

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

**Condensed Financial Statements**  
**Unaudited Statements of Financial Position As At 30 June 2023**

	Note	The Group		The Bank	
		30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b><u>ASSETS</u></b>					
Cash and short-term funds		8,206,803	6,094,729	6,362,228	5,455,788
Deposits and placements with banks and other financial institutions		436,877	842,506	1,343,553	2,614,335
Financial assets at fair value through profit or loss	A8	5,654,937	7,244,482	4,916,952	6,940,762
Financial investments at fair value through other comprehensive income	A9	33,886,670	26,196,303	30,109,200	22,416,521
Financial investments at amortised cost	A10	31,194,065	32,358,414	22,201,564	23,144,545
Loans, advances and financing	A11	179,902,847	166,487,621	135,092,761	126,745,536
Other assets	A12	2,454,415	2,280,742	2,398,503	1,781,555
Derivative financial instruments		2,168,424	1,863,300	2,071,669	1,776,371
Amount due from subsidiaries		-	-	143,862	91,110
Statutory deposits with Central Banks		3,396,920	520,650	2,509,021	272,138
Subsidiary companies		-	-	2,655,317	2,625,696
Investment in associated companies		8,712,976	6,455,474	2,087,699	971,182
Property and equipment		1,055,391	1,110,606	488,040	527,989
Intangible assets		362,435	304,749	326,216	269,645
Right-of-use assets		175,946	211,718	261,308	321,446
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		410,436	528,771	317,985	403,666
<b>TOTAL ASSETS</b>		<b>279,850,454</b>	<b>254,331,377</b>	<b>215,057,425</b>	<b>198,129,832</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	211,651,819	197,292,459	162,732,948	155,007,304
Investment accounts of customers	A14	2,250,513	2,668,408	-	-
Deposits and placements of banks and other financial institutions	A15	9,593,826	6,322,250	8,269,491	5,175,420
Obligations on securities sold under repurchase agreements		7,399,583	3,971,304	7,399,583	3,971,304
Bills and acceptances payable		211,431	241,361	155,202	153,419
Lease liabilities		178,928	210,981	269,713	325,365
Other liabilities	A16	5,946,050	5,750,350	5,566,750	5,392,859
Derivative financial instruments		2,387,886	1,736,838	2,301,936	1,711,745
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		2,972,220	1,623,937	1,514,646	502,798
Tier 2 subordinated bonds	A17	1,501,750	1,502,206	1,501,750	1,502,206
Multi-currency Additional Tier 1 capital securities	A18	1,719,509	1,715,695	1,719,509	1,715,695
Provision for taxation		50,287	306,612	39,545	272,986
<b>TOTAL LIABILITIES</b>		<b>245,863,802</b>	<b>223,342,401</b>	<b>191,471,073</b>	<b>175,731,101</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		26,956,355	23,963,603	16,556,055	15,373,358
Less: Treasury shares		(708,766)	(713,690)	(708,766)	(713,690)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>33,986,652</b>	<b>30,988,976</b>	<b>23,586,352</b>	<b>22,398,731</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>279,850,454</b>	<b>254,331,377</b>	<b>215,057,425</b>	<b>198,129,832</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	A30	<b>260,170,634</b>	<b>208,116,971</b>	<b>246,285,659</b>	<b>194,469,898</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		16.59	15.13	11.51	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 Year Ended 30 June 2023**

	Note	The Group			
		Current Quarter Ended 30/06/2023 RM'000	Corresponding Quarter Ended 30/06/2022 RM'000	Current Year Ended 30/06/2023 RM'000	Corresponding Year Ended 30/06/2022 RM'000
Interest income	A19(a)	2,008,202	1,422,278	7,370,454	5,505,696
Interest income for financial assets at fair value through profit or loss	A19(b)	20,419	56,753	160,370	217,168
Interest expense	A20	(1,135,396)	(550,475)	(3,846,739)	(1,967,533)
Net interest income		893,225	928,556	3,684,085	3,755,331
Net income from Islamic Banking business	A21	229,631	239,303	963,368	904,785
Other operating income	A22	180,306	330,536	1,038,056	937,292
Net income		1,303,162	1,498,395	5,685,509	5,597,408
Other operating expenses	A23	(587,367)	(560,056)	(2,233,282)	(2,098,376)
Operating profit before allowances		715,795	938,339	3,452,227	3,499,032
Allowance for impairment losses on loans, advances and financing	A24	(14,399)	(30,202)	(115,382)	(163,574)
Written back of impairment losses on financial investments and other assets	A25	446	394	306	851
Share of profit after tax of equity accounted associated companies		701,842	908,531	3,337,151	3,336,309
		338,534	308,797	1,289,480	1,030,491
Profit before taxation		1,040,376	1,217,328	4,626,631	4,366,800
Taxation	B5	(175,699)	(309,688)	(808,435)	(1,077,517)
Net profit for the financial year		864,677	907,640	3,818,196	3,289,283
<b>Attributable to:</b>					
Owners of the parent		864,677	907,640	3,818,196	3,289,283
Earnings per share - basic (sen)	B12(a)	42.2	44.3	186.4	160.6
Earnings per share - fully diluted (sen)	B12(b)	42.2	44.3	186.3	160.5

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Year Ended 30 June 2023**

	<b>The Group</b>			
	<b>Current Quarter Ended 30/06/2023 RM'000</b>	<b>Corresponding Quarter Ended 30/06/2022 RM'000</b>	<b>Current Year Ended 30/06/2023 RM'000</b>	<b>Corresponding Year Ended 30/06/2022 RM'000</b>
Net profit for the financial year	864,677	907,640	3,818,196	3,289,283
Other comprehensive income/(loss) in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	14,264	14,286	14,264	14,286
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive loss of associated company	(10,277)	(21,399)	(15,045)	(16,743)
(b) Currency translation differences	156,550	24,054	62,380	227,635
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	22,226	(383,277)	406,406	(1,161,549)
- Changes in expected credit losses	(11)	(139)	285	(537)
(d) Net fair value changes in cash flow hedge	-	(2,902)	362	7,574
Income tax relating to components of other comprehensive loss/(income)	6,136	88,499	(88,321)	252,023
Other comprehensive income/(loss) for the financial year, net of tax	188,888	(280,878)	380,331	(677,311)
Total comprehensive income for the financial year	<u>1,053,565</u>	<u>626,762</u>	<u>4,198,527</u>	<u>2,611,972</u>
Attributable to:				
- Owners of the parent	<u>1,053,565</u>	<u>626,762</u>	<u>4,198,527</u>	<u>2,611,972</u>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Year Ended 30 June 2023**

	Note	The Bank			
		Current Quarter Ended 30/06/2023 RM'000	Corresponding Quarter Ended 30/06/2022 RM'000	Current Year Ended 30/06/2023 RM'000	Corresponding Year Ended 30/06/2022 RM'000
Interest income	A19(a)	1,938,611	1,365,541	7,115,026	5,303,193
Interest income for financial assets at fair value through profit or loss	A19(b)	20,419	56,753	160,370	217,168
Interest expense	A20	(1,096,407)	(528,987)	(3,727,577)	(1,893,157)
Net interest income		862,623	893,307	3,547,819	3,627,204
Other operating income	A22	182,494	693,589	1,020,599	1,278,446
Net income		1,045,117	1,586,896	4,568,418	4,905,650
Other operating expenses	A23	(487,257)	(470,314)	(1,854,063)	(1,756,729)
Operating profit before allowances Written back of/(allowance for) impairment losses on loans, advances and financing	A24	557,860	1,116,582	2,714,355	3,148,921
Written back of impairment losses on financial investments and other assets	A25	32,373	(18,820)	11,536	46,956
Profit before taxation		1,527	1,269	2,968	391
Taxation	B5	591,760	1,099,031	2,728,859	3,196,268
Net profit for the financial year		(145,574)	(317,073)	(651,823)	(984,341)
<b>Attributable to:</b>		446,186	781,958	2,077,036	2,211,927
Owners of the parent		446,186	781,958	2,077,036	2,211,927
Earnings per share - basic (sen)	B12(a)	21.8	38.2	101.4	108.0
Earnings per share - fully diluted (sen)	B12(b)	21.8	38.2	101.3	107.9

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Year Ended 30 June 2023**

	<b>The Bank</b>			
	<b>Current Quarter Ended 30/06/2023 RM'000</b>	<b>Corresponding Quarter Ended 30/06/2022 RM'000</b>	<b>Current Year Ended 30/06/2023 RM'000</b>	<b>Corresponding Year Ended 30/06/2022 RM'000</b>
Net profit for the financial year	446,186	781,958	2,077,036	2,211,927
Other comprehensive income/(loss) in respect of:				
(i) Item that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	14,264	14,286	14,264	14,286
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	56,983	35,700	105,538	43,324
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	(39,566)	(316,157)	257,468	(1,010,494)
- Changes in expected credit losses	(14)	(141)	283	(542)
(c) Net fair value changes in cash flow hedge	-	(2,902)	362	7,574
Income tax relating to components of other comprehensive loss/(income)	7,064	72,414	(66,479)	215,860
Other comprehensive income/(loss) for the financial year, net of tax	38,731	(196,800)	311,436	(729,992)
Total comprehensive income for the financial year	484,917	585,158	2,388,472	1,481,935

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 2023**

Attributable to owners of the parent

<u>The Group</u>	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
<b>At 1 July 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 year	-	-	-	3,818,196	-	3,818,196
- Share of other comprehensive loss of associated company	-	(15,045)	-	-	-	(15,045)
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	14,264	-	-	-	14,264
- Debt instruments						
- Net fair value changes	-	318,173	-	-	-	318,173
- Changes in expected credit losses	-	285	-	-	-	285
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	62,380	-	-	-	62,380
Total comprehensive income	-	380,331	-	3,818,196	-	4,198,527
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	347,675	(347,675)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option written back arising from ESS lapsed	-	(12,625)	-	-	-	(12,625)
Total transactions with owners	-	(24,975)	347,675	(1,528,475)	4,924	(1,200,851)
<b>At 30 June 2023</b>	<b>7,739,063</b>	<b>936,591</b>	<b>1,002,061</b>	<b>25,017,703</b>	<b>(708,766)</b>	<b>33,986,652</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 year	-	-	-	3,289,283	-	3,289,283
- Share of other comprehensive loss of associated company	-	(16,743)	-	-	-	(16,743)
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	14,286	-	-	-	14,286
- Debt instruments						
- Net fair value changes	-	(907,709)	-	-	-	(907,709)
- Changes in expected credit losses	-	(537)	-	-	-	(537)
- Net fair value changes in cash flow hedge	-	5,757	-	-	-	5,757
- Currency translation differences	-	227,635	-	-	-	227,635
Total comprehensive (loss)/income	-	(677,311)	-	3,289,283	-	2,611,972
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	230,432	(230,432)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	6,916	-	-	-	6,916
Total transactions with owners	-	(5,205)	230,432	(1,312,677)	5,340	(1,082,110)
<b>At 30 June 2022</b>	<b>7,739,063</b>	<b>581,235</b>	<b>654,386</b>	<b>22,727,982</b>	<b>(713,690)</b>	<b>30,988,976</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM990,816,000 (30 June 2022: RM643,141,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 June 2022: RM11,245,000)

