

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 30 September 2023

| | | The Group | | The Bank | |
|--|-------------|--------------------|--------------------|--------------------|--------------------|
| | Note | 30/09/2023 | 30/06/2023 | 30/09/2023 | 30/06/2023 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>ASSETS</u> | | | | | |
| Cash and short-term funds | | 8,051,471 | 8,206,803 | 6,706,517 | 6,362,228 |
| Deposits and placements with banks and other financial institutions | | 11,163 | 436,877 | 575,395 | 1,343,553 |
| Securities purchased under resale agreements | | 148,974 | - | - | - |
| Financial assets at fair value through profit or loss | A8 | 4,963,314 | 5,654,937 | 4,879,689 | 4,916,952 |
| Financial investments at fair value through other comprehensive income | A9 | 37,323,758 | 33,886,670 | 32,751,831 | 30,109,200 |
| Financial investments at amortised cost | A10 | 31,253,409 | 31,194,065 | 22,312,020 | 22,201,564 |
| Loans, advances and financing | A11 | 180,017,227 | 179,902,847 | 134,272,242 | 135,092,761 |
| Other assets | A12 | 2,972,599 | 2,454,415 | 2,922,093 | 2,398,503 |
| Derivative financial instruments | | 1,895,025 | 2,168,424 | 1,819,110 | 2,071,669 |
| Amount due from subsidiaries | | - | - | 203,619 | 143,862 |
| Statutory deposits with Central Banks | | 3,423,726 | 3,396,920 | 2,503,863 | 2,509,021 |
| Subsidiary companies | | - | - | 2,665,418 | 2,655,317 |
| Investment in associated companies | | 8,688,181 | 8,712,976 | 2,087,699 | 2,087,699 |
| Property and equipment | | 1,034,862 | 1,055,391 | 470,251 | 488,040 |
| Intangible assets | | 363,837 | 362,435 | 328,460 | 326,216 |
| Right-of-use assets | | 172,642 | 175,946 | 251,853 | 261,308 |
| Goodwill | | 1,831,312 | 1,831,312 | 1,771,547 | 1,771,547 |
| Deferred tax assets | | 422,679 | 410,436 | 333,717 | 317,985 |
| TOTAL ASSETS | | 282,574,179 | 279,850,454 | 216,855,324 | 215,057,425 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| Deposits from customers | A13 | 209,162,577 | 211,651,819 | 159,077,845 | 162,732,948 |
| Investment accounts of customers | A14 | 2,115,170 | 2,250,513 | - | - |
| Deposits and placements of banks and other financial institutions | A15 | 10,899,788 | 9,593,826 | 9,780,924 | 8,269,491 |
| Obligations on securities sold under repurchase agreements | | 9,644,105 | 7,399,583 | 9,644,105 | 7,399,583 |
| Bills and acceptances payable | | 202,821 | 211,431 | 172,122 | 155,202 |
| Lease liabilities | | 175,805 | 178,928 | 260,443 | 269,713 |
| Other liabilities | A16 | 7,489,340 | 5,946,050 | 7,180,497 | 5,566,750 |
| Derivative financial instruments | | 2,119,870 | 2,387,886 | 2,031,819 | 2,301,936 |
| Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas") | | 3,274,535 | 2,972,220 | 1,716,770 | 1,514,646 |
| Tier 2 subordinated bonds | A17 | 1,517,749 | 1,501,750 | 1,517,749 | 1,501,750 |
| Multi-currency Additional Tier 1 capital securities | A18 | 1,727,380 | 1,719,509 | 1,727,380 | 1,719,509 |
| Provision for taxation | | 56,150 | 50,287 | 45,388 | 39,545 |
| TOTAL LIABILITIES | | 248,385,290 | 245,863,802 | 193,155,042 | 191,471,073 |
| Share capital | | 7,739,063 | 7,739,063 | 7,739,063 | 7,739,063 |
| Reserves | | 27,157,668 | 26,956,355 | 16,669,061 | 16,556,055 |
| Less: Treasury shares | | (707,842) | (708,766) | (707,842) | (708,766) |
| TOTAL SHAREHOLDERS' EQUITY | | 34,188,889 | 33,986,652 | 23,700,282 | 23,586,352 |
| TOTAL LIABILITIES AND EQUITY | | 282,574,179 | 279,850,454 | 216,855,324 | 215,057,425 |
| <u>COMMITMENTS AND CONTINGENCIES</u> | A30 | 278,024,068 | 260,170,634 | 262,329,596 | 246,285,659 |
| Net asset per share attributable to ordinary equity holders of the parent (RM) * | | 16.68 | 16.59 | 11.57 | 11.51 |

* 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 2023.

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

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 30 September 2023

| | Note | The Group | | | |
|---|--------|--|--|---|---|
| | | Current Quarter Ended 30/09/2023 RM'000 | Corresponding Quarter Ended 30/09/2022 RM'000 | Current Period Ended 30/09/2023 RM'000 | Corresponding Period Ended 30/09/2022 RM'000 |
| Interest income | A19(a) | 2,108,715 | 1,623,489 | 2,108,715 | 1,623,489 |
| Interest income for financial assets at fair value through profit or loss | A19(b) | 26,452 | 67,486 | 26,452 | 67,486 |
| Interest expense | A20 | (1,213,498) | (701,409) | (1,213,498) | (701,409) |
| Net interest income | | 921,669 | 989,566 | 921,669 | 989,566 |
| Net income from Islamic Banking business | A21 | 230,233 | 251,520 | 230,233 | 251,520 |
| Other operating income | A22 | 242,213 | 258,830 | 242,213 | 258,830 |
| Net income | | 1,394,115 | 1,499,916 | 1,394,115 | 1,499,916 |
| Other operating expenses | A23 | (556,272) | (540,555) | (556,272) | (540,555) |
| Operating profit before allowances | | 837,843 | 959,361 | 837,843 | 959,361 |
| Written back of/(allowance for) impairment losses on loans, advances and financing | A24 | 51,105 | (37,576) | 51,105 | (37,576) |
| (Allowance for)/written back of impairment losses on financial investments and other assets | A25 | (300) | 343 | (300) | 343 |
| Share of profit after tax of equity accounted associated companies | | 888,648 | 922,128 | 888,648 | 922,128 |
| | | 354,481 | 265,003 | 354,481 | 265,003 |
| Profit before taxation | | 1,243,129 | 1,187,131 | 1,243,129 | 1,187,131 |
| Taxation | B5 | (213,353) | (205,722) | (213,353) | (205,722) |
| Net profit for the financial period | | 1,029,776 | 981,409 | 1,029,776 | 981,409 |
| Attributable to: | | | | | |
| Owners of the parent | | 1,029,776 | 981,409 | 1,029,776 | 981,409 |
| Earnings per share - basic (sen) | B12(a) | 50.3 | 47.9 | 50.3 | 47.9 |
| Earnings per share - fully diluted (sen) | B12(b) | 50.2 | 47.9 | 50.2 | 47.9 |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 30 September 2023

| | The Group | | | |
|---|--|--|---|---|
| | Current Quarter Ended 30/09/2023 RM'000 | Corresponding Quarter Ended 30/09/2022 RM'000 | Current Period Ended 30/09/2023 RM'000 | Corresponding Period Ended 30/09/2022 RM'000 |
| Net profit for the financial period | <u>1,029,776</u> | <u>981,409</u> | <u>1,029,776</u> | <u>981,409</u> |
| Other comprehensive loss in respect of: | | | | |
| (i) Items that may be reclassified subsequently to profit or loss: | | | | |
| (a) Share of other comprehensive income/(loss) of associated company | 31,526 | (11,300) | 31,526 | (11,300) |
| (b) Currency translation differences | (62,645) | 28,480 | (62,645) | 28,480 |
| (c) Debt instruments at fair value through other comprehensive income | | | | |
| - Net fair value changes | (5,191) | (72,478) | (5,191) | (72,478) |
| - Changes in expected credit losses | 187 | 23 | 187 | 23 |
| (d) Net fair value changes in cash flow hedge | - | 362 | - | 362 |
| Income tax relating to components of other comprehensive loss | <u>1,430</u> | <u>10,879</u> | <u>1,430</u> | <u>10,879</u> |
| Other comprehensive loss for the financial period, net of tax | <u>(34,693)</u> | <u>(44,034)</u> | <u>(34,693)</u> | <u>(44,034)</u> |
| Total comprehensive income for the financial period | <u><u>995,083</u></u> | <u><u>937,375</u></u> | <u><u>995,083</u></u> | <u><u>937,375</u></u> |
| Attributable to: | | | | |
| - Owners of the parent | <u><u>995,083</u></u> | <u><u>937,375</u></u> | <u><u>995,083</u></u> | <u><u>937,375</u></u> |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 30 September 2023

| | Note | The Bank | | | |
|---|--------|--|--|---|---|
| | | Current Quarter Ended 30/09/2023 RM'000 | Corresponding Quarter Ended 30/09/2022 RM'000 | Current Period Ended 30/09/2023 RM'000 | Corresponding Period Ended 30/09/2022 RM'000 |
| Interest income | A19(a) | 2,033,254 | 1,560,667 | 2,033,254 | 1,560,667 |
| Interest income for financial assets at fair value through profit or loss | A19(b) | 26,452 | 67,486 | 26,452 | 67,486 |
| Interest expense | A20 | (1,170,995) | (675,159) | (1,170,995) | (675,159) |
| Net interest income | | 888,711 | 952,994 | 888,711 | 952,994 |
| Other operating income | A22 | 688,305 | 252,836 | 688,305 | 252,836 |
| Net income | | 1,577,016 | 1,205,830 | 1,577,016 | 1,205,830 |
| Other operating expenses | A23 | (459,262) | (449,165) | (459,262) | (449,165) |
| Operating profit before allowances Written back of/(allowance for) impairment losses on loans, advances and financing | A24 | 1,117,754 | 756,665 | 1,117,754 | 756,665 |
| Written back of impairment losses on financial investments and other assets | A25 | 45,257 | (11,610) | 45,257 | (11,610) |
| Profit before taxation | | 946 | 1,795 | 946 | 1,795 |
| Taxation | B5 | 1,163,957 | 746,850 | 1,163,957 | 746,850 |
| | | (252,049) | (161,385) | (252,049) | (161,385) |
| Net profit for the financial period | | 911,908 | 585,465 | 911,908 | 585,465 |
| Attributable to: | | | | | |
| Owners of the parent | | 911,908 | 585,465 | 911,908 | 585,465 |
| Earnings per share - basic (sen) | B12(a) | 44.5 | 28.6 | 44.5 | 28.6 |
| Earnings per share - fully diluted (sen) | B12(b) | 44.5 | 28.6 | 44.5 | 28.6 |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 30 September 2023

| | The Bank | | | |
|--|--|--|---|---|
| | Current Quarter Ended 30/09/2023 RM'000 | Corresponding Quarter Ended 30/09/2022 RM'000 | Current Period Ended 30/09/2023 RM'000 | Corresponding Period Ended 30/09/2022 RM'000 |
| Net profit for the financial period | <u>911,908</u> | <u>585,465</u> | <u>911,908</u> | <u>585,465</u> |
| Other comprehensive loss in respect of: | | | | |
| (i) Items that may be reclassified subsequently to profit or loss: | | | | |
| (a) Currency translation differences | (2,204) | 36,540 | (2,204) | 36,540 |
| (b) Debt instruments at fair value through other comprehensive income | | | | |
| - Net fair value changes | (4,197) | (78,779) | (4,197) | (78,779) |
| - Changes in expected credit losses | 87 | 23 | 87 | 23 |
| (c) Net fair value changes in cash flow hedge | - | 362 | - | 362 |
| Income tax relating to components of other comprehensive loss | <u>1,182</u> | <u>12,415</u> | <u>1,182</u> | <u>12,415</u> |
| Other comprehensive loss for the financial period, net of tax | <u>(5,132)</u> | <u>(29,439)</u> | <u>(5,132)</u> | <u>(29,439)</u> |
| Total comprehensive income for the financial period | <u><u>906,776</u></u> | <u><u>556,026</u></u> | <u><u>906,776</u></u> | <u><u>556,026</u></u> |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

HONG LEONG BANK BERHAD
Registration No: 19340100023 (97141-X)
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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2023

