>32,358,414</u>	<u>21,687,186</u>	<u>23,144,545</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	68	-	-	68
Changes due to change in credit risk	(50)	-	-	(50)
Exchange differences	1	-	-	1
At 31 March	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Total ECL</u>
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	68	-	-	68
New financial assets originated or purchased	67	-	-	67
Financial assets derecognised	(68)	-	-	(68)
Exchange differences	1	-	-	1
At 30 June	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>

**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 ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>The Bank</b>				
<b>31 March 2023</b>				
At 1 July/31 March	-	-	-	-
<b>The Bank</b>				
<b>30 June 2022</b>				
At 1 July	23	-	-	23
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	1	-	-	1
At 30 June	-	-	-	-

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

**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,621,867	3,546,936	2,461,010	2,418,512
Term loans/financing:				
- Housing and shop loans/financing	96,095,758	91,169,501	74,239,433	70,818,806
- Hire purchase receivables	19,498,054	18,035,880	14,378,208	13,757,762
- Ijarah receivables	244,916	247,445	-	-
- Other term loans/financing and syndicated term loans	33,092,433	31,953,779	21,948,575	21,668,500
Credit/charge card receivables	3,175,630	2,923,883	3,175,630	2,923,883
Bills receivable	1,610,993	1,539,682	1,259,926	1,226,517
Trust receipts	337,272	417,252	220,256	219,633
Claims on customers under				
acceptance credits	8,347,927	8,817,344	7,115,917	7,484,462
Revolving credit	8,079,620	9,455,248	6,450,441	7,423,951
Staff loans/financing	123,619	127,075	107,040	111,524
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	(13,530)	(9,962)	(10,623)	(6,919)
Allowance for impairment losses:				
- Expected credit losses	(1,776,442)	(1,736,442)	(1,283,512)	(1,301,095)
Total net loans, advances and financing	<u>172,438,117</u>	<u>166,487,621</u>	<u>130,062,301</u>	<u>126,745,536</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM2,960,562,000 (2022: RM1,572,077,000) and RM1,488,064,000 (2022: RM481,662,000) respectively.

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

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Domestic non-bank financial institutions	2,042,747	1,916,763	1,709,350	1,589,487
Domestic business enterprises:				
- small and medium enterprises ("SME")	31,307,871	30,114,790	22,681,340	22,093,010
- others	24,153,004	25,126,789	18,079,985	18,824,683
Government and statutory bodies	1,177	1,387	-	-
Individuals	113,703,525	107,602,406	86,195,074	82,391,900
Other domestic entities	100,036	103,122	8,774	9,529
Foreign entities	2,919,729	3,368,768	2,681,913	3,144,941
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed rate:				
- Housing and shop loans/financing	3,316,843	1,387,937	2,415,952	841,055
- Hire purchase receivables	19,432,749	17,965,989	14,333,956	13,709,506
- Other fixed rate loans/financing	8,372,811	9,513,099	7,120,294	7,878,168
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	120,519,014	116,345,805	91,587,208	89,645,540
- Cost plus	22,495,600	22,881,491	15,891,004	15,973,965
- Other variables rates	91,072	139,704	8,022	5,316
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>

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

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	918,716	976,120	723,904	723,762
Purchase of transport vehicles	19,161,146	17,653,587	14,016,807	13,359,480
Purchase of landed properties				
- residential	87,701,385	82,434,133	66,836,319	63,214,707
- non-residential	21,637,726	20,519,124	16,389,824	15,916,196
Purchase of fixed assets (excluding landed properties)	1,526,397	1,613,109	1,043,014	1,152,867
Personal use	3,773,783	3,706,863	2,602,992	2,487,061
Credit card	3,175,630	2,923,883	3,175,630	2,923,883
Construction	3,998,302	3,531,187	2,817,977	2,545,847
Working capital	31,238,671	33,770,002	23,033,290	25,022,038
Other purpose	1,096,333	1,106,017	716,679	707,709
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	161,428,756	156,478,949	122,715,165	120,407,820
Singapore	8,605,623	7,624,640	8,605,623	7,624,640
Hong Kong	35,648	21,090	35,648	21,090
Vietnam	1,671,174	1,652,819	-	-
Cambodia	2,486,888	2,456,527	-	-
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>

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

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Within one year	28,151,404	30,652,059	23,087,128	25,192,137
One year to less than three years	7,017,174	6,799,754	5,045,669	4,984,708
Three years to less than five years	10,909,975	11,278,670	8,351,472	8,521,519
Five years and more	128,149,536	119,503,542	94,872,167	89,355,186
Gross loans, advances and financing	<u>174,228,089</u>	<u>168,234,025</u>	<u>131,356,436</u>	<u>128,053,550</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July	819,750	717,407	647,646	582,517
Classified as impaired during the financial period/year	1,090,407	1,349,618	721,920	862,737
Reclassified as non-impaired during the financial period/year	(610,403)	(620,581)	(447,344)	(450,333)
Amount written back in respect of recoveries	(171,187)	(204,612)	(140,227)	(170,103)
Amount written off	(224,926)	(424,191)	(173,106)	(177,218)
Exchange difference	62	2,109	41	46
At 31 March	<u>903,703</u>	<u>819,750</u>	<u>608,930</u>	<u>647,646</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>

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

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

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	91	232	-	220
Purchase of transport vehicles	42,742	35,282	28,561	24,091
Purchase of landed properties				
- residential	290,325	314,945	189,206	237,431
- non-residential	113,668	151,278	100,129	132,400
Purchase of fixed assets (excluding landed properties)	5,068	485	5,068	485
Personal use	51,615	44,522	29,722	22,823
Credit card	31,012	21,419	31,012	21,419
Construction	12,088	9,271	6,827	7,292
Working capital	262,634	207,698	197,928	172,273
Other purpose	94,460	34,618	20,477	29,212
Gross impaired loans, advances and financing	<u>903,703</u>	<u>819,750</u>	<u>608,930</u>	<u>647,646</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	875,969	805,638	608,331	646,805
Singapore	599	841	599	841
Vietnam	1,539	1,585	-	-
Cambodia	25,596	11,686	-	-
Gross impaired loans, advances and financing	<u>903,703</u>	<u>819,750</u>	<u>608,930</u>	<u>647,646</u>



**HONG LEONG BANK BERHAD**  
**Registration No: 19340100023 (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	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	
<b>The Group</b>				
<b>31 March 2023</b>				
At 1 July	976,919	423,876	335,647	1,736,442
Changes in ECL due to transfer within stages	(26,067)	(157,501)	183,568	-
Transfer to Stage 1	30,631	(30,541)	(90)	-
Transfer to Stage 2	(54,987)	102,163	(47,176)	-
Transfer to Stage 3	(1,711)	(229,123)	230,834	-
New financial assets originated	36,367	487	15	36,869
Financial assets derecognised	(12,146)	(21,788)	(20,818)	(54,752)
Changes due to change in credit risk	22,830	147,799	110,982	281,611
Modifications to contractual cash flows of financial asset	9	670	349	1,028
Changes in models/risk parameters	5,747	2,706	-	8,453
Amount written off	-	-	(225,771)	(225,771)
Exchange difference	608	49	(646)	11
Other movements	-	-	(7,449)	(7,449)
At 31 March	1,004,267	396,298	375,877	1,776,442