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Year Ended 30 June 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 year	-	-	-	2,077,036	-	2,077,036
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	14,264	-	-	-	14,264
- Debt instruments						
- Net fair value changes	-	191,077	-	-	-	191,077
- Changes in expected credit losses	-	283	-	-	-	283
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	105,538	-	-	-	105,538
Total comprehensive income	-	311,436	-	2,077,036	-	2,388,472
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	288,886	(288,886)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option written back arising from ESS lapsed	-	(12,625)	-	-	-	(12,625)
Total transactions with owners	-	(24,975)	288,886	(1,469,686)	4,924	(1,200,851)
<b>At 30 June 2023</b>	<b>7,739,063</b>	<b>2,905</b>	<b>825,318</b>	<b>15,727,832</b>	<b>(708,766)</b>	<b>23,586,352</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 year	-	-	-	2,211,927	-	2,211,927
- Financial assets measured at fair value through other comprehensive income						
- Equity instruments						
- Net fair value changes	-	14,286	-	-	-	14,286
- Debt instruments						
- Net fair value changes	-	(792,817)	-	-	-	(792,817)
- Changes in expected credit losses	-	(542)	-	-	-	(542)
- Net fair value changes in cash flow hedge	-	5,757	-	-	-	5,757
- Currency translation differences	-	43,324	-	-	-	43,324
Total comprehensive (loss)/income	-	(729,992)	-	2,211,927	-	1,481,935
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	148,755	(148,755)	-	-
Dividends paid	-	-	-	(1,089,942)	-	(1,089,942)
ESS exercised	-	(12,121)	-	7,697	5,340	916
Option charge arising from ESS granted	-	6,916	-	-	-	6,916
Total transactions with owners	-	(5,205)	148,755	(1,231,000)	5,340	(1,082,110)
<b>At 30 June 2022</b>	<b>7,739,063</b>	<b>(283,556)</b>	<b>536,432</b>	<b>15,120,482</b>	<b>(713,690)</b>	<b>22,398,731</b>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Year Ended 30 June 2023**

	The Group		The Bank	
	Financial Year Ended 30/06/2023 RM'000	Financial Year Ended 30/06/2022 RM'000	Financial Year Ended 30/06/2023 RM'000	Financial Year Ended 30/06/2022 RM'000
Profit before taxation	4,626,631	4,366,800	2,728,859	3,196,268
Adjustments for non-cash items	(2,290,855)	(1,913,280)	(1,229,573)	(1,543,956)
Operating profit before working capital changes	2,335,776	2,453,520	1,499,286	1,652,312
Changes in working capital:				
Net changes in operating assets	(15,450,192)	(13,416,068)	(9,312,772)	(8,624,486)
Net changes in operating liabilities	21,766,988	14,559,685	15,283,857	8,523,869
Income taxes and zakat paid	(1,030,371)	(1,095,221)	(859,773)	(896,290)
Net cash generated from operating activities	<u>7,622,201</u>	<u>2,501,916</u>	<u>6,610,598</u>	<u>655,405</u>
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	(27,402)	(69,112)
Net (purchases)/proceeds of financial investments at fair value through other comprehensive income	(7,479,290)	7,863,800	(7,630,850)	7,812,472
Net proceeds/(purchases) of financial investments at amortised cost	1,833,797	(8,104,000)	1,611,641	(5,967,070)
Purchase of property and equipment	(132,069)	(115,678)	(129,203)	(109,898)
Net proceeds from sale of property and equipment	377	1,890	161	1,772
Purchase of intangible assets	(37,156)	(35,442)	(30,773)	(27,177)
Dividends received from:				
- Subsidiary company	-	-	330	36,800
- Associated company	-	-	-	268,591
- Financial assets at fair value through profit or loss	88,826	101,001	89,277	102,768
- Financial investments at fair value through other comprehensive income	2,175	406	2,175	406
Net cash (used in)/generated from investing activities	<u>(5,723,340)</u>	<u>(288,023)</u>	<u>(6,114,644)</u>	<u>2,049,552</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(1,188,226)	(1,089,942)	(1,188,226)	(1,089,942)
Repayment of Tier 2 subordinated loan	(500,000)	-	(500,000)	-
Repayment of lease liabilities	(44,402)	(44,321)	(66,236)	(65,272)
Repayment of recourse obligation on loans sold to Cagamas	(962,930)	(64,174)	(300,020)	-
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	650,000	1,300,000	200,000
- Tier 2 subordinated bonds	500,000	-	500,000	-
- Multi-currency Additional Tier 1 capital securities	400,000	900,000	400,000	900,000
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(66,196)	(40,430)	(17,395)	(13,224)
- Tier 2 subordinated bonds	(66,533)	(66,734)	(66,533)	(66,734)
- Multi-currency Additional Tier 1 capital securities	(78,858)	(39,346)	(78,927)	(39,512)
- Lease liabilities	(8,737)	(9,154)	(13,251)	(14,785)
Net cash (used in)/generated from financing activities	<u>(115,882)</u>	<u>196,815</u>	<u>(430,588)</u>	<u>(188,553)</u>



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**Condensed Financial Statements**  
**Unaudited Condensed Statements of Cash Flows**  
**For The Financial Year Ended 30 June 2023**

	The Group		The Bank	
	Financial Year Ended 30/06/2023 RM'000	Financial Year Ended 30/06/2022 RM'000	Financial Year Ended 30/06/2023 RM'000	Financial Year Ended 30/06/2022 RM'000
Net increase in cash and cash equivalents	1,782,979	2,410,708	65,366	2,516,404
Currency translation differences	160,892	96,466	104,577	42,044
Cash and cash equivalents at the beginning of financial year	5,981,992	3,474,818	6,119,034	3,560,586
<b>Cash and cash equivalents at the end of financial year</b>	<b>7,925,863</b>	<b>5,981,992</b>	<b>6,288,977</b>	<b>6,119,034</b>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	8,206,803	6,094,729	6,362,228	5,455,788
Deposits and placements with banks and other financial institutions	436,877	842,506	1,343,553	2,614,335
	8,643,680	6,937,235	7,705,781	8,070,123
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(717,817)	(955,243)	(1,416,804)	(1,951,089)
	<b>7,925,863</b>	<b>5,981,992</b>	<b>6,288,977</b>	<b>6,119,034</b>

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

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 30 JUNE 2023**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial year ended 30 June 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 year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

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

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

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**A3 Seasonality or 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 year.

**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 year.

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

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

**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 year ended 30 June 2023:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 June 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 year ended 30 June 2023, the trust did not purchase any new shares. As at 30 June 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.

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

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

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

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

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

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

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

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

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

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

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 30 June 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.

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**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) Issuance of Tier 2 Subordinated Notes

On 19 June 2023, the Bank issued a fourth tranche of RM500.0 million nominal value of 10-year non-callable 5 years Tier 2 Subordinated Notes (“Sub Notes”) callable on 19 June 2028 (and thereafter) and due on 17 June 2033 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this fourth tranche of the Sub Notes is 4.20% per annum, which is payable semi-annually in arrears from the date of the issue.

e) 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.

On 26 June 2023, the Bank had fully redeemed the RM500.0 million nominal value of Tier 2 Subordinated Notes bearing coupon rate of 4.86% 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 30 June 2023 amounting to RM430.3 million was paid on 28 March 2023.

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	1,197,414	49,806	997,852	49,806
Government treasury bills	620,126	2,083,409	225,937	1,786,542
Malaysian Government securities	305,143	321,783	305,143	321,783
Malaysian Government investment certificates	1,518,578	158,570	1,353,463	158,570
Cagamas bonds	15,078	65,587	15,078	65,587
	<u>3,656,339</u>	<u>2,679,155</u>	<u>2,897,473</u>	<u>2,382,288</u>
Quoted securities:				
Shares in Malaysia	62,637	56,693	11,249	-
Shares outside Malaysia	9,352	-	9,352	-
Wholesale fund/unit trust	1,307,176	2,780,869	1,380,727	2,859,382
Portfolio Investment Accounts (Note)	1,282	9,097	-	-
Foreign currency bonds in Malaysia	-	11,938	-	11,938
Foreign currency bonds outside Malaysia	-	31,120	-	31,120
Convertible bonds outside Malaysia	-	1,108,752	-	1,190,942
Unquoted securities:				
Government sukuk	-	101,766	-	-
Corporate bonds and sukuk	190,885	84,472	190,885	84,472
Shares in Malaysia	364,985	355,620	364,985	355,620
Foreign currency bonds in Malaysia	37,281	-	37,281	-
Redeemable preference shares	25,000	25,000	25,000	25,000
Total financial assets at FVTPL	<u>5,654,937</u>	<u>7,244,482</u>	<u>4,916,952</u>	<u>6,940,762</u>

Note:

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

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

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
At fair value				
(a) Debt instruments	33,789,020	26,112,917	30,011,550	22,333,135
(b) Equity instruments	97,650	83,386	97,650	83,386
Total financial investments at FVOCI	<u>33,886,670</u>	<u>26,196,303</u>	<u>30,109,200</u>	<u>22,416,521</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	1,820,701	-	1,820,701	-
Malaysian Government securities	4,493,298	3,670,109	4,493,298	3,670,109
Malaysian Government investment certificates	9,726,037	8,954,723	6,297,637	5,571,427
Negotiable instruments of deposit	1,306,322	1,796,800	1,306,322	1,796,800
Cagamas bonds	2,535,068	821,260	2,535,068	795,929
Khazanah bonds	363,416	348,079	363,416	348,079
	<u>20,244,842</u>	<u>15,590,971</u>	<u>16,816,442</u>	<u>12,182,344</u>
Quoted securities:				
Government sukuk	860,644	831,321	860,644	831,321
Foreign currency bonds in Malaysia	1,873,035	1,216,476	1,873,035	1,216,476
Foreign currency bonds outside Malaysia	1,703,172	842,415	1,703,172	842,415
Unquoted securities:				
Government sukuk	30,768	417,257	30,768	417,257
Corporate bonds and sukuk	7,896,424	6,783,878	7,553,461	6,420,235
Foreign currency bonds in Malaysia	847,674	175,112	847,674	175,112
Foreign currency bonds outside Malaysia	332,461	255,487	326,354	247,975
	<u>33,789,020</u>	<u>26,112,917</u>	<u>30,011,550</u>	<u>22,333,135</u>

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Group</b> <b>30 June 2023</b>	RM'000	RM'000	RM'000	RM'000
At 1 July	1,729	-	4,287	6,016
New financial assets originated or purchased	959	-	-	959
Financial assets derecognised	(199)	-	-	(199)
Changes due to change in credit risk	(576)	-	-	(576)
Exchange differences	101	-	-	101
At 30 June	2,014	-	4,287	6,301

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



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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b> <b>30 June 2023</b>	RM'000	impaired	impaired	
		RM'000	RM'000	
At 1 July	1,724	-	4,287	6,011
New financial assets originated or purchased	959	-	-	959
Financial assets derecognised	(193)	-	-	(193)
Changes due to change in credit risk	(581)	-	-	(581)
Exchange differences	98	-	-	98
At 30 June	2,007	-	4,287	6,294