Attributable to owners of the parent

| The Group | Share Capital RM'000 | Other Reserves RM'000 | Regulatory Reserves * RM'000 | Retained Profits RM'000 | Treasury Shares RM'000 | Total RM'000 |
|---|-------------------------------------|--------------------------------------|---|--|---------------------------------------|-------------------------|
| At 1 July 2023 | 7,739,063 | 936,591 | 1,002,061 | 25,017,703 | (708,766) | 33,986,652 |
| <u>Comprehensive income</u> | | | | | | |
| Net profit for the financial period | - | - | - | 1,029,776 | - | 1,029,776 |
| - Share of other comprehensive income of associated company | - | 31,526 | - | - | - | 31,526 |
| - Financial assets measured at fair value through other comprehensive income | | | | | | |
| - Debt instruments | | | | | | |
| - Net fair value changes | - | (3,761) | - | - | - | (3,761) |
| - Changes in expected credit losses | - | 187 | - | - | - | 187 |
| - Currency translation differences | - | (62,645) | - | - | - | (62,645) |
| Total comprehensive (loss)/income | - | (34,693) | - | 1,029,776 | - | 995,083 |
| <u>Transactions with owners</u> | | | | | | |
| Transfer to regulatory reserve | - | - | 64,969 | (64,969) | - | - |
| Dividends payable | - | - | - | (792,914) | - | (792,914) |
| ESS exercised | - | (2,277) | - | 1,353 | 924 | - |
| Option written back arising from ESS lapsed | - | 68 | - | - | - | 68 |
| Total transactions with owners | - | (2,209) | 64,969 | (856,530) | 924 | (792,846) |
| At 30 September 2023 | 7,739,063 | 899,689 | 1,067,030 | 25,190,949 | (707,842) | 34,188,889 |
| At 1 July 2022 | 7,739,063 | 581,235 | 654,386 | 22,727,982 | (713,690) | 30,988,976 |
| <u>Comprehensive income</u> | | | | | | |
| Net profit for the financial period | - | - | - | 981,409 | - | 981,409 |
| - Share of other comprehensive loss of associated company | - | (11,300) | - | - | - | (11,300) |
| - Financial assets measured at fair value through other comprehensive income | | | | | | |
| - Debt instruments | | | | | | |
| - Net fair value changes | - | (61,511) | - | - | - | (61,511) |
| - Changes in expected credit losses | - | 23 | - | - | - | 23 |
| - Net fair value changes in cash flow hedge | - | 274 | - | - | - | 274 |
| - Currency translation differences | - | 28,480 | - | - | - | 28,480 |
| Total comprehensive (loss)/income | - | (44,034) | - | 981,409 | - | 937,375 |
| <u>Transactions with owners</u> | | | | | | |
| Transfer to regulatory reserve | - | - | 36,016 | (36,016) | - | - |
| Dividends payable | - | - | - | (757,932) | - | (757,932) |
| ESS exercised | - | (1,953) | - | 1,126 | 827 | - |
| Option charge arising from ESS granted | - | (2,055) | - | - | - | (2,055) |
| Total transactions with owners | - | (4,008) | 36,016 | (792,822) | 827 | (759,987) |
| At 30 September 2022 | 7,739,063 | 533,193 | 690,402 | 22,916,569 | (712,863) | 31,166,364 |

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM1,055,785,000 (30 September 2022: RM679,157,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2022: RM11,245,000)

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 30 September 2023

| | Attributable to owners of the parent | | | | | |
|---|--------------------------------------|--------------------------------------|--|--|---------------------------------------|-------------------------|
| The Bank | Share Capital RM'000 | Other Reserves RM'000 | Regulatory Reserve RM'000 | Retained Profits RM'000 | Treasury Shares RM'000 | Total RM'000 |
| At 1 July 2023 | 7,739,063 | 2,905 | 825,318 | 15,727,832 | (708,766) | 23,586,352 |
| <u>Comprehensive income</u> | | | | | | |
| Net profit for the financial period | - | - | - | 911,908 | - | 911,908 |
| - Financial assets measured at fair value through other comprehensive income | | | | | | |
| - Debt instruments | | | | | | |
| - Net fair value changes | - | (3,015) | - | - | - | (3,015) |
| - Changes in expected credit losses | - | 87 | - | - | - | 87 |
| - Currency translation differences | - | (2,204) | - | - | - | (2,204) |
| Total comprehensive (loss)/income | - | (5,132) | - | 911,908 | - | 906,776 |
| <u>Transactions with owners</u> | | | | | | |
| Transfer to regulatory reserve | - | - | 38,954 | (38,954) | - | - |
| Dividends payable | - | - | - | (792,914) | - | (792,914) |
| ESS exercised | - | (2,277) | - | 1,353 | 924 | - |
| Option written back arising from ESS lapsed | - | 68 | - | - | - | 68 |
| Total transactions with owners | - | (2,209) | 38,954 | (830,515) | 924 | (792,846) |
| At 30 September 2023 | 7,739,063 | (4,436) | 864,272 | 15,809,225 | (707,842) | 23,700,282 |
| At 1 July 2022 | 7,739,063 | (283,556) | 536,432 | 15,120,482 | (713,690) | 22,398,731 |
| <u>Comprehensive income</u> | | | | | | |
| Net profit for the financial period | - | - | - | 585,465 | - | 585,465 |
| - Financial assets measured at fair value through other comprehensive income | | | | | | |
| - Debt instruments | | | | | | |
| - Net fair value changes | - | (66,276) | - | - | - | (66,276) |
| - Changes in expected credit losses | - | 23 | - | - | - | 23 |
| - Net fair value changes in cash flow hedge | - | 274 | - | - | - | 274 |
| - Currency translation differences | - | 36,540 | - | - | - | 36,540 |
| Total comprehensive (loss)/income | - | (29,439) | - | 585,465 | - | 556,026 |
| <u>Transactions with owners</u> | | | | | | |
| Transfer to regulatory reserve | - | - | 39,828 | (39,828) | - | - |
| Dividends payable | - | - | - | (757,932) | - | (757,932) |
| ESS exercised | - | (1,953) | - | 1,126 | 827 | - |
| Option charge arising from ESS granted | - | (2,055) | - | - | - | (2,055) |
| Total transactions with owners | - | (4,008) | 39,828 | (796,634) | 827 | (759,987) |
| At 30 September 2022 | 7,739,063 | (317,003) | 576,260 | 14,909,313 | (712,863) | 22,194,770 |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 30 September 2023

| | The Group | | The Bank | |
|--|---|---|---|---|
| | Financial Period Ended 30/09/2023 RM'000 | Financial Period Ended 30/09/2022 RM'000 | Financial Period Ended 30/09/2023 RM'000 | Financial Period Ended 30/09/2022 RM'000 |
| Profit before taxation | 1,243,129 | 1,187,131 | 1,163,957 | 746,850 |
| Adjustments for non-cash items | (734,723) | (514,887) | (863,367) | (307,136) |
| Operating profit before working capital changes | 508,406 | 672,244 | 300,590 | 439,714 |
| Changes in working capital: | | | | |
| Net changes in operating assets | 432,771 | (3,394,163) | 686,609 | (2,275,783) |
| Net changes in operating liabilities | 1,690,913 | 8,299,133 | 914,613 | 6,036,651 |
| Income taxes and zakat paid | (180,276) | (332,705) | (137,000) | (301,305) |
| Net cash generated from operating activities | <u>2,451,814</u> | <u>5,244,509</u> | <u>1,764,812</u> | <u>3,899,277</u> |
| Cash flows from investing activities | | | | |
| Investment in subordinated facilities | - | - | (1,097) | (29,124) |
| Net (purchases)/proceeds of financial investments at fair value through other comprehensive income | (3,123,228) | 765,652 | (2,327,792) | 725,822 |
| Net proceeds of financial investments at amortised cost | 107,115 | 1,553,654 | 55,825 | 1,010,751 |
| Purchase of property and equipment | (16,081) | (58,783) | (14,217) | (58,744) |
| Net proceeds from sale of property and equipment | 408 | 226 | 406 | 131 |
| Purchase of intangible assets | (7,921) | (8,377) | (7,378) | (6,119) |
| Dividends received from: | | | | |
| - Associated company | - | - | 367,565 | - |
| - Financial assets at fair value through profit or loss | 19,957 | 17,577 | 19,628 | 17,456 |
| Net cash (used in)/generated from investing activities | <u>(3,019,750)</u> | <u>2,269,949</u> | <u>(1,907,060)</u> | <u>1,660,173</u> |
| Cash flows from financing activities | | | | |
| Repayment of lease liabilities | (6,740) | (6,968) | (13,925) | (13,804) |
| Repayment of recourse obligation on loans sold to Cagamas | - | (362,914) | - | - |
| Proceeds from debt issuance: | | | | |
| - Recourse obligation on financing sold to Cagamas | 300,000 | - | 210,000 | - |
| Interest paid: | | | | |
| - Recourse obligation on loans/financing sold to Cagamas | (27,079) | (13,813) | (22,504) | (2,743) |
| - Tier 2 subordinated bonds | (44) | - | (44) | - |
| - Multi-currency Additional Tier 1 capital securities | (9,611) | (9,564) | (9,611) | (9,606) |
| - Lease liabilities | (1,987) | (2,319) | (2,935) | (3,550) |
| Net cash generated from/(used in) financing activities | <u>254,539</u> | <u>(395,578)</u> | <u>160,981</u> | <u>(29,703)</u> |

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

Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 30 September 2023

| | The Group | | The Bank | |
|--|---|---|---|---|
| | Financial Period Ended 30/09/2023 RM'000 | Financial Period Ended 30/09/2022 RM'000 | Financial Period Ended 30/09/2023 RM'000 | Financial Period Ended 30/09/2022 RM'000 |
| Net (decrease)/increase in cash and cash equivalents | (313,397) | 7,118,880 | 18,733 | 5,529,747 |
| Currency translation differences | (19,443) | 75,134 | (1,054) | 36,934 |
| Cash and cash equivalents at the beginning of financial period | 7,925,863 | 5,981,992 | 6,288,977 | 6,119,034 |
| Cash and cash equivalents at the end of financial period | <u>7,593,023</u> | <u>13,176,006</u> | <u>6,306,656</u> | <u>11,685,715</u> |
| Cash and cash equivalents comprise the following: | | | | |
| Cash and short-term funds | 8,051,471 | 12,552,397 | 6,706,517 | 10,923,720 |
| Deposits and placements with banks and other financial institutions | 11,163 | 2,566,028 | 575,395 | 3,132,843 |
| | <u>8,062,634</u> | <u>15,118,425</u> | <u>7,281,912</u> | <u>14,056,563</u> |
| Less: | | | | |
| Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months | (469,611) | (1,942,419) | (975,256) | (2,370,848) |
| | <u>7,593,023</u> | <u>13,176,006</u> | <u>6,306,656</u> | <u>11,685,715</u> |

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023.

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

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 September 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 2023. 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 2023.

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 2023, and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2023:

- (i) * Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- * Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’

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

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

A2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2023

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2023.

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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 period.

A4 Exceptional items or unusual events affecting financial statements

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

A5 Variation from financial estimates reported in preceding financial period

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

A6 Issuance and repayment of debt and equity securities

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2023:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 30 September 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. This 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 holdings are recorded as “Treasury Shares for ESS”, in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the statements of financial position.

During the financial period ended 30 September 2023, the trust did not purchase any new shares. As at 30 September 2023, the total number of Treasury Shares for ESS was 37,470,641 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 grant shares to eligible executives of the Bank and its subsidiary pursuant to the Bank's ESS:

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.

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

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.

On 15 May 2023, the Bank has granted 123,608 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 123,608 free ordinary shares in HLB will be done in tranches over a period of 1.5 years from the date of the grant.

During the financial period ended 30 September 2023, a total of 136 grant shares lapsed and a total of 125,445 grant shares were vested and transferred pursuant to the Bank's ESS.

A7 Dividends payable

On 30 August 2023, the Board of Directors declared a final single tier dividend of 38 sen per share in respect of the financial year ended 30 June 2023.

