

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

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

		<b>The Group</b>		<b>The Bank</b>	
	<b>Note</b>	<b>31/12/2023</b>	<b>30/06/2023</b>	<b>31/12/2023</b>	<b>30/06/2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>ASSETS</u></b>					
Cash and short-term funds		5,324,932	8,206,803	4,238,846	6,362,228
Deposits and placements with banks and other financial institutions		564,795	436,877	972,701	1,343,553
Securities purchased under resale agreements		199,817	-	-	-
Financial assets at fair value through profit or loss	A8	4,875,371	5,654,937	4,844,951	4,916,952
Financial investments at fair value through other comprehensive income	A9	38,271,345	33,886,670	33,755,678	30,109,200
Financial investments at amortised cost	A10	31,549,748	31,194,065	22,699,601	22,201,564
Loans, advances and financing	A11	183,464,606	179,902,847	136,643,817	135,092,761
Other assets	A12	3,034,648	2,454,415	2,969,486	2,398,503
Derivative financial instruments		1,846,658	2,168,424	1,799,137	2,071,669
Amount due from subsidiaries		-	-	20,906	143,862
Statutory deposits with Central Banks		3,108,612	3,396,920	2,247,621	2,509,021
Subsidiary companies		-	-	2,653,710	2,655,317
Investment in associated companies		9,187,505	8,712,976	2,087,699	2,087,699
Property and equipment		1,012,595	1,055,391	451,286	488,040
Intangible assets		367,965	362,435	334,186	326,216
Right-of-use assets		174,590	175,946	247,232	261,308
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		267,618	410,436	184,203	317,985
<b>TOTAL ASSETS</b>		<b>285,082,117</b>	<b>279,850,454</b>	<b>217,922,607</b>	<b>215,057,425</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Deposits from customers	A13	211,184,436	211,651,819	159,968,870	162,732,948
Investment accounts of customers	A14	2,098,296	2,250,513	-	-
Deposits and placements of banks and other financial institutions	A15	8,742,809	9,593,826	8,089,248	8,269,491
Obligations on securities sold under repurchase agreements		11,182,640	7,399,583	11,182,640	7,399,583
Bills and acceptances payable		256,524	211,431	183,938	155,202
Lease liabilities		177,640	178,928	255,613	269,713
Other liabilities	A16	7,130,380	5,946,050	6,877,155	5,566,750
Derivative financial instruments		1,843,279	2,387,886	1,782,881	2,301,936
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		3,278,273	2,972,220	1,729,705	1,514,646
Senior debts	A17	300,822	-	100,118	-
Tier 2 subordinated bonds	A18	1,502,011	1,501,750	1,502,011	1,501,750
Multi-currency Additional Tier 1 capital securities	A19	1,721,291	1,719,509	1,721,291	1,719,509
Provision for taxation		117,853	50,287	86,584	39,545
<b>TOTAL LIABILITIES</b>		<b>249,536,254</b>	<b>245,863,802</b>	<b>193,480,054</b>	<b>191,471,073</b>
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		28,511,157	26,956,355	17,407,847	16,556,055
Less: Treasury shares		(704,357)	(708,766)	(704,357)	(708,766)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>35,545,863</b>	<b>33,986,652</b>	<b>24,442,553</b>	<b>23,586,352</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>285,082,117</b>	<b>279,850,454</b>	<b>217,922,607</b>	<b>215,057,425</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>					
	A31	<b>286,994,132</b>	<b>260,170,634</b>	<b>270,144,377</b>	<b>246,285,659</b>
Net asset per share attributable to ordinary equity holders of the parent (RM) *		17.34	16.59	11.93	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 31 December 2023**

	Note	The Group			
		Current Quarter Ended 31/12/2023 RM'000	Corresponding Quarter Ended 31/12/2022 RM'000	Current Period Ended 31/12/2023 RM'000	Corresponding Period Ended 31/12/2022 RM'000
Interest income	A20(a)	2,164,910	1,859,080	4,273,625	3,482,569
Interest income for financial assets at fair value through profit or loss	A20(b)	29,175	47,123	55,627	114,609
Interest expense	A21	(1,244,060)	(951,557)	(2,457,558)	(1,652,966)
Net interest income		950,025	954,646	1,871,694	1,944,212
Net income from Islamic Banking business	A22	241,351	273,319	471,584	524,839
Other operating income	A23	273,338	258,336	515,551	517,166
Net income		1,464,714	1,486,301	2,858,829	2,986,217
Other operating expenses	A24	(577,635)	(546,007)	(1,133,907)	(1,086,562)
Operating profit before allowances		887,079	940,294	1,724,922	1,899,655
Written back of/(allowance for) impairment losses on loans, advances and financing	A25	5,704	(25,368)	56,809	(62,944)
Written back of/(allowance for) impairment losses on financial investments and other assets	A26	21	(520)	(279)	(177)
Share of profit after tax of equity accounted associated companies		892,804	914,406	1,781,452	1,836,534
		448,159	373,002	802,640	638,005
Profit before taxation		1,340,963	1,287,408	2,584,092	2,474,539
Taxation	B5	(253,022)	(245,257)	(466,375)	(450,979)
Net profit for the financial period		1,087,941	1,042,151	2,117,717	2,023,560
<b>Attributable to:</b>					
Owners of the parent		<u>1,087,941</u>	<u>1,042,151</u>	<u>2,117,717</u>	<u>2,023,560</u>
Earnings per share - basic (sen)	B12(a)	<u>53.1</u>	<u>50.9</u>	<u>103.3</u>	<u>98.8</u>
Earnings per share - fully diluted (sen)	B12(b)	<u>53.1</u>	<u>50.9</u>	<u>103.3</u>	<u>98.7</u>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For The Financial Period Ended 31 December 2023**

	<b>The Group</b>			
	<b>Current Quarter Ended 31/12/2023 RM'000</b>	<b>Corresponding Quarter Ended 31/12/2022 RM'000</b>	<b>Current Period Ended 31/12/2023 RM'000</b>	<b>Corresponding Period Ended 31/12/2022 RM'000</b>
Net profit for the financial period	1,087,941	1,042,151	2,117,717	2,023,560
Other comprehensive income/(loss) in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive (loss)/income of associated company	(8,366)	6,532	23,160	(4,768)
(b) Currency translation differences	43,684	(270,815)	(18,961)	(242,335)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	277,107	197,888	271,916	125,410
- Changes in expected credit losses	(109)	115	78	138
(d) Net fair value changes in cash flow hedge	-	-	-	362
Income tax relating to components of other comprehensive income	(58,563)	(46,066)	(57,133)	(35,187)
Other comprehensive income/(loss) for the financial period, net of tax	253,753	(112,346)	219,060	(156,380)
Total comprehensive income for the financial period	<u>1,341,694</u>	<u>929,805</u>	<u>2,336,777</u>	<u>1,867,180</u>
Attributable to:				
- Owners of the parent	<u>1,341,694</u>	<u>929,805</u>	<u>2,336,777</u>	<u>1,867,180</u>

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Income**  
**For The Financial Period Ended 31 December 2023**

	Note	The Bank			
		Current Quarter Ended 31/12/2023 RM'000	Corresponding Quarter Ended 31/12/2022 RM'000	Current Period Ended 31/12/2023 RM'000	Corresponding Period Ended 31/12/2022 RM'000
Interest income	A20(a)	2,089,159	1,794,353	4,122,413	3,355,020
Interest income for financial assets at fair value through profit or loss	A20(b)	29,175	47,123	55,627	114,609
Interest expense	A21	(1,201,564)	(922,070)	(2,372,559)	(1,597,229)
Net interest income		916,770	919,406	1,805,481	1,872,400
Other operating income	A23	265,354	252,588	953,659	505,424
Net income		1,182,124	1,171,994	2,759,140	2,377,824
Other operating expenses	A24	(475,085)	(454,939)	(934,347)	(904,104)
Operating profit before allowances		707,039	717,055	1,824,793	1,473,720
Written back of/(allowance for) impairment losses on loans, advances and financing	A25	25,980	4,275	71,237	(7,335)
Written back of/(allowance for) impairment losses on financial investments and other assets	A26	869	(78)	1,815	1,717
Profit before taxation		733,888	721,252	1,897,845	1,468,102
Taxation	B5	(214,318)	(196,891)	(466,367)	(358,276)
Net profit for the financial period		519,570	524,361	1,431,478	1,109,826
<b>Attributable to:</b>					
Owners of the parent		519,570	524,361	1,431,478	1,109,826
Earnings per share - basic (sen)	B12(a)	25.4	25.6	69.9	54.2
Earnings per share - fully diluted (sen)	B12(b)	25.3	25.6	69.8	54.2

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

	<b>The Bank</b>			
	<b>Current Quarter Ended 31/12/2023 RM'000</b>	<b>Corresponding Quarter Ended 31/12/2022 RM'000</b>	<b>Current Period Ended 31/12/2023 RM'000</b>	<b>Corresponding Period Ended 31/12/2022 RM'000</b>
Net profit for the financial period	519,570	524,361	1,431,478	1,109,826
Other comprehensive income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	8,501	(3,508)	6,297	33,032
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	251,158	164,324	246,961	85,545
- Changes in expected credit losses	(53)	116	34	139
(c) Net fair value changes in cash flow hedge	-	-	-	362
Income tax relating to components of other comprehensive income	(52,185)	(38,020)	(51,003)	(25,605)
Other comprehensive income for the financial period, net of tax	207,421	122,912	202,289	93,473
Total comprehensive income for the financial period	726,991	647,273	1,633,767	1,203,299