	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	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

	The Group		The Bank	
	30/06/2023	30/6/2022	30/06/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	97,650	83,386	97,650	83,386

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**A10 Financial investments at amortised cost**

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
Money market instruments:				
Government treasury bills	60,676	57,612	60,676	57,612
Malaysian Government securities	5,427,423	4,787,205	5,427,423	4,787,205
Malaysian Government investment certificates	22,985,651	22,720,790	14,847,344	14,950,431
Cagamas bonds	1,658,260	416,700	954,692	265,439
Khazanah bonds	14,393	13,889	14,393	13,889
Other Government securities	421,343	419,246	357,609	357,270
	<u>30,567,746</u>	<u>28,415,442</u>	<u>21,662,137</u>	<u>20,431,846</u>
Quoted securities:				
Foreign currency bonds outside Malaysia	19,117	62,174	19,117	62,174
Unquoted securities:				
Government sukuk	30,611	2,583,133	30,611	1,617,188
Corporate bonds and sukuk	576,609	1,297,733	489,699	1,033,337
Less: Expected credit losses	(18)	(68)	-	-
Total financial investments at amortised cost	<u>31,194,065</u>	<u>32,358,414</u>	<u>22,201,564</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>RM'000</u>
	<u>12 Months</u> <u>ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit</u> <u>impaired</u> <u>RM'000</u>	
<b>The Group</b>				
<b>30 June 2023</b>				
At 1 July	68	-	-	68
Changes due to change in credit risk	(52)	-	-	(52)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	3	-	-	3
At 30 June	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>

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

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>The Bank 30 June 2023</b>				
At 1 July/30 June	-	-	-	-
	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 30 June 2022</b>				
At 1 July	23	-	-	23
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	1	-	-	1
At 30 June	-	-	-	-

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**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	4,077,891	3,546,936	2,603,155	2,418,512
Term loans/financing:				
- Housing and shop loans/financing	97,387,797	91,169,501	75,068,963	70,818,806
- Hire purchase receivables	19,914,072	18,035,880	14,287,272	13,757,762
- Ijarah receivables	249,054	247,445	-	-
- Other term loans/financing and syndicated term loans	35,065,848	31,953,779	23,546,880	21,668,500
Credit/charge card receivables	3,202,663	2,923,883	3,202,663	2,923,883
Bills receivable	1,936,868	1,539,682	1,522,981	1,226,517
Trust receipts	441,074	417,252	301,326	219,633
Claims on customers under				
acceptance credits	8,936,884	8,817,344	7,558,692	7,484,462
Revolving credit	10,339,502	9,455,248	8,142,773	7,423,951
Staff loans/financing	125,058	127,075	108,093	111,524
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</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	(14,700)	(9,962)	(11,788)	(6,919)
Allowance for impairment losses:				
- Expected credit losses	(1,759,164)	(1,736,442)	(1,238,249)	(1,301,095)
Total net loans, advances and financing	<u>179,902,847</u>	<u>166,487,621</u>	<u>135,092,761</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 RM2,917,197,000 (2022: RM1,572,077,000) and RM1,463,428,000 (2022: RM481,662,000) respectively.

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

A11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	2,228,815	1,916,763	1,878,916	1,589,487
Domestic business enterprises:				
- small and medium enterprises ("SME")	33,030,609	30,114,790	23,810,665	22,093,010
- others	27,819,048	25,126,789	20,975,027	18,824,683
Government and statutory bodies	1,108	1,387	-	-
Individuals	115,372,002	107,602,406	86,802,501	82,391,900
Other domestic entities	100,246	103,122	5,374	9,529
Foreign entities	3,124,883	3,368,768	2,870,315	3,144,941
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</u>	<u>128,053,550</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	4,875,610	1,387,937	3,661,786	841,055
- Hire purchase receivables	19,856,028	17,965,989	14,248,349	13,709,506
- Other fixed rate loans/financing	8,640,926	9,513,099	7,393,620	7,878,168
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	123,357,618	116,345,805	93,672,546	89,645,540
- Cost plus	24,846,899	22,881,491	17,358,416	15,973,965
- Other variables rates	99,630	139,704	8,081	5,316
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</u>	<u>128,053,550</u>

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

A11c By economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	945,964	976,120	769,222	723,762
Purchase of transport vehicles	19,574,851	17,653,587	13,920,233	13,359,480
Purchase of landed properties				
- residential	89,114,464	82,434,133	67,773,624	63,214,707
- non-residential	21,976,096	20,519,124	16,577,973	15,916,196
Purchase of fixed assets (excluding landed properties)	1,672,034	1,613,109	1,140,245	1,152,867
Personal use	3,885,235	3,706,863	2,616,759	2,487,061
Credit card	3,202,663	2,923,883	3,202,663	2,923,883
Construction	4,197,939	3,531,187	2,886,552	2,545,847
Working capital	35,949,262	33,770,002	26,681,549	25,022,038
Other purpose	1,158,203	1,106,017	773,978	707,709
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</u>	<u>128,053,550</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	167,711,542	156,478,949	126,928,323	120,407,820
Singapore	9,367,686	7,624,640	9,367,686	7,624,640
Hong Kong	46,789	21,090	46,789	21,090
Vietnam	1,956,082	1,652,819	-	-
Cambodia	2,594,612	2,456,527	-	-
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</u>	<u>128,053,550</u>

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

A11e By residual contractual maturity

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	32,945,837	30,652,059	26,641,266	25,192,137
One year to less than three years	7,231,435	6,799,754	5,321,960	4,984,708
Three years to less than five years	10,654,145	11,278,670	8,184,124	8,521,519
Five years and more	130,845,294	119,503,542	96,195,448	89,355,186
Gross loans, advances and financing	<u>181,676,711</u>	<u>168,234,025</u>	<u>136,342,798</u>	<u>128,053,550</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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 year	1,642,609	1,349,618	1,096,781	862,737
Reclassified as non-impaired during the financial year	(890,911)	(620,581)	(645,002)	(450,333)
Amount written back in respect of recoveries	(224,842)	(204,612)	(195,314)	(170,103)
Amount written off	(305,601)	(424,191)	(227,589)	(177,218)
Exchange difference	879	2,109	78	46
At 30 June	<u>1,041,884</u>	<u>819,750</u>	<u>676,600</u>	<u>647,646</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.6%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>

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

A11g Impaired loans, advances and financing by economic purpose

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	125	232	-	220
Purchase of transport vehicles	42,881	35,282	27,129	24,091
Purchase of landed properties				
- residential	404,337	314,945	254,059	237,431
- non-residential	119,107	151,278	105,087	132,400
Purchase of fixed assets (excluding landed properties)	4,627	485	4,627	485
Personal use	47,205	44,522	27,991	22,823
Credit card	30,445	21,419	30,445	21,419
Construction	24,851	9,271	5,575	7,292
Working capital	274,325	207,698	201,728	172,273
Other purpose	93,981	34,618	19,959	29,212
Gross impaired loans, advances and financing	<u>1,041,884</u>	<u>819,750</u>	<u>676,600</u>	<u>647,646</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	982,267	805,638	675,119	646,805
Singapore	1,481	841	1,481	841
Vietnam	928	1,585	-	-
Cambodia	57,208	11,686	-	-
Gross impaired loans, advances and financing	<u>1,041,884</u>	<u>819,750</u>	<u>676,600</u>	<u>647,646</u>



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

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total ECL</b>
<b>30 June 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	976,919	423,876	335,647	1,736,442
Changes in ECL due to transfer within stages	(44,041)	(203,150)	247,191	-
Transfer to Stage 1	35,330	(35,233)	(97)	-
Transfer to Stage 2	(76,350)	145,877	(69,527)	-
Transfer to Stage 3	(3,021)	(313,794)	316,815	-
New financial assets originated	46,534	855	54	47,443
Financial assets derecognised	(15,723)	(30,658)	(25,835)	(72,216)
Changes due to change in credit risk	(5,294)	186,477	172,701	353,884
Modifications to contractual cash flows				
of financial asset	366	1,078	203	1,647
Changes in models/risk parameters	5,747	2,706	-	8,453
Amount written off	-	-	(306,145)	(306,145)
Exchange difference	1,757	571	(615)	1,713
Other movements	-	-	(12,057)	(12,057)
At 30 June	<u>966,265</u>	<u>381,755</u>	<u>411,144</u>	<u>1,759,164</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</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	1,074,984	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	<u>976,919</u>	<u>423,876</u>	<u>335,647</u>	<u>1,736,442</u>

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

A11i Movements in expected credit losses for loans, advances and financing are as follows: (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>30 June 2023</b>				
At 1 July	745,735	296,203	259,157	1,301,095
Changes in ECL due to transfer within stages	(33,871)	(133,368)	167,239	-
Transfer to Stage 1	23,273	(23,177)	(96)	-
Transfer to Stage 2	(55,203)	102,604	(47,401)	-
Transfer to Stage 3	(1,941)	(212,795)	214,736	-
New financial assets originated	32,000	199	2	32,201
Financial assets derecognised	(10,249)	(19,385)	(17,393)	(47,027)
Changes due to change in credit risk	(27,596)	118,445	88,581	179,430
Modifications to contractual cash flows of financial asset	366	1,103	(76)	1,393
Changes in models/risk parameters	4,451	2,572	-	7,023
Amount written off	-	-	(227,681)	(227,681)
Exchange difference	1,310	39	(160)	1,189
Other movements	-	-	(9,374)	(9,374)
At 30 June	712,146	265,808	260,295	1,238,249

	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>30 June 2022</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	745,735	296,203	259,157	1,301,095

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**A12 Other assets**

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	209,513	163,872	199,360	155,655
Settlement accounts	850,808	708,194	849,543	707,138
Treasury related receivables	159,021	578,958	159,021	106,758
Cash collateral pledged for derivative transactions	1,076,611	678,909	1,076,611	678,909
Other receivables	158,416	150,763	113,922	133,049
	<u>2,454,415</u>	<u>2,280,742</u>	<u>2,398,503</u>	<u>1,781,555</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
<b>Amortised cost</b>				
Fixed deposits	112,228,229	93,856,333	82,199,282	68,772,681
Negotiable instruments of deposits	10,914,720	8,626,532	7,472,536	6,299,840
Short-term placements	19,449,279	26,244,055	15,682,791	22,181,987
	<u>142,592,228</u>	<u>128,726,920</u>	<u>105,354,609</u>	<u>97,254,508</u>
Demand deposits	42,617,712	41,279,128	35,491,124	35,060,757
Saving deposits	22,479,000	24,771,649	18,473,887	20,420,243
Others	398,549	449,369	255,610	287,918
	<u>208,087,489</u>	<u>195,227,066</u>	<u>159,575,230</u>	<u>153,023,426</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	3,874,742	2,425,376	3,430,059	2,325,345
Fair value changes arising from designation at fair value through profit or loss *	(310,412)	(359,983)	(272,341)	(341,467)
	<u>3,564,330</u>	<u>2,065,393</u>	<u>3,157,718</u>	<u>1,983,878</u>
	<u>211,651,819</u>	<u>197,292,459</u>	<u>162,732,948</u>	<u>155,007,304</u>

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

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

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**A13 Deposits from customers (continued)**

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	4,821,242	3,149,204	1,041,589	532,038
Business enterprises	99,971,567	92,431,255	75,325,101	71,326,600
Individuals	104,615,970	99,404,508	84,671,220	81,309,351
Others	2,243,040	2,307,492	1,695,038	1,839,315
	<u>211,651,819</u>	<u>197,292,459</u>	<u>162,732,948</u>	<u>155,007,304</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	119,505,166	103,914,125	87,245,822	77,555,688
- six months to one year	20,115,668	20,170,955	16,140,440	16,272,452
- one year to five years	2,196,854	3,835,461	1,204,005	2,633,850
- more than five years	774,540	806,379	764,342	792,518
	<u>142,592,228</u>	<u>128,726,920</u>	<u>105,354,609</u>	<u>97,254,508</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</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	2,249,231	2,659,311	-	-
Restricted investment accounts *				
Wakalah bi Al-Istithmar	1,282	9,097	-	-
	<u>2,250,513</u>	<u>2,668,408</u>	<u>-</u>	<u>-</u>

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

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

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</u>	<u>30/6/2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	7,866,784	4,742,649	6,564,588	3,617,792
Licensed investment banks	230,021	-	230,021	-
Central banks (Note)	1,497,021	1,579,601	1,474,882	1,557,628
	<u>9,593,826</u>	<u>6,322,250</u>	<u>8,269,491</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 RM1,497,021,000 (2022: RM1,579,601,000) and RM1,474,882,000 (2022: RM1,557,628,000) respectively at concession rates.