The final single tier dividend of 38 sen to be paid amounting to RM792.9 million and the payment date was fixed on 22 November 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>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</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 | - | 997,852 |
| Government treasury bills | 289,668 | 620,126 | 289,668 | 225,937 |
| Malaysian Government securities | 613,048 | 305,143 | 613,048 | 305,143 |
| Malaysian Government investment certificates | 578,285 | 1,518,578 | 485,185 | 1,353,463 |
| Cagamas bonds | 15,199 | 15,078 | 15,199 | 15,078 |
| | <u>1,496,200</u> | <u>3,656,339</u> | <u>1,403,100</u> | <u>2,897,473</u> |
| Quoted securities: | | | | |
| Shares in Malaysia | 81,210 | 62,637 | 15,843 | 11,249 |
| Shares outside Malaysia | 11,056 | 9,352 | 11,056 | 9,352 |
| Wholesale fund/unit trust | 2,803,825 | 1,307,176 | 2,879,704 | 1,380,727 |
| Portfolio Investment Accounts (Note) | 1,037 | 1,282 | - | - |
| Foreign currency bonds in Malaysia | 18,399 | - | 18,399 | - |
| Unquoted securities: | | | | |
| Corporate bonds and sukuk | 63,303 | 190,885 | 63,303 | 190,885 |
| Shares in Malaysia | 364,985 | 364,985 | 364,985 | 364,985 |
| Foreign currency bonds in Malaysia | 98,299 | 37,281 | 98,299 | 37,281 |
| Redeemable preference shares | 25,000 | 25,000 | 25,000 | 25,000 |
| Total financial assets at FVTPL | <u><u>4,963,314</u></u> | <u><u>5,654,937</u></u> | <u><u>4,879,689</u></u> | <u><u>4,916,952</u></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> | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| At fair value | | | | |
| (a) Debt instruments | 37,226,108 | 33,789,020 | 32,654,181 | 30,011,550 |
| (b) Equity instruments | 97,650 | 97,650 | 97,650 | 97,650 |
| Total financial investments at FVOCI | <u>37,323,758</u> | <u>33,886,670</u> | <u>32,751,831</u> | <u>30,109,200</u> |
| (a) Debt instruments | | | | |
| Money market instruments: | | | | |
| Government treasury bills | 1,820,489 | 1,820,701 | 1,820,489 | 1,820,701 |
| Malaysian Government securities | 5,783,700 | 4,493,298 | 5,783,700 | 4,493,298 |
| Malaysian Government investment certificates | 11,118,828 | 9,726,037 | 7,092,675 | 6,297,637 |
| Negotiable instruments of deposit | 517,506 | 1,306,322 | 317,836 | 1,306,322 |
| Cagamas bonds | 2,926,545 | 2,535,068 | 2,926,545 | 2,535,068 |
| Khazanah bonds | 306,084 | 363,416 | 306,084 | 363,416 |
| | <u>22,473,152</u> | <u>20,244,842</u> | <u>18,247,329</u> | <u>16,816,442</u> |
| Quoted securities: | | | | |
| Government sukuk | 869,662 | 860,644 | 869,662 | 860,644 |
| Foreign currency bonds in Malaysia | 2,067,635 | 1,873,035 | 2,067,635 | 1,873,035 |
| Foreign currency bonds outside Malaysia | 2,119,736 | 1,703,172 | 2,119,736 | 1,703,172 |
| Unquoted securities: | | | | |
| Government sukuk | 30,321 | 30,768 | 30,321 | 30,768 |
| Corporate bonds and sukuk | 8,020,291 | 7,896,424 | 7,679,352 | 7,553,461 |
| Foreign currency bonds in Malaysia | 991,994 | 847,674 | 991,994 | 847,674 |
| Foreign currency bonds outside Malaysia | 653,317 | 332,461 | 648,152 | 326,354 |
| | <u>37,226,108</u> | <u>33,789,020</u> | <u>32,654,181</u> | <u>30,011,550</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 | |
| The Group 30 September 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July | 2,014 | - | 4,287 | 6,301 |
| New financial assets originated or purchased | 365 | - | - | 365 |
| Financial assets derecognised | (133) | - | - | (133) |
| Changes due to change in credit risk | (45) | - | - | (45) |
| At 30 September | 2,201 | - | 4,287 | 6,488 |

| | Stage 1 | Stage 2 | Stage 3 | Total ECL RM'000 |
|--|-----------|--------------|--------------|---------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Group 30 June 2023 | 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 |

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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 | |
| The Bank | | | | |
| 30 September 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July | 2,007 | - | 4,287 | 6,294 |
| New financial assets originated or purchased | 260 | - | - | 260 |
| Financial assets derecognised | (136) | - | - | (136) |
| Changes due to change in credit risk | (41) | - | - | (41) |
| Exchange differences | 4 | - | - | 4 |
| At 30 September | 2,094 | - | 4,287 | 6,381 |

| | Stage 1 | Stage 2 | Stage 3 | Total ECL RM'000 |
|--|---------------|---------------|---------------|---------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Bank | | | | |
| 30 June 2023 | RM'000 | RM'000 | 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 |

| | The Group | | The Bank | |
|------------------------|------------|------------|------------|------------|
| | 30/09/2023 | 30/06/2023 | 30/09/2023 | 30/06/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (b) Equity instruments | | | | |
| Unquoted securities: | | | | |
| Shares in Malaysia | 97,650 | 97,650 | 97,650 | 97,650 |

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A10 Financial investments at amortised cost

| | <u>The Group</u> | | <u>The Bank</u> | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| Money market instruments: | | | | |
| Government treasury bills | 61,008 | 60,676 | 61,008 | 60,676 |
| Malaysian Government securities | 5,634,641 | 5,427,423 | 5,634,641 | 5,427,423 |
| Malaysian Government investment certificates | 22,912,194 | 22,985,651 | 14,828,135 | 14,847,344 |
| Cagamas bonds | 1,658,768 | 1,658,260 | 950,482 | 954,692 |
| Khazanah bonds | 14,523 | 14,393 | 14,523 | 14,393 |
| Other Government securities | 366,277 | 421,343 | 304,058 | 357,609 |
| | <u>30,647,411</u> | <u>30,567,746</u> | <u>21,792,847</u> | <u>21,662,137</u> |
| Quoted securities: | | | | |
| Foreign currency bonds outside Malaysia | - | 19,117 | - | 19,117 |
| Unquoted securities: | | | | |
| Government sukuk | 30,218 | 30,611 | 30,218 | 30,611 |
| Corporate bonds and sukuk | 575,805 | 576,609 | 488,955 | 489,699 |
| Less: Expected credit losses | (25) | (18) | - | - |
| Total financial investments at amortised cost | <u>31,253,409</u> | <u>31,194,065</u> | <u>22,312,020</u> | <u>22,201,564</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> | |
| The Group | | | | |
| 30 September 2023 | | | | |
| At 1 July | 18 | - | - | 18 |
| Changes due to change in credit risk | 8 | - | - | 8 |
| Exchange differences | (1) | - | - | (1) |
| At 30 September | <u>25</u> | <u>-</u> | <u>-</u> | <u>25</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> | |
| The Group | | | | |
| 30 June 2023 | | | | |
| 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> |

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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)

| | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | |
|--------------------------|----------------|----------------|----------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Bank | | impaired | impaired | Total ECL |
| 30 September 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July/30 September | - | - | - | - |

| | <u>Stage 1</u> | <u>Stage 2</u> | <u>Stage 3</u> | |
|---------------------|----------------|----------------|----------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Bank | | impaired | impaired | Total ECL |
| 30 June 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July/30 June | - | - | - | - |

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A11 Loans, advances and financing

| | <u>The Group</u> | | <u>The Bank</u> | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Overdrafts | 3,817,656 | 4,077,891 | 2,490,058 | 2,603,155 |
| Term loans/financing: | | | | |
| - Housing and shop loans/financing | 98,993,764 | 97,387,797 | 76,198,864 | 75,068,963 |
| - Hire purchase receivables | 20,224,600 | 19,914,072 | 14,305,423 | 14,287,272 |
| - Ijarah receivables | 245,002 | 249,054 | - | - |
| - Other term loans/financing and syndicated term loans | 35,202,603 | 35,065,848 | 23,265,121 | 23,546,880 |
| Credit/charge card receivables | 3,320,471 | 3,202,663 | 3,320,471 | 3,202,663 |
| Bills receivable | 1,727,404 | 1,936,868 | 1,276,627 | 1,522,981 |
| Trust receipts | 356,844 | 441,074 | 205,375 | 301,326 |
| Claims on customers under | | | | |
| acceptance credits | 8,173,464 | 8,936,884 | 6,849,198 | 7,558,692 |
| Revolving credit | 9,546,569 | 10,339,502 | 7,466,037 | 8,142,773 |
| Staff loans/financing | 118,018 | 125,058 | 100,591 | 108,093 |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</u> |
| Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges | (14,650) | (14,700) | (11,595) | (11,788) |
| Allowance for impairment losses: | | | | |
| - Expected credit losses | (1,694,518) | (1,759,164) | (1,193,928) | (1,238,249) |
| Total net loans, advances and financing | <u>180,017,227</u> | <u>179,902,847</u> | <u>134,272,242</u> | <u>135,092,761</u> |

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM3,180,070,000 (2023: RM2,917,197,000) and RM1,656,162,000 (2023: RM1,463,428,000) 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>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Domestic non-bank financial institutions | 2,057,765 | 2,228,815 | 1,713,900 | 1,878,916 |
| Domestic business enterprises: | | | | |
| - small and medium enterprises ("SME") | 33,353,693 | 33,030,609 | 23,922,686 | 23,810,665 |
| - others | 25,813,692 | 27,819,048 | 19,042,017 | 20,975,027 |
| Government and statutory bodies | 1,036 | 1,108 | - | - |
| Individuals | 117,203,551 | 115,372,002 | 87,871,355 | 86,802,501 |
| Other domestic entities | 114,742 | 100,246 | 9,775 | 5,374 |
| Foreign entities | 3,181,916 | 3,124,883 | 2,918,032 | 2,870,315 |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</u> |

A11b By interest/profit rate sensitivity

| | <u>The Group</u> | | <u>The Bank</u> | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Fixed rate: | | | | |
| - Housing and shop loans/financing | 6,722,173 | 4,875,610 | 5,128,745 | 3,661,786 |
| - Hire purchase receivables | 20,172,729 | 19,856,028 | 14,270,058 | 14,248,349 |
| - Other fixed rate loans/financing | 8,260,490 | 8,640,926 | 6,984,633 | 7,393,620 |
| Variable rate: | | | | |
| - Standardised base rate/base rate/ base lending rate plus | 122,904,676 | 123,357,618 | 92,788,232 | 93,672,546 |
| - Cost plus | 23,586,374 | 24,846,899 | 16,301,413 | 17,358,416 |
| - Other variables rates | 79,953 | 99,630 | 4,684 | 8,081 |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</u> |

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A11 Loans, advances and financing (continued)

A11c By economic purpose

| | <u>The Group</u> | | <u>The Bank</u> | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Purchase of securities | 901,612 | 945,964 | 736,493 | 769,222 |
| Purchase of transport vehicles | 19,910,653 | 19,574,851 | 13,963,542 | 13,920,233 |
| Purchase of landed properties | | | | |
| - residential | 90,773,839 | 89,114,464 | 68,938,761 | 67,773,624 |
| - non-residential | 22,315,238 | 21,976,096 | 16,571,980 | 16,577,973 |
| Purchase of fixed assets (excluding landed properties) | 1,618,453 | 1,672,034 | 1,103,794 | 1,140,245 |
| Personal use | 3,882,604 | 3,885,235 | 2,575,160 | 2,616,759 |
| Credit card | 3,320,471 | 3,202,663 | 3,320,471 | 3,202,663 |
| Construction | 4,555,669 | 4,197,939 | 3,058,744 | 2,886,552 |
| Working capital | 33,302,538 | 35,949,262 | 24,443,671 | 26,681,549 |
| Other purpose | 1,145,318 | 1,158,203 | 765,149 | 773,978 |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</u> |

A11d By geographical distribution

| | <u>The Group</u> | | <u>The Bank</u> | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | 168,444,425 | 167,711,542 | 126,617,906 | 126,928,323 |
| Singapore | 8,820,574 | 9,367,686 | 8,820,574 | 9,367,686 |
| Hong Kong | 39,285 | 46,789 | 39,285 | 46,789 |
| Vietnam | 1,987,579 | 1,956,082 | - | - |
| Cambodia | 2,434,532 | 2,594,612 | - | - |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</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>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Within one year | 30,880,138 | 32,945,837 | 24,728,039 | 26,641,266 |
| One year to less than three years | 7,435,743 | 7,231,435 | 5,558,977 | 5,321,960 |
| Three years to less than five years | 10,259,844 | 10,654,145 | 7,790,375 | 8,184,124 |
| Five years and more | 133,150,670 | 130,845,294 | 97,400,374 | 96,195,448 |
| Gross loans, advances and financing | <u>181,726,395</u> | <u>181,676,711</u> | <u>135,477,765</u> | <u>136,342,798</u> |