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

**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>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>31 March 2023</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	745,735	296,203	259,157	1,301,095
Changes in ECL due to transfer within stages	(21,931)	(99,597)	121,528	-
Transfer to Stage 1	19,662	(19,574)	(88)	-
Transfer to Stage 2	(40,444)	72,904	(32,460)	-
Transfer to Stage 3	(1,149)	(152,927)	154,076	-
New financial assets originated	25,862	165	2	26,029
Financial assets derecognised	(7,440)	(13,665)	(14,750)	(35,855)
Changes due to change in credit risk	6,465	91,223	65,316	163,004
Modifications to contractual cash flows of financial asset	9	691	70	770
Changes in models/risk parameters	4,452	2,572	-	7,024
Amount written off	-	-	(173,316)	(173,316)
Exchange difference	620	14	16	650
Other movements	-	-	(5,889)	(5,889)
At 31 March	<u>753,772</u>	<u>277,606</u>	<u>252,134</u>	<u>1,283,512</u>

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

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

**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2023	30/6/2022	31/03/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	175,270	163,872	172,958	155,655
Settlement accounts	720,060	708,194	719,052	707,138
Treasury related receivables	217,749	578,958	173,579	106,758
Cash collateral pledged for derivative transactions	660,609	678,909	660,609	678,909
Other receivables	80,856	150,763	66,198	133,049
	<u>1,854,590</u>	<u>2,280,742</u>	<u>1,792,442</u>	<u>1,781,555</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2023	30/6/2022	31/03/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
<b>Amortised cost</b>				
Fixed deposits	111,221,206	93,856,333	80,148,282	68,772,681
Negotiable instruments of deposits	10,117,081	8,626,532	7,486,809	6,299,840
Short-term placements	17,583,853	26,244,055	14,762,074	22,181,987
	<u>138,922,140</u>	<u>128,726,920</u>	<u>102,397,165</u>	<u>97,254,508</u>
Demand deposits	37,981,089	41,279,128	32,811,834	35,060,757
Saving deposits	22,423,572	24,771,649	18,403,607	20,420,243
Others	405,744	449,369	258,316	287,918
	<u>199,732,545</u>	<u>195,227,066</u>	<u>153,870,922</u>	<u>153,023,426</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	3,530,487	2,425,376	3,415,081	2,325,345
Fair value changes arising from designation at fair value through profit or loss *	(307,328)	(359,983)	(290,648)	(341,467)
	<u>3,223,159</u>	<u>2,065,393</u>	<u>3,124,433</u>	<u>1,983,878</u>
	<u>202,955,704</u>	<u>197,292,459</u>	<u>156,995,355</u>	<u>155,007,304</u>

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

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

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

**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	4,539,630	3,149,204	761,343	532,038
Business enterprises	93,860,817	92,431,255	71,711,848	71,326,600
Individuals	102,338,646	99,404,508	82,833,913	81,309,351
Others	2,216,611	2,307,492	1,688,251	1,839,315
	<u>202,955,704</u>	<u>197,292,459</u>	<u>156,995,355</u>	<u>155,007,304</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	112,666,606	103,914,125	82,174,157	77,555,688
- six months to one year	22,441,442	20,170,955	17,464,320	16,272,452
- one year to five years	3,065,897	3,835,461	2,024,890	2,633,850
- more than five years	748,195	806,379	733,798	792,518
	<u>138,922,140</u>	<u>128,726,920</u>	<u>102,397,165</u>	<u>97,254,508</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts				
Mudarabah with maturity	2,879,321	2,659,311	-	-
Restricted investment accounts *				
Wakalah bi Al-Istithmar	1,412	9,097	-	-
	<u>2,880,733</u>	<u>2,668,408</u>	<u>-</u>	<u>-</u>

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

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

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	3,710,760	4,742,649	3,008,962	3,617,792
Central banks (Note)	1,622,054	1,579,601	1,601,694	1,557,628
	<u>5,332,814</u>	<u>6,322,250</u>	<u>4,610,656</u>	<u>5,175,420</u>

Note:

Deposits and placements from central banks includes monies received by the Group and the Bank under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,622,054,000 (2022: RM1,579,601,000) and RM1,601,694,000 (2022: RM1,557,628,000) respectively at concession rates.

**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2023</u>	<u>30/6/2022</u>	<u>31/03/2023</u>	<u>30/6/2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		612	350	-	-
Post employment benefits obligation					
- defined contribution plan		305	278	305	278
Loan advance payment		3,736,648	3,829,956	3,068,316	3,120,374
Intercompany clearing and settlement		-	-	317,612	-
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		104,716	128,773	49,960	96,711
Cash collateral pledged for derivative transactions		417,610	213,260	417,610	213,260
Sundry creditors and accruals		386,535	348,272	364,592	331,414
Provision for bonus and staff related expenses		135,456	179,683	125,747	166,171
Expected credit losses on financial					
guarantee contracts	(a)	7,708	3,657	7,073	3,352
Provision for reinstatement cost		21,267	21,911	26,521	27,160
Settlement accounts		727,830	824,436	727,730	824,144
Others		178,194	199,774	158,400	177,888
		<u>5,716,881</u>	<u>5,750,350</u>	<u>5,695,973</u>	<u>5,392,859</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:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
<b>31 March 2023</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	3,116	541	-	3,657
Changes in ECL due to transfer within stages	(10)	10	-	-
Transfer to Stage 1	24	(24)	-	-
Transfer to Stage 2	(34)	34	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	8,335	-	-	8,335
Financial assets derecognised	(271)	-	-	(271)
Changes due to change in credit risk	(5,331)	906	-	(4,425)
Exchange difference	416	(4)	-	412
At 31 March	<u>6,255</u>	<u>1,453</u>	<u>-</u>	<u>7,708</u>

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

**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)

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				<b>Total ECL</b>
<b>31 March 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	2,849	503	-	3,352
Changes in ECL due to transfer within stages	(3)	3	-	-
Transfer to Stage 1	21	(21)	-	-
Transfer to Stage 2	(24)	24	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	8,335	-	-	8,335
Financial assets derecognised	(271)	-	-	(271)
Changes due to change in credit risk	(5,650)	894	-	(4,756)
Exchange difference	417	(4)	-	413
At 31 March	<u>5,677</u>	<u>1,396</u>	<u>-</u>	<u>7,073</u>

  

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

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

**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>	<u>31/03/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	18,841	2,236	18,841	2,236
	<u>1,518,841</u>	<u>1,502,236</u>	<u>1,518,841</u>	<u>1,502,236</u>
Less: Unamortised discounts	(30)	(30)	(30)	(30)
	<u><u>1,518,811</u></u>	<u><u>1,502,206</u></u>	<u><u>1,518,811</u></u>	<u><u>1,502,206</u></u>

On 25 June 2018, the Bank issued a second tranche of RM500.0 million nominal value of 10-year non-callable 5 years Tier 2 Subordinated Notes (“Sub Notes”) callable on 26 June 2023 (and thereafter) and due on 23 June 2028 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.86% per annum, which is payable semi-annually in arrears from the date of the issue.