**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>30/06/2023</u>	<u>30/6/2022</u>	<u>30/06/2023</u>	<u>30/6/2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		350	350	-	-
Post employment benefits obligation					
- defined contribution plan		300	278	300	278
Loan advance payment		3,666,443	3,829,956	3,016,782	3,120,374
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		204,026	128,773	123,742	96,711
Cash collateral pledged for derivative transactions		298,332	213,260	299,063	213,260
Sundry creditors and accruals		418,352	348,272	401,350	331,414
Provision for bonus and staff related expenses		170,302	179,683	157,584	166,171
Expected credit losses on financial guarantee contracts	(a)	8,110	3,657	7,413	3,352
Provision for reinstatement cost		21,137	21,911	26,360	27,160
Settlement accounts		889,467	824,436	885,337	824,144
Others		269,231	199,774	216,712	177,888
		<u>5,946,050</u>	<u>5,750,350</u>	<u>5,566,750</u>	<u>5,392,859</u>

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**A16 Other liabilities (continued)**

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Group</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>Total ECL</b>
<b>30 June 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	3,116	541	-	3,657
Changes in ECL due to transfer within stages	(4)	4	-	-
Transfer to Stage 1	41	(41)	-	-
Transfer to Stage 2	(45)	45	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	8,386	-	-	8,386
Financial assets derecognised	(496)	-	-	(496)
Changes due to change in credit risk	(4,839)	833	-	(4,006)
Exchange difference	555	14	-	569
At 30 June	<u>6,718</u>	<u>1,392</u>	<u>-</u>	<u>8,110</u>

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

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**A16 Other liabilities** (continued)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
<b>The Bank</b>				
<b>30 June 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	(1)	1	-	-
Transfer to Stage 1	28	(28)	-	-
Transfer to Stage 2	(29)	29	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	8,386	-	-	8,386
Financial assets derecognised	(496)	-	-	(496)
Changes due to change in credit risk	(5,237)	844	-	(4,393)
Exchange difference	550	14	-	564
At 30 June	<u>6,051</u>	<u>1,362</u>	<u>-</u>	<u>7,413</u>

  

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

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**A17 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>	<u>30/06/2023</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	2,661	2,236	2,661	2,236
	<u>1,502,661</u>	<u>1,502,236</u>	<u>1,502,661</u>	<u>1,502,236</u>
Less: Unamortised discounts	(911)	(30)	(911)	(30)
	<u><u>1,501,750</u></u>	<u><u>1,502,206</u></u>	<u><u>1,501,750</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 26 June 2023, HLB had fully redeemed the RM500.0 million nominal value of this Sub Notes.

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.

On 19 June 2023, the Bank issued a fourth tranche of RM500.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 19 June 2028 (and thereafter) and due on 17 June 2033 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this fourth tranche of the Sub Notes is 4.20% per annum, which is payable semi-annually in arrears from the date of the issue.



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

	<u>The Group</u>		<u>The Bank</u>	
	<u>30/06/2023</u> <u>RM'000</u>	<u>30/6/2022</u> <u>RM'000</u>	<u>30/06/2023</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	15,902	13,574	15,902	13,574
	<u>1,715,902</u>	<u>1,713,574</u>	<u>1,715,902</u>	<u>1,713,574</u>
Less: Unamortised discounts	(1,508)	(1,161)	(1,508)	(1,161)
Add: Fair value changes arising from fair value hedges	5,115	3,282	5,115	3,282
	<u><u>1,719,509</u></u>	<u><u>1,715,695</u></u>	<u><u>1,719,509</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, HLF. The Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 5.13% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe the RM400.0 million Multi-currency Additional Tier 1 subordinated sukuk wakalah issued by HLISB, a wholly-owned subsidiary of the Bank.

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

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.

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**A19(a) Interest income**

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Loan, advances and financing	1,494,547	1,070,582	5,566,975	4,127,244
Money at call and deposit placements with financial institutions	71,177	30,249	245,954	88,013
Securities purchased under resale agreements	227	251	867	758
Financial investments at FVOCI	271,892	145,896	871,880	669,165
Financial investments at amortised cost	165,167	174,824	669,395	619,506
Others	5,192	476	15,383	1,010
	<u>2,008,202</u>	<u>1,422,278</u>	<u>7,370,454</u>	<u>5,505,696</u>
Interest income earned on impaired loans, advances and financing during the financial year	<u>15,155</u>	<u>4,769</u>	<u>41,342</u>	<u>26,008</u>
	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Loan, advances and financing	1,411,745	1,005,986	5,259,695	3,898,648
Money at call and deposit placements with financial institutions	84,851	38,394	299,163	111,716
Securities purchased under resale agreements	227	251	867	758
Financial investments at FVOCI	271,823	145,808	871,573	672,355
Financial investments at amortised cost	164,980	174,639	668,660	618,725
Others	4,985	463	15,068	991
	<u>1,938,611</u>	<u>1,365,541</u>	<u>7,115,026</u>	<u>5,303,193</u>
Interest income earned on impaired loans, advances and financing during the financial year	<u>14,978</u>	<u>4,769</u>	<u>40,548</u>	<u>25,950</u>

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

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial assets at FVTPL	20,419	56,753	160,370	217,168

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Financial assets at FVTPL	20,419	56,753	160,370	217,168

**A20 Interest expense**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	90,896	28,281	370,036	79,316
Deposits from customers	843,830	415,521	2,667,726	1,572,067
Short-term placements	147,735	66,881	622,833	178,631
Tier 2 subordinated bonds	16,962	16,604	66,958	66,600
Multi-currency Additional Tier-1 capital securities	19,472	16,764	81,186	46,315
Recourse obligation on loans sold to Cagamas	14,469	3,985	29,263	15,450
Others	2,032	2,439	8,737	9,154
	<u>1,135,396</u>	<u>550,475</u>	<u>3,846,739</u>	<u>1,967,533</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	100,565	33,053	405,917	93,136
Deposits from customers	794,146	387,936	2,508,100	1,478,074
Short-term placements	147,735	66,881	622,833	178,631
Tier 2 subordinated bonds	16,962	16,604	66,958	66,600
Multi-currency Additional Tier-1 capital securities	19,472	16,806	81,255	46,481
Recourse obligation on loans sold to Cagamas	14,469	3,985	29,263	15,450
Others	3,058	3,722	13,251	14,785
	<u>1,096,407</u>	<u>528,987</u>	<u>3,727,577</u>	<u>1,893,157</u>

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**A21 Net income from Islamic Banking business**

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	507,635	379,231	1,894,039	1,409,048
Income derived from investment of shareholders' funds	76,252	43,655	259,365	168,618
Income derived from investment of investment account	32,241	12,615	118,629	68,451
Income attributable to depositors	(363,198)	(181,940)	(1,229,550)	(702,907)
Income attributable to depositors on investment account	(23,299)	(14,258)	(79,115)	(38,425)
	<u>229,631</u>	<u>239,303</u>	<u>963,368</u>	<u>904,785</u>
Financing income earned on impaired financing and advances during the financial year	<u>2,752</u>	<u>930</u>	<u>6,556</u>	<u>3,417</u>

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**A22 Other operating income**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	50,809	49,318	185,374	201,496
Service charges and fees	9,468	8,792	38,491	37,999
Guarantee fees	7,750	3,516	27,807	15,913
Credit card related fees	53,167	50,317	210,975	193,684
Commitment fees	9,159	9,408	37,124	36,696
Fee on loans, advances and financing	10,792	10,971	50,576	49,760
Other fee income	5,811	22,175	48,506	74,115
	<u>146,956</u>	<u>154,497</u>	<u>598,853</u>	<u>609,663</u>
(b) <u>Gain/(loss) arising from sale of financial assets:</u>				
Net gain/(loss) from sale of financial assets at FVTPL	24,240	(31,667)	85,177	(58,657)
Net (loss)/gain from sale of derivative financial instruments	(20,613)	27,788	(53,230)	20,792
Net gain/(loss) from sale of financial investments at FVOCI	1,679	(13,835)	34,943	87,887
	<u>5,306</u>	<u>(17,714)</u>	<u>66,890</u>	<u>50,022</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	24,171	17,062	88,826	101,001
Financial investments at FVOCI	435	406	2,175	406
	<u>24,606</u>	<u>17,468</u>	<u>91,001</u>	<u>101,407</u>

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**A22 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(26,650)	239,331	(5,403)	208,290
- Derivatives financial instruments	62,956	(69,529)	111,379	100,366
	<u>36,306</u>	<u>169,802</u>	<u>105,976</u>	<u>308,656</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>2,217</u>	<u>(1,950)</u>	<u>8,265</u>	<u>(7,489)</u>
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	<u>(1,079)</u>	<u>(2,718)</u>	<u>853</u>	<u>(2,141)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(39,887)	3,260	144,564	(143,943)
Rental income	4,599	6,121	17,042	16,162
Gain on disposal of property and equipment	2	1,382	233	1,555
Other non-operating income	1,280	388	4,379	3,400
	<u>(34,006)</u>	<u>11,151</u>	<u>166,218</u>	<u>(122,826)</u>
Total other operating income	<u>180,306</u>	<u>330,536</u>	<u>1,038,056</u>	<u>937,292</u>