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

| | <u>The Group</u> | | <u>The Bank</u> | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| At 1 July | 1,041,884 | 819,750 | 676,600 | 647,646 |
| Classified as impaired during the financial period/year | 361,904 | 1,642,609 | 240,646 | 1,096,781 |
| Reclassified as non-impaired during the financial period/year | (246,863) | (890,911) | (168,752) | (645,002) |
| Amount written back in respect of recoveries | (56,712) | (224,842) | (41,188) | (195,314) |
| Amount written off | (70,789) | (305,601) | (47,683) | (227,589) |
| Exchange difference | 130 | 879 | (4) | 78 |
| At 30 September | <u>1,029,554</u> | <u>1,041,884</u> | <u>659,619</u> | <u>676,600</u> |
| Gross impaired loans and financing as a % of gross loans, advances and financing | <u>0.57%</u> | <u>0.57%</u> | <u>0.49%</u> | <u>0.50%</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>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Purchase of securities | 117 | 125 | - | - |
| Purchase of transport vehicles | 52,274 | 42,881 | 32,194 | 27,129 |
| Purchase of landed properties | | | | |
| - residential | 381,007 | 404,337 | 227,531 | 254,059 |
| - non-residential | 124,058 | 119,107 | 106,744 | 105,087 |
| Purchase of fixed assets (excluding landed properties) | 4,580 | 4,627 | 4,580 | 4,627 |
| Personal use | 39,002 | 47,205 | 22,747 | 27,991 |
| Credit card | 26,611 | 30,445 | 26,611 | 30,445 |
| Construction | 24,924 | 24,851 | 5,293 | 5,575 |
| Working capital | 283,330 | 274,325 | 214,404 | 201,728 |
| Other purpose | 93,651 | 93,981 | 19,515 | 19,959 |
| Gross impaired loans, advances and financing | <u>1,029,554</u> | <u>1,041,884</u> | <u>659,619</u> | <u>676,600</u> |

A11h Impaired loans, advances and financing by geographical distribution

| | <u>The Group</u> | | <u>The Bank</u> | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | 968,028 | 982,267 | 658,437 | 675,119 |
| Singapore | 1,182 | 1,481 | 1,182 | 1,481 |
| Vietnam | 903 | 928 | - | - |
| Cambodia | 59,441 | 57,208 | - | - |
| Gross impaired loans, advances and financing | <u>1,029,554</u> | <u>1,041,884</u> | <u>659,619</u> | <u>676,600</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:

| The Group | Stage 1 | Stage 2 | Stage 3 | Total ECL |
|--|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| 30 September 2023 | RM'000 | impaired | impaired | RM'000 |
| At 1 July | 966,265 | 381,755 | 411,144 | 1,759,164 |
| Changes in ECL due to transfer within stages | (15,571) | (34,369) | 49,940 | - |
| Transfer to Stage 1 | 2,979 | (2,972) | (7) | - |
| Transfer to Stage 2 | (18,433) | 31,017 | (12,584) | - |
| Transfer to Stage 3 | (117) | (62,414) | 62,531 | - |
| New financial assets originated | 11,339 | 126 | 17 | 11,482 |
| Financial assets derecognised | (2,653) | (11,448) | (5,663) | (19,764) |
| Changes due to change in credit risk | (1,615) | 47,941 | 4,749 | 51,075 |
| Modifications to contractual cash flows | | | | |
| of financial asset | 2 | 76 | - | 78 |
| Changes in models/risk parameters | (32,720) | - | - | (32,720) |
| Amount written off | - | - | (71,124) | (71,124) |
| Exchange difference | (203) | (60) | 45 | (218) |
| Other movements | - | - | (3,455) | (3,455) |
| At 30 September | <u>924,844</u> | <u>384,021</u> | <u>385,653</u> | <u>1,694,518</u> |

| The Group | Stage 1 | Stage 2 | Stage 3 | Total ECL |
|--|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| 30 June 2023 | RM'000 | impaired | impaired | RM'000 |
| 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> |

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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)

| The Bank | Stage 1 | Stage 2 | Stage 3 | Total ECL |
|---|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| 30 September 2023 | RM'000 | impaired | impaired | RM'000 |
| At 1 July | 712,146 | 265,808 | 260,295 | 1,238,249 |
| Changes in ECL due to transfer within stages | (10,737) | (23,281) | 34,018 | - |
| Transfer to Stage 1 | 2,483 | (2,479) | (4) | - |
| Transfer to Stage 2 | (13,175) | 20,896 | (7,721) | - |
| Transfer to Stage 3 | (45) | (41,698) | 41,743 | - |
| New financial assets originated | 7,520 | 90 | - | 7,610 |
| Financial assets derecognised | (2,251) | (7,012) | (4,202) | (13,465) |
| Changes due to change in credit risk | 1,812 | 30,164 | 4,545 | 36,521 |
| Modifications to contractual cash flows of financial asset | 2 | 35 | - | 37 |
| Changes in models/risk parameters | (24,941) | - | - | (24,941) |
| Amount written off | - | - | (47,858) | (47,858) |
| Exchange difference | 32 | 2 | (3) | 31 |
| Other movements | - | - | (2,256) | (2,256) |
| At 30 September | <u>683,583</u> | <u>265,806</u> | <u>244,539</u> | <u>1,193,928</u> |

| The Bank | Stage 1 | Stage 2 | Stage 3 | Total ECL |
|---|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| 30 June 2023 | RM'000 | impaired | impaired | RM'000 |
| 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 | <u>712,146</u> | <u>265,808</u> | <u>260,295</u> | <u>1,238,249</u> |

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A12 Other assets

| | <u>The Group</u> | | <u>The Bank</u> | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| Foreclosed properties | 46 | 46 | 46 | 46 |
| Sundry debtors and other prepayments | 212,673 | 209,513 | 201,124 | 199,360 |
| Settlement accounts | 1,356,245 | 850,808 | 1,353,759 | 849,543 |
| Treasury related receivables | 225,122 | 159,021 | 225,104 | 159,021 |
| Cash collateral pledged for derivative transactions | 1,005,811 | 1,076,611 | 1,005,811 | 1,076,611 |
| Other receivables | 172,702 | 158,416 | 136,249 | 113,922 |
| | <u>2,972,599</u> | <u>2,454,415</u> | <u>2,922,093</u> | <u>2,398,503</u> |

A13 Deposits from customers

A13a By type of deposit

| | <u>The Group</u> | | <u>The Bank</u> | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| Amortised cost | | | | |
| Fixed deposits | 114,338,123 | 112,228,229 | 81,200,830 | 82,199,282 |
| Negotiable instruments of deposits | 11,764,938 | 10,914,720 | 8,207,158 | 7,472,536 |
| Short-term placements | 16,931,284 | 19,449,279 | 14,293,966 | 15,682,791 |
| | <u>143,034,345</u> | <u>142,592,228</u> | <u>103,701,954</u> | <u>105,354,609</u> |
| Demand deposits | 39,649,368 | 42,617,712 | 33,489,535 | 35,491,124 |
| Saving deposits | 22,264,105 | 22,479,000 | 18,273,795 | 18,473,887 |
| Others | 412,888 | 398,549 | 277,164 | 255,610 |
| | <u>205,360,706</u> | <u>208,087,489</u> | <u>155,742,448</u> | <u>159,575,230</u> |
| At fair value through profit and loss | | | | |
| Structured deposits linked to interest rate derivatives | 4,135,058 | 3,874,742 | 3,621,801 | 3,430,059 |
| Fair value changes arising from designation at fair value through profit or loss * | (333,187) | (310,412) | (286,404) | (272,341) |
| | <u>3,801,871</u> | <u>3,564,330</u> | <u>3,335,397</u> | <u>3,157,718</u> |
| | <u>209,162,577</u> | <u>211,651,819</u> | <u>159,077,845</u> | <u>162,732,948</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>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Government and statutory bodies | 4,399,920 | 4,821,242 | 523,041 | 1,041,589 |
| Business enterprises | 97,340,583 | 99,971,567 | 72,045,179 | 75,325,101 |
| Individuals | 105,105,727 | 104,615,970 | 84,705,248 | 84,671,220 |
| Others | 2,316,347 | 2,243,040 | 1,804,377 | 1,695,038 |
| | <u>209,162,577</u> | <u>211,651,819</u> | <u>159,077,845</u> | <u>162,732,948</u> |

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

| | <u>The Group</u> | | <u>The Bank</u> | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Due within: | | | | |
| - six months | 117,181,607 | 119,505,166 | 83,998,588 | 87,245,822 |
| - six months to one year | 22,897,437 | 20,115,668 | 17,877,702 | 16,140,440 |
| - one year to five years | 2,132,604 | 2,196,854 | 1,003,033 | 1,204,005 |
| - more than five years | 822,697 | 774,540 | 822,631 | 764,342 |
| | <u>143,034,345</u> | <u>142,592,228</u> | <u>103,701,954</u> | <u>105,354,609</u> |

A14 Investment accounts of customers

| | <u>The Group</u> | | <u>The Bank</u> | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>30/09/2023</u> | <u>30/06/2023</u> | <u>30/09/2023</u> | <u>30/06/2023</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Unrestricted investment accounts | | | | |
| Mudarabah with maturity | 2,114,133 | 2,249,231 | - | - |
| Restricted investment accounts * | | | | |
| Wakalah bi Al-Istithmar | 1,037 | 1,282 | - | - |
| | <u>2,115,170</u> | <u>2,250,513</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> | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| Licensed banks | 9,394,605 | 7,866,784 | 8,297,129 | 6,564,588 |
| Licensed investment banks | - | 230,021 | - | 230,021 |
| Central banks (Note) | 1,505,183 | 1,497,021 | 1,483,795 | 1,474,882 |
| | <u>10,899,788</u> | <u>9,593,826</u> | <u>9,780,924</u> | <u>8,269,491</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 RM1,505,183,000 (2023: RM1,497,021,000) and RM1,483,795,000 (2023: RM1,474,882,000) respectively at concession rates.

A16 Other liabilities

| | Note | <u>The Group</u> | | <u>The Bank</u> | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 30/09/2023 RM'000 | 30/06/2023 RM'000 | 30/09/2023 RM'000 | 30/06/2023 RM'000 |
| Zakat | | 437 | 350 | - | - |
| Post employment benefits obligation | | | | | |
| - defined contribution plan | | 300 | 300 | 300 | 300 |
| Loan advance payment | | 3,624,253 | 3,666,443 | 2,988,032 | 3,016,782 |
| Amount due to subsidiary companies | | - | - | 432,107 | 432,107 |
| Treasury and cheque clearing | | 275,690 | 204,026 | 258,339 | 123,742 |
| Cash collateral pledged for derivative transactions | | 251,041 | 298,332 | 251,041 | 299,063 |
| Sundry creditors and accruals | | 467,346 | 418,352 | 448,996 | 401,350 |
| Provision for bonus and staff related expenses | | 211,273 | 170,302 | 195,341 | 157,584 |
| Expected credit losses on financial guarantee contracts | (a) | 7,625 | 8,110 | 6,887 | 7,413 |
| Provision for reinstatement cost | | 21,377 | 21,137 | 26,662 | 26,360 |
| Settlement accounts | | 1,466,903 | 889,467 | 1,470,695 | 885,337 |
| Others | | 1,163,095 | 269,231 | 1,102,097 | 216,712 |
| | | <u>7,489,340</u> | <u>5,946,050</u> | <u>7,180,497</u> | <u>5,566,750</u> |

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A16 Other liabilities (continued)

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

| | Stage 1 | Stage 2 | Stage 3 | Total ECL RM'000 |
|--|--|--|--|---------------------|
| | 12 Months ECL RM'000 | Lifetime ECL not credit impaired RM'000 | Lifetime ECL credit impaired RM'000 | |
| | The Group 30 September 2023 | | | |
| At 1 July | 6,718 | 1,392 | - | 8,110 |
| Changes in ECL due to transfer within stages | (6) | 6 | - | - |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | (6) | 6 | - | - |
| Transfer to Stage 3 | - | - | - | - |
| New financial assets originated | 37 | - | - | 37 |
| Financial assets derecognised | (33) | - | - | (33) |
| Changes due to change in credit risk | (517) | 49 | - | (468) |
| Exchange difference | (22) | 1 | - | (21) |
| At 30 September | 6,177 | 1,448 | - | 7,625 |

| | Stage 1 | Stage 2 | Stage 3 | Total ECL RM'000 |
|--|---|--|--|---------------------|
| | 12 Months ECL RM'000 | Lifetime ECL not credit impaired RM'000 | Lifetime ECL credit impaired RM'000 | |
| | The Group 30 June 2023 | | | |
| 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 | 6,718 | 1,392 | - | 8,110 |

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A16 Other liabilities (continued)