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



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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>	<u>31/03/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>
RM1.7 billion Multi-currency Additional Tier-1 and Additional Tier-1 Green capital securities at par	1,700,000	1,700,000	1,700,000	1,700,000
Add: Interest payable	25,538	13,574	25,538	13,574
	<u>1,725,538</u>	<u>1,713,574</u>	<u>1,725,538</u>	<u>1,713,574</u>
Less: Unamortised discounts	(1,601)	(1,161)	(1,601)	(1,161)
Add: Fair value changes arising from fair value hedges	4,253	3,282	4,253	3,282
	<u><u>1,728,190</u></u>	<u><u>1,715,695</u></u>	<u><u>1,728,190</u></u>	<u><u>1,715,695</u></u>

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

On 30 November 2022, HLB had fully redeemed the RM400.0 million nominal value of this Capital Securities.

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

On 29 April 2022, the Bank issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities (“Green Capital Securities”), pursuant to its Multi-currency Additional Tier 1 capital securities programme. The Green Capital Securities carry a distribution rate of 4.45% per annum and are perpetual and non-callable for 5 years with an Issuer's call option to redeem at the end of year 5. Proceeds from the issuance of the Green Capital Securities shall be utilised for purposes that meet the criteria as set out in the HLB Green Bond Framework, which was established by HLB on 20 February 2022 and revised in April 2022 (as may be amended, revised and/or substituted from time to time) in accordance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in November 2017 and revised in October 2018 and the Green Bond Principles issued by the International Capital Market Association in June 2021.

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

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

**A19(a) Interest income**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Loan, advances and financing	1,415,365	1,024,036	4,072,428	3,056,662
Money at call and deposit placements with financial institutions	52,984	24,947	174,777	57,764
Financial investments at FVOCI	241,986	165,143	599,988	523,269
Financial investments at amortised cost	164,773	156,966	504,228	444,682
Others	4,575	639	10,831	1,041
	<u>1,879,683</u>	<u>1,371,731</u>	<u>5,362,252</u>	<u>4,083,418</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>11,562</u>	<u>8,285</u>	<u>26,187</u>	<u>21,239</u>
	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Loan, advances and financing	1,338,396	966,202	3,847,950	2,892,662
Money at call and deposit placements with financial institutions	71,900	30,690	214,312	73,322
Financial investments at FVOCI	241,912	166,080	599,750	526,547
Financial investments at amortised cost	164,612	156,788	503,680	444,086
Others	4,575	639	10,723	1,035
	<u>1,821,395</u>	<u>1,320,399</u>	<u>5,176,415</u>	<u>3,937,652</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>11,379</u>	<u>8,285</u>	<u>25,570</u>	<u>21,181</u>

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

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial assets at FVTPL	25,342	57,263	139,951	160,415

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Financial assets at FVTPL	25,342	57,263	139,951	160,415

**A20 Interest expense**

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	116,061	16,540	279,140	51,035
Deposits from customers	738,027	388,045	1,823,896	1,156,546
Short-term placements	161,444	44,582	475,098	111,750
Tier 2 subordinated bonds	16,422	16,422	49,996	49,996
Multi-currency Additional Tier-1 capital securities	19,259	9,707	61,714	29,551
Recourse obligation on loans sold to Cagamas	5,017	3,940	14,794	11,465
Others	2,147	2,131	6,705	6,715
	<u>1,058,377</u>	<u>481,367</u>	<u>2,711,343</u>	<u>1,417,058</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	131,527	19,787	305,352	60,083
Deposits from customers	697,027	365,267	1,713,954	1,090,138
Short-term placements	161,444	44,582	475,098	111,750
Tier 2 subordinated bonds	16,422	16,422	49,996	49,996
Multi-currency Additional Tier-1 capital securities	19,259	9,748	61,783	29,675
Recourse obligation on loans sold to Cagamas	5,017	3,940	14,794	11,465
Others	3,245	3,530	10,193	11,063
	<u>1,033,941</u>	<u>463,276</u>	<u>2,631,170</u>	<u>1,364,170</u>

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

**A21 Net income from Islamic Banking business**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	480,958	339,001	1,386,404	1,029,817
Income derived from investment of shareholders' funds	63,109	38,651	183,113	124,963
Income derived from investment of investment account	34,892	31,678	86,388	55,836
Income attributable to depositors	(344,435)	(175,110)	(866,352)	(520,967)
Income attributable to depositors on investment account	(25,626)	(9,823)	(55,816)	(24,167)
	<u>208,898</u>	<u>224,397</u>	<u>733,737</u>	<u>665,482</u>
Financing income earned on impaired financing and advances during the financial period	<u>1,242</u>	<u>1,577</u>	<u>3,804</u>	<u>3,443</u>

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

**A22 Other operating income**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) <u>Fee income:</u></b>				
Commissions	45,657	46,227	134,565	152,178
Service charges and fees	13,156	12,063	29,023	29,207
Guarantee fees	5,396	4,444	20,057	12,397
Credit card related fees	52,560	47,783	157,808	143,367
Commitment fees	9,041	9,223	27,965	27,288
Fee on loans, advances and financing	10,821	13,210	39,784	38,789
Other fee income	10,722	20,806	42,695	51,940
	<u>147,353</u>	<u>153,756</u>	<u>451,897</u>	<u>455,166</u>
<b>(b) <u>Gain arising from sale of</u></b>				
<b><u>financial assets:</u></b>				
Net gain/(loss) from sale of financial assets at FVTPL	40,480	(7,044)	60,937	(26,990)
Net gain/(loss) from sale of derivative financial instruments	69,519	2,541	(32,617)	(6,996)
Net gain from sale of financial investments at FVOCI	33,095	8,374	33,264	101,722
	<u>143,094</u>	<u>3,871</u>	<u>61,584</u>	<u>67,736</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Financial assets at FVTPL	28,420	17,795	64,655	83,939
Financial investments at FVOCI	1,740	-	1,740	-
	<u>30,160</u>	<u>17,795</u>	<u>66,395</u>	<u>83,939</u>

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

**A22 Other operating income** (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets at FVTPL	7,208	(15,777)	21,247	(31,041)
- Derivatives financial instruments	(83,356)	102,010	48,423	169,895
	<u>(76,148)</u>	<u>86,233</u>	<u>69,670</u>	<u>138,854</u>
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>4,161</u>	<u>(1,673)</u>	<u>6,048</u>	<u>(5,539)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>1,244</u>	<u>189</u>	<u>1,932</u>	<u>577</u>
(g) <u>Other income:</u>				
Foreign exchange gain/(loss)	85,239	(90,456)	184,451	(147,203)
Rental income	4,122	5,437	12,443	10,041
Gain on disposal of property and equipment	1	9	231	173
Other non-operating income	1,358	719	3,099	3,012
	<u>90,720</u>	<u>(84,291)</u>	<u>200,224</u>	<u>(133,977)</u>
Total other operating income	<u>340,584</u>	<u>175,880</u>	<u>857,750</u>	<u>606,756</u>