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**Condensed Financial Statements**

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

**Attributable to owners of the parent**

<b>The Group</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserves * RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2023</b>	7,739,063	936,591	1,002,061	25,017,703	(708,766)	33,986,652
<b>Comprehensive income</b>						
Net profit for the financial period	-	-	-	2,117,717	-	2,117,717
- Share of other comprehensive income of associated company	-	23,160	-	-	-	23,160
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	214,783	-	-	-	214,783
- Changes in expected credit losses	-	78	-	-	-	78
- Currency translation differences	-	(18,961)	-	-	-	(18,961)
Total comprehensive income	-	219,060	-	2,117,717	-	2,336,777
<b>Transactions with owners</b>						
Transfer to regulatory reserve	-	-	112,707	(112,707)	-	-
Dividends paid	-	-	-	(778,675)	-	(778,675)
ESS exercised	-	(11,202)	-	6,793	4,409	-
Option written back arising from ESS lapsed	-	1,109	-	-	-	1,109
Total transactions with owners	-	(10,093)	112,707	(884,589)	4,409	(777,566)
<b>At 31 December 2023</b>	<b>7,739,063</b>	<b>1,145,558</b>	<b>1,114,768</b>	<b>26,250,831</b>	<b>(704,357)</b>	<b>35,545,863</b>
<b>At 1 July 2022</b>	7,739,063	581,235	654,386	22,727,982	(713,690)	30,988,976
<b>Comprehensive income</b>						
Net profit for the financial period	-	-	-	2,023,560	-	2,023,560
- Share of other comprehensive loss of associated company	-	(4,768)	-	-	-	(4,768)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	90,311	-	-	-	90,311
- Changes in expected credit losses	-	138	-	-	-	138
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	(242,335)	-	-	-	(242,335)
Total comprehensive (loss)/income	-	(156,380)	-	2,023,560	-	1,867,180
<b>Transactions with owners</b>						
Transfer to regulatory reserve	-	-	189,870	(189,870)	-	-
Dividends paid	-	-	-	(757,932)	-	(757,932)
ESS exercised	-	(10,073)	-	6,073	4,000	-
Option charge arising from ESS granted	-	(15,506)	-	-	-	(15,506)
Total transactions with owners	-	(25,579)	189,870	(941,729)	4,000	(773,438)
<b>At 31 December 2022</b>	<b>7,739,063</b>	<b>399,276</b>	<b>844,256</b>	<b>23,809,813</b>	<b>(709,690)</b>	<b>32,082,718</b>

\* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM1,100,690,000 (31 December 2022: RM833,011,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM14,078,000 (31 December 2022: RM11,245,000)

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**HONG LEONG BANK BERHAD**  
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**Condensed Financial Statements**  
**Unaudited Statements of Changes in Equity For The Financial Period Ended 31 December 2023**

**Attributable to owners of the parent**

<b>The Bank</b>	<b>Share Capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2023</b>	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	-	-	-	1,431,478	-	1,431,478
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	195,958	-	-	-	195,958
- Changes in expected credit losses	-	34	-	-	-	34
- Currency translation differences	-	6,297	-	-	-	6,297
Total comprehensive income	-	202,289	-	1,431,478	-	1,633,767
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	81,410	(81,410)	-	-
Dividends paid	-	-	-	(778,675)	-	(778,675)
ESS exercised	-	(11,202)	-	6,793	4,409	-
Option written back arising from ESS lapsed	-	1,109	-	-	-	1,109
Total transactions with owners	-	(10,093)	81,410	(853,292)	4,409	(777,566)
<b>At 31 December 2023</b>	<b>7,739,063</b>	<b>195,101</b>	<b>906,728</b>	<b>16,306,018</b>	<b>(704,357)</b>	<b>24,442,553</b>
<b>At 1 July 2022</b>	7,739,063	(283,556)	536,432	15,120,482	(713,690)	22,398,731
<u>Comprehensive income</u>						
Net profit for the financial period	-	-	-	1,109,826	-	1,109,826
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	60,028	-	-	-	60,028
- Changes in expected credit losses	-	139	-	-	-	139
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	33,032	-	-	-	33,032
Total comprehensive income	-	93,473	-	1,109,826	-	1,203,299
<u>Transactions with owners</u>						
Transfer to regulatory reserve	-	-	141,709	(141,709)	-	-
Dividends paid	-	-	-	(757,932)	-	(757,932)
ESS exercised	-	(10,073)	-	6,073	4,000	-
Option charge arising from ESS granted	-	(15,506)	-	-	-	(15,506)
Total transactions with owners	-	(25,579)	141,709	(893,568)	4,000	(773,438)
<b>At 31 December 2022</b>	<b>7,739,063</b>	<b>(215,662)</b>	<b>678,141</b>	<b>15,336,740</b>	<b>(709,690)</b>	<b>22,828,592</b>

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

	The Group		The Bank	
	Financial Period Ended 31/12/2023 RM'000	Financial Period Ended 31/12/2022 RM'000	Financial Period Ended 31/12/2023 RM'000	Financial Period Ended 31/12/2022 RM'000
Profit before taxation	2,584,092	2,474,539	1,897,845	1,468,102
Adjustments for non-cash items	(1,490,440)	(1,032,670)	(1,212,269)	(498,212)
Operating profit before working capital changes	1,093,652	1,441,869	685,576	969,890
Changes in working capital:				
Net changes in operating assets	(2,616,539)	(6,829,997)	(1,098,914)	(4,349,290)
Net changes in operating liabilities	3,289,459	9,868,561	1,908,530	6,628,707
Income taxes and zakat paid	(359,230)	(543,361)	(281,309)	(482,568)
Net cash generated from operating activities	<u>1,407,342</u>	<u>3,937,072</u>	<u>1,213,883</u>	<u>2,766,739</u>
<b>Cash flows from investing activities</b>				
Investment in subordinated facilities	-	-	1,601	(20,991)
Net purchases of financial investments at fair value through other comprehensive income	(3,452,049)	(2,574,826)	(2,762,389)	(2,614,118)
Net (purchases)/proceeds of financial investments at amortised cost	(14,920)	1,179,831	(157,642)	1,322,916
Purchase of property and equipment	(38,707)	(86,548)	(35,497)	(85,601)
Net proceeds from sale of property and equipment	2,222	237	2,222	142
Purchase of intangible assets	(10,494)	(13,582)	(9,825)	(8,513)
Dividends received from:				
- Subsidiary company	-	-	-	330
- Associated company	-	-	367,565	-
- Financial assets at fair value through profit or loss	36,939	36,235	37,412	37,220
Net cash used in investing activities	<u>(3,477,009)</u>	<u>(1,458,653)</u>	<u>(2,556,553)</u>	<u>(1,368,615)</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(778,675)	(757,932)	(778,675)	(757,932)
Repayment of lease liabilities	(13,561)	(13,946)	(28,007)	(27,690)
Repayment of recourse obligation on loans sold to Cagamas	-	(962,950)	-	(300,027)
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	300,000	1,300,000	210,000	300,000
- Senior debts	300,000	-	100,000	-
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	(55,633)	(27,330)	(26,216)	(7,982)
- Tier 2 subordinated bonds	(31,850)	(33,391)	(31,850)	(33,391)
- Multi-currency Additional Tier 1 capital securities	(39,529)	(40,295)	(39,529)	(40,364)
- Lease liabilities	(3,979)	(4,558)	(5,799)	(6,948)
Net cash used in financing activities	<u>(323,227)</u>	<u>(540,402)</u>	<u>(600,076)</u>	<u>(874,334)</u>



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

	The Group		The Bank	
	Financial Period Ended 31/12/2023 RM'000	Financial Period Ended 31/12/2022 RM'000	Financial Period Ended 31/12/2023 RM'000	Financial Period Ended 31/12/2022 RM'000
Net (decrease)/increase in cash and cash equivalents	(2,392,894)	1,938,017	(1,942,746)	523,790
Currency translation differences	(35,241)	19,430	31,426	33,348
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>5,497,728</u>	<u>7,939,439</u>	<u>4,377,657</u>	<u>6,676,172</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	5,324,932	7,537,310	4,238,846	5,666,896
Deposits and placements with banks and other financial institutions	564,795	1,204,498	972,701	2,347,741
	<u>5,889,727</u>	<u>8,741,808</u>	<u>5,211,547</u>	<u>8,014,637</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	(391,999)	(802,369)	(833,890)	(1,338,465)
	<u>5,497,728</u>	<u>7,939,439</u>	<u>4,377,657</u>	<u>6,676,172</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 31 DECEMBER 2023**

**A1 Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 December 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 31 December 2023:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 December 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 31 December 2023, the trust did not purchase any new shares. As at 31 December 2023, the total number of Treasury Shares for ESS was 36,997,461 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.

On 29 November 2023, the Bank has granted 346,354 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 346,354 free ordinary shares in HLB will be done in tranches over a period of 2.5 years from the date of the grant.