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

| | Stage 1 | Stage 2 | Stage 3 | |
|--|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Bank | | | | Total ECL |
| 30 September 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July | 6,051 | 1,362 | - | 7,413 |
| Changes in ECL due to transfer within stages | (6) | 6 | - | - |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | (6) | 6 | - | - |
| Transfer to Stage 3 | - | - | - | - |
| New financial assets originated | 37 | - | - | 37 |
| Financial assets derecognised | (33) | - | - | (33) |
| Changes due to change in credit risk | (571) | 61 | - | (510) |
| Exchange difference | (21) | 1 | - | (20) |
| At 30 September | <u>5,457</u> | <u>1,430</u> | <u>-</u> | <u>6,887</u> |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|------------------|---------------------|---------------------|------------------|
| | 12 Months | Lifetime ECL | Lifetime ECL | |
| | ECL | not credit | credit | |
| The Bank | | | | Total ECL |
| 30 June 2023 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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> |

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A17 Tier 2 subordinated bonds

| | <u>The Group</u> | | <u>The Bank</u> | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | <u>30/09/2023</u> <u>RM'000</u> | <u>30/06/2023</u> <u>RM'000</u> | <u>30/09/2023</u> <u>RM'000</u> | <u>30/06/2023</u> <u>RM'000</u> |
| RM1.5 billion Tier 2 subordinated notes, at par | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Add: Interest payable | 18,616 | 2,661 | 18,616 | 2,661 |
| | <u>1,518,616</u> | <u>1,502,661</u> | <u>1,518,616</u> | <u>1,502,661</u> |
| Less: Unamortised discounts | (867) | (911) | (867) | (911) |
| | <u><u>1,517,749</u></u> | <u><u>1,501,750</u></u> | <u><u>1,517,749</u></u> | <u><u>1,501,750</u></u> |

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>30/09/2023</u> <u>RM'000</u> | <u>30/06/2023</u> <u>RM'000</u> | <u>30/09/2023</u> <u>RM'000</u> | <u>30/06/2023</u> <u>RM'000</u> |
| RM1.7 billion Multi-currency Additional Tier-1 and Additional Tier-1 Green capital securities, at par | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| Add: Interest payable | 25,976 | 15,902 | 25,976 | 15,902 |
| | <u>1,725,976</u> | <u>1,715,902</u> | <u>1,725,976</u> | <u>1,715,902</u> |
| Less: Unamortised discounts | (1,416) | (1,508) | (1,416) | (1,508) |
| Add: Fair value changes arising from fair value hedges | 2,820 | 5,115 | 2,820 | 5,115 |
| | <u><u>1,727,380</u></u> | <u><u>1,719,509</u></u> | <u><u>1,727,380</u></u> | <u><u>1,719,509</u></u> |

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

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Loan, advances and financing | 1,571,205 | 1,246,014 | 1,571,205 | 1,246,014 |
| Money at call and deposit placements with financial institutions | 48,726 | 54,349 | 48,726 | 54,349 |
| Financial investments at FVOCI | 317,223 | 153,669 | 317,223 | 153,669 |
| Financial investments at amortised cost | 166,467 | 167,535 | 166,467 | 167,535 |
| Others | 5,094 | 1,922 | 5,094 | 1,922 |
| | <u>2,108,715</u> | <u>1,623,489</u> | <u>2,108,715</u> | <u>1,623,489</u> |
| Interest income earned on impaired loans, advances and financing during the financial period | <u>12,006</u> | <u>6,919</u> | <u>12,006</u> | <u>6,919</u> |
| | | | | |
| | 1st Quarter Ended | | Cumulative Three Months Ended | |
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Loan, advances and financing | 1,486,201 | 1,175,100 | 1,486,201 | 1,175,100 |
| Money at call and deposit placements with financial institutions | 58,474 | 62,718 | 58,474 | 62,718 |
| Financial investments at FVOCI | 317,204 | 153,584 | 317,204 | 153,584 |
| Financial investments at amortised cost | 166,281 | 167,345 | 166,281 | 167,345 |
| Others | 5,094 | 1,920 | 5,094 | 1,920 |
| | <u>2,033,254</u> | <u>1,560,667</u> | <u>2,033,254</u> | <u>1,560,667</u> |
| Interest income earned on impaired loans, advances and financing during the financial period | <u>11,746</u> | <u>6,762</u> | <u>11,746</u> | <u>6,762</u> |

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A19(b) Interest income for financial assets at FVTPL

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---------------------------|-------------------|------------|-------------------------------|------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Financial assets at FVTPL | 26,452 | 67,486 | 26,452 | 67,486 |

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---------------------------|-------------------|------------|-------------------------------|------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Financial assets at FVTPL | 26,452 | 67,486 | 26,452 | 67,486 |

A20 Interest expense

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|-------------------|----------------|-------------------------------|----------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Deposits and placements of banks and other financial institutions | 103,815 | 57,716 | 103,815 | 57,716 |
| Deposits from customers | 902,123 | 476,578 | 902,123 | 476,578 |
| Short-term placements | 155,261 | 123,909 | 155,261 | 123,909 |
| Tier 2 subordinated bonds | 15,999 | 16,787 | 15,999 | 16,787 |
| Multi-currency Additional Tier-1 capital securities | 19,685 | 20,072 | 19,685 | 20,072 |
| Recourse obligation on loans sold to Cagamas | 14,628 | 4,028 | 14,628 | 4,028 |
| Others | 1,987 | 2,319 | 1,987 | 2,319 |
| | <u>1,213,498</u> | <u>701,409</u> | <u>1,213,498</u> | <u>701,409</u> |

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|-------------------|----------------|-------------------------------|----------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Deposits and placements of banks and other financial institutions | 112,557 | 62,921 | 112,557 | 62,921 |
| Deposits from customers | 849,930 | 443,850 | 849,930 | 443,850 |
| Short-term placements | 155,261 | 123,909 | 155,261 | 123,909 |
| Tier 2 subordinated bonds | 15,999 | 16,787 | 15,999 | 16,787 |
| Multi-currency Additional Tier-1 capital securities | 19,685 | 20,114 | 19,685 | 20,114 |
| Recourse obligation on loans sold to Cagamas | 14,628 | 4,028 | 14,628 | 4,028 |
| Others | 2,935 | 3,550 | 2,935 | 3,550 |
| | <u>1,170,995</u> | <u>675,159</u> | <u>1,170,995</u> | <u>675,159</u> |

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A21 Net income from Islamic Banking business

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|-------------------|----------------|-------------------------------|----------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Income derived from investment of depositors' funds and others | 543,968 | 417,996 | 543,968 | 417,996 |
| Income derived from investment of shareholders' funds | 70,665 | 48,982 | 70,665 | 48,982 |
| Income derived from investment of investment account | 29,125 | 25,644 | 29,125 | 25,644 |
| Income attributable to depositors | (393,762) | (227,233) | (393,762) | (227,233) |
| Income attributable to depositors on investment account | (19,763) | (13,869) | (19,763) | (13,869) |
| | <u>230,233</u> | <u>251,520</u> | <u>230,233</u> | <u>251,520</u> |
| Financing income earned on impaired financing and advances during the financial period | <u>2,381</u> | <u>1,143</u> | <u>2,381</u> | <u>1,143</u> |

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A22 Other operating income

| Group | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) <u>Fee income:</u> | | | | |
| Commissions | 56,593 | 46,086 | 56,593 | 46,086 |
| Service charges and fees | 6,097 | 6,397 | 6,097 | 6,397 |
| Guarantee fees | 7,813 | 5,456 | 7,813 | 5,456 |
| Credit card related fees | 57,680 | 51,677 | 57,680 | 51,677 |
| Commitment fees | 9,212 | 9,531 | 9,212 | 9,531 |
| Fee on loans, advances and financing | 11,099 | 16,574 | 11,099 | 16,574 |
| Other fee income | 11,464 | 19,827 | 11,464 | 19,827 |
| | <u>159,958</u> | <u>155,548</u> | <u>159,958</u> | <u>155,548</u> |
| (b) <u>Gain/(loss) arising from sale of financial assets:</u> | | | | |
| Net gain from sale of financial assets at FVTPL | 7,531 | 12,381 | 7,531 | 12,381 |
| Net gain/(loss) from sale of derivative financial instruments | 10,268 | (75,708) | 10,268 | (75,708) |
| Net gain from sale of financial investments at FVOCI | 1,828 | - | 1,828 | - |
| | <u>19,627</u> | <u>(63,327)</u> | <u>19,627</u> | <u>(63,327)</u> |
| (c) <u>Gross dividend income from:</u> | | | | |
| Financial assets at FVTPL | 19,957 | 17,577 | 19,957 | 17,577 |

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A22 Other operating income (continued)

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|----------------------|----------------------|-------------------------------|----------------------|
| | 30/09/2023 RM'000 | 30/09/2022 RM'000 | 30/09/2023 RM'000 | 30/09/2022 RM'000 |
| (d) <u>Net unrealised (loss)/gain on revaluation of:</u> | | | | |
| - Financial assets at FVTPL | (8,996) | (8,019) | (8,996) | (8,019) |
| - Derivatives financial instruments | 1,719 | 160,280 | 1,719 | 160,280 |
| | <u>(7,277)</u> | <u>152,261</u> | <u>(7,277)</u> | <u>152,261</u> |
| (e) <u>Net realised gain on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u> | <u>2,102</u> | <u>989</u> | <u>2,102</u> | <u>989</u> |
| (f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u> | <u>(586)</u> | <u>(4,980)</u> | <u>(586)</u> | <u>(4,980)</u> |
| (g) <u>Other income:</u> | | | | |
| Foreign exchange gain/(loss) | 42,590 | (3,973) | 42,590 | (3,973) |
| Rental income | 4,629 | 4,099 | 4,629 | 4,099 |
| Gain on disposal of property and equipment | 333 | 225 | 333 | 225 |
| Other non-operating income | 880 | 411 | 880 | 411 |
| | <u>48,432</u> | <u>762</u> | <u>48,432</u> | <u>762</u> |
| Total other operating income | <u>242,213</u> | <u>258,830</u> | <u>242,213</u> | <u>258,830</u> |

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A22 Other operating income (continued)

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|-------------------|------------|-------------------------------|------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| (a) <u>Fee income:</u> | | | | |
| Commissions | 55,924 | 45,544 | 55,924 | 45,544 |
| Service charges and fees | 5,726 | 6,119 | 5,726 | 6,119 |
| Guarantee fees | 7,803 | 5,426 | 7,803 | 5,426 |
| Credit card related fees | 57,680 | 51,677 | 57,680 | 51,677 |
| Commitment fees | 8,864 | 9,140 | 8,864 | 9,140 |
| Fee on loans, advances and financing | 8,646 | 14,236 | 8,646 | 14,236 |
| Other fee income | 11,374 | 19,748 | 11,374 | 19,748 |
| | 156,017 | 151,890 | 156,017 | 151,890 |
| (b) <u>Gain/(loss) arising from sale of financial assets:</u> | | | | |
| Net gain from sale of financial assets at FVTPL | 8,548 | 11,745 | 8,548 | 11,745 |
| Net gain/(loss) from sale of derivative financial instruments | 10,268 | (75,708) | 10,268 | (75,708) |
| Net gain from sale of financial investments at FVOCI | 1,828 | - | 1,828 | - |
| | 20,644 | (63,963) | 20,644 | (63,963) |
| (c) <u>Gross dividend income from:</u> | | | | |
| Associated companies | 453,330 | - | 453,330 | - |
| Financial assets at FVTPL | 19,628 | 17,456 | 19,628 | 17,456 |
| | 472,958 | 17,456 | 472,958 | 17,456 |

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A22 Other operating income (continued)

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|-------------------|----------------|-------------------------------|----------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (d) <u>Net unrealised (loss)/gain on revaluation of:</u> | | | | |
| - Financial assets at FVTPL | (9,561) | (7,139) | (9,561) | (7,139) |
| - Derivatives financial instruments | 1,719 | 160,213 | 1,719 | 160,213 |
| | <u>(7,842)</u> | <u>153,074</u> | <u>(7,842)</u> | <u>153,074</u> |
| (e) <u>Net realised gain on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u> | <u>2,102</u> | <u>989</u> | <u>2,102</u> | <u>989</u> |
| (f) <u>Net unrealised loss on fair value changes arising from fair value hedges</u> | <u>(586)</u> | <u>(4,980)</u> | <u>(586)</u> | <u>(4,980)</u> |
| (g) <u>Other income:</u> | | | | |
| Foreign exchange gain/(loss) | 41,372 | (4,293) | 41,372 | (4,293) |
| Rental income | 2,512 | 2,184 | 2,512 | 2,184 |
| Gain on disposal of property and equipment | 333 | 130 | 333 | 130 |
| Other non-operating income | 795 | 349 | 795 | 349 |
| | <u>45,012</u> | <u>(1,630)</u> | <u>45,012</u> | <u>(1,630)</u> |
| Total other operating income | <u>688,305</u> | <u>252,836</u> | <u>688,305</u> | <u>252,836</u> |