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**A22 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
<b>(a) <u>Fee income:</u></b>				
Commissions	50,073	48,671	182,954	198,888
Service charges and fees	9,189	8,615	37,434	37,151
Guarantee fees	7,703	3,372	27,684	15,723
Credit card related fees	53,167	50,317	210,975	193,684
Commitment fees	8,814	9,049	35,603	35,236
Fee on loans, advances and financing	9,386	8,173	42,517	37,589
Other fee income	5,689	22,091	48,100	73,823
	144,021	150,288	585,267	592,094
<b>(b) <u>Gain/(loss) arising from sale of financial assets:</u></b>				
Net gain/(loss) from sale of financial assets at FVTPL	24,476	(32,231)	86,447	(59,239)
Net (loss)/gain from sale of derivative financial instruments	(21,697)	27,027	(55,103)	19,328
Net gain/(loss) from sale of financial investments at FVOCI	1,679	(13,835)	34,943	87,887
	4,458	(19,039)	66,287	47,976
<b>(c) <u>Gross dividend income from:</u></b>				
Subsidiary companies	-	36,800	330	36,800
Associated companies	5,992	334,115	5,992	334,115
Financial assets at FVTPL	23,989	18,013	89,277	102,768
Financial investments at FVOCI	435	406	2,175	406
	30,416	389,334	97,774	474,089

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**A22 Other operating income** (continued)

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain on revaluation of:</u>				
- Financial assets at FVTPL	(26,553)	239,125	(6,631)	207,569
- Derivatives financial instruments	64,494	(69,551)	112,433	99,238
	<u>37,941</u>	<u>169,574</u>	<u>105,802</u>	<u>306,807</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>2,217</u>	<u>(1,950)</u>	<u>8,265</u>	<u>(7,489)</u>
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	<u>(1,079)</u>	<u>(2,718)</u>	<u>853</u>	<u>(2,141)</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(38,793)	2,642	143,357	(146,510)
Rental income	2,151	3,877	8,846	9,063
Gain on disposal of property and equipment	2	1,285	138	1,458
Other non-operating income	1,160	296	4,010	3,099
	<u>(35,480)</u>	<u>8,100</u>	<u>156,351</u>	<u>(132,890)</u>
Total other operating income	<u>182,494</u>	<u>693,589</u>	<u>1,020,599</u>	<u>1,278,446</u>



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**A23 Other operating expenses**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	311,675	273,473	1,140,724	1,076,567
- Medical expenses	6,480	6,472	31,483	29,978
- Training and convention expenses	7,547	7,287	16,794	14,658
- Staff welfare	2,137	2,876	9,507	12,096
- Others	7,383	6,422	4,481	20,465
	<u>335,222</u>	<u>296,530</u>	<u>1,202,989</u>	<u>1,153,764</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	26,136	29,598	110,039	121,499
- Depreciation of right-of-use assets	11,724	12,627	48,456	50,119
- Amortisation of intangible assets	15,567	14,034	58,132	53,962
- Rental of premises	501	550	2,438	2,090
- Information technology expenses	52,579	55,454	226,163	210,468
- Security services	5,116	3,165	20,937	19,354
- Electricity, water and sewerage	5,597	5,141	21,546	20,797
- Hire of plant and machinery	3,608	3,143	13,671	12,575
- Others	6,708	7,262	30,641	29,711
	<u>127,536</u>	<u>130,974</u>	<u>532,023</u>	<u>520,575</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	8,546	11,237	31,092	29,175
- Sales commission and credit card related fees	30,844	37,312	146,393	127,692
- Others	5,170	5,602	18,490	14,604
	<u>44,560</u>	<u>54,151</u>	<u>195,975</u>	<u>171,471</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,649	5,460	20,410	21,541
- Stationery and printing expenses	2,578	3,047	10,579	11,001
- Professional fees	27,991	30,133	108,835	93,378
- Insurance fees	12,908	9,603	45,365	33,438
- Stamp, postage and courier	3,165	4,434	13,948	14,227
- Travelling and transport expenses	957	912	3,533	2,711
- Registration and license fees	2,075	2,192	8,774	8,805
- Brokerage and commission	2,965	2,080	11,926	10,981
- Credit card fees	21,844	17,264	74,168	48,527
- Others	917	3,276	4,757	7,957
	<u>80,049</u>	<u>78,401</u>	<u>302,295</u>	<u>252,566</u>
	<u>587,367</u>	<u>560,056</u>	<u>2,233,282</u>	<u>2,098,376</u>

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**A23 Other operating expenses (continued)**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	245,083	216,786	892,446	849,983
- Medical expenses	4,712	5,216	24,982	24,249
- Training and convention expenses	6,088	6,508	14,047	12,880
- Staff welfare	1,639	2,318	7,476	9,920
- Others	6,194	5,488	298	17,220
	263,716	236,316	939,249	914,252
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	22,121	25,004	92,850	103,137
- Depreciation of right-of-use assets	17,488	18,355	71,556	73,875
- Amortisation of intangible assets	13,752	12,144	50,869	48,107
- Rental of premises	456	587	2,237	2,317
- Information technology expenses	43,603	46,323	189,586	181,991
- Security services	3,865	1,963	15,705	14,482
- Electricity, water and sewerage	4,035	3,683	16,101	15,845
- Hire of plant and machinery	913	402	2,889	1,342
- Others	557	1,760	5,084	4,103
	106,790	110,221	446,877	445,199
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	7,343	10,232	27,926	26,713
- Sales commission and credit card related fees	27,019	32,377	127,933	111,541
- Others	4,081	3,449	13,294	9,936
	38,443	46,058	169,153	148,190
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,526	5,317	19,858	21,019
- Stationery and printing expenses	2,440	2,892	10,006	10,470
- Professional fees	26,478	29,336	103,857	89,707
- Insurance fees	10,177	8,119	37,928	28,443
- Stamp, postage and courier	3,123	4,343	13,650	13,924
- Travelling and transport expenses	765	755	2,718	2,179
- Registration and license fees	1,757	1,890	7,562	7,638
- Brokerage and commission	2,030	1,393	7,700	6,791
- Credit card fees	21,844	17,264	74,168	48,527
- Others	5,168	6,410	21,337	20,390
	78,308	77,719	298,784	249,088
	487,257	470,314	1,854,063	1,756,729

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

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	66,247	97,879	343,095	393,506
Impaired loans, advances and financing:				
- written off	6,836	5,817	29,519	20,038
- recovered from bad debt written off	(58,684)	(73,494)	(257,232)	(249,970)
	<u>14,399</u>	<u>30,202</u>	<u>115,382</u>	<u>163,574</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	12,237	76,069	176,517	151,453
Impaired loans, advances and financing:				
- written off	5,088	2,516	22,962	13,893
- recovered from bad debt written off	(49,698)	(59,765)	(211,015)	(212,302)
	<u>(32,373)</u>	<u>18,820</u>	<u>(11,536)</u>	<u>(46,956)</u>

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**A25 Written back of impairment losses on financial investments and other assets**

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(96)	(198)	184	(613)
- Financial investments at amortised cost	(3)	11	(53)	(1)
- Cash and short-term funds	30	135	(155)	85
- Deposits and placements with banks and other financial institutions	(377)	(342)	(282)	(322)
	<u>(446)</u>	<u>(394)</u>	<u>(306)</u>	<u>(851)</u>

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(97)	(200)	185	(620)
- Financial investments at amortised cost	-	(1)	-	(24)
- Cash and short-term funds	(92)	(44)	(114)	435
- Deposits and placements with banks and other financial institutions	(1,338)	(1,024)	(3,039)	(182)
	<u>(1,527)</u>	<u>(1,269)</u>	<u>(2,968)</u>	<u>(391)</u>

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**A26 Capital adequacy**

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

On 19 April 2023, BNM increased the allocation under the BNM's Fund for SMEs by RM1.3 billion through selected facilities namely the High Tech and Green Facility ("HTG"), Automation and Digitalisation Facility ("ADF") and Agrofood Facility ("AF") to further support the micro, small and medium enterprises (SMEs). The Bank will continue to provide support to SMEs involved in strategic sectors or critical technology segments through the HTG facility, incentivise the automation of processes and digitalisation of operations through the ADF facility, and provide financing to increase agrofood production through the AF facility.

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 Year Ended 30/06/2023</b>	<b>Financial Year Ended 30/6/2022</b>	<b>Financial Year Ended 30/06/2023</b>	<b>Financial Year Ended 30/6/2022</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.310%	13.935%	13.000%	13.912%
Tier I capital ratio	14.353%	15.050%	14.029%	14.999%
Total capital ratio	<u>16.399%</u>	<u>17.176%</u>	<u>16.009%</u>	<u>17.051%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	12.824%	13.428%	12.372%	13.266%
Tier I capital ratio	13.866%	14.543%	13.401%	14.353%
Total capital ratio	<u>15.912%</u>	<u>16.669%</u>	<u>15.381%</u>	<u>16.404%</u>

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**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Year Ended 30/06/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>	<b>Financial Year Ended 30/06/2023 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	25,017,703	22,727,982	15,727,832	15,120,482
Other reserves	947,836	592,754	2,905	(283,282)
Less: Treasury shares	(708,766)	(713,690)	(708,766)	(713,690)
Less: Deferred tax assets	(410,436)	(528,771)	(317,985)	(403,666)
Less: Other intangible assets	(362,435)	(304,749)	(326,216)	(269,645)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(8,712,976)	(6,455,474)	(3,938,210)	(2,794,291)
<b>Total CET I capital</b>	<b>21,678,677</b>	<b>21,225,803</b>	<b>16,407,076</b>	<b>16,623,424</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	1,698,491	1,698,839	1,698,491	1,698,839
<b>Additional Tier I capital before regulatory adjustments</b>	<b>1,698,491</b>	<b>1,698,839</b>	<b>1,698,491</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>1,698,491</b>	<b>1,698,839</b>	<b>1,298,491</b>	<b>1,298,839</b>
<b>Total Tier I capital</b>	<b>23,377,168</b>	<b>22,924,642</b>	<b>17,705,567</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>	1,832,523	1,738,471	1,399,403	1,350,820
Subordinated bonds	1,499,089	1,499,970	1,499,089	1,499,970
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,331,612</b>	<b>3,238,441</b>	<b>2,498,492</b>	<b>2,450,790</b>
<b>Total capital</b>	<b>26,708,780</b>	<b>26,163,083</b>	<b>20,204,059</b>	<b>20,373,053</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM990,816,000 (2022: RM643,141,000) and RM825,318,000 (2022: RM536,432,000) respectively.