During the financial period ended 31 December 2023, a total of 1,774 grant shares lapsed and a total of 598,625 grant shares were vested and transferred pursuant to the Bank's ESS.

c) Issuance of Multi-Currency Medium Term Notes

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.

d) Issuance of Multi-Currency Islamic Medium Term Notes

On 3 November 2023, Hong Leong Islamic Bank Berhad ("HLISB"), a wholly owned subsidiary of the Bank, issued its first tranche of RM200.0 million nominal value of Islamic medium term notes (Senior IMTN) out of its RM5.0 billion Multi-currency Islamic Medium Term Notes programme (Senior IMTN Programme). The coupon rate for this first tranche of the Senior IMTN is 4.07% per annum, which is payable semi annually in arrears from the date of the issue. The tenure for this Senior IMTN is 3 years. The proceeds from the issuance shall be utilised for the HLISB's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing Islamic financing obligations of HLISB.

**A7 Dividends paid**

A final single tier dividend of 38 sen per share in respect of financial year ended 30 June 2023 amounting to RM792.9 million was paid 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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	803,539	620,126	803,539	225,937
Malaysian Government securities	746,356	305,143	746,356	305,143
Malaysian Government investment certificates	1,212,918	1,518,578	1,161,941	1,353,463
Cagamas bonds	76,564	15,078	76,564	15,078
	<u>2,839,377</u>	<u>3,656,339</u>	<u>2,788,400</u>	<u>2,897,473</u>
Quoted securities:				
Shares in Malaysia	72,372	62,637	19,705	11,249
Shares outside Malaysia	3,218	9,352	3,218	9,352
Wholesale fund/unit trust	1,311,228	1,307,176	1,385,299	1,380,727
Portfolio Investment Accounts (Note)	847	1,282	-	-
Foreign currency bonds in Malaysia	14,313	-	14,313	-
Foreign currency bonds outside Malaysia	13,220	-	13,220	-
Unquoted securities:				
Corporate bonds and sukuk	189,386	190,885	189,386	190,885
Shares in Malaysia	364,985	364,985	364,985	364,985
Foreign currency bonds in Malaysia	66,425	37,281	66,425	37,281
Redeemable preference shares	-	25,000	-	25,000
Total financial assets at FVTPL	<u>4,875,371</u>	<u>5,654,937</u>	<u>4,844,951</u>	<u>4,916,952</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>	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
At fair value				
(a) Debt instruments	38,173,695	33,789,020	33,658,028	30,011,550
(b) Equity instruments	97,650	97,650	97,650	97,650
Total financial investments at FVOCI	<u>38,271,345</u>	<u>33,886,670</u>	<u>33,755,678</u>	<u>30,109,200</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	2,390,786	1,820,701	2,390,786	1,820,701
Malaysian Government securities	5,472,120	4,493,298	5,472,120	4,493,298
Malaysian Government investment certificates	11,358,764	9,726,037	7,290,700	6,297,637
Negotiable instruments of deposit	828,199	1,306,322	728,257	1,306,322
Cagamas bonds	2,882,507	2,535,068	2,882,507	2,535,068
Khazanah bonds	309,390	363,416	309,390	363,416
	<u>23,241,766</u>	<u>20,244,842</u>	<u>19,073,760</u>	<u>16,816,442</u>
Quoted securities:				
Government sukuk	858,146	860,644	858,146	860,644
Foreign currency bonds in Malaysia	2,018,189	1,873,035	2,018,189	1,873,035
Foreign currency bonds outside Malaysia	2,154,063	1,703,172	2,154,063	1,703,172
Unquoted securities:				
Government sukuk	30,572	30,768	30,572	30,768
Corporate bonds and sukuk	8,008,493	7,896,424	7,666,046	7,553,461
Foreign currency bonds in Malaysia	1,086,288	847,674	1,086,288	847,674
Foreign currency bonds outside Malaysia	776,178	332,461	770,964	326,354
	<u>38,173,695</u>	<u>33,789,020</u>	<u>33,658,028</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	
<b>The Group</b> <b>31 December 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	2,014	-	4,287	6,301
New financial assets originated or purchased	358	-	-	358
Financial assets derecognised	(168)	-	-	(168)
Changes due to change in credit risk	(101)	-	-	(101)
Exchange differences	(11)	-	-	(11)
At 31 December	2,092	-	4,287	6,379

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Group</b> <b>30 June 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,729	-	4,287	6,016
New financial assets originated or purchased	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	
<b>The Bank</b> <b>31 December 2023</b>	RM'000	impaired	impaired	
		RM'000	RM'000	
At 1 July	2,007	-	4,287	6,294
New financial assets originated or purchased	308	-	-	308
Financial assets derecognised	(171)	-	-	(171)
Changes due to change in credit risk	(96)	-	-	(96)
Exchange differences	(7)	-	-	(7)
At 31 December	2,041	-	4,287	6,328

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

	The Group		The Bank	
	31/12/2023	30/06/2023	31/12/2023	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>	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
Money market instruments:				
Government treasury bills	59,404	60,676	59,404	60,676
Malaysian Government securities	5,848,094	5,427,423	5,848,094	5,427,423
Malaysian Government investment certificates	23,001,668	22,985,651	15,002,678	14,847,344
Cagamas bonds	1,653,524	1,658,260	949,905	954,692
Khazanah bonds	14,654	14,393	14,654	14,393
Other Government securities	367,019	421,343	306,209	357,609
	<u>30,944,363</u>	<u>30,567,746</u>	<u>22,180,944</u>	<u>21,662,137</u>
Quoted securities:				
Foreign currency bonds outside Malaysia	-	19,117	-	19,117
Unquoted securities:				
Government sukuk	30,533	30,611	30,533	30,611
Corporate bonds and sukuk	574,873	576,609	488,124	489,699
Less: Expected credit losses	(21)	(18)	-	-
Total financial investments at amortised cost	<u>31,549,748</u>	<u>31,194,065</u>	<u>22,699,601</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>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	18	-	-	18
Changes due to change in credit risk	5	-	-	5
Exchange differences	(2)	-	-	(2)
At 31 December	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
<b>The Group</b>	<b>ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	68	-	-	68
Changes due to change in credit risk	(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)

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
<b>The Bank</b>				
<b>31 December 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July/31 December	-	-	-	-

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

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**A11 Loans, advances and financing**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,740,404	4,077,891	2,452,908	2,603,155
Term loans/financing:				
- Housing and shop loans/financing	100,581,415	97,387,797	77,286,902	75,068,963
- Hire purchase receivables	20,895,613	19,914,072	14,625,490	14,287,272
- Ijarah receivables	249,113	249,054	-	-
- Other term loans/financing and syndicated term loans	35,563,234	35,065,848	23,432,621	23,546,880
Credit/charge card receivables	3,391,897	3,202,663	3,391,897	3,202,663
Bills receivable	1,947,645	1,936,868	1,518,272	1,522,981
Trust receipts	384,004	441,074	277,721	301,326
Claims on customers under				
acceptance credits	8,190,172	8,936,884	6,914,799	7,558,692
Revolving credit	10,101,792	10,339,502	7,830,743	8,142,773
Staff loans/financing	119,275	125,058	101,426	108,093
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</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	(12,272)	(14,700)	(9,654)	(11,788)
Allowance for impairment losses:				
- Expected credit losses	(1,687,686)	(1,759,164)	(1,179,308)	(1,238,249)
Total net loans, advances and financing	<u>183,464,606</u>	<u>179,902,847</u>	<u>136,643,817</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 RM3,169,291,000 (2023: RM2,917,197,000) and RM1,644,882,000 (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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	2,188,460	2,228,815	1,813,177	1,878,916
Domestic business enterprises:				
- small and medium enterprises ("SME")	34,258,514	33,030,609	24,171,650	23,810,665
- others	26,058,399	27,819,048	19,687,504	20,975,027
Government and statutory bodies	962	1,108	-	-
Individuals	119,255,911	115,372,002	89,100,217	86,802,501
Other domestic entities	92,949	100,246	4,944	5,374
Foreign entities	3,309,369	3,124,883	3,055,287	2,870,315
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</u>	<u>136,342,798</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	8,656,553	4,875,610	6,683,159	3,661,786
- Hire purchase receivables	20,848,904	19,856,028	14,592,213	14,248,349
- Other fixed rate loans/financing	8,337,072	8,640,926	7,034,432	7,393,620
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	122,905,025	123,357,618	92,513,614	93,672,546
- Cost plus	24,374,063	24,846,899	17,005,266	17,358,416
- Other variables rates	42,947	99,630	4,095	8,081
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	961,534	945,964	799,768	769,222
Purchase of transport vehicles	20,588,022	19,574,851	14,290,306	13,920,233
Purchase of landed properties				
- residential	92,294,692	89,114,464	70,025,059	67,773,624
- non-residential	22,682,030	21,976,096	16,642,851	16,577,973
Purchase of fixed assets (excluding landed properties)	1,707,690	1,672,034	1,185,127	1,140,245
Personal use	3,949,819	3,885,235	2,578,095	2,616,759
Credit card	3,391,897	3,202,663	3,391,897	3,202,663
Construction	4,866,901	4,197,939	3,290,951	2,886,552
Working capital	33,603,390	35,949,262	24,877,554	26,681,549
Other purpose	1,118,589	1,158,203	751,171	773,978
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</u>	<u>136,342,798</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	171,483,463	167,711,542	128,508,085	126,928,323
Singapore	9,280,477	9,367,686	9,280,477	9,367,686
Hong Kong	44,217	46,789	44,217	46,789
Vietnam	2,052,931	1,956,082	-	-
Cambodia	2,303,476	2,594,612	-	-
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	31,607,466	32,945,837	25,239,771	26,641,266
One year to less than three years	7,194,541	7,231,435	5,415,469	5,321,960
Three years to less than five years	10,900,597	10,654,145	8,332,373	8,184,124
Five years and more	135,461,960	130,845,294	98,845,166	96,195,448
Gross loans, advances and financing	<u>185,164,564</u>	<u>181,676,711</u>	<u>137,832,779</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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	780,816	1,642,609	535,106	1,096,781
Reclassified as non-impaired during the financial period/year	(506,888)	(890,911)	(347,948)	(645,002)
Amount written back in respect of recoveries	(136,253)	(224,842)	(84,513)	(195,314)
Amount written off	(145,764)	(305,601)	(100,154)	(227,589)
Exchange difference	(1,101)	879	13	78
At 31 December	<u>1,032,694</u>	<u>1,041,884</u>	<u>679,104</u>	<u>676,600</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.56%</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>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</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	64	125	-	-
Purchase of transport vehicles	63,521	42,881	40,994	27,129
Purchase of landed properties				
- residential	366,686	404,337	217,177	254,059
- non-residential	134,518	119,107	113,835	105,087
Purchase of fixed assets (excluding landed properties)	4,548	4,627	4,548	4,627
Personal use	34,547	47,205	20,366	27,991
Credit card	24,160	30,445	24,160	30,445
Construction	23,992	24,851	4,955	5,575
Working capital	316,753	274,325	249,822	201,728
Other purpose	63,905	93,981	3,247	19,959
Gross impaired loans, advances and financing	<u>1,032,694</u>	<u>1,041,884</u>	<u>679,104</u>	<u>676,600</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	971,640	982,267	676,366	675,119
Singapore	2,738	1,481	2,738	1,481
Vietnam	1,030	928	-	-
Cambodia	57,286	57,208	-	-
Gross impaired loans, advances and financing	<u>1,032,694</u>	<u>1,041,884</u>	<u>679,104</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:

<b>The Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>31 December 2023</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	966,265	381,755	411,144	1,759,164
Changes in ECL due to transfer within stages	(29,408)	(66,790)	96,198	-
Transfer to Stage 1	7,732	(7,719)	(13)	-
Transfer to Stage 2	(36,898)	68,930	(32,032)	-
Transfer to Stage 3	(242)	(128,001)	128,243	-
New financial assets originated	23,710	314	43	24,067
Financial assets derecognised	(5,638)	(23,336)	(9,533)	(38,507)
Changes due to change in credit risk	(5,065)	93,136	41,049	129,120
Modifications to contractual cash flows				
of financial asset	2	919	-	921
Changes in models/risk parameters	(32,720)	-	-	(32,720)
Amount written off	(341)	-	(146,190)	(146,531)
Exchange difference	(174)	(88)	(545)	(807)
Other movements	-	-	(7,021)	(7,021)
At 31 December	<u>916,631</u>	<u>385,910</u>	<u>385,145</u>	<u>1,687,686</u>

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



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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)

<b>The Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>31 December 2023</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	712,146	265,808	260,295	1,238,249
Changes in ECL due to transfer within stages	(20,960)	(47,940)	68,900	-
Transfer to Stage 1	5,567	(5,557)	(10)	-
Transfer to Stage 2	(26,407)	46,744	(20,337)	-
Transfer to Stage 3	(120)	(89,127)	89,247	-
New financial assets originated	16,251	224	-	16,475
Financial assets derecognised	(4,786)	(13,971)	(6,542)	(25,299)
Changes due to change in credit risk	(3,148)	54,847	27,372	79,071
Modifications to contractual cash flows of financial asset	2	422	-	424
Changes in models/risk parameters	(24,941)	-	-	(24,941)
Amount written off	-	-	(100,320)	(100,320)
Exchange difference	(109)	3	4	(102)
Other movements	-	-	(4,249)	(4,249)
At 31 December	<u>674,455</u>	<u>259,393</u>	<u>245,460</u>	<u>1,179,308</u>

<b>The Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>30 June 2023</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
At 1 July	745,735	296,203	259,157	1,301,095
Changes in ECL due to transfer within stages	(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>	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	215,905	209,513	200,129	199,360
Settlement accounts	1,710,296	850,808	1,707,518	849,543
Treasury related receivables	99,588	159,021	69,588	159,021
Cash collateral pledged for derivative transactions	782,558	1,076,611	782,558	1,076,611
Other receivables	226,255	158,416	209,647	113,922
	<u>3,034,648</u>	<u>2,454,415</u>	<u>2,969,486</u>	<u>2,398,503</u>

**A13 Deposits from customers**

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
<b>Amortised cost</b>				
Fixed deposits	114,972,701	112,228,229	81,912,794	82,199,282
Negotiable instruments of deposits	9,289,196	10,914,720	5,536,374	7,472,536
Short-term placements	16,592,620	19,449,279	13,772,537	15,682,791
	<u>140,854,517</u>	<u>142,592,228</u>	<u>101,221,705</u>	<u>105,354,609</u>
Demand deposits	43,349,964	42,617,712	36,636,267	35,491,124
Saving deposits	22,428,202	22,479,000	18,332,890	18,473,887
Others	356,887	398,549	228,883	255,610
	<u>206,989,570</u>	<u>208,087,489</u>	<u>156,419,745</u>	<u>159,575,230</u>
<b>At fair value through profit and loss</b>				
Structured deposits linked to interest rate derivatives	4,445,844	3,874,742	3,770,594	3,430,059
Fair value changes arising from designation at fair value through profit or loss *	(250,978)	(310,412)	(221,469)	(272,341)
	<u>4,194,866</u>	<u>3,564,330</u>	<u>3,549,125</u>	<u>3,157,718</u>
	<u>211,184,436</u>	<u>211,651,819</u>	<u>159,968,870</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>	
	31/12/2023	30/06/2023	31/12/2023	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	2,423,750	4,821,242	1,129,301	1,041,589
Business enterprises	98,421,554	99,971,567	69,770,826	75,325,101
Individuals	107,971,258	104,615,970	87,211,796	84,671,220
Others	2,367,874	2,243,040	1,856,947	1,695,038
	<u>211,184,436</u>	<u>211,651,819</u>	<u>159,968,870</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>	
	31/12/2023	30/06/2023	31/12/2023	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Due within:				
- six months	109,710,837	119,505,166	77,191,026	87,245,822
- six months to one year	28,314,823	20,115,668	22,326,229	16,140,440
- one year to five years	1,991,301	2,196,854	866,955	1,204,005
- more than five years	837,556	774,540	837,495	764,342
	<u>140,854,517</u>	<u>142,592,228</u>	<u>101,221,705</u>	<u>105,354,609</u>

**A14 Investment accounts of customers**

	<u>The Group</u>		<u>The Bank</u>	
	31/12/2023	30/06/2023	31/12/2023	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
Mudarabah with maturity	2,097,449	2,249,231	-	-
Restricted investment accounts *				
Wakalah bi Al-Istithmar	847	1,282	-	-
	<u>2,098,296</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>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	7,230,256	7,866,784	6,597,323	6,564,588
Licensed investment banks	-	230,021	-	230,021
Central banks (Note)	1,512,553	1,497,021	1,491,925	1,474,882
	<u>8,742,809</u>	<u>9,593,826</u>	<u>8,089,248</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 RM1,512,553,000 (2023: RM1,497,021,000) and RM1,491,925,000 (2023: RM1,474,882,000) respectively at concession rates.

**A16 Other liabilities**

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		525	350	-	-
Post employment benefits obligation					
- defined contribution plan		300	300	300	300
Loan advance payment		3,583,009	3,666,443	2,961,459	3,016,782
Intercompany clearing and settlement		-	-	9,072	-
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		54,255	204,026	34,644	123,742
Cash collateral pledged for derivative transactions		478,708	298,332	478,708	299,063
Sundry creditors and accruals		275,827	418,352	251,379	401,350
Provision for bonus and staff related expenses		192,027	170,302	181,701	157,584
Expected credit losses on financial guarantee contracts	(a)	8,451	8,110	7,809	7,413
Provision for reinstatement cost		20,830	21,137	26,143	26,360
Settlement accounts		2,113,240	889,467	2,113,226	885,337
Others		403,208	269,231	380,607	216,712
		<u>7,130,380</u>	<u>5,946,050</u>	<u>6,877,155</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	
	<b>The Group</b> <b>31 December 2023</b>			
At 1 July	6,718	1,392	-	8,110
Changes in ECL due to transfer within stages	13	(13)	-	-
Transfer to Stage 1	23	(23)	-	-
Transfer to Stage 2	(10)	10	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	172	-	-	172
Financial assets derecognised	(100)	(635)	-	(735)
Changes due to change in credit risk	967	(8)	-	959
Exchange difference	(61)	6	-	(55)
At 31 December	7,709	742	-	8,451

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				
<b>31 December 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	6,051	1,362	-	7,413
Changes in ECL due to transfer within stages	15	(15)	-	-
Transfer to Stage 1	22	(22)	-	-
Transfer to Stage 2	(7)	7	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	172	-	-	172
Financial assets derecognised	(97)	(635)	-	(732)
Changes due to change in credit risk	1,009	-	-	1,009
Exchange difference	(59)	6	-	(53)
At 31 December	<u>7,091</u>	<u>718</u>	<u>-</u>	<u>7,809</u>

  

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
<b>The Bank</b>				
<b>30 June 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July	2,849	503	-	3,352
Changes in ECL due to transfer within stages	(1)	1	-	-
Transfer to Stage 1	28	(28)	-	-
Transfer to Stage 2	(29)	29	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	8,386	-	-	8,386
Financial assets derecognised	(496)	-	-	(496)
Changes due to change in credit risk	(5,237)	844	-	(4,393)
Exchange difference	550	14	-	564
At 30 June	<u>6,051</u>	<u>1,362</u>	<u>-</u>	<u>7,413</u>

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**A17 Senior debts**

	Note	<u>The Group</u>		<u>The Bank</u>	
		31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
RM100.0 million Multi-currency Medium Term Notes, at par	(a)	100,000	-	100,000	-
Add: Interest payable		658	-	658	-
		<u>100,658</u>	<u>-</u>	<u>100,658</u>	<u>-</u>
Less: Unamortised discounts		(540)	-	(540)	-
		<u>100,118</u>	<u>-</u>	<u>100,118</u>	<u>-</u>
RM200.0 million Multi-currency Islamic Medium Term Notes, at par	(b)	200,000	-	-	-
Add: Interest payable		1,316	-	-	-
		<u>201,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts		(612)	-	-	-
		<u>200,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>300,822</u>	<u>-</u>	<u>100,118</u>	<u>-</u>

(a) 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.