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

**A22 Other operating income** (continued)

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	45,053	45,727	132,881	150,217
Service charges and fees	12,850	11,781	28,245	28,536
Guarantee fees	5,368	4,424	19,981	12,351
Credit card related fees	52,560	47,783	157,808	143,367
Commitment fees	8,655	8,831	26,789	26,187
Fee on loans, advances and financing	8,745	10,908	33,131	29,416
Other fee income	10,621	20,730	42,411	51,732
	<u>143,852</u>	<u>150,184</u>	<u>441,246</u>	<u>441,806</u>
<b>(b) <u>Gain arising from sale of</u></b>				
<b><u>financial assets:</u></b>				
Net gain/(loss) from sale of financial assets at FVTPL	42,746	(7,466)	61,971	(27,008)
Net gain/(loss) from sale of derivative financial instruments	69,519	2,541	(33,406)	(7,699)
Net gain from sale of financial investments at FVOCI	33,095	8,374	33,264	101,722
	<u>145,360</u>	<u>3,449</u>	<u>61,829</u>	<u>67,015</u>
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	-	-	330	-
Financial assets at FVTPL	28,068	18,145	65,288	84,755
Financial investments at FVOCI	1,740	-	1,740	-
	<u>29,808</u>	<u>18,145</u>	<u>67,358</u>	<u>84,755</u>

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

**A22 Other operating income** (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
(d) <u>Net unrealised (loss)/gain on revaluation of:</u>				
- Financial assets at FVTPL	5,401	(15,541)	19,922	(31,556)
- Derivatives financial instruments	(84,339)	100,651	47,939	168,789
	<u>(78,938)</u>	<u>85,110</u>	<u>67,861</u>	<u>137,233</u>
(e) <u>Net realised gain/(loss) on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>4,161</u>	<u>(1,673)</u>	<u>6,048</u>	<u>(5,539)</u>
(f) <u>Net unrealised gain on fair value changes arising from fair value hedges</u>	<u>1,244</u>	<u>189</u>	<u>1,932</u>	<u>577</u>
(g) <u>Other income:</u>				
Foreign exchange gain/(loss)	83,736	(91,328)	182,150	(149,152)
Rental income	2,206	3,811	6,695	5,186
Gain on disposal of property and equipment	1	9	136	173
Other non-operating income	1,251	673	2,850	2,803
	<u>87,194</u>	<u>(86,835)</u>	<u>191,831</u>	<u>(140,990)</u>
Total other operating income	<u>332,681</u>	<u>168,569</u>	<u>838,105</u>	<u>584,857</u>



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

**A23 Other operating expenses**

<u>Group</u>	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	282,598	269,299	829,049	803,094
- Medical expenses	8,831	8,378	25,003	23,506
- Training and convention expenses	3,221	3,139	9,247	7,371
- Staff welfare	2,540	3,158	7,370	9,220
- Others	5,278	4,317	(2,902)	14,043
	<u>302,468</u>	<u>288,291</u>	<u>867,767</u>	<u>857,234</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	26,688	30,267	83,903	91,901
- Depreciation of right-of-use assets	11,991	12,164	36,732	37,492
- Amortisation of intangible assets	14,292	13,667	42,565	39,928
- Rental of premises	683	581	1,937	1,540
- Information technology expenses	59,597	50,358	173,584	155,014
- Security services	5,444	4,601	15,821	16,189
- Electricity, water and sewerage	5,260	4,780	15,949	15,656
- Hire of plant and machinery	3,510	2,797	10,063	9,432
- Others	8,443	7,470	23,933	22,449
	<u>135,908</u>	<u>126,685</u>	<u>404,487</u>	<u>389,601</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	8,942	8,392	22,546	17,938
- Sales commission and credit card related fees	35,657	36,193	115,549	90,380
- Others	4,164	3,959	13,320	9,002
	<u>48,763</u>	<u>48,544</u>	<u>151,415</u>	<u>117,320</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,809	5,325	15,761	16,081
- Stationery and printing expenses	2,541	2,504	8,001	7,954
- Professional fees	26,738	17,148	80,844	63,245
- Insurance fees	12,026	11,179	32,457	23,835
- Stamp, postage and courier	3,704	3,755	10,783	9,793
- Travelling and transport expenses	918	505	2,576	1,799
- Registration and license fees	2,527	2,120	6,699	6,613
- Brokerage and commission	2,854	3,024	8,961	8,901
- Credit card fees	14,119	9,743	52,324	31,263
- Others	1,978	(627)	3,840	4,681
	<u>72,214</u>	<u>54,676</u>	<u>222,246</u>	<u>174,165</u>
	<u>559,353</u>	<u>518,196</u>	<u>1,645,915</u>	<u>1,538,320</u>

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

**A23 Other operating expenses (continued)**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	219,356	210,865	647,363	633,197
- Medical expenses	7,452	6,724	20,270	19,033
- Training and convention expenses	2,753	2,768	7,959	6,372
- Staff welfare	2,088	2,642	5,837	7,602
- Others	4,108	3,615	(5,896)	11,732
	<u>235,757</u>	<u>226,614</u>	<u>675,533</u>	<u>677,936</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	22,617	25,700	70,729	78,133
- Depreciation of right-of-use assets	17,834	18,136	54,068	55,520
- Amortisation of intangible assets	12,521	12,155	37,117	35,963
- Rental of premises	565	659	1,781	1,730
- Information technology expenses	49,507	42,856	145,983	135,668
- Security services	4,164	3,420	11,840	12,519
- Electricity, water and sewerage	3,876	3,663	12,066	12,162
- Hire of plant and machinery	842	81	1,976	940
- Others	1,689	1,570	4,527	2,343
	<u>113,615</u>	<u>108,240</u>	<u>340,087</u>	<u>334,978</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	8,146	7,788	20,583	16,481
- Sales commission and credit card related fees	30,865	31,099	100,914	79,164
- Others	3,145	2,737	9,213	6,487
	<u>42,156</u>	<u>41,624</u>	<u>130,710</u>	<u>102,132</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,691	5,190	15,332	15,702
- Stationery and printing expenses	2,360	2,374	7,566	7,578
- Professional fees	25,512	15,850	77,379	60,371
- Insurance fees	10,375	9,554	27,751	20,324
- Stamp, postage and courier	3,681	3,685	10,527	9,581
- Travelling and transport expenses	689	369	1,953	1,424
- Registration and license fees	2,236	1,832	5,805	5,748
- Brokerage and commission	1,533	1,500	5,670	5,398
- Credit card fees	14,119	9,743	52,324	31,263
- Others	5,978	2,134	16,169	13,980
	<u>71,174</u>	<u>52,231</u>	<u>220,476</u>	<u>171,369</u>
	<u>462,702</u>	<u>428,709</u>	<u>1,366,806</u>	<u>1,286,415</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>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	89,969	102,997	276,848	295,627
Impaired loans, advances and financing:				
- written off	7,108	5,892	22,683	14,221
- recovered from bad debt written off	(59,038)	(57,576)	(198,548)	(176,476)
	<u>38,039</u>	<u>51,313</u>	<u>100,983</u>	<u>133,372</u>

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	56,117	31,984	164,280	75,384
Impaired loans, advances and financing:				
- written off	5,577	4,621	17,874	11,377
- recovered from bad debt written off	(48,192)	(49,081)	(161,317)	(152,537)
	<u>13,502</u>	<u>(12,476)</u>	<u>20,837</u>	<u>(65,776)</u>

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

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

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	134	(70)	280	(415)
- Financial investments at amortised cost	(3)	44	(50)	(12)
- Cash and short-term funds	(217)	61	(185)	(50)
- Deposits and placements with banks and other financial institutions	49	77	95	20
	<u>(37)</u>	<u>112</u>	<u>140</u>	<u>(457)</u>

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	135	(70)	282	(420)
- Financial investments at amortised cost	-	-	-	(23)
- Cash and short-term funds	(616)	137	(22)	479
- Deposits and placements with banks and other financial institutions	757	357	(1,701)	842
	<u>276</u>	<u>424</u>	<u>(1,441)</u>	<u>878</u>

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

**A26 Capital adequacy**

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), which set out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirements on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.5% of total risk-weighted assets ("RWA"). The CCyB, which could range from 0% up to 2.5%, is currently assessed at 0% in Malaysia. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.0%, 8.5% and 10.5% respectively.