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**A26 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Year Ended 30/06/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>	<b>Financial Year Ended 30/06/2023 RM'000</b>	<b>Financial Year Ended 30/6/2022 RM'000</b>
Credit risk *	146,601,855	139,077,644	111,952,229	108,065,582
Market risk	6,124,089	3,917,894	6,120,834	3,934,497
Operational risk	10,143,761	9,327,630	8,131,845	7,485,705
<b>Total RWA</b>	<b>162,869,705</b>	<b>152,323,168</b>	<b>126,204,908</b>	<b>119,485,784</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,588,912,000 (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 Year Ended 30/06/2023</b>	<b>Financial Year Ended 30/6/2022</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	11.423%	11.176%
Tier I capital ratio	12.653%	12.550%
Total capital ratio	<u>15.051%</u>	<u>15.101%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	11.423%	11.176%
Tier I capital ratio	12.653%	12.550%
Total capital ratio	<u>15.051%</u>	<u>15.101%</u>

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

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

**Financial quarter ended 30/06/2023**

	<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	871,126	249,527	165,225	83,389	(52,636)	(13,469)	1,303,162
Inter-segment revenue	(86,498)	172,140	(169,832)	3,014	81,176	-	-
Segment revenue	<u>784,628</u>	<u>421,667</u>	<u>(4,607)</u>	<u>86,403</u>	<u>28,540</u>	<u>(13,469)</u>	<u>1,303,162</u>
Segment profit before taxation	412,652	310,452	(33,282)	7,318	22,576	(17,874)	701,842
Share of profit after tax of equity accounted associated companies				338,534			338,534
Profit before taxation							<u>1,040,376</u>
Taxation							(175,699)
Profit after taxation							<u><u>864,677</u></u>



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

**Financial year ended 30/06/2023**

	<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	3,489,591	1,062,596	916,144	378,173	(125,409)	(35,586)	5,685,509
Inter-segment revenue	(277,500)	575,743	(638,327)	4,542	335,542	-	-
Segment revenue	<u>3,212,091</u>	<u>1,638,339</u>	<u>277,817</u>	<u>382,715</u>	<u>210,133</u>	<u>(35,586)</u>	<u>5,685,509</u>
Segment profit before taxation	1,769,585	1,177,358	164,511	94,721	182,826	(51,850)	3,337,151
Share of profit after tax of equity accounted associated companies				1,289,480			1,289,480
Profit before taxation							<u>4,626,631</u>
Taxation							(808,435)
Profit after taxation							<u><u>3,818,196</u></u>
Segment assets	117,470,664	49,536,437	73,326,625	24,149,486	-	-	264,483,212
Unallocated assets							15,367,242
Total assets							<u><u>279,850,454</u></u>

**Corresponding quarter ended 30/06/2022**

	<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	754,283	296,829	170,084	92,302	562,831	(377,934)	1,498,395
Inter-segment revenue	(13,353)	87,944	(145,015)	-	70,424	-	-
Segment revenue	<u>740,930</u>	<u>384,773</u>	<u>25,069</u>	<u>92,302</u>	<u>633,255</u>	<u>(377,934)</u>	<u>1,498,395</u>
Segment profit before taxation	380,785	269,414	(4,004)	22,246	622,182	(382,092)	908,531
Share of profit after tax of equity accounted associated companies				308,797			308,797
Profit before taxation							<u>1,217,328</u>
Taxation							(309,688)
Profit after taxation							<u><u>907,640</u></u>

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

**Corresponding financial year ended 30/06/2022**

	<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	2,918,509	1,107,574	1,240,295	358,549	371,236	(398,755)	5,597,408
Inter-segment revenue	(83,039)	381,506	(558,977)	-	260,510	-	-
Segment revenue	<u>2,835,470</u>	<u>1,489,080</u>	<u>681,318</u>	<u>358,549</u>	<u>631,746</u>	<u>(398,755)</u>	<u>5,597,408</u>
Segment profit before taxation	1,530,235	916,882	561,284	108,644	632,365	(413,101)	3,336,309
Share of profit after tax of equity accounted associated companies				1,030,491			1,030,491
Profit before taxation							<u>4,366,800</u>
Taxation							(1,077,517)
Profit after taxation							<u>3,289,283</u>
Segment assets	109,645,119	46,241,725	71,619,480	19,376,615	-	-	246,882,939
Unallocated assets							7,448,438
Total assets							<u>254,331,377</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 year**

There are no material events subsequent to the end of the financial year ended 30 June 2023.

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

There were no changes in the composition of the Group for the current financial year ended 30 June 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.

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**A30 Commitments and contingencies**

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

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

	The Group		The Bank	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
<b>Principal amount</b>				
Direct credit substitutes	224,515	137,103	217,046	129,077
Certain transaction related contingent items	2,594,402	2,024,547	1,819,394	1,444,276
Short-term self liquidating trade related contingencies	1,063,924	853,412	849,981	803,334
Irrevocable commitments to extend credit:				
- maturity more than one year	17,073,556	17,538,803	12,463,084	12,942,713
- maturity less than one year	26,457,159	23,913,907	21,025,525	19,450,920
Foreign exchange related contracts:				
- less than one year	63,906,468	55,995,785	60,747,086	51,999,925
- one year to five years	7,321,941	5,944,644	7,321,941	5,987,312
- over five years	737,005	396,495	737,005	396,495
Interest rate related contracts:				
- less than one year	45,361,203	34,692,744	45,361,203	34,692,744
- one year to five years	81,071,444	52,644,892	81,492,156	52,835,368
- over five years	4,399,525	4,395,228	4,291,746	4,208,323
Equity related contracts:				
- less than one year	487,429	245,878	487,429	245,878
- one year to five years	668,393	102,699	668,393	102,699
- over five years	-	270,542	-	270,542
Credit related contracts:				
- less than one year	121,391	-	121,391	-
- over five years	1,225,853	938,327	1,225,853	938,327
Commodity related contracts:				
- less than one year	554,082	438,428	554,082	438,428
- one year to five years	-	493,416	-	493,416
Unutilised credit card lines	6,902,344	7,090,121	6,902,344	7,090,121
<b>Total</b>	<b>260,170,634</b>	<b>208,116,971</b>	<b>246,285,659</b>	<b>194,469,898</b>

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**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.

**(a) Connected parties exposures**

	The Group		The Bank	
	30/06/2023 RM'000	30/6/2022 RM'000	30/06/2023 RM'000	30/6/2022 RM'000
Aggregate value of outstanding credit exposures with connected parties	3,478,898	2,629,055	3,108,181	2,554,151
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.72%	1.40%	2.03%	1.77%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0000%	0.0000%	0.0000%	0.0000%

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**A32 Fair value of financial instruments**

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

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

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

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

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

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

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

Valuation techniques

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

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

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

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

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

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

	<b>The Group</b>			
	<b>Financial Year Ended 30/06/2023</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	-	3,656,339	-	3,656,339
- Quoted securities	1,380,447	-	-	1,380,447
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	20,244,842	-	20,244,842
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	9,107,327	97,650	9,204,977
Derivative financial instruments	26,174	2,067,896	74,354	2,168,424
	<u>5,843,472</u>	<u>35,329,570</u>	<u>536,989</u>	<u>41,710,031</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	874	2,315,173	71,839	2,387,886
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	<u>874</u>	<u>5,879,503</u>	<u>71,839</u>	<u>5,952,216</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 year (2022: RM Nil).

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

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

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

	<b>The Bank</b>			
	<b>Financial Year Ended 30/06/2023</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	-	2,897,473	-	2,897,473
- Quoted securities	1,401,328	-	-	1,401,328
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	16,816,442	-	16,816,442
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	8,758,257	97,650	8,855,907
Derivative financial instruments	26,174	1,981,501	63,994	2,071,669
	<u>5,864,353</u>	<u>30,706,839</u>	<u>526,629</u>	<u>37,097,821</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	874	2,239,583	61,479	2,301,936
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,157,718	-	3,157,718
	<u>874</u>	<u>5,397,301</u>	<u>61,479</u>	<u>5,459,654</u>
<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 year (2022: RM Nil).

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

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

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

<b>The Group 30 June 2023</b>	<b>Financial assets at FVTPL RM'000</b>	<b>Financial Assets Financial investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Financial Liability Derivative financial instruments RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	57,400	56,257
Settlements	-	-	(106,266)	(106,346)
At 30 June	<u>364,985</u>	<u>97,650</u>	<u>74,354</u>	<u>71,839</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	<u>9,365</u>	<u>-</u>	<u>18,418</u>	<u>18,418</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	<u>-</u>	<u>14,264</u>	<u>-</u>	<u>-</u>

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



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

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

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

<b>The Bank 30 June 2023</b>	<b>Financial assets at FVTPL RM'000</b>	<b>Financial Assets Financial investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Financial Liability Derivative financial instruments RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	47,039	45,897
Settlements	-	-	(106,265)	(106,346)
At 30 June	<u>364,985</u>	<u>97,650</u>	<u>63,994</u>	<u>61,479</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	<u>9,365</u>	<u>-</u>	<u>18,418</u>	<u>18,418</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	<u>-</u>	<u>14,264</u>	<u>-</u>	<u>-</u>

<b>The Bank 30 June 2022</b>	<b>Financial assets at FVTPL RM'000</b>	<b>Financial Assets Financial investments at FVOCI RM'000</b>	<b>Derivative financial instruments RM'000</b>	<b>Financial Liability Derivative financial instruments 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>

**A33 Liquidity risk**

Please refer to Appendix A.

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM1,040.4 million for the current financial quarter ended 30 June 2023, a decrease of RM177.0 million or 14.5% as compared to previous corresponding quarter. The decrease in pre-tax profit was mainly due to lower net income of RM195.2 million and higher operating expenses of RM27.3 million. However, this was mitigated by lower allowance for impairment losses on loans, advances and financing of RM15.8 million and higher share of profit from associated companies of RM29.7 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 RM412.7 million for the fourth quarter ended 30 June 2023 as compared to previous corresponding quarter of RM380.8 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM310.5 million for the fourth quarter ended 30 June 2023 as compared to previous corresponding quarter of RM269.4 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax loss of RM33.3 million for the fourth quarter ended 30 June 2023 as compared to previous corresponding quarter of RM4.0 million. The increase in pre-tax loss 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 RM345.9 million for the fourth quarter ended 30 June 2023 as compared to previous corresponding quarter of RM331.0 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated companies in China, partially offset by higher operating expenses, lower total income and higher allowance for impairment losses on loans, advances and financing.

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**B1 Review of performance** (continued)

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

The Group's pre-tax profit for the financial year ended 30 June 2023 stood at RM4,626.6 million, an increase of RM259.8 million or 6.0% as compared to RM4,366.8 million in the previous financial year. The increase was mainly due to higher net income of RM88.1 million, lower allowance for impairment losses on loans, advances and financing of RM48.2 million and higher share of profit from associated companies of RM259.0 million. This was mitigated by higher operating expenses of RM134.9 million and lower written back of 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 RM1,769.6 million for the financial year ended 30 June 2023 as compared to previous corresponding year of RM1,530.2 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.

Personal Financial Services's loan base increased from RM109.5 billion as at 30 June 2022 to RM117.3 billion as at 30 June 2023. Deposit base increased from RM103.4 billion to RM104.4 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM1,177.4 million for the financial year ended 30 June 2023 as compared to previous corresponding year of RM916.9 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking's loan base increased from RM46.2 billion as at 30 June 2022 to RM49.5 billion as at 30 June 2023. Deposit base increased from RM43.1 billion to RM54.5 billion.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM164.5 million for the financial year ended 30 June 2023 as compared to previous corresponding year of RM561.3 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 increased from RM68.0 billion as at 30 June 2022 to RM69.4 billion as at 30 June 2023.

International Banking

The International Banking's segment recorded a pre-tax profit of RM1,384.2 million for the financial year ended 30 June 2023 as compared to previous corresponding year of RM1,139.1 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.

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**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM1,040.4 million as compared to RM1,111.7 million in the preceding quarter, a decrease of RM71.3 million mainly contributed by lower net income of RM92.9 million and higher operating expenses of RM28.0 million. This was mitigated by lower allowance for impairment losses on loans, advances and financing of RM23.6 million, higher written back of impairment losses on financial investments and other assets of RM0.4 million and higher share of profit from associated companies of RM25.6 million.