(b) On 3 November 2023, Hong Leong Islamic Bank Berhad (“HLISB”), a wholly owned subsidiary of the Bank, issued its first tranche of RM200.0 million nominal value of Islamic medium term notes (Senior IMTN) out of its RM5.0 billion Multi-currency Islamic Medium Term Notes programme (Senior IMTN Programme). The coupon rate for this first tranche of the Senior IMTN is 4.07% per annum, which is payable semi annually in arrears from the date of the issue. The tenure for this Senior IMTN is 3 years. The proceeds from the issuance shall be utilised for the HLISB’s working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing Islamic financing obligations of HLISB.

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**A18 Tier 2 subordinated bonds**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u>	<u>30/06/2023</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM1.5 billion Tier 2 subordinated notes, at par	1,500,000	1,500,000	1,500,000	1,500,000
Add: Interest payable	2,834	2,661	2,834	2,661
	<u>1,502,834</u>	<u>1,502,661</u>	<u>1,502,834</u>	<u>1,502,661</u>
Less: Unamortised discounts	(823)	(911)	(823)	(911)
	<u><u>1,502,011</u></u>	<u><u>1,501,750</u></u>	<u><u>1,502,011</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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**A19 Multi-currency Additional Tier 1 capital securities**

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/12/2023</u> <u>RM'000</u>	<u>30/06/2023</u> <u>RM'000</u>	<u>31/12/2023</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	15,742	15,902	15,742	15,902
	<u>1,715,742</u>	<u>1,715,902</u>	<u>1,715,742</u>	<u>1,715,902</u>
Less: Unamortised discounts	(1,324)	(1,508)	(1,324)	(1,508)
Add: Fair value changes arising from fair value hedges	6,873	5,115	6,873	5,115
	<u><u>1,721,291</u></u>	<u><u>1,719,509</u></u>	<u><u>1,721,291</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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**A20(a) Interest income**

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Loan, advances and financing	1,590,486	1,411,049	3,161,691	2,657,063
Money at call and deposit placements with financial institutions	51,301	67,444	100,027	121,793
Financial investments at FVOCI	342,633	204,333	659,856	358,002
Financial investments at amortised cost	174,301	171,920	340,768	339,455
Others	6,189	4,334	11,283	6,256
	<u>2,164,910</u>	<u>1,859,080</u>	<u>4,273,625</u>	<u>3,482,569</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>12,708</u>	<u>7,706</u>	<u>24,714</u>	<u>14,625</u>
	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Loan, advances and financing	1,508,280	1,334,454	2,994,481	2,509,554
Money at call and deposit placements with financial institutions	58,236	79,694	116,710	142,412
Financial investments at FVOCI	342,571	204,254	659,775	357,838
Financial investments at amortised cost	174,114	171,723	340,395	339,068
Others	5,958	4,228	11,052	6,148
	<u>2,089,159</u>	<u>1,794,353</u>	<u>4,122,413</u>	<u>3,355,020</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>12,323</u>	<u>7,429</u>	<u>24,069</u>	<u>14,191</u>

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**A20(b) Interest income for financial assets at FVTPL**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial assets at FVTPL	29,175	47,123	55,627	114,609

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Financial assets at FVTPL	29,175	47,123	55,627	114,609

**A21 Interest expense**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	132,516	105,363	236,331	163,079
Deposits from customers	925,726	609,291	1,827,849	1,085,869
Short-term placements	130,813	189,745	286,074	313,654
Senior debts	658	-	658	-
Tier 2 subordinated bonds	16,024	16,787	32,023	33,574
Multi-currency Additional Tier-1 capital securities	19,684	22,383	39,369	42,455
Recourse obligation on loans sold to Cagamas	16,647	5,749	31,275	9,777
Others	1,992	2,239	3,979	4,558
	<u>1,244,060</u>	<u>951,557</u>	<u>2,457,558</u>	<u>1,652,966</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	144,490	110,904	257,047	173,825
Deposits from customers	870,384	573,077	1,720,314	1,016,927
Short-term placements	130,813	189,745	286,074	313,654
Senior debts	658	-	658	-
Tier 2 subordinated bonds	16,024	16,787	32,023	33,574
Multi-currency Additional Tier-1 capital securities	19,684	22,410	39,369	42,524
Recourse obligation on loans sold to Cagamas	16,647	5,749	31,275	9,777
Others	2,864	3,398	5,799	6,948
	<u>1,201,564</u>	<u>922,070</u>	<u>2,372,559</u>	<u>1,597,229</u>

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**A22 Net income from Islamic Banking business**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	562,356	487,450	1,106,324	905,446
Income derived from investment of shareholders' funds	82,725	71,022	153,390	120,004
Income derived from investment of investment account	28,089	25,852	57,214	51,496
Income attributable to depositors	(412,610)	(294,684)	(806,372)	(521,917)
Income attributable to depositors on investment account	(19,209)	(16,321)	(38,972)	(30,190)
	<u>241,351</u>	<u>273,319</u>	<u>471,584</u>	<u>524,839</u>
Financing income earned on impaired financing and advances during the financial period	<u>2,838</u>	<u>1,419</u>	<u>5,219</u>	<u>2,562</u>

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**A23 Other operating income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	55,024	42,822	111,617	88,908
Service charges and fees	10,536	9,470	16,633	15,867
Guarantee fees	5,139	9,205	12,952	14,661
Credit card related fees	58,756	53,571	116,436	105,248
Commitment fees	9,530	9,393	18,742	18,924
Fee on loans, advances and financing	11,822	12,389	22,921	28,963
Other fee income	16,970	12,146	28,434	31,973
	<u>167,777</u>	<u>148,996</u>	<u>327,735</u>	<u>304,544</u>
(b) <u>Loss arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	18,742	8,076	26,273	20,457
Net loss from sale of derivative financial instruments	(51,316)	(26,428)	(41,048)	(102,136)
Net (loss)/gain from sale of financial investments at FVOCI	(963)	169	865	169
	<u>(33,537)</u>	<u>(18,183)</u>	<u>(13,910)</u>	<u>(81,510)</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	<u>16,982</u>	<u>18,658</u>	<u>36,939</u>	<u>36,235</u>

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**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	29,044	22,058	20,048	14,039
- Derivatives financial instruments	(17,871)	(28,501)	(16,152)	131,779
	<u>11,173</u>	<u>(6,443)</u>	<u>3,896</u>	<u>145,818</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>1,480</u>	<u>898</u>	<u>3,582</u>	<u>1,887</u>
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	<u>(758)</u>	<u>5,668</u>	<u>(1,344)</u>	<u>688</u>
(g) <u>Other income:</u>				
Foreign exchange gain	103,208	103,185	145,798	99,212
Rental income	4,674	4,222	9,303	8,321
Gain on disposal of property and equipment	1,469	5	1,802	230
Other non-operating income	870	1,330	1,750	1,741
	<u>110,221</u>	<u>108,742</u>	<u>158,653</u>	<u>109,504</u>
Total other operating income	<u>273,338</u>	<u>258,336</u>	<u>515,551</u>	<u>517,166</u>

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**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
(a) <u>Fee income:</u>				
Commissions	53,940	42,284	109,864	87,828
Service charges and fees	10,277	9,276	16,003	15,395
Guarantee fees	5,123	9,187	12,926	14,613
Credit card related fees	58,756	53,571	116,436	105,248
Commitment fees	9,142	8,994	18,006	18,134
Fee on loans, advances and financing	9,752	10,150	18,398	24,386
Other fee income	16,855	12,042	28,229	31,790
	<u>163,845</u>	<u>145,504</u>	<u>319,862</u>	<u>297,394</u>
(b) <u>Loss arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	20,132	7,480	28,680	19,225
Net loss from sale of derivative financial instruments	(51,316)	(27,217)	(41,048)	(102,925)
Net (loss)/gain from sale of financial investments at FVOCI	(963)	169	865	169
	<u>(32,147)</u>	<u>(19,568)</u>	<u>(11,503)</u>	<u>(83,531)</u>
(c) <u>Gross dividend income from:</u>				
Associated companies	-	330	453,330	330
Financial assets at FVTPL	17,784	19,764	37,412	37,220
	<u>17,784</u>	<u>20,094</u>	<u>490,742</u>	<u>37,550</u>

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**A23 Other operating income** (continued)