On 5 July 2021 BNM issued a letter on enhancements to the existing financing facilities under the BNM's Fund for SMEs and increased the allocation of the PEMERKASA+ and PEMULIH facilities. These enhancements were announced in order to provide further relief and support recovery of affected SMEs. BNM has earlier issued a letter dated 31 May 2021 on extension of additional measures to assist borrowers/customers affected by the COVID-19 pandemic. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by extending loan/financing flexibilities which will allow banking institutions to respond swiftly to the needs of their customers. The Bank has provided assistance to borrowers that required assistance during the pandemic period.

On 9 December 2020, BNM issued a revision to the Capital Adequacy Framework (Capital Components), which sets out BNM's requirements on the transitional arrangements for regulatory capital treatment of accounting provisions for banking institutions. The transitional arrangements have allowed banking institutions to add back a portion of the Stage 1 and Stage 2 provisions for Expected Credit Losses to CET I over a four year period beginning 2020 or a three year period beginning 2021. Prior to this revision, BNM issued a letter dated 24 March 2020, which has allowed banking institutions to (1) drawdown on the capital conservation buffer of 2.5%; (2) operate below the minimum Liquidity Coverage Ratio of 100%; (3) reduce the regulatory reserves held against expected losses to 0%; and (4) lower minimum Net Stable Funding Ratio to 80%. While regulatory response and support has been encouraging amidst a challenging operating environment, the Bank has opted to not avail itself to BNM's support measures for banks as it was deemed not required due to HLB's assessment of its financial and portfolio profile.

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

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/03/2023</b>	<b>Financial Year Ended 30/6/2022</b>	<b>Financial Period Ended 31/03/2023</b>	<b>Financial Year Ended 30/6/2022</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	12.857%	13.935%	13.235%	13.912%
Tier I capital ratio	13.937%	15.050%	14.293%	14.999%
Total capital ratio	<u>16.021%</u>	<u>17.176%</u>	<u>16.307%</u>	<u>17.051%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	12.857%	13.428%	13.235%	13.266%
Tier I capital ratio	13.937%	14.543%	14.293%	14.353%
Total capital ratio	<u>16.021%</u>	<u>16.669%</u>	<u>16.307%</u>	<u>16.404%</u>

**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 31/03/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>	<b>Financial Period Ended 31/03/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	22,680,159	22,727,982	14,871,792	15,120,482
Other reserves	757,507	592,754	(37,267)	(283,282)
Less: Treasury shares	(708,766)	(713,690)	(708,766)	(713,690)
Less: Deferred tax assets	(423,615)	(528,771)	(314,708)	(403,666)
Less: Other intangible assets	(319,758)	(304,749)	(283,755)	(269,645)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(7,686,680)	(6,455,474)	(3,255,688)	(2,794,291)
<b>Total CET I capital</b>	<b>20,206,598</b>	<b>21,225,803</b>	<b>16,239,124</b>	<b>16,623,424</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	1,698,399	1,698,839	1,698,399	1,698,839
<b>Additional Tier I capital before regulatory adjustments</b>	<b>1,698,399</b>	<b>1,698,839</b>	<b>1,698,399</b>	<b>1,698,839</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>1,698,399</b>	<b>1,698,839</b>	<b>1,298,399</b>	<b>1,298,839</b>
<b>Total Tier I capital</b>	<b>21,904,997</b>	<b>22,924,642</b>	<b>17,537,523</b>	<b>17,922,263</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>#</sup>	1,774,864	1,738,471	1,370,517	1,350,820
Subordinated bonds	1,499,970	1,499,970	1,499,970	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,274,834</b>	<b>3,238,441</b>	<b>2,470,487</b>	<b>2,450,790</b>
<b>Total capital</b>	<b>25,179,831</b>	<b>26,163,083</b>	<b>20,008,010</b>	<b>20,373,053</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM861,588,000 (2022: RM643,141,000) and RM712,793,000 (2022: RM536,432,000) 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 31/03/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>	<b>Financial Period Ended 31/03/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>
Credit risk *	141,989,087	139,077,644	109,641,348	108,065,582
Market risk	5,199,226	3,917,894	5,049,468	3,934,497
Operational risk	9,980,631	9,327,630	8,008,781	7,485,705
<b>Total RWA</b>	<b>157,168,944</b>	<b>152,323,168</b>	<b>122,699,597</b>	<b>119,485,784</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM2,019,030,000 (2022: RM1,899,820,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Period Ended 31/03/2023</b>	<b>Financial Year Ended 30/6/2022</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	11.534%	11.176%
Tier I capital ratio	12.840%	12.550%
Total capital ratio	<u>15.320%</u>	<u>15.101%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	11.534%	11.176%
Tier I capital ratio	12.840%	12.550%
Total capital ratio	<u>15.320%</u>	<u>15.101%</u>

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

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

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

**Financial quarter ended 31/03/2023**

	<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	843,757	223,109	256,294	91,063	(10,701)	(7,392)	1,396,130
Inter-segment revenue	(68,612)	177,618	(160,960)	1,528	50,426	-	-
Segment revenue	<u>775,145</u>	<u>400,727</u>	<u>95,334</u>	<u>92,591</u>	<u>39,725</u>	<u>(7,392)</u>	<u>1,396,130</u>
Segment profit before taxation	409,246	277,560	63,826	16,461	42,250	(10,568)	798,775
Share of profit after tax of equity accounted associated companies				312,941			312,941
Profit before taxation							<u>1,111,716</u>
Taxation							(181,757)
Profit after taxation							<u><u>929,959</u></u>



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

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

**Financial period ended 31/03/2023**

	<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	2,618,465	813,069	750,919	294,784	(72,773)	(22,117)	4,382,347
Inter-segment revenue	(191,002)	403,603	(468,495)	1,528	254,366	-	-
Segment revenue	<u>2,427,463</u>	<u>1,216,672</u>	<u>282,424</u>	<u>296,312</u>	<u>181,593</u>	<u>(22,117)</u>	<u>4,382,347</u>
Segment profit before taxation	1,356,933	866,906	197,793	87,403	160,250	(33,976)	2,635,309
Share of profit after tax of equity accounted associated companies				950,946			950,946
Profit before taxation							<u>3,586,255</u>
Taxation							(632,736)
Profit after taxation							<u>2,953,519</u>
Segment assets	116,001,953	44,724,468	73,258,723	21,492,102	-	-	255,477,246
Unallocated assets							13,930,637
Total assets							<u>269,407,883</u>