**B3 Prospects for the new financial year 2023/2024**

The Malaysian economy is expected to expand at a decent pace in the region of 4-5% in 2023, normalising from last year's exceptional growth. Prospects of resiliency in domestic demand on the back of continuous expansion in private consumption and investment activities are expected to help cushion external headwinds and uncertainties in the global financial markets. While geopolitical risks and banking turmoil appeared rather contained for now, lingering recession risks among the major economies would continue to cloud global growth outlook in the new financial year.

At the Bank, we remain steadfast to become a highly digital and innovative ASEAN financial services institution. Our focus is to leverage digitalisation and technology to deliver convenient, frictionless and effective products and services that reflect our "Built Around You" brand proposition. As a customer-centric bank, we are committed in supporting both our existing and new clients on their banking and lending needs during this challenging business environment.

While the evolving business backdrop will undoubtedly present us with new growth opportunities that we will strive to capture, the Bank will continue to remain disciplined in our investments and expenditure. The Bank is committed to advance its sustainability journey across a multitude of fronts, by enhancing our own environmental, social and governance ("ESG") strategies internally within our operations and externally work collaboratively with all our stakeholders to ensure that the entire ecosystem makes substantive progress in the years ahead.

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

This note is not applicable to the Group.

**B5 Taxation**

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Income tax	156,545	326,899	778,365	1,078,450
Transfer (to)/from deferred taxation	19,154	(17,211)	30,070	(933)
	<u>175,699</u>	<u>309,688</u>	<u>808,435</u>	<u>1,077,517</u>

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>				
Income tax	141,613	336,806	632,235	988,806
Transfer (to)/from deferred taxation	3,961	(19,733)	19,588	(4,465)
	<u>145,574</u>	<u>317,073</u>	<u>651,823</u>	<u>984,341</u>

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

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

**B7 Purchase and disposal of quoted securities**

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

**B8 Status of corporate proposals**

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

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**B9 Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 June 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	48,268,440	937,992	(813,282)
(ii) 1 year to 3 years	1,163,191	24,923	(313)
(iii) More than 3 years	1,183,787	10,058	(3,855)
Swaps			
(i) Less than 1 year	7,805,019	77,019	(172,815)
(ii) 1 year to 3 years	4,002,015	108,116	(194,273)
(iii) More than 3 years	1,622,660	52,454	(84,160)
Options			
(i) Less than 1 year	7,833,009	45,087	(33,282)
(ii) 1 year to 3 years	87,293	1,855	(633)
Interest rate related contracts			
Futures			
(i) Less than 1 year	4,150,647	26,173	(874)
Swaps			
(i) Less than 1 year	41,210,556	39,649	(70,619)
(ii) 1 year to 3 years	34,984,278	193,875	(216,977)
(iii) More than 3 years	50,486,691	493,482	(641,588)
Equity related contracts			
(i) Less than 1 year	487,429	6,950	(6,838)
(ii) 1 year to 3 years	102,556	8,289	(7,258)
(iii) More than 3 years	565,837	48,755	(47,383)
Credit related contracts			
(i) Less than 1 year	121,391	6,477	(6,477)
(ii) More than 3 years	1,225,853	86,128	(86,128)
Commodity related contracts			
(i) Less than 1 year	554,082	1,142	(1,131)
<b>Total</b>	<b>205,854,734</b>	<b>2,168,424</b>	<b>(2,387,886)</b>

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

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

**The Group**

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

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

Details of financial instruments with off-balance sheet risk as at 30 June 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	45,104,873	837,009	(758,370)
(ii) 1 year to 3 years	1,163,191	24,923	(313)
(iii) More than 3 years	1,183,787	10,058	(3,855)
Swaps			
(i) Less than 1 year	7,805,019	77,019	(172,815)
(ii) 1 year to 3 years	4,002,015	108,116	(194,273)
(iii) More than 3 years	1,622,660	52,454	(84,160)
Options			
(i) Less than 1 year	7,837,194	45,120	(33,315)
(ii) 1 year to 3 years	87,293	1,855	(633)
Interest rate related contracts			
Futures			
(i) Less than 1 year	4,150,647	26,173	(874)
Swaps			
(i) Less than 1 year	41,210,556	39,649	(70,619)
(ii) 1 year to 3 years	34,984,278	193,875	(216,977)
(iii) More than 3 years	50,799,624	497,677	(610,517)
Equity related contracts			
(i) Less than 1 year	487,429	6,950	(6,838)
(ii) 1 year to 3 years	102,556	8,289	(7,258)
(iii) More than 3 years	565,837	48,755	(47,383)
Credit related contracts			
(i) Less than 1 year	121,391	6,477	(6,477)
(ii) More than 3 years	1,225,853	86,128	(86,128)
Commodity related contracts			
(i) Less than 1 year	554,082	1,142	(1,131)
<b>Total</b>	<b>203,008,285</b>	<b>2,071,669</b>	<b>(2,301,936)</b>



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

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

**The Bank**

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

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

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial year, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM522,107,000 (30 June 2022: RM480,304,000) and RM131,760,483,000 (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 year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM2,489,863,000 (30 June 2022: RM2,203,729,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Derivatives

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

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

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

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

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

**Credit risk (continued)**

Derivatives (continued)

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

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

**Liquidity risk**

Derivatives

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

**Related accounting policies**

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

Fair value hedge

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

Cash flow hedge

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

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**B10 Material litigation**

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

**B11 Dividend**

A final single tier dividend of 38.0 sen per share has been declared for the current quarter.

- (i) Amount per share: 38.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 37.0 sen per share.
- (iii) Entitlement date: To be announced later.
- (iv) Payment date: To be announced later.

**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 year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

	4th Quarter Ended		Cumulative Twelve Months Ended	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b><u>The Group</u></b>				
Net profit attributable to equity holders	864,677	907,640	3,818,196	3,289,283
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	(118,965)	(119,625)	(118,965)	(119,625)
	<u>2,048,753</u>	<u>2,048,093</u>	<u>2,048,753</u>	<u>2,048,093</u>
<b>Basic earnings per share (sen)</b>	42.2	44.3	186.4	160.6
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	446,186	781,958	2,077,036	2,211,927
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	(118,965)	(119,625)	(118,965)	(119,625)
	<u>2,048,753</u>	<u>2,048,093</u>	<u>2,048,753</u>	<u>2,048,093</u>
<b>Basic earnings per share (sen)</b>	21.8	38.2	101.4	108.0

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**B12 Earnings per share** (continued)

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

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

	<b>4th Quarter Ended</b>		<b>Cumulative Twelve Months Ended</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	864,677	907,640	3,818,196	3,289,283
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,753	2,048,093	2,048,753	2,048,093
- adjustment for ESS	805	1,227	805	1,227
	<u>2,049,558</u>	<u>2,049,320</u>	<u>2,049,558</u>	<u>2,049,320</u>
<b>Fully diluted earnings per share (sen)</b>	42.2	44.3	186.3	160.5
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	446,186	781,958	2,077,036	2,211,927
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,048,753	2,048,093	2,048,753	2,048,093
- adjustment for ESS	805	1,227	805	1,227
	<u>2,049,558</u>	<u>2,049,320</u>	<u>2,049,558</u>	<u>2,049,320</u>
<b>Fully diluted earnings per share (sen)</b>	21.8	38.2	101.3	107.9

Dated this 30 August 2023

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**A33 Liquidity risk**

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they become due without incurring substantial losses. The liquidity risk is identified based on concentration, volatility of source of fund and funding maturity structure and it is measured primarily using Bank Negara Malaysia's New Liquidity Framework and depositor's concentration ratios. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	7,005,872	1,200,931	-	-	-	-	-	8,206,803
Deposits and placements with banks and other financial institutions	-	-	289,248	147,629	-	-	-	436,877
Financial assets at fair value through profit or loss	103,473	1,372,049	-	272,331	342,852	3,200,809	363,423	5,654,937
Financial investments at fair value through other comprehensive income	291,161	1,424,461	1,664,600	244,175	1,715,650	28,448,973	97,650	33,886,670
Financial investments at amortised cost	787,556	387	22,048	98,358	876,173	29,409,543	-	31,194,065
Loans, advances and financing	14,373,246	7,321,276	7,192,416	2,685,273	979,177	147,351,459	-	179,902,847
Other assets	1,213,753	15,030	29,260	38,878	12,570	2,047	1,142,877	2,454,415
Derivative financial instruments	67,367	173,596	576,425	181,326	141,775	1,027,935	-	2,168,424
Statutory deposits with Central Banks	-	-	-	-	-	-	3,396,920	3,396,920
Investment in associated companies	-	-	-	-	-	-	8,712,976	8,712,976
Property and equipment	-	-	-	-	-	-	1,055,391	1,055,391
Intangible assets	-	-	-	-	-	-	362,435	362,435
Right-of-use assets	-	-	-	-	-	-	175,946	175,946
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	410,436	410,436
<b>Total assets</b>	<b>23,842,428</b>	<b>11,507,730</b>	<b>9,773,997</b>	<b>3,667,970</b>	<b>4,068,197</b>	<b>209,440,766</b>	<b>17,549,366</b>	<b>279,850,454</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	85,506,966	31,977,530	42,215,852	24,447,241	19,954,278	7,549,952	-	211,651,819
Investment accounts of customers	124,237	328,935	864,075	908,983	24,283	-	-	2,250,513
Deposits and placements of banks and other financial institutions	1,776,790	1,058,774	4,945,901	142,636	169,243	1,500,482	-	9,593,826
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	4,718,645	-	-	-	-	7,399,583
Bills and acceptances payable	314	4,000	29,963	30,168	-	-	146,986	211,431
Lease liabilities	-	3,512	6,785	9,972	19,504	139,155	-	178,928
Other liabilities	5,667,523	157,488	16,701	632	14,602	50	89,054	5,946,050
Derivative financial instruments	220,700	164,000	461,114	128,523	130,981	1,282,568	-	2,387,886
Recourse obligation on loans/financing sold to Cagamas	-	-	15,203	6,977	-	2,950,040	-	2,972,220
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 capital securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Taxation	-	-	-	-	-	-	50,287	50,287
<b>Total liabilities</b>	<b>94,472,370</b>	<b>35,199,337</b>	<b>53,279,101</b>	<b>25,688,833</b>	<b>21,712,236</b>	<b>15,225,598</b>	<b>286,327</b>	<b>245,863,802</b>
Total equity	-	-	-	-	-	-	33,986,652	33,986,652
<b>Total liabilities and equity</b>	<b>94,472,370</b>	<b>35,199,337</b>	<b>53,279,101</b>	<b>25,688,833</b>	<b>21,712,236</b>	<b>15,225,598</b>	<b>34,272,979</b>	<b>279,850,454</b>
<b>Net liquidity gap</b>	<b>(70,629,942)</b>	<b>(23,691,607)</b>	<b>(43,505,104)</b>	<b>(22,020,863)</b>	<b>(17,644,039)</b>	<b>194,215,168</b>	<b>17,263,039</b>	<b>33,986,652</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2022 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2022</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	3,808,223	2,286,506	-	-	-	-	-	6,094,729
Deposits and placements with banks and other financial institutions	-	-	500,105	342,401	-	-	-	842,506
Financial assets at fair value through profit or loss	316,574	1,110,143	583,736	186,583	122,908	3,481,985	1,442,553	7,244,482
Financial investments at fair value through other comprehensive income	399,843	512,543	961,513	119,090	579,180	23,540,748	83,386	26,196,303
Financial investments at amortised cost	96,866	4,149,024	220,780	255,838	877,455	26,758,451	-	32,358,414
Loans, advances and financing	13,172,118	8,377,197	5,183,381	2,808,015	717,337	136,229,573	-	166,487,621
Other assets	1,304,443	13,623	17,631	23,109	8,096	3,641	910,199	2,280,742
Derivative financial instruments	45,657	162,463	431,253	135,954	121,036	966,937	-	1,863,300
Statutory deposits with Central Banks	-	-	-	-	-	-	520,650	520,650
Investment in associated companies	-	-	-	-	-	-	6,455,474	6,455,474
Property and equipment	-	-	-	-	-	-	1,110,606	1,110,606
Intangible assets	-	-	-	-	-	-	304,749	304,749
Right-of-use assets	-	-	-	-	-	-	211,718	211,718
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	528,771	528,771
<b>Total assets</b>	<b>19,143,724</b>	<b>16,611,499</b>	<b>7,898,399</b>	<b>3,870,990</b>	<b>2,426,012</b>	<b>190,981,335</b>	<b>13,399,418</b>	<b>254,331,377</b>