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	26,948	21,660	17,387	14,521
- Derivatives financial instruments	(17,871)	(27,935)	(16,152)	132,278
	9,077	(6,275)	1,235	146,799
(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>	1,480	898	3,582	1,887
(f) <u>Net unrealised (loss)/gain on fair value changes arising from fair value hedges</u>	(758)	5,668	(1,344)	688
(g) <u>Other income:</u>				
Foreign exchange gain	101,255	102,707	142,627	98,414
Rental income	2,558	2,305	5,070	4,489
Gain on disposal of property and equipment	1,469	5	1,802	135
Other non-operating income	791	1,250	1,586	1,599
	106,073	106,267	151,085	104,637
Total other operating income	265,354	252,588	953,659	505,424



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**A24 Other operating expenses**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	295,915	275,274	580,739	546,451
- Medical expenses	7,888	8,421	15,667	16,172
- Training and convention expenses	6,325	3,842	8,799	6,026
- Staff welfare	2,590	2,516	5,304	4,830
- Others	7,668	(9,684)	14,239	(8,180)
	<u>320,386</u>	<u>280,369</u>	<u>624,748</u>	<u>565,299</u>
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	25,666	28,349	51,598	57,215
- Depreciation of right-of-use assets	11,814	12,307	23,523	24,741
- Amortisation of intangible assets	16,906	14,172	33,315	28,273
- Rental of premises	584	614	1,060	1,254
- Information technology expenses	52,088	57,359	109,137	113,987
- Security services	5,707	5,530	12,154	10,377
- Electricity, water and sewerage	5,467	4,923	11,080	10,689
- Hire of plant and machinery	3,669	3,454	7,337	6,553
- Others	7,509	8,149	14,512	15,490
	<u>129,410</u>	<u>134,857</u>	<u>263,716</u>	<u>268,579</u>
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	2,141	7,859	4,172	13,604
- Sales commission and credit card related fees	40,532	41,214	73,532	79,892
- Others	5,441	4,062	9,768	9,156
	<u>48,114</u>	<u>53,135</u>	<u>87,472</u>	<u>102,652</u>
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,311	5,602	8,509	10,952
- Stationery and printing expenses	3,180	2,664	5,577	5,460
- Professional fees	23,143	28,555	50,168	54,106
- Insurance fees	13,700	10,890	26,068	20,431
- Stamp, postage and courier	3,645	3,002	6,638	7,079
- Travelling and transport expenses	1,040	955	1,853	1,658
- Registration and license fees	2,246	1,901	4,581	4,172
- Brokerage and commission	3,306	3,281	6,760	6,107
- Credit card fees	21,700	19,211	45,977	38,205
- Others	3,454	1,585	1,840	1,862
	<u>79,725</u>	<u>77,646</u>	<u>157,971</u>	<u>150,032</u>
	<u>577,635</u>	<u>546,007</u>	<u>1,133,907</u>	<u>1,086,562</u>

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**A24 Other operating expenses (continued)**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b><u>Bank</u></b>				
<b><u>Personnel costs</u></b>				
- Salaries, allowances and bonuses	232,010	215,715	455,541	428,007
- Medical expenses	6,330	6,564	12,943	12,818
- Training and convention expenses	5,414	3,213	7,618	5,206
- Staff welfare	1,803	1,981	3,392	3,749
- Others	6,430	(10,702)	11,813	(10,004)
	251,987	216,771	491,307	439,776
<b><u>Establishment costs</u></b>				
- Depreciation of property and equipment	21,823	23,825	43,875	48,112
- Depreciation of right-of-use assets	17,446	18,065	34,834	36,234
- Amortisation of intangible assets	15,125	12,308	29,751	24,596
- Rental of premises	621	584	1,086	1,216
- Information technology expenses	41,313	48,692	85,685	96,476
- Security services	4,323	4,142	9,207	7,676
- Electricity, water and sewerage	3,953	3,755	8,030	8,190
- Hire of plant and machinery	783	720	1,580	1,134
- Others	117	2,199	899	2,838
	105,504	114,290	214,947	226,472
<b><u>Marketing expenses</u></b>				
- Advertisement and publicity	1,272	7,233	2,586	12,437
- Sales commission and credit card related fees	36,127	36,687	65,142	70,049
- Others	3,623	2,948	6,735	6,068
	41,022	46,868	74,463	88,554
<b><u>Administration and general expenses</u></b>				
- Teletransmission expenses	4,201	5,468	8,272	10,641
- Stationery and printing expenses	3,059	2,531	5,326	5,206
- Professional fees	22,090	27,248	47,929	51,867
- Insurance fees	11,319	9,352	21,455	17,376
- Stamp, postage and courier	3,635	2,891	6,570	6,846
- Travelling and transport expenses	809	775	1,430	1,264
- Registration and license fees	1,939	1,606	3,974	3,569
- Brokerage and commission	2,108	2,397	4,001	4,137
- Credit card fees	21,700	19,211	45,977	38,205
- Others	5,712	5,531	8,696	10,191
	76,572	77,010	153,630	149,302
	475,085	454,939	934,347	904,104

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**A25 (Written back of)/allowance for impairment losses on loans, advances and financing**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	73,590	87,412	83,277	186,879
Impaired loans, advances and financing:				
- written off	6,236	6,381	12,260	15,575
- recovered from bad debt written off	(85,530)	(68,425)	(152,346)	(139,510)
	<u>(5,704)</u>	<u>25,368</u>	<u>(56,809)</u>	<u>62,944</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	40,923	46,724	46,179	108,163
Impaired loans, advances and financing:				
- written off	4,714	4,871	9,344	12,297
- recovered from bad debt written off	(71,617)	(55,870)	(126,760)	(113,125)
	<u>(25,980)</u>	<u>(4,275)</u>	<u>(71,237)</u>	<u>7,335</u>

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**A26 (Written back of)/allowance for impairment losses on financial investments and other assets**

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(98)	187	89	146
- Financial investments at amortised cost	(3)	(4)	5	(47)
- Cash and short-term funds	38	123	150	32
- Deposits and placements with banks and other financial institutions	42	214	35	46
	<u>(21)</u>	<u>520</u>	<u>279</u>	<u>177</u>

	2nd Quarter Ended		Cumulative Six Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	(42)	187	41	147
- Cash and short-term funds	332	1,305	(672)	594
- Deposits and placements with banks and other financial institutions	(1,159)	(1,414)	(1,184)	(2,458)
	<u>(869)</u>	<u>78</u>	<u>(1,815)</u>	<u>(1,717)</u>

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**A27 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:

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2023</b>	<b>Financial Year Ended 30/06/2023</b>	<b>Financial Period Ended 31/12/2023</b>	<b>Financial Year Ended 30/06/2023</b>
<b>Before deducting proposed dividends</b>				
CET I capital ratio	13.203%	13.310%	13.517%	13.000%
Tier I capital ratio	14.225%	14.353%	14.531%	14.029%
Total capital ratio	<u>16.252%</u>	<u>16.399%</u>	<u>16.497%</u>	<u>16.009%</u>
<b>After deducting proposed dividends</b>				
CET I capital ratio	12.890%	12.824%	13.110%	12.372%
Tier I capital ratio	13.911%	13.866%	14.124%	13.401%
Total capital ratio	<u>15.938%</u>	<u>15.912%</u>	<u>16.089%</u>	<u>15.381%</u>

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**A27 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2023 RM'000</b>	<b>Financial Year Ended 30/06/2023 RM'000</b>	<b>Financial Period Ended 31/12/2023 RM'000</b>	<b>Financial Year Ended 30/06/2023 RM'000</b>
<b>CET I capital</b>				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	25,420,318	25,017,703	16,306,018	15,727,832
Other reserves	1,159,636	947,836	195,101	2,905
Less: Treasury shares	(704,357)	(708,766)	(704,357)	(708,766)
Less: Deferred tax assets	(267,618)	(410,436)	(184,203)	(317,985)
Less: Other intangible assets	(367,965)	(362,435)	(334,186)	(326,216)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(9,187,505)	(8,712,976)	(3,936,609)	(3,938,210)
<b>Total CET I capital</b>	<b>21,960,260</b>	<b>21,678,677</b>	<b>17,309,280</b>	<b>16,407,076</b>
<b>Additional Tier I capital</b>				
Multi-currency Additional Tier 1 capital securities	1,698,676	1,698,491	1,698,676	1,698,491
Additional Tier I capital before regulatory adjustments	1,698,676	1,698,491	1,698,676	1,698,491
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	1,698,676	1,698,491	1,298,676	1,298,491
<b>Total Tier I capital</b>	<b>23,658,936</b>	<b>23,377,168</b>	<b>18,607,956</b>	<b>17,705,567</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>#</sup>	1,872,239	1,832,523	1,417,570	1,399,403
Subordinated bonds	1,499,177	1,499,089	1,499,177	1,499,089
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
<b>Total Tier II capital</b>	<b>3,371,416</b>	<b>3,331,612</b>	<b>2,516,747</b>	<b>2,498,492</b>
<b>Total capital</b>	<b>27,030,352</b>	<b>26,708,780</b>	<b>21,124,703</b>	<b>20,204,059</b>

<sup>#</sup> Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,100,690,000 (2023: RM990,816,000) and RM906,728,000 (2023: RM825,318,000) respectively.