**Corresponding quarter ended 31/03/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	712,901	277,381	333,532	85,660	(54,529)	(7,041)	1,347,904
Inter-segment revenue	(2,231)	97,922	(145,492)	-	49,801	-	-
Segment revenue	<u>710,670</u>	<u>375,303</u>	<u>188,040</u>	<u>85,660</u>	<u>(4,728)</u>	<u>(7,041)</u>	<u>1,347,904</u>
Segment profit before taxation	367,416	268,538	155,825	24,960	(23,323)	(15,133)	778,283
Share of profit after tax of equity accounted associated companies				252,540			252,540
Profit before taxation							<u>1,030,823</u>
Taxation							(246,025)
Profit after taxation							<u>784,798</u>

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

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

**Corresponding financial period ended 31/03/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	2,164,226	810,745	1,070,211	266,247	(191,595)	(20,821)	4,099,013
Inter-segment revenue	(69,686)	293,562	(413,962)	-	190,086	-	-
Segment revenue	<u>2,094,540</u>	<u>1,104,307</u>	<u>656,249</u>	<u>266,247</u>	<u>(1,509)</u>	<u>(20,821)</u>	<u>4,099,013</u>
Segment profit before taxation	1,149,450	647,468	565,288	86,398	10,183	(31,009)	2,427,778
Share of profit after tax of equity accounted associated companies				721,694			721,694
Profit before taxation							<u>3,149,472</u>
Taxation							<u>(767,829)</u>
Profit after taxation							<u><u>2,381,643</u></u>
Segment assets	108,078,562	43,397,857	74,153,481	17,803,405	-	-	243,433,305
Unallocated assets							8,448,401
Total assets							<u><u>251,881,706</u></u>

**A28 Property and equipment**

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

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

There are no material events subsequent to the end of the financial period ended 31 March 2023.

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

There were no changes in the composition of the Group for the current financial period ended 31 March 2023 and up to the date of this report except for the following:

On 17 January 2023, the Bank announced that it had placed EB Nominees (Tempatan) Sendirian Berhad ("EB Nominees (Tempatan)"), a wholly-owned subsidiary of the Bank, under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. EB Nominees (Tempatan) is dormant.

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

**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	31/03/2023 RM'000	30/6/2022 RM'000	31/03/2023 RM'000	30/6/2022 RM'000
<b>Principal amount</b>				
Direct credit substitutes	215,998	137,103	209,488	129,077
Certain transaction related contingent items	2,403,883	2,024,547	1,654,831	1,444,276
Short-term self liquidating trade related contingencies	862,935	853,412	805,321	803,334
Irrevocable commitments to extend credit:				
- maturity more than one year	17,313,594	17,538,803	12,674,185	12,942,713
- maturity less than one year	28,639,710	23,913,907	22,426,794	19,450,920
Foreign exchange related contracts:				
- less than one year	64,805,888	55,995,785	62,630,280	51,999,925
- one year to less than five years	6,078,494	5,944,644	6,178,313	5,987,312
- five years and above	472,619	396,495	472,619	396,495
Interest rate related contracts:				
- less than one year	40,136,877	34,692,744	40,136,878	34,692,744
- one year to less than five years	75,104,217	52,644,892	75,176,716	52,835,368
- five years and above	4,400,564	4,395,228	4,318,374	4,208,323
Equity related contracts:				
- less than one year	317,600	245,878	317,600	245,878
- one year to less than five years	543,175	102,699	543,175	102,699
- five years and above	-	270,542	-	270,542
Credit related contracts:				
- less than one year	79,674	-	79,674	-
- five years and above	1,178,396	938,327	1,178,396	938,327
Commodity related contracts:				
- less than one year	742,056	438,428	742,056	438,428
- one year to less than five years	-	493,416	-	493,416
Unutilised credit card lines	6,821,916	7,090,121	6,821,916	7,090,121
<b>Total</b>	<b>250,117,596</b>	<b>208,116,971</b>	<b>236,366,616</b>	<b>194,469,898</b>

**A31 Related party transactions**

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

**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 31/03/2023</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	-	2,301,750	-	2,301,750
- Quoted securities	3,526,003	-	-	3,526,003
- Unquoted securities	-	224,547	355,620	580,167
Financial investments at FVOCI				
- Money market instrument	-	16,910,633	-	16,910,633
- Quoted securities	3,594,306	-	-	3,594,306
- Unquoted securities	-	8,060,941	83,386	8,144,327
Derivative financial instruments	1,437	1,432,334	54,679	1,488,450
	<u>7,121,746</u>	<u>28,930,205</u>	<u>493,685</u>	<u>36,545,636</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	24,383	1,616,733	52,785	1,693,901
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,223,159	-	3,223,159
	<u>24,383</u>	<u>4,839,892</u>	<u>52,785</u>	<u>4,917,060</u>
<b>The Group</b>				
<b>Financial Year Ended 30/6/2022</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,679,155	-	2,679,155
- Quoted securities	3,998,469	-	-	3,998,469
- Unquoted securities	-	211,238	355,620	566,858
Financial investments at FVOCI				
- Money market instrument	-	15,590,971	-	15,590,971
- Quoted securities	2,890,212	-	-	2,890,212
- Unquoted securities	-	7,631,734	83,386	7,715,120
Derivative financial instruments	9,909	1,748,589	104,802	1,863,300
	<u>6,898,590</u>	<u>27,861,687</u>	<u>543,808</u>	<u>35,304,085</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	104	1,633,224	103,510	1,736,838
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	2,065,393	-	2,065,393
	<u>104</u>	<u>3,698,617</u>	<u>103,510</u>	<u>3,802,231</u>

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2022: RM Nil).

**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 31/03/2023</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	-	1,838,432	-	1,838,432
- Quoted securities	3,613,845	-	-	3,613,845
- Unquoted securities	-	224,547	355,620	580,167
Financial investments at FVOCI				
- Money market instrument	-	13,491,233	-	13,491,233
- Quoted securities	3,594,306	-	-	3,594,306
- Unquoted securities	-	7,692,907	83,386	7,776,293
Derivative financial instruments	1,437	1,408,380	54,679	1,464,496
	<u>7,209,588</u>	<u>24,655,499</u>	<u>493,685</u>	<u>32,358,772</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	24,383	1,558,090	52,785	1,635,258
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,124,433	-	3,124,433
	<u>24,383</u>	<u>4,682,523</u>	<u>52,785</u>	<u>4,759,691</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/6/2022</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,382,288	-	2,382,288
- Quoted securities	4,093,382	-	-	4,093,382
- Unquoted securities	-	109,472	355,620	465,092
Financial investments at FVOCI				
- Money market instrument	-	12,182,344	-	12,182,344
- Quoted securities	2,890,212	-	-	2,890,212
- Unquoted securities	-	7,260,579	83,386	7,343,965
Derivative financial instruments	9,909	1,661,660	104,802	1,776,371
	<u>6,993,503</u>	<u>23,596,343</u>	<u>543,808</u>	<u>31,133,654</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	104	1,608,131	103,510	1,711,745
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	1,983,878	-	1,983,878
	<u>104</u>	<u>3,592,009</u>	<u>103,510</u>	<u>3,695,623</u>

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2022: RM Nil).