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A23 Other operating expenses

| Group | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Personnel costs</u> | | | | |
| - Salaries, allowances and bonuses | 284,824 | 271,177 | 284,824 | 271,177 |
| - Medical expenses | 7,779 | 7,751 | 7,779 | 7,751 |
| - Training and convention expenses | 2,474 | 2,184 | 2,474 | 2,184 |
| - Staff welfare | 2,714 | 2,314 | 2,714 | 2,314 |
| - Others | 6,571 | 1,504 | 6,571 | 1,504 |
| | <u>304,362</u> | <u>284,930</u> | <u>304,362</u> | <u>284,930</u> |
| <u>Establishment costs</u> | | | | |
| - Depreciation of property and equipment | 25,932 | 28,866 | 25,932 | 28,866 |
| - Depreciation of right-of-use assets | 11,709 | 12,434 | 11,709 | 12,434 |
| - Amortisation of intangible assets | 16,409 | 14,101 | 16,409 | 14,101 |
| - Rental of premises | 476 | 640 | 476 | 640 |
| - Information technology expenses | 57,049 | 56,628 | 57,049 | 56,628 |
| - Security services | 6,447 | 4,847 | 6,447 | 4,847 |
| - Electricity, water and sewerage | 5,613 | 5,766 | 5,613 | 5,766 |
| - Hire of plant and machinery | 3,668 | 3,099 | 3,668 | 3,099 |
| - Others | 7,003 | 7,341 | 7,003 | 7,341 |
| | <u>134,306</u> | <u>133,722</u> | <u>134,306</u> | <u>133,722</u> |
| <u>Marketing expenses</u> | | | | |
| - Advertisement and publicity | 2,031 | 5,745 | 2,031 | 5,745 |
| - Sales commission and credit card related fees | 33,000 | 38,678 | 33,000 | 38,678 |
| - Others | 4,327 | 5,094 | 4,327 | 5,094 |
| | <u>39,358</u> | <u>49,517</u> | <u>39,358</u> | <u>49,517</u> |
| <u>Administration and general expenses</u> | | | | |
| - Teletransmission expenses | 4,198 | 5,350 | 4,198 | 5,350 |
| - Stationery and printing expenses | 2,397 | 2,796 | 2,397 | 2,796 |
| - Professional fees | 27,025 | 25,551 | 27,025 | 25,551 |
| - Insurance fees | 12,368 | 9,541 | 12,368 | 9,541 |
| - Stamp, postage and courier | 2,993 | 4,077 | 2,993 | 4,077 |
| - Travelling and transport expenses | 813 | 703 | 813 | 703 |
| - Registration and license fees | 2,335 | 2,271 | 2,335 | 2,271 |
| - Brokerage and commission | 3,454 | 2,826 | 3,454 | 2,826 |
| - Credit card fees | 24,277 | 18,994 | 24,277 | 18,994 |
| - Others | (1,614) | 277 | (1,614) | 277 |
| | <u>78,246</u> | <u>72,386</u> | <u>78,246</u> | <u>72,386</u> |
| | <u>556,272</u> | <u>540,555</u> | <u>556,272</u> | <u>540,555</u> |

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A23 Other operating expenses (continued)

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|-------------------|----------------|-------------------------------|----------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| <u>Personnel costs</u> | | | | |
| - Salaries, allowances and bonuses | 223,531 | 212,292 | 223,531 | 212,292 |
| - Medical expenses | 6,613 | 6,254 | 6,613 | 6,254 |
| - Training and convention expenses | 2,204 | 1,993 | 2,204 | 1,993 |
| - Staff welfare | 1,589 | 1,768 | 1,589 | 1,768 |
| - Others | 5,383 | 698 | 5,383 | 698 |
| | <u>239,320</u> | <u>223,005</u> | <u>239,320</u> | <u>223,005</u> |
| <u>Establishment costs</u> | | | | |
| - Depreciation of property and equipment | 22,052 | 24,287 | 22,052 | 24,287 |
| - Depreciation of right-of-use assets | 17,388 | 18,169 | 17,388 | 18,169 |
| - Amortisation of intangible assets | 14,626 | 12,288 | 14,626 | 12,288 |
| - Rental of premises | 465 | 632 | 465 | 632 |
| - Information technology expenses | 44,372 | 47,784 | 44,372 | 47,784 |
| - Security services | 4,884 | 3,534 | 4,884 | 3,534 |
| - Electricity, water and sewerage | 4,077 | 4,435 | 4,077 | 4,435 |
| - Hire of plant and machinery | 797 | 414 | 797 | 414 |
| - Others | 782 | 639 | 782 | 639 |
| | <u>109,443</u> | <u>112,182</u> | <u>109,443</u> | <u>112,182</u> |
| <u>Marketing expenses</u> | | | | |
| - Advertisement and publicity | 1,314 | 5,204 | 1,314 | 5,204 |
| - Sales commission and credit card related fees | 29,015 | 33,362 | 29,015 | 33,362 |
| - Others | 3,112 | 3,120 | 3,112 | 3,120 |
| | <u>33,441</u> | <u>41,686</u> | <u>33,441</u> | <u>41,686</u> |
| <u>Administration and general expenses</u> | | | | |
| - Teletransmission expenses | 4,071 | 5,173 | 4,071 | 5,173 |
| - Stationery and printing expenses | 2,267 | 2,675 | 2,267 | 2,675 |
| - Professional fees | 25,839 | 24,619 | 25,839 | 24,619 |
| - Insurance fees | 10,136 | 8,024 | 10,136 | 8,024 |
| - Stamp, postage and courier | 2,935 | 3,955 | 2,935 | 3,955 |
| - Travelling and transport expenses | 621 | 489 | 621 | 489 |
| - Registration and license fees | 2,035 | 1,963 | 2,035 | 1,963 |
| - Brokerage and commission | 1,893 | 1,740 | 1,893 | 1,740 |
| - Credit card fees | 24,277 | 18,994 | 24,277 | 18,994 |
| - Others | 2,984 | 4,660 | 2,984 | 4,660 |
| | <u>77,058</u> | <u>72,292</u> | <u>77,058</u> | <u>72,292</u> |
| | <u>459,262</u> | <u>449,165</u> | <u>459,262</u> | <u>449,165</u> |

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

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|-------------------|---------------|-------------------------------|---------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Allowance for impairment on loans, advances and financing: | | | | |
| - expected credit losses | 9,687 | 99,467 | 9,687 | 99,467 |
| Impaired loans, advances and financing: | | | | |
| - written off | 6,024 | 9,194 | 6,024 | 9,194 |
| - recovered from bad debt written off | (66,816) | (71,085) | (66,816) | (71,085) |
| | <u>(51,105)</u> | <u>37,576</u> | <u>(51,105)</u> | <u>37,576</u> |

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|-------------------|---------------|-------------------------------|---------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| Allowance for impairment on loans, advances and financing: | | | | |
| - expected credit losses | 5,256 | 61,439 | 5,256 | 61,439 |
| Impaired loans, advances and financing: | | | | |
| - written off | 4,630 | 7,426 | 4,630 | 7,426 |
| - recovered from bad debt written off | (55,143) | (57,255) | (55,143) | (57,255) |
| | <u>(45,257)</u> | <u>11,610</u> | <u>(45,257)</u> | <u>11,610</u> |

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

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Expected credit losses and impairment losses on: | | | | |
| - Financial investments at FVOCI | 187 | (41) | 187 | (41) |
| - Financial investments at amortised cost | 8 | (43) | 8 | (43) |
| - Cash and short-term funds | 112 | (91) | 112 | (91) |
| - Deposits and placements with banks and other financial institutions | (7) | (168) | (7) | (168) |
| | <u>300</u> | <u>(343)</u> | <u>300</u> | <u>(343)</u> |

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| Expected credit losses and impairment losses on: | | | | |
| - Financial investments at FVOCI | 83 | (40) | 83 | (40) |
| - Cash and short-term funds | (1,004) | (711) | (1,004) | (711) |
| - Deposits and placements with banks and other financial institutions | (25) | (1,044) | (25) | (1,044) |
| | <u>(946)</u> | <u>(1,795)</u> | <u>(946)</u> | <u>(1,795)</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.

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

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

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

| | The Group | | The Bank | |
|--|--|--|--|--|
| | Financial Period Ended 30/09/2023 | Financial Year Ended 30/06/2023 | Financial Period Ended 30/09/2023 | Financial Year Ended 30/06/2023 |
| Before deducting proposed dividends | | | | |
| CET I capital ratio | 12.591% | 13.310% | 12.180% | 13.000% |
| Tier I capital ratio | 13.619% | 14.353% | 13.197% | 14.029% |
| Total capital ratio | <u>15.656%</u> | <u>16.399%</u> | <u>15.171%</u> | <u>16.009%</u> |
| After deducting proposed dividends | | | | |
| CET I capital ratio | 12.591% | 12.824% | 12.180% | 12.372% |
| Tier I capital ratio | 13.619% | 13.866% | 13.197% | 13.401% |
| Total capital ratio | <u>15.656%</u> | <u>15.912%</u> | <u>15.171%</u> | <u>15.381%</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:

| | The Group | | The Bank | |
|---|---|---|---|---|
| | Financial Period Ended 30/09/2023 RM'000 | Financial Year Ended 30/06/2023 RM'000 | Financial Period Ended 30/09/2023 RM'000 | Financial Year Ended 30/06/2023 RM'000 |
| CET I capital | | | | |
| Share capital | 7,739,063 | 7,739,063 | 7,739,063 | 7,739,063 |
| Retained profits | 24,159,820 | 25,017,703 | 14,895,964 | 15,727,832 |
| Other reserves | 910,934 | 947,836 | (4,436) | 2,905 |
| Less: Treasury shares | (707,842) | (708,766) | (707,842) | (708,766) |
| Less: Deferred tax assets | (422,679) | (410,436) | (333,717) | (317,985) |
| Less: Other intangible assets | (363,837) | (362,435) | (328,460) | (326,216) |
| Less: Goodwill | (1,831,312) | (1,831,312) | (1,771,547) | (1,771,547) |
| Less: Investment in subsidiary companies/ associated companies | (8,688,181) | (8,712,976) | (3,939,308) | (3,938,210) |
| Total CET I capital | 20,795,966 | 21,678,677 | 15,549,717 | 16,407,076 |
| Additional Tier I capital | | | | |
| Multi-currency Additional Tier 1 capital securities | 1,698,584 | 1,698,491 | 1,698,584 | 1,698,491 |
| Additional Tier I capital before regulatory adjustments | 1,698,584 | 1,698,491 | 1,698,584 | 1,698,491 |
| Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah | - | - | (400,000) | (400,000) |
| Additional Tier I capital after regulatory adjustments | 1,698,584 | 1,698,491 | 1,298,584 | 1,298,491 |
| Total Tier I capital | 22,494,550 | 23,377,168 | 16,848,301 | 17,705,567 |
| Tier II capital | | | | |
| Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves [#] | 1,864,331 | 1,832,523 | 1,421,685 | 1,399,403 |
| Subordinated bonds | 1,499,133 | 1,499,089 | 1,499,133 | 1,499,089 |
| Less: Investment in Tier 2 Subordinated Sukuk Murabahah | - | - | (400,000) | (400,000) |
| Total Tier II capital | 3,363,464 | 3,331,612 | 2,520,818 | 2,498,492 |
| Total capital | 25,858,014 | 26,708,780 | 19,369,119 | 20,204,059 |

[#] Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,055,785,000 (2023: RM990,816,000) and RM864,272,000 (2023: RM825,318,000) respectively.