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**A27 Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Financial Period Ended 31/12/2023 RM'000</b>	<b>Financial Year Ended 30/06/2023 RM'000</b>	<b>Financial Period Ended 31/12/2023 RM'000</b>	<b>Financial Year Ended 30/06/2023 RM'000</b>
Credit risk *	149,779,134	146,601,855	113,405,593	111,952,229
Market risk	6,215,062	6,124,089	6,360,222	6,120,834
Operational risk	10,330,174	10,143,761	8,287,859	8,131,845
<b>Total RWA</b>	<b>166,324,370</b>	<b>162,869,705</b>	<b>128,053,674</b>	<b>126,204,908</b>

\* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,515,218,000 (2023: RM1,588,912,000) is excluded from the calculation of capital adequacy ratio of the Group.

The Bank and its Islamic subsidiary, HLISB's profit after tax for the half year ended 31 December 2023, had been subjected to a limited review by our external auditors. As such the Bank's and HLISB's profit after tax for the half year ended 31 December 2023 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios accordingly.

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

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>Financial Period Ended 31/12/2023</b>	<b>Financial Year Ended 30/06/2023</b>
<b>Before deducting proposed dividends</b>		
CET I capital ratio	11.537%	11.423%
Tier I capital ratio	12.705%	12.653%
Total capital ratio	<u>15.047%</u>	<u>15.051%</u>
<b>After deducting proposed dividends</b>		
CET I capital ratio	11.537%	11.423%
Tier I capital ratio	12.705%	12.653%
Total capital ratio	<u>15.047%</u>	<u>15.051%</u>

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**A28 Group segmental reporting on revenue, profit and assets**

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

The various business segments are described below:

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

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

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

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

Other operations refers to head office and other business segments.

**Financial quarter ended 31/12/2023**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	907,020	271,473	227,971	103,090	(37,179)	(7,661)	1,464,714
Inter-segment revenue	(97,883)	179,051	(180,574)	907	98,499	-	-
Segment revenue	<u>809,137</u>	<u>450,524</u>	<u>47,397</u>	<u>103,997</u>	<u>61,320</u>	<u>(7,661)</u>	<u>1,464,714</u>
Segment profit before taxation	462,173	357,826	19,702	24,277	40,560	(11,734)	892,804
Share of profit after tax of equity accounted associated companies				448,159			448,159
Profit before taxation							<u>1,340,963</u>
Taxation							(253,022)
Profit after taxation							<u><u>1,087,941</u></u>



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**A28 Group segmental reporting on revenue, profit and assets (continued)**

**Financial period ended 31/12/2023**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	1,802,488	528,895	417,055	195,402	383,559	(468,570)	2,858,829
Inter-segment revenue	(193,805)	363,836	(364,986)	3,576	191,379	-	-
Segment revenue	<u>1,608,683</u>	<u>892,731</u>	<u>52,069</u>	<u>198,978</u>	<u>574,938</u>	<u>(468,570)</u>	<u>2,858,829</u>
Segment profit before taxation	953,531	724,494	(267)	49,545	531,306	(477,157)	1,781,452
Share of profit after tax of equity accounted associated companies				802,640			802,640
Profit before taxation							<u>2,584,092</u>
Taxation							(466,375)
Profit after taxation							<u><u>2,117,717</u></u>
Segment assets	122,039,836	48,770,803	70,710,475	27,227,291	-	-	268,748,405
Unallocated assets							16,333,712
Total assets							<u><u>285,082,117</u></u>

**Corresponding quarter ended 31/12/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	940,224	285,779	205,530	103,198	(40,808)	(7,622)	1,486,301
Inter-segment revenue	(67,559)	120,491	(158,943)	-	106,011	-	-
Segment revenue	<u>872,665</u>	<u>406,270</u>	<u>46,587</u>	<u>103,198</u>	<u>65,203</u>	<u>(7,622)</u>	<u>1,486,301</u>
Segment profit before taxation	544,662	270,145	18,086	37,016	55,864	(11,367)	914,406
Share of profit after tax of equity accounted associated companies				373,002			373,002
Profit before taxation							<u>1,287,408</u>
Taxation							(245,257)
Profit after taxation							<u><u>1,042,151</u></u>

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**A28 Group segmental reporting on revenue, profit and assets (continued)**

**Corresponding financial period ended 31/12/2022**

	<b>Personal Financial Services RM'000</b>	<b>Business &amp; Corporate Banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Overseas/ International Operations RM'000</b>	<b>Other Operations RM'000</b>	<b>Inter- Segment Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>By business segment</u></b>							
External revenue	1,774,708	589,960	494,625	203,721	(62,072)	(14,725)	2,986,217
Inter-segment revenue	(122,390)	225,985	(307,535)	-	203,940	-	-
Segment revenue	<u>1,652,318</u>	<u>815,945</u>	<u>187,090</u>	<u>203,721</u>	<u>141,868</u>	<u>(14,725)</u>	<u>2,986,217</u>
Segment profit before taxation	947,687	589,346	133,967	70,942	118,000	(23,408)	1,836,534
Share of profit after tax of equity accounted associated companies				638,005			638,005
Profit before taxation							<u>2,474,539</u>
Taxation							<u>(450,979)</u>
Profit after taxation							<u><u>2,023,560</u></u>
Segment assets	114,107,840	45,132,305	71,034,493	21,643,879	-	-	251,918,517
Unallocated assets							13,270,630
Total assets							<u><u>265,189,147</u></u>

**A29 Property and equipment**

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

**A30(a) Material events subsequent to the end of the reporting period**

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

**A30(b) Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial period ended 31 December 2023 and up to the date of this report.

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**A31 Commitments and contingencies**

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

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

	The Group		The Bank	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
<b>Principal amount</b>				
Direct credit substitutes	219,776	224,515	213,358	217,046
Certain transaction related contingent items	2,882,948	2,594,402	2,042,021	1,819,394
Short-term self liquidating trade related contingencies	965,278	1,063,924	928,667	849,981
Irrevocable commitments to extend credit:				
- maturity more than one year	16,486,701	17,073,556	12,243,818	12,463,084
- maturity less than one year	28,596,510	26,457,159	22,509,611	21,025,525
Foreign exchange related contracts:				
- less than one year	64,056,841	63,906,468	57,798,679	60,747,086
- one year to five years	6,901,618	7,321,941	6,901,618	7,321,941
- over five years	554,011	737,005	554,011	737,005
Interest rate related contracts:				
- less than one year	52,780,589	45,361,203	52,780,589	45,361,203
- one year to five years	99,288,500	81,071,444	99,940,645	81,492,156
- over five years	3,996,124	4,399,525	3,966,124	4,291,746
Equity related contracts:				
- less than one year	640,272	487,429	640,272	487,429
- one year to five years	828,819	668,393	828,819	668,393
Credit related contracts:				
- less than one year	119,121	121,391	119,121	121,391
- one year to five years	16,761	-	16,761	-
- over five years	1,338,942	1,225,853	1,338,942	1,225,853
Commodity related contracts:				
- less than one year	131,922	554,082	131,922	554,082
Unutilised credit card lines	7,189,399	6,902,344	7,189,399	6,902,344
<b>Total</b>	<b>286,994,132</b>	<b>260,170,634</b>	<b>270,144,377</b>	<b>246,285,659</b>

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**A32 Related party transactions**

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

**(a) Connected parties exposures**

	The Group		The Bank	
	31/12/2023 RM'000	30/06/2023 RM'000	31/12/2023 RM'000	30/06/2023 RM'000
Aggregate value of outstanding credit exposures with connected parties	3,427,733	3,478,898	3,074,468	3,108,181
Outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	1.66%	1.72%	1.98%	2.03%
Outstanding credit exposures with connected parties which is non-performing or in default as a proportion of total credit exposures (%)	0.0000%	0.0000%	0.0000%	0.0000%

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**A33 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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**A33 Fair value of financial instruments (continued)**

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

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

	<b>The Group</b>			
	<b>Financial Period Ended 31/12/2023</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,839,377	-	2,839,377
- Quoted securities	1,415,198	-	-	1,415,198
- Unquoted securities	-	255,811	364,985	620,796
Financial investments at FVOCI				
- Money market instrument	-	23,241,766	-	23,241,766
- Quoted securities	5,030,398	-	-	5,030,398
- Unquoted securities	-	9,901,531	97,650	9,999,181
Derivative financial instruments	7,709	1,771,682	67,267	1,846,658
	<u>6,453,305</u>	<u>38,010,167</u>	<u>529,902</u>	<u>44,993,374</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	39,229	1,738,103	65,947	1,843,279
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	4,194,866	-	4,194,866
	<u>39,229</u>	<u>5,932,969</u>	<u>65,947</u>	<u>6,038,145</u>

	<b>The Group</b>			
	<b>Financial Year Ended 30/06/2023</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	3,656,339	-	3,656,339
- Quoted securities	1,380,447	-	-	1,380,447
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	20,244,842	-	20,244,842
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	9,107,327	97,650	9,204,977
Derivative financial instruments	26,174	2,067,896	74,354	2,168,424
	<u>5,843,472</u>	<u>35,329,570</u>	<u>536,989</u>	<u>41,710,031</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	874	2,315,173	71,839	2,387,886
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	<u>874</u>	<u>5,879,503</u>	<u>71,839</u>	<u>5,952,216</u>

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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**A33 Fair value of financial instruments (continued)**