**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>Financial Assets</b>			<b>Financial</b>
<b>31 March 2023</b>	<b>Financial assets</b>	<b>investments</b>	<b>Derivative</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>financial</b>	<b>Derivative</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>instruments</b>	<b>financial</b>
			<b>RM'000</b>	<b>instruments</b>
				<b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	-	-	10,330	10,330
Purchases	-	-	38,462	37,864
Settlements	-	-	(98,915)	(98,919)
At 31 March	<u>355,620</u>	<u>83,386</u>	<u>54,679</u>	<u>52,785</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2023	<u>-</u>	<u>-</u>	<u>10,330</u>	<u>10,330</u>

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

**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>Financial Assets</b>			<b>Financial</b>
<b>31 March 2023</b>	<b>Financial assets</b>	<b>investments</b>	<b>financial</b>	<b>Liability</b>
	<b>at FVTPL</b>	<b>at FVOCI</b>	<b>instruments</b>	<b>Derivative</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>financial</b>
				<b>instruments</b>
				<b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	-	-	10,330	10,330
Purchases	-	-	38,462	37,864
Settlements	-	-	(98,915)	(98,919)
At 31 March	<u>355,620</u>	<u>83,386</u>	<u>54,679</u>	<u>52,785</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2023	<u>-</u>	<u>-</u>	<u>10,330</u>	<u>10,330</u>

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



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

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM1,111.7 million for the current financial quarter ended 31 March 2023, an increase of RM80.9 million or 7.8% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM48.2 million, lower allowance for impairment losses on loans, advances and financing of RM13.3 million, higher share of profit from associated companies of RM60.4 million and written back of allowance for impairment losses on financial investments and other assets of RM0.1 million. However, this was mitigated by higher operating expenses of RM41.1 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 RM409.2 million for the third quarter ended 31 March 2023 as compared to previous corresponding quarter of RM367.4 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM277.6 million for the third quarter ended 31 March 2023 as compared to previous corresponding quarter of RM268.5 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher operating expenses and higher allowance for impairment losses on loans, advances and financing.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM63.8 million for the third quarter ended 31 March 2023 as compared to previous corresponding quarter of RM155.8 million. The decrease in pre-tax profit was mainly contributed by lower total income, partially offset by lower operating expenses and lower impairment losses on financial investments and other assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM329.4 million for the third quarter ended 31 March 2023 as compared to previous corresponding quarter of RM277.5 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated companies in China and higher total income, partially offset by higher operating expenses and higher allowance for impairment losses on loans, advances and financing.

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

**B1 Review of performance** (continued)

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

The Group's pre-tax profit for the financial period ended 31 March 2023 stood at RM3,586.3 million, an increase of RM436.8 million or 13.9% as compared to RM3,149.5 million in the previous financial period. The increase was mainly due to higher net income of RM283.3 million, lower allowance for impairment losses on loans, advances and financing of RM32.4 million and higher share of profit from associated companies of RM229.3 million. This was mitigated by higher operating expenses of RM107.6 million and allowance for impairment losses on financial investments and other assets of RM0.6 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM1,356.9 million for the financial period ended 31 March 2023 as compared to previous corresponding period of RM1,149.4 million. The increase in pre-tax profit was mainly contributed by higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

Personal Financial Services's loan base increased from RM107.9 billion as at 31 March 2022 to RM115.8 billion as at 31 March 2023. Deposit base decreased from RM104.2 billion to RM103.2 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM866.9 million for the financial period ended 31 March 2023 as compared to previous corresponding period of RM647.5 million. The increase in pre-tax profit was mainly contributed by lower allowance for impairment losses on loans, advances and financing and higher total income, partially offset by higher operating expenses.

Business and Corporate Banking's loan base increased from RM43.3 billion as at 31 March 2022 to RM44.7 billion as at 31 March 2023. Deposit base increased from RM39.3 billion to RM51.9 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM197.8 million for the financial period ended 31 March 2023 as compared to previous corresponding period of RM565.3 million. The decrease in pre-tax profit was mainly contributed by lower total income, partially offset by lower operating expenses and lower impairment losses on financial investments and other assets.

Treasury earning assets decreased from RM70.6 billion as at 31 March 2022 to RM70.4 billion as at 31 March 2023.

International Banking

The International Banking's segment recorded a pre-tax profit of RM1,038.3 million for the financial period ended 31 March 2023 as compared to previous corresponding period of RM808.1 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated companies in China and higher total income, partially offset by higher operating expenses and higher allowance for impairment losses on loans, advances and financing.

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

**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM1,111.7 million as compared to RM1,287.4 million in the preceding quarter, a decrease of RM175.7 million mainly contributed by lower net income of RM90.2 million, higher operating expenses of RM13.3 million, higher allowance for impairment losses on loans, advances and financing of RM12.7 million and lower share of profit from associated company of RM60.1 million. This was mitigated by written back of impairment losses on financial investments and other assets of RM0.6 million.

**B3 Current year prospects**

The Malaysian economy is expected to normalise and expand 4% to 5% in 2023. Growth will primarily be domestic-driven amid a slowing global landscape further challenged by the recent banking sector turmoil which has heightened downside growth risks and infuse financial stability risks. That said, expectations for a resilient domestic private sector, sound banking system and signs of a pick-up in investment activities are expected to help cushion the Malaysian economy from any untoward external shocks, keeping growth in positive territory.

As a highly digital and innovative ASEAN financial services institution, we constantly strive to develop and tailor our banking solutions to our customers with the objective of optimising customer experience. Our initiatives are all anchored on our brand promise of “Built Around You”, where customers are at the centre of everything we do. We continue to prudently manage our credit and liquidity risks and remain steadfast in navigating the ongoing business disruptions to ensure banking and financing requirements of individuals and businesses are met.

Amidst the challenging operating environment, we are disciplined in our investments and expenditure which allows us to invest in growth opportunities that will deliver sustainable outcomes to our stakeholders. In line with our carbon neutral ambition, the Bank will continuously integrate robust environmental, social and governance (“ESG”) practices internally within our own business operations and engage proactively with all our external stakeholders.

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

This note is not applicable to the Group.

**B5 Taxation**

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Income tax	179,468	222,908	621,820	751,551
Transfer from deferred taxation	2,289	23,117	10,916	16,278
	<u>181,757</u>	<u>246,025</u>	<u>632,736</u>	<u>767,829</u>

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>				
Income tax	143,575	202,819	490,622	652,000
Transfer from deferred taxation	4,398	8,292	15,627	15,268
	<u>147,973</u>	<u>211,111</u>	<u>506,249</u>	<u>667,268</u>

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

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

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

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

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

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

**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 31 March 2023:

**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	50,661,267	383,770	(311,160)
(ii) 1 year to 3 years	708,159	50	(13,508)
(iii) More than 3 years	888,700	-	(30,723)
Swaps			
(i) Less than 1 year	6,354,434	50,873	(77,427)
(ii) 1 year to 3 years	3,560,030	109,738	(81,902)
(iii) More than 3 years	1,211,912	29,574	(30,371)
Options			
(i) Less than 1 year	7,790,187	21,565	(18,773)
(ii) 1 year to 3 years	182,312	2,630	(612)
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,885,745	1,437	(24,383)
Swaps			
(i) Less than 1 year	36,251,132	62,936	(97,176)
(ii) 1 year to 3 years	32,704,240	166,560	(247,920)
(iii) More than 3 years	46,800,541	514,495	(617,018)
Equity related contracts			
(i) Less than 1 year	317,600	3,299	(3,469)
(ii) 1 year to 3 years	44,017	5,065	(4,297)
(iii) More than 3 years	499,158	46,316	(45,020)
Credit related contracts			
(i) Less than 1 year	79,674	2,032	(2,032)
(ii) More than 3 years	1,178,396	81,374	(81,374)
Commodity related contracts			
(i) Less than 1 year	742,056	6,736	(6,736)
<b>Total</b>	<b>193,859,560</b>	<b>1,488,450</b>	<b>(1,693,901)</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 2022:

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	45,248,504	701,994	(211,689)
(ii) 1 year to 3 years	609,044	5,502	(136)
(iii) More than 3 years	930,442	9,586	(237)
Swaps			
(i) Less than 1 year	5,541,287	97,007	(79,973)
(ii) 1 year to 3 years	2,986,090	99,294	(115,596)
(iii) More than 3 years	1,408,216	29,513	(57,286)
Options			
(i) Less than 1 year	5,205,994	48,789	(48,156)
(ii) 1 year to 3 years	407,347	4,178	(2,447)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,894,365	9,909	(31,678)
Swaps			
(i) Less than 1 year	32,798,379	34,695	(64,911)
(ii) 1 year to 3 years	28,926,412	147,505	(241,515)
(iii) More than 3 years	28,113,708	527,022	(736,202)
Equity related contracts			
(i) Less than 1 year	245,878	2,212	(2,212)
(ii) 1 year to 3 years	3,645	99	(99)
(iii) More than 3 years	369,596	102,491	(101,199)
Credit related contracts			
(i) More than 3 years	938,327	39,156	(39,156)
Commodity related contracts			
(i) Less than 1 year	438,428	1,757	(1,755)
(ii) 1 year to 3 years	493,416	2,591	(2,591)
<b>Total</b>	<b>156,559,078</b>	<b>1,863,300</b>	<b>(1,736,838)</b>

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

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

Details of financial instruments with off-balance sheet risk as at 31 March 2023:

**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	48,565,006	362,290	(267,719)
(ii) 1 year to 3 years	807,977	488	(13,946)
(iii) More than 3 years	888,700	-	(30,723)
Swaps			
(i) Less than 1 year	6,266,717	49,314	(77,427)
(ii) 1 year to 3 years	3,560,031	109,738	(81,902)
(iii) More than 3 years	1,211,912	29,574	(30,371)
Options			
(i) Less than 1 year	7,798,557	21,887	(19,095)
(ii) 1 year to 3 years	182,312	2,630	(612)
Interest rate related contracts			
Futures			
(i) Less than 1 year	3,885,745	1,437	(24,383)
Swaps			
(i) Less than 1 year	36,251,133	62,816	(97,176)
(ii) 1 year to 3 years	32,704,239	166,560	(247,920)
(iii) More than 3 years	46,790,851	512,940	(601,056)
Equity related contracts			
(i) Less than 1 year	317,600	3,299	(3,469)
(ii) 1 year to 3 years	44,017	5,065	(4,297)
(iii) More than 3 years	499,158	46,316	(45,020)
Credit related contracts			
(i) Less than 1 year	79,674	2,032	(2,032)
(ii) More than 3 years	1,178,396	81,374	(81,374)
Commodity related contracts			
(i) Less than 1 year	742,056	6,736	(6,736)
<b>Total</b>	<b>191,774,081</b>	<b>1,464,496</b>	<b>(1,635,258)</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 2022:

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	41,426,563	619,254	(204,728)
(ii) 1 year to 3 years	609,044	5,503	(136)
(iii) More than 3 years	930,442	9,586	(237)
Swaps			
(i) Less than 1 year	5,367,368	96,954	(79,973)
(ii) 1 year to 3 years	3,028,758	98,101	(115,596)
(iii) More than 3 years	1,408,216	29,513	(57,286)
Options			
(i) Less than 1 year	5,205,994	48,789	(48,156)
(ii) 1 year to 3 years	407,347	4,178	(2,447)
Interest rate related contracts			
Futures			
(i) Less than 1 year	1,894,365	9,909	(31,678)
Swaps			
(i) Less than 1 year	32,798,379	34,695	(64,911)
(ii) 1 year to 3 years	28,926,411	147,505	(241,515)
(iii) More than 3 years	28,117,280	524,078	(718,070)
Equity related contracts			
(i) Less than 1 year	245,878	2,212	(2,212)
(ii) 1 year to 3 years	3,645	99	(99)
(iii) More than 3 years	369,596	102,491	(101,199)
Credit related contracts			
(i) More than 3 years	938,327	39,156	(39,156)
Commodity related contracts			
(i) Less than 1 year	438,428	1,757	(1,755)
(ii) 1 year to 3 years	493,416	2,591	(2,591)
<b>Total</b>	<b>152,609,457</b>	<b>1,776,371</b>	<b>(1,711,745)</b>



**HONG LEONG BANK BERHAD**  
**Registration No: 19340100023 (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 RM85,325,000 (30 June 2022: RM480,304,000) and RM119,850,193,000 (30 June 2022: RM92,034,265,000) respectively.

Derivatives

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

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM1,746,460,000 (30 June 2022: RM2,203,729,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

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

**Credit risk (continued)**

Derivatives (continued)

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

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

**Liquidity risk**

Derivatives

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

**Related accounting policies**

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

Fair value hedge

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

Cash flow hedge

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

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

**B10 Material litigation**

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

**B11 Dividend**

For the financial period ended 31 March 2023, an interim single tier dividend of 21 sen per share was declared and paid (31 March 2022: 18 sen).

**B12 Earnings per share**

**(a) Basic earnings per share**

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

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	929,959	784,798	2,953,519	2,381,643
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(119,053)	(119,711)	(119,053)	(119,711)
	<u>2,048,665</u>	<u>2,048,007</u>	<u>2,048,665</u>	<u>2,048,007</u>
<b>Basic earnings per share (sen)</b>	45.4	38.3	144.2	116.3
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	521,024	455,187	1,630,850	1,429,969
Weighted average number of ordinary shares in issue ('000)	2,167,718	2,167,718	2,167,718	2,167,718
Less: Treasury shares held	(119,053)	(119,711)	(119,053)	(119,711)
	<u>2,048,665</u>	<u>2,048,007</u>	<u>2,048,665</u>	<u>2,048,007</u>
<b>Basic earnings per share (sen)</b>	25.4	22.2	79.6	69.8

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

**B12 Earnings per share** (continued)

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

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

	<b>3rd Quarter Ended</b>		<b>Cumulative Nine Months Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	929,959	784,798	2,953,519	2,381,643
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,665	2,048,007	2,048,665	2,048,007
- adjustment for ESS	556	1,228	556	1,228
	<b>2,049,221</b>	<b>2,049,235</b>	<b>2,049,221</b>	<b>2,049,235</b>
<b>Fully diluted earnings per share (sen)</b>	45.4	38.3	144.1	116.2
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	521,024	455,187	1,630,850	1,429,969
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,665	2,048,007	2,048,665	2,048,007
- adjustment for ESS	556	1,228	556	1,228
	<b>2,049,221</b>	<b>2,049,235</b>	<b>2,049,221</b>	<b>2,049,235</b>
<b>Fully diluted earnings per share (sen)</b>	25.4	22.2	79.6	69.8

Dated this 31 May 2023