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A26 Capital adequacy (continued)

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

| | The Group | | The Bank | |
|------------------|---|---|---|---|
| | Financial Period Ended 30/09/2023 RM'000 | Financial Year Ended 30/06/2023 RM'000 | Financial Period Ended 30/09/2023 RM'000 | Financial Year Ended 30/06/2023 RM'000 |
| Credit risk * | 149,146,475 | 146,601,855 | 113,734,792 | 111,952,229 |
| Market risk | 5,775,013 | 6,124,089 | 5,714,649 | 6,120,834 |
| Operational risk | 10,245,349 | 10,143,761 | 8,219,348 | 8,131,845 |
| Total RWA | 165,166,837 | 162,869,705 | 127,668,789 | 126,204,908 |

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,515,573,000 (2023: RM1,588,912,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

| | Hong Leong Islamic Bank Berhad | |
|--|--|--|
| | Financial Period Ended 30/09/2023 | Financial Year Ended 30/06/2023 |
| Before deducting proposed dividends | | |
| CET I capital ratio | 11.075% | 11.423% |
| Tier I capital ratio | 12.273% | 12.653% |
| Total capital ratio | <u>14.643%</u> | <u>15.051%</u> |
| After deducting proposed dividends | | |
| CET I capital ratio | 11.075% | 11.423% |
| Tier I capital ratio | 12.273% | 12.653% |
| Total capital ratio | <u>14.643%</u> | <u>15.051%</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 30/09/2023

| | Personal Financial Services RM'000 | Business & Corporate Banking RM'000 | Global Markets RM'000 | Overseas/ International Operations RM'000 | Other Operations RM'000 | Inter- Segment Elimination RM'000 | Total RM'000 |
|---|---|--|--------------------------------------|--|--|--|-------------------------|
| <u>By business segment</u> | | | | | | | |
| External revenue | 895,468 | 257,422 | 189,084 | 92,312 | 420,738 | (460,909) | 1,394,115 |
| Inter-segment revenue | (95,922) | 184,785 | (184,412) | 2,669 | 92,880 | - | - |
| Segment revenue | <u>799,546</u> | <u>442,207</u> | <u>4,672</u> | <u>94,981</u> | <u>513,618</u> | <u>(460,909)</u> | <u>1,394,115</u> |
| Segment profit before taxation | 491,358 | 366,668 | (19,969) | 25,268 | 490,746 | (465,423) | 888,648 |
| Share of profit after tax of equity accounted associated companies | | | | 354,481 | | | 354,481 |
| Profit before taxation | | | | | | | <u>1,243,129</u> |
| Taxation | | | | | | | (213,353) |
| Profit after taxation | | | | | | | <u><u>1,029,776</u></u> |

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

Financial period ended 30/09/2023

| | Personal Financial Services RM'000 | Business & Corporate Banking RM'000 | Global Markets RM'000 | Overseas/ International Operations RM'000 | Other Operations RM'000 | Inter- Segment Elimination RM'000 | Total RM'000 |
|---|---|--|--------------------------------------|--|--|--|---------------------------|
| <u>By business segment</u> | | | | | | | |
| External revenue | 895,468 | 257,422 | 189,084 | 92,312 | 420,738 | (460,909) | 1,394,115 |
| Inter-segment revenue | (95,922) | 184,785 | (184,412) | 2,669 | 92,880 | - | - |
| Segment revenue | <u>799,546</u> | <u>442,207</u> | <u>4,672</u> | <u>94,981</u> | <u>513,618</u> | <u>(460,909)</u> | <u>1,394,115</u> |
| Segment profit before taxation | 491,358 | 366,668 | (19,969) | 25,268 | 490,746 | (465,423) | 888,648 |
| Share of profit after tax of equity accounted associated companies | | | | 354,481 | | | 354,481 |
| Profit before taxation | | | | | | | <u>1,243,129</u> |
| Taxation | | | | | | | (213,353) |
| Profit after taxation | | | | | | | <u><u>1,029,776</u></u> |
| Segment assets | 119,694,227 | 48,082,281 | 74,695,516 | 24,876,452 | - | - | 267,348,476 |
| Unallocated assets | | | | | | | 15,225,703 |
| Total assets | | | | | | | <u><u>282,574,179</u></u> |

Corresponding quarter ended 30/09/2022

| | Personal Financial Services RM'000 | Business & Corporate Banking RM'000 | Global Markets RM'000 | Overseas/ International Operations RM'000 | Other Operations RM'000 | Inter- Segment Elimination RM'000 | Total RM'000 |
|---|---|--|--------------------------------------|--|--|--|-------------------------|
| <u>By business segment</u> | | | | | | | |
| External revenue | 834,484 | 304,181 | 289,095 | 100,523 | (21,264) | (7,103) | 1,499,916 |
| Inter-segment revenue | (54,831) | 105,494 | (148,592) | - | 97,929 | - | - |
| Segment revenue | <u>779,653</u> | <u>409,675</u> | <u>140,503</u> | <u>100,523</u> | <u>76,665</u> | <u>(7,103)</u> | <u>1,499,916</u> |
| Segment profit before taxation | 403,025 | 319,201 | 115,881 | 33,926 | 62,136 | (12,041) | 922,128 |
| Share of profit after tax of equity accounted associated companies | | | | 265,003 | | | 265,003 |
| Profit before taxation | | | | | | | <u>1,187,131</u> |
| Taxation | | | | | | | (205,722) |
| Profit after taxation | | | | | | | <u><u>981,409</u></u> |

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

Corresponding financial period ended 30/09/2022

| | Personal Financial Services RM'000 | Business & Corporate Banking RM'000 | Global Markets RM'000 | Overseas/ International Operations RM'000 | Other Operations RM'000 | Inter- Segment Elimination RM'000 | Total RM'000 |
|---|---|--|--------------------------------------|--|--|--|-------------------------|
| <u>By business segment</u> | | | | | | | |
| External revenue | 834,484 | 304,181 | 289,095 | 100,523 | (21,264) | (7,103) | 1,499,916 |
| Inter-segment revenue | (54,831) | 105,494 | (148,592) | - | 97,929 | - | - |
| Segment revenue | <u>779,653</u> | <u>409,675</u> | <u>140,503</u> | <u>100,523</u> | <u>76,665</u> | <u>(7,103)</u> | <u>1,499,916</u> |
| Segment profit before taxation | 403,025 | 319,201 | 115,881 | 33,926 | 62,136 | (12,041) | 922,128 |
| Share of profit after tax of equity accounted associated companies | | | | 265,003 | | | 265,003 |
| Profit before taxation | | | | | | | <u>1,187,131</u> |
| Taxation | | | | | | | (205,722) |
| Profit after taxation | | | | | | | <u>981,409</u> |
| Segment assets | 111,757,202 | 44,315,074 | 76,215,092 | 20,803,619 | - | - | 253,090,987 |
| Unallocated assets | | | | | | | 9,629,803 |
| Total assets | | | | | | | <u>262,720,790</u> |

A28 Property and equipment

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

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

There are no material events subsequent to the end of the financial period ended 30 September 2023 except for the following:

On 3 November 2023, the Bank issued its first tranche of RM100.0 million nominal value of medium term notes (“Senior MTN”) out of its RM10.0 billion Multi-Currency Medium Term Notes Programme (“Senior MTN Programme”). The coupon rate for this first tranche of the Senior MTN is 4.07% per annum, which is payable semi-annually in arrears from the date of the issue. The tenure for this Senior MTN is 3 years. The proceeds from the issuance shall be utilised for the Bank’s working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Bank.

A29(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 September 2023 and up to the date of this report.

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A30 Commitments and contingencies

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

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

| | <u>The Group</u> | | <u>The Bank</u> | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30/09/2023 | 30/06/2023 | 30/09/2023 | 30/06/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Principal amount | | | | |
| Direct credit substitutes | 221,049 | 224,515 | 214,866 | 217,046 |
| Certain transaction related contingent items | 2,712,473 | 2,594,402 | 1,920,608 | 1,819,394 |
| Short-term self liquidating trade related contingencies | 876,928 | 1,063,924 | 788,135 | 849,981 |
| Irrevocable commitments to extend credit: | | | | |
| - maturity more than one year | 16,965,165 | 17,073,556 | 12,596,608 | 12,463,084 |
| - maturity less than one year | 28,785,078 | 26,457,159 | 22,908,743 | 21,025,525 |
| Foreign exchange related contracts: | | | | |
| - less than one year | 74,275,812 | 63,906,468 | 69,256,020 | 60,747,086 |
| - one year to five years | 7,020,111 | 7,321,941 | 7,020,111 | 7,321,941 |
| - over five years | 650,787 | 737,005 | 650,787 | 737,005 |
| Interest rate related contracts: | | | | |
| - less than one year | 46,705,916 | 45,361,203 | 46,705,916 | 45,361,203 |
| - one year to five years | 85,928,831 | 81,071,444 | 86,385,884 | 81,492,156 |
| - over five years | 3,846,042 | 4,399,525 | 3,846,042 | 4,291,746 |
| Equity related contracts: | | | | |
| - less than one year | 582,382 | 487,429 | 582,382 | 487,429 |
| - one year to five years | 876,514 | 668,393 | 876,514 | 668,393 |
| Credit related contracts: | | | | |
| - less than one year | 121,729 | 121,391 | 121,729 | 121,391 |
| - over five years | 1,283,655 | 1,225,853 | 1,283,655 | 1,225,853 |
| Commodity related contracts: | | | | |
| - less than one year | 303,298 | 554,082 | 303,298 | 554,082 |
| Unutilised credit card lines | 6,868,298 | 6,902,344 | 6,868,298 | 6,902,344 |
| Total | 278,024,068 | 260,170,634 | 262,329,596 | 246,285,659 |

A31 Related party transactions

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

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A32 Fair value of financial instruments

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

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

(a) Determination of fair value and fair value hierarchy

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

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

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

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

Valuation techniques

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

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

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

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A32 Fair value of financial instruments (continued)

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

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

| | The Group | | | |
|---|--|-------------------|----------------|-------------------|
| | Financial Period Ended 30/09/2023 | | | |
| | Fair Value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Recurring fair value measurements</i> | | | | |
| <u>Financial Assets</u> | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instrument | - | 1,496,200 | - | 1,496,200 |
| - Quoted securities | 2,915,527 | - | - | 2,915,527 |
| - Unquoted securities | - | 186,602 | 364,985 | 551,587 |
| Financial investments at FVOCI | | | | |
| - Money market instrument | - | 22,473,152 | - | 22,473,152 |
| - Quoted securities | 5,057,033 | - | - | 5,057,033 |
| - Unquoted securities | - | 9,695,923 | 97,650 | 9,793,573 |
| Derivative financial instruments | 10,308 | 1,818,876 | 65,841 | 1,895,025 |
| | <u>7,982,868</u> | <u>35,670,753</u> | <u>528,476</u> | <u>44,182,097</u> |
| <u>Financial Liabilities</u> | | | | |
| Derivative financial instruments | 43 | 2,057,628 | 62,199 | 2,119,870 |
| Financial liabilities designated at fair value | | | | |
| - Structured deposits linked to interest rate derivatives | - | 3,801,871 | - | 3,801,871 |
| | <u>43</u> | <u>5,859,499</u> | <u>62,199</u> | <u>5,921,741</u> |
| The Group | | | | |
| Financial Year Ended 30/06/2023 | | | | |
| | Fair Value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Recurring fair value measurements</i> | | | | |
| <u>Financial Assets</u> | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instrument | - | 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> |
| <u>Financial Liabilities</u> | | | | |
| 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> |

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2023: RM Nil).

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A32 Fair value of financial instruments (continued)

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

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

| | The Bank | | | |
|---|--|-------------------|----------------|-------------------|
| | Financial Period Ended 30/09/2023 | | | |
| | Fair Value | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Recurring fair value measurements</i> | | | | |
| <u>Financial Assets</u> | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instrument | - | 1,403,100 | - | 1,403,100 |
| - Quoted securities | 2,925,002 | - | - | 2,925,002 |
| - Unquoted securities | - | 186,602 | 364,985 | 551,587 |
| Financial investments at FVOCI | | | | |
| - Money market instrument | - | 18,247,329 | - | 18,247,329 |
| - Quoted securities | 5,057,033 | - | - | 5,057,033 |
| - Unquoted securities | - | 9,349,819 | 97,650 | 9,447,469 |
| Derivative financial instruments | 10,308 | 1,747,713 | 61,089 | 1,819,110 |
| | <u>7,992,343</u> | <u>30,934,563</u> | <u>523,724</u> | <u>39,450,630</u> |
| <u>Financial Liabilities</u> | | | | |
| Derivative financial instruments | 43 | 1,974,328 | 57,448 | 2,031,819 |
| Financial liabilities designated at fair value | | | | |
| - Structured deposits linked to interest rate derivatives | - | 3,335,397 | - | 3,335,397 |
| | <u>43</u> | <u>5,309,725</u> | <u>57,448</u> | <u>5,367,216</u> |
| The Bank | | | | |
| Financial Year Ended 30/06/2023 | | | | |
| Fair Value | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Recurring fair value measurements</i> | | | | |
| <u>Financial Assets</u> | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instrument | - | 2,897,473 | - | 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> |
| <u>Financial Liabilities</u> | | | | |
| 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> |

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2023: RM Nil).