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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2022 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2022</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	85,337,784	29,535,027	36,008,916	18,063,370	20,068,312	8,279,050	-	197,292,459
Investment accounts of customers	232,455	744,106	1,463,800	105,564	122,483	-	-	2,668,408
Deposits and placements of banks and other financial institutions	1,745,155	1,354,153	1,107,373	419,733	116,236	1,579,600	-	6,322,250
Obligations on securities sold under repurchase agreements	96,323	1,022,185	2,664,629	-	-	188,167	-	3,971,304
Bills and acceptances payable	143	2,901	15,461	11,382	8	-	211,466	241,361
Lease liabilities	-	3,446	6,962	10,208	20,173	170,192	-	210,981
Other liabilities	5,454,610	165,732	27,917	705	12,995	-	88,391	5,750,350
Derivative financial instruments	37,352	79,984	138,697	120,383	63,958	1,296,464	-	1,736,838
Recourse obligation on loans/financing sold to Cagamas	-	-	372,882	601,042	-	650,013	-	1,623,937
Tier 2 subordinated bonds	-	-	-	2,236	499,970	1,000,000	-	1,502,206
Multi-currency Additional Tier 1 capital securities	-	-	4,862	408,628	-	1,302,205	-	1,715,695
Taxation	-	-	-	-	-	-	306,612	306,612
<b>Total liabilities</b>	<b>92,903,822</b>	<b>32,907,534</b>	<b>41,811,499</b>	<b>19,743,251</b>	<b>20,904,135</b>	<b>14,465,691</b>	<b>606,469</b>	<b>223,342,401</b>
Total equity	-	-	-	-	-	-	30,988,976	30,988,976
<b>Total liabilities and equity</b>	<b>92,903,822</b>	<b>32,907,534</b>	<b>41,811,499</b>	<b>19,743,251</b>	<b>20,904,135</b>	<b>14,465,691</b>	<b>31,595,445</b>	<b>254,331,377</b>
<b>Net liquidity gap</b>	<b>(73,760,098)</b>	<b>(16,296,035)</b>	<b>(33,913,100)</b>	<b>(15,872,261)</b>	<b>(18,478,123)</b>	<b>176,515,644</b>	<b>12,792,949</b>	<b>30,988,976</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	6,092,697	269,531	-	-	-	-	-	6,362,228
Deposits and placements with banks and other financial institutions	-	-	761,641	147,629	-	434,283	-	1,343,553
Financial assets at fair value through profit or loss	103,473	1,071,721	-	271,884	48,595	3,035,693	385,586	4,916,952
Financial investments at fair value through other comprehensive income	260,523	1,424,461	1,664,600	244,175	1,639,556	24,778,235	97,650	30,109,200
Financial investments at amortised cost	695,640	387	22,048	78,270	640,326	20,764,893	-	22,201,564
Loans, advances and financing	11,150,990	6,056,620	6,614,320	2,007,923	466,170	108,796,738	-	135,092,761
Other assets	1,351,391	14,302	27,828	36,731	12,496	2,047	953,708	2,398,503
Derivative financial instruments	66,881	150,143	526,732	155,706	140,077	1,032,130	-	2,071,669
Amount due from subsidiaries	-	-	-	-	-	-	143,862	143,862
Statutory deposits with Central Banks	-	-	-	-	-	-	2,509,021	2,509,021
Subsidiary companies	-	-	-	-	-	-	2,655,317	2,655,317
Investment in associated companies	-	-	-	-	-	-	2,087,699	2,087,699
Property and equipment	-	-	-	-	-	-	488,040	488,040
Intangible assets	-	-	-	-	-	-	326,216	326,216
Right-of-use assets	-	-	-	-	-	-	261,308	261,308
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	317,985	317,985
<b>Total assets</b>	<b>19,721,595</b>	<b>8,987,165</b>	<b>9,617,169</b>	<b>2,942,318</b>	<b>2,947,220</b>	<b>158,844,019</b>	<b>11,997,939</b>	<b>215,057,425</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	70,277,393	22,407,762	29,370,840	17,944,091	16,282,955	6,449,907	-	162,732,948
Deposits and placements of banks and other financial institutions	1,573,319	964,196	4,057,912	80,495	116,826	1,476,743	-	8,269,491
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	4,718,645	-	-	-	-	7,399,583
Bills and acceptances payable	274	3,396	23,655	24,410	-	-	103,467	155,202
Lease liabilities	-	5,567	11,137	16,637	33,313	203,059	-	269,713
Other liabilities	4,874,548	157,391	16,561	582	4,640	432,643	80,385	5,566,750
Derivative financial instruments	220,855	127,608	451,072	119,923	130,981	1,251,497	-	2,301,936
Recourse obligation on loans sold to Cagamas	-	-	12,359	2,268	-	1,500,019	-	1,514,646
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 capital securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Taxation	-	-	-	-	-	-	39,545	39,545
<b>Total liabilities</b>	<b>78,122,229</b>	<b>25,171,018</b>	<b>38,667,043</b>	<b>18,202,107</b>	<b>17,968,060</b>	<b>13,117,219</b>	<b>223,397</b>	<b>191,471,073</b>
Total equity	-	-	-	-	-	-	23,586,352	23,586,352
<b>Total liabilities and equity</b>	<b>78,122,229</b>	<b>25,171,018</b>	<b>38,667,043</b>	<b>18,202,107</b>	<b>17,968,060</b>	<b>13,117,219</b>	<b>23,809,749</b>	<b>215,057,425</b>
<b>Net liquidity gap</b>	<b>(58,400,634)</b>	<b>(16,183,853)</b>	<b>(29,049,874)</b>	<b>(15,259,789)</b>	<b>(15,020,840)</b>	<b>145,726,800</b>	<b>11,774,542</b>	<b>23,586,352</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2022 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2022</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	4,335,147	1,120,641	-	-	-	-	-	5,455,788
Deposits and placements with banks and other financial institutions	-	-	1,852,356	342,402	-	419,577	-	2,614,335
Financial assets at fair value through profit or loss	316,574	1,002,347	493,952	94,233	5,109	3,481,985	1,546,562	6,940,762
Financial investments at fair value through other comprehensive income	399,843	512,543	961,513	103,920	548,714	19,806,602	83,386	22,416,521
Financial investments at amortised cost	96,866	2,988,803	220,780	238,232	538,425	19,061,439	-	23,144,545
Loans, advances and financing	10,462,348	7,260,070	4,549,698	2,217,539	354,454	101,901,427	-	126,745,536
Other assets	916,773	13,120	16,625	21,600	8,020	4,770	800,647	1,781,555
Derivative financial instruments	39,421	155,368	364,219	133,978	120,584	962,801	-	1,776,371
Amount due from subsidiaries	-	-	-	-	-	-	91,110	91,110
Statutory deposits with Central Banks	-	-	-	-	-	-	272,138	272,138
Subsidiary companies	-	-	-	-	-	-	2,625,696	2,625,696
Investment in associated companies	-	-	-	-	-	-	971,182	971,182
Property and equipment	-	-	-	-	-	-	527,989	527,989
Intangible assets	-	-	-	-	-	-	269,645	269,645
Right-of-use assets	-	-	-	-	-	-	321,446	321,446
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	403,666	403,666
<b>Total assets</b>	<b>16,566,972</b>	<b>13,052,892</b>	<b>8,459,143</b>	<b>3,151,904</b>	<b>1,575,306</b>	<b>145,638,601</b>	<b>9,685,014</b>	<b>198,129,832</b>

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**A33 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2022 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2022</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	69,481,967	23,707,837	25,209,107	13,017,564	16,345,666	7,245,163	-	155,007,304
Deposits and placements of banks and other financial institutions	1,269,051	735,288	1,200,913	296,304	116,236	1,557,628	-	5,175,420
Obligations on securities sold under repurchase agreements	96,323	1,022,185	2,664,629	-	-	188,167	-	3,971,304
Bills and acceptances payable	123	2,199	13,312	9,738	8	-	128,039	153,419
Lease liabilities	-	5,352	10,699	16,016	32,146	261,152	-	325,365
Other liabilities	4,686,301	165,717	27,870	675	2,313	432,107	77,876	5,392,859
Derivative financial instruments	37,525	75,209	136,779	120,058	63,842	1,278,332	-	1,711,745
Recourse obligation on loans sold to Cagamas	-	-	2,216	300,572	-	200,010	-	502,798
Tier 2 subordinated bonds	-	-	-	2,236	499,970	1,000,000	-	1,502,206
Multi-currency Additional Tier 1 capital securities	-	-	4,862	408,628	-	1,302,205	-	1,715,695
Taxation	-	-	-	-	-	-	272,986	272,986
<b>Total liabilities</b>	<b>75,571,290</b>	<b>25,713,787</b>	<b>29,270,387</b>	<b>14,171,791</b>	<b>17,060,181</b>	<b>13,464,764</b>	<b>478,901</b>	<b>175,731,101</b>
Total equity	-	-	-	-	-	-	22,398,731	22,398,731
<b>Total liabilities and equity</b>	<b>75,571,290</b>	<b>25,713,787</b>	<b>29,270,387</b>	<b>14,171,791</b>	<b>17,060,181</b>	<b>13,464,764</b>	<b>22,877,632</b>	<b>198,129,832</b>
<b>Net liquidity gap</b>	<b>(59,004,318)</b>	<b>(12,660,895)</b>	<b>(20,811,244)</b>	<b>(11,019,887)</b>	<b>(15,484,875)</b>	<b>132,173,837</b>	<b>9,206,113</b>	<b>22,398,731</b>