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A32 Fair value of financial instruments (continued)

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

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

| The Group | Financial Assets | | | Financial |
|--|-------------------------|--------------------|--------------------|--------------------|
| | Financial assets | Financial | Derivative | Liability |
| 30 September 2023 | at FVTPL | investments | financial | Derivative |
| | at FVTPL | at FVOCI | instruments | financial |
| | RM'000 | RM'000 | RM'000 | instruments |
| | | | | RM'000 |
| At 1 July | 364,985 | 97,650 | 74,354 | 71,839 |
| Fair value changes recognised in statements of income | - | - | 7,690 | 7,690 |
| Purchases | - | - | 10,043 | 8,034 |
| Settlements | - | - | (26,246) | (25,364) |
| At 30 September | <u>364,985</u> | <u>97,650</u> | <u>65,841</u> | <u>62,199</u> |
| Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2023 | <u>-</u> | <u>-</u> | <u>7,690</u> | <u>7,690</u> |
| The Group | Financial Assets | | | Financial |
| 30 June 2023 | Financial assets | investments | financial | Liability |
| | at FVTPL | at FVOCI | instruments | Derivative |
| | RM'000 | RM'000 | RM'000 | financial |
| | | | | instruments |
| | | | | RM'000 |
| 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> |

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A32 Fair value of financial instruments (continued)

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

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

| The Bank 30 September 2023 | Financial Assets | | | Financial |
|--|-------------------------|--------------------|--------------------|--------------------|
| | Financial assets | Financial | Derivative | Liability |
| | at FVTPL | investments | financial | Derivative |
| | at FVTPL | at FVOCI | instruments | financial |
| | RM'000 | RM'000 | RM'000 | instruments |
| | | | | RM'000 |
| At 1 July | 364,985 | 97,650 | 63,994 | 61,479 |
| Fair value changes recognised in statements of income | - | - | 7,690 | 7,690 |
| Purchases | - | - | 10,043 | 8,034 |
| Settlements | - | - | (20,638) | (19,755) |
| At 30 September | <u>364,985</u> | <u>97,650</u> | <u>61,089</u> | <u>57,448</u> |
| Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2023 | <u>-</u> | <u>-</u> | <u>7,690</u> | <u>7,690</u> |

| The Bank 30 June 2023 | Financial Assets | | | Financial |
|---|-------------------------|--------------------|--------------------|--------------------|
| | Financial assets | Financial | Derivative | Liability |
| | at FVTPL | investments | financial | Derivative |
| | at FVTPL | at FVOCI | instruments | financial |
| | RM'000 | RM'000 | RM'000 | instruments |
| | | | | RM'000 |
| At 1 July | 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> |

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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 RM1,243.1 million for the current financial quarter ended 30 September 2023, an increase of RM56.0 million or 4.7% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to net written back of allowance for impairment losses on loans, advances and financing of RM88.7 million and higher share of profit from associated company of RM89.5 million. However, this was mitigated by lower net income of RM105.8 million, higher operating expenses of RM15.7 million and allowance for impairment losses on financial investments and other assets of RM0.7 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 RM491.4 million for the first quarter ended 30 September 2023 as compared to previous corresponding quarter of RM403.0 million. The increase in pre-tax profit was mainly contributed by lower allowance for impairment losses on loans, advances and financing, higher total income and lower operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM366.7 million for the first quarter ended 30 September 2023 as compared to previous corresponding quarter of RM319.2 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 RM20.0 million for the first quarter ended 30 September 2023 as compared to a pre-tax profit for previous corresponding quarter of RM115.9 million. The pre-tax loss was mainly contributed by lower total income and higher impairment losses on financial investments and other assets, partially offset by lower operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM379.7 million for the first quarter ended 30 September 2023 as compared to previous corresponding quarter of RM298.9 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses and lower total income.

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B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM1,243.1 million as compared to RM1,040.4 million in the preceding quarter, an increase of RM202.8 million mainly contributed by higher net income of RM91.0 million, lower operating expenses of RM31.1 million, net written back of impairment losses on loans, advances and financing of RM65.5 million and higher share of profit from associated company of RM15.9 million. This was mitigated by allowance for impairment losses on financial investments and other assets of RM0.7 million.

B3 Current year prospects

Growth prospect of the Malaysian economy is expected to remain modest in the region of 4-5% in 2023 and 2024. Continuous expansion in domestic demand on the back of consumption growth and pick-up in investment activities are expected to cushion the fallout from weaker external demand. Tentative signs of a bottoming out in the China economy, coupled with likelihood of lagged effects from recent targeted stimulus aids, are also expected to bode well for the Malaysian economy. That said, geopolitical uncertainties, lingering inflationary and hence policy risks, would continue to cloud overall world growth outlook.

In our journey to be a highly digital and innovative ASEAN financial services institution, we are committed in the execution of our aligned strategic priorities to deliver sustainable outcomes. We strive to elevate and reimagine the customer journey to provide customer-centric banking solutions that ring true to our brand promise of “Built Around You”.

With the banking landscape becoming even more competitive, it has become more crucial to form new strategic partnerships as we leverage on our digital expertise as a competitive advantage. We believe that capturing opportunities to build new growth engines and strengthening our talent pool with world class talent will drive us to build a strong ASEAN franchise. The Bank continues to make meaningful progress in its sustainability journey, and we remain committed in further enhancing our environmental, social and governance (“ESG”) strategies and practices, while working with our stakeholders to create positive impact across our customers, communities and environment.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|-------------------------------|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | |
| Income tax | 223,797 | 216,632 | 223,797 | 216,632 |
| Transfer to deferred taxation | (10,444) | (10,910) | (10,444) | (10,910) |
| | <u>213,353</u> | <u>205,722</u> | <u>213,353</u> | <u>205,722</u> |

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|-------------------------------|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The Bank | | | | |
| Income tax | 266,605 | 170,016 | 266,605 | 170,016 |
| Transfer to deferred taxation | (14,556) | (8,631) | (14,556) | (8,631) |
| | <u>252,049</u> | <u>161,385</u> | <u>252,049</u> | <u>161,385</u> |

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B6 Profit on sale of unquoted investments/properties

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

B7 Purchase and disposal of quoted securities

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

B8 Status of corporate proposals

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

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B9 Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 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 | 58,036,555 | 593,541 | (491,017) |
| (ii) 1 year to 3 years | 1,343,730 | 30,476 | (306) |
| (iii) More than 3 years | 1,134,526 | 9,529 | (2,523) |
| Swaps | | | |
| (i) Less than 1 year | 9,035,835 | 126,641 | (183,626) |
| (ii) 1 year to 3 years | 3,534,119 | 86,285 | (191,084) |
| (iii) More than 3 years | 1,627,621 | 46,806 | (85,377) |
| Options | | | |
| (i) Less than 1 year | 7,203,422 | 33,296 | (28,232) |
| (ii) 1 year to 3 years | 30,902 | 489 | (396) |
| Interest rate related contracts | | | |
| Futures | | | |
| (i) Less than 1 year | 2,493,798 | 10,308 | (43) |
| Swaps | | | |
| (i) Less than 1 year | 44,212,118 | 52,406 | (72,145) |
| (ii) 1 year to 3 years | 37,654,542 | 262,448 | (266,631) |
| (iii) More than 3 years | 52,120,331 | 494,133 | (653,493) |
| Equity related contracts | | | |
| (i) Less than 1 year | 582,382 | 13,693 | (12,384) |
| (ii) 1 year to 3 years | 144,617 | 4,669 | (3,713) |
| (iii) More than 3 years | 731,897 | 42,726 | (41,350) |
| Credit related contracts | | | |
| (i) Less than 1 year | 121,729 | 2,141 | (2,141) |
| (ii) More than 3 years | 1,283,655 | 85,025 | (85,025) |
| Commodity related contracts | | | |
| (i) Less than 1 year | 303,298 | 413 | (384) |
| Total | 221,595,077 | 1,895,025 | (2,119,870) |

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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 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) |
| (i) 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) |
| Total | 205,854,734 | 2,168,424 | (2,387,886) |

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 September 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 | 53,007,703 | 513,598 | (445,240) |
| (ii) 1 year to 3 years | 1,343,730 | 30,476 | (306) |
| (iii) More than 3 years | 1,134,526 | 9,529 | (2,523) |
| Swaps | | | |
| (i) Less than 1 year | 9,035,835 | 126,641 | (183,626) |
| (ii) 1 year to 3 years | 3,534,119 | 86,285 | (191,084) |
| (iii) More than 3 years | 1,627,621 | 46,579 | (85,377) |
| Options | | | |
| (i) Less than 1 year | 7,212,482 | 33,602 | (28,538) |
| (ii) 1 year to 3 years | 30,902 | 489 | (396) |
| Interest rate related contracts | | | |
| Futures | | | |
| (i) Less than 1 year | 2,493,798 | 10,308 | (43) |
| Swaps | | | |
| (i) Less than 1 year | 44,212,118 | 52,406 | (72,145) |
| (ii) 1 year to 3 years | 37,654,542 | 262,448 | (266,631) |
| (iii) More than 3 years | 52,577,384 | 498,082 | (610,913) |
| Equity related contracts | | | |
| (i) Less than 1 year | 582,382 | 13,693 | (12,384) |
| (ii) 1 year to 3 years | 107,444 | 4,502 | (3,546) |
| (iii) More than 3 years | 769,070 | 42,893 | (41,517) |
| Credit related contracts | | | |
| (i) Less than 1 year | 121,729 | 2,141 | (2,141) |
| (ii) More than 3 years | 1,283,655 | 85,025 | (85,025) |
| Commodity related contracts | | | |
| (i) Less than 1 year | 303,298 | 413 | (384) |
| Total | 217,032,338 | 1,819,110 | (2,031,819) |

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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) |
| (i) 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) |
| Total | 203,008,285 | 2,071,669 | (2,301,936) |

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B9 Off-balance sheet financial instruments (continued)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM540,600,000 (30 June 2023: RM522,107,000) and RM136,920,354,000 (30 June 2023: RM131,760,483,000) respectively.

Derivatives

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

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM2,173,044,000 (30 June 2023: RM2,489,863,000). 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

No interim dividend has been declared for the current quarter.

B12 Earnings per share

(a) Basic earnings per share

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

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|--|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>The Group</u> | | | | |
| Net profit attributable to equity holders | 1,029,776 | 981,409 | 1,029,776 | 981,409 |
| 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 | (118,623) | (119,296) | (118,623) | (119,296) |
| | <u>2,049,095</u> | <u>2,048,422</u> | <u>2,049,095</u> | <u>2,048,422</u> |
| Basic earnings per share (sen) | 50.3 | 47.9 | 50.3 | 47.9 |
| <u>The Bank</u> | | | | |
| Net profit attributable to equity holders | 911,908 | 585,465 | 911,908 | 585,465 |
| 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 | (118,623) | (119,296) | (118,623) | (119,296) |
| | <u>2,049,095</u> | <u>2,048,422</u> | <u>2,049,095</u> | <u>2,048,422</u> |
| Basic earnings per share (sen) | 44.5 | 28.6 | 44.5 | 28.6 |

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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.

| | 1st Quarter Ended | | Cumulative Three Months Ended | |
|---|--------------------------|-------------------|--------------------------------------|-------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>The Group</u> | | | | |
| Net profit attributable to equity holders | 1,029,776 | 981,409 | 1,029,776 | 981,409 |
| Weighted average number of ordinary shares in issue (diluted) ('000): | | | | |
| - during the period | 2,049,095 | 2,048,422 | 2,049,095 | 2,048,422 |
| - adjustment for ESS | 679 | 1,115 | 679 | 1,115 |
| | <u>2,049,774</u> | <u>2,049,537</u> | <u>2,049,774</u> | <u>2,049,537</u> |
| Fully diluted earnings per share (sen) | 50.2 | 47.9 | 50.2 | 47.9 |
| <u>The Bank</u> | | | | |
| Net profit attributable to equity holders | 911,908 | 585,465 | 911,908 | 585,465 |
| Weighted average number of ordinary shares in issue (diluted) ('000): | | | | |
| - during the period | 2,049,095 | 2,048,422 | 2,049,095 | 2,048,422 |
| - adjustment for ESS | 679 | 1,115 | 679 | 1,115 |
| | <u>2,049,774</u> | <u>2,049,537</u> | <u>2,049,774</u> | <u>2,049,537</u> |
| Fully diluted earnings per share (sen) | 44.5 | 28.6 | 44.5 | 28.6 |

Dated this 30 November 2023