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

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

	<b>The Bank</b>			
	<b>Financial Period Ended 31/12/2023</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,788,400	-	2,788,400
- Quoted securities	1,435,755	-	-	1,435,755
- Unquoted securities	-	255,811	364,985	620,796
Financial investments at FVOCI				
- Money market instrument	-	19,073,760	-	19,073,760
- Quoted securities	5,030,398	-	-	5,030,398
- Unquoted securities	-	9,553,870	97,650	9,651,520
Derivative financial instruments	7,709	1,728,875	62,553	1,799,137
	<u>6,473,862</u>	<u>33,400,716</u>	<u>525,188</u>	<u>40,399,766</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	39,229	1,682,419	61,233	1,782,881
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,549,125	-	3,549,125
	<u>39,229</u>	<u>5,231,544</u>	<u>61,233</u>	<u>5,332,006</u>
<b>The Bank</b>				
<b>Financial Year Ended 30/06/2023</b>				
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial Assets</u></b>				
Financial assets at FVTPL				
- Money market instrument	-	2,897,473	-	2,897,473
- Quoted securities	1,401,328	-	-	1,401,328
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	16,816,442	-	16,816,442
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	8,758,257	97,650	8,855,907
Derivative financial instruments	26,174	1,981,501	63,994	2,071,669
	<u>5,864,353</u>	<u>30,706,839</u>	<u>526,629</u>	<u>37,097,821</u>
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	874	2,239,583	61,479	2,301,936
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,157,718	-	3,157,718
	<u>874</u>	<u>5,397,301</u>	<u>61,479</u>	<u>5,459,654</u>

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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**A33 Fair value of financial instruments (continued)**

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

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

<b>The Group</b> <b>31 December 2023</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets</b> <b>at FVTPL</b> <b>RM'000</b>	<b>investments</b> <b>at FVOCI</b> <b>RM'000</b>	<b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>	<b>Liability</b> <b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>
At 1 July	364,985	97,650	74,354	71,839
Fair value changes recognised in statements of income	-	-	13,857	13,857
Purchases	-	-	7,731	7,254
Settlements	-	-	(28,675)	(27,003)
At 31 December	<u>364,985</u>	<u>97,650</u>	<u>67,267</u>	<u>65,947</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2023	<u>-</u>	<u>-</u>	<u>13,857</u>	<u>13,857</u>
<b>The Group</b> <b>30 June 2023</b>	<b>Financial assets</b> <b>at FVTPL</b> <b>RM'000</b>	<b>Financial Assets</b> <b>investments</b> <b>at FVOCI</b> <b>RM'000</b>	<b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>	<b>Financial</b> <b>Liability</b> <b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	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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**A33 Fair value of financial instruments** (continued)

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

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

<b>The Bank</b> <b>31 December 2023</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets</b> <b>at FVTPL</b> <b>RM'000</b>	<b>investments</b> <b>at FVOCI</b> <b>RM'000</b>	<b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>	<b>Liability</b> <b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>
At 1 July	364,985	97,650	63,994	61,479
Fair value changes recognised in statements of income	-	-	13,857	13,857
Purchases	-	-	7,731	7,254
Settlements	-	-	(23,029)	(21,357)
At 31 December	<u>364,985</u>	<u>97,650</u>	<u>62,553</u>	<u>61,233</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 December 2023	<u>-</u>	<u>-</u>	<u>13,857</u>	<u>13,857</u>
<b>The Bank</b> <b>30 June 2023</b>	<b>Financial Assets</b>			<b>Financial</b>
	<b>Financial assets</b> <b>at FVTPL</b> <b>RM'000</b>	<b>investments</b> <b>at FVOCI</b> <b>RM'000</b>	<b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>	<b>Liability</b> <b>Derivative</b> <b>financial</b> <b>instruments</b> <b>RM'000</b>
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	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>

**A34 Liquidity risk**

Please refer to Appendix A.

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

**B1 Review of performance**

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

The Group recorded a pre-tax profit of RM1,341.0 million for the current financial quarter ended 31 December 2023, an increase of RM53.6 million or 4.2% 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 RM31.1 million, net written back of allowance for impairment losses on financial investments and other assets of RM0.5 million and higher share of profit from associated company of RM75.2 million. However, this was mitigated by lower net income of RM21.6 million and higher operating expenses of RM31.6 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM462.2 million for the second quarter ended 31 December 2023 as compared to previous corresponding quarter of RM544.7 million. The decrease in pre-tax profit was mainly contributed by lower total income, higher operating expenses and higher allowance for impairment losses on loans, advances and financing.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM357.8 million for the second quarter ended 31 December 2023 as compared to previous corresponding quarter of RM270.1 million. The increase in pre-tax profit was mainly contributed by lower allowance for impairment losses on loans, advances and financing and higher total income, partially offset by higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax profit of RM19.7 million for the second quarter ended 31 December 2023 as compared to previous corresponding quarter of RM18.1 million. The increase in pre-tax profit was mainly contributed by lower impairment losses on financial investments and other assets and higher total income, partially offset by higher operating expenses.

International Banking

The International Banking's segment recorded a pre-tax profit of RM472.4 million for the second quarter ended 31 December 2023 as compared to previous corresponding quarter of RM410.0 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China and higher total income, partially offset by higher allowance for impairment losses on loans, advances and financing and higher operating expenses.

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**B1 Review of performance** (continued)

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

The Group's pre-tax profit for the financial period ended 31 December 2023 stood at RM2,584.1 million, an increase of RM109.6 million or 4.4% as compared to RM2,474.5 million in the previous financial period. The increase was mainly due to net written back of allowance for impairment losses on loans, advances and financing of RM119.8 million and higher share of profit from associated company of RM164.6 million. This was mitigated by lower net income of RM127.4 million, higher operating expenses of RM47.3 million and lower written back of impairment losses on financial investments and other assets of RM0.1 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM953.5 million for the financial period ended 31 December 2023 as compared to previous corresponding period of RM947.7 million. The increase in pre-tax profit was mainly contributed by lower allowance for impairment losses on loans, advances and financing, partially offset by lower total income and higher operating expenses.

Personal Financial Services's loan base increased from RM113.9 billion as at 31 December 2022 to RM121.9 billion as at 31 December 2023. Deposit base increased from RM102.1 billion to RM105.8 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM724.5 million for the financial period ended 31 December 2023 as compared to previous corresponding period of RM589.3 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking's loan base increased from RM45.1 billion as at 31 December 2022 to RM48.8 billion as at 31 December 2023. Deposit base increased from RM46.8 billion to RM53.8 billion.

Global Markets

The Global Markets's segment recorded a pre-tax loss of RM0.3 million for the financial period ended 31 December 2023 as compared to a pre-tax profit for previous corresponding period of RM134.0 million. The pre-tax loss was mainly contributed by lower total income, partially offset by lower operating expenses and lower impairment losses on financial investments and other assets.

Treasury earning assets remain unchanged at RM67.5 billion as at 31 December 2022 and 31 December 2023.

International Banking

The International Banking's segment recorded a pre-tax profit of RM852.2 million for the financial period ended 31 December 2023 as compared to previous corresponding period of RM708.9 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China, partially offset by higher operating expenses, lower total income and higher allowance for impairment losses on loans, advances and financing.

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**B2 Current Quarter vs. Preceding Quarter**

For the current financial quarter, the Group recorded a pre-tax profit of RM1,341.0 million as compared to RM1,243.1 million in the preceding quarter, an increase of RM97.9 million mainly contributed by higher net income of RM70.6 million, net written back of allowance for impairment losses on financial investments and other assets of RM0.3 million and higher share of profit from associated companies of RM93.7 million. This was mitigated by higher operating expenses of RM21.3 million and lower net written back of impairment losses on loans, advances and financing of RM45.4 million.

**B3 Current year prospects**

The Malaysian economy is expected to maintain a moderate growth pace of 4-5% in 2024, as domestic policy support is anticipated to cushion lingering external headwinds. Resilient consumption aside, anticipated pick-up in investment activities is also expected to provide an added impetus to domestic growth prospect this year. That said, prospects of a soft landing in the world economy as lagged effects from earlier policy tightening gained momentum, as well as mounting challenges in China, would continue to cloud the global economic landscape.

In our collective efforts to deliver the 3-5 Year Transformational Plan, we will remain steadfast in executing our aligned strategic priorities to achieve quantum growth and deliver sustainable outcomes. This will be achieved through our brand promise of “Built Around You” by focusing on innovating and providing customer-centric banking solutions to our customers.

The dynamic business environment will no doubt provide us with new growth opportunities, which we will strive to capture by being adaptive and responding swiftly to the changing landscape. It remains crucial for us to excel in the digital and innovation space, strengthening our talent pool with world class talents and enhancing our environmental, social and governance (“ESG”) practices to build a strong ASEAN franchise.

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

This note is not applicable to the Group.

**B5 Taxation**

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>				
Income tax	156,958	225,720	380,755	442,352
Transfer from deferred taxation	96,064	19,537	85,620	8,627
	<u>253,022</u>	<u>245,257</u>	<u>466,375</u>	<u>450,979</u>

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>				
Income tax	116,966	177,031	383,571	347,047
Transfer from deferred taxation	97,352	19,860	82,796	11,229
	<u>214,318</u>	<u>196,891</u>	<u>466,367</u>	<u>358,276</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 31 December 2023:

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	50,038,876	560,712	(419,461)
(ii) 1 year to 3 years	1,398,752	18,661	(2,350)
(iii) More than 3 years	1,175,424	13,434	(2,382)
Swaps			
(i) Less than 1 year	10,573,137	208,301	(142,634)
(ii) 1 year to 3 years	3,417,554	75,241	(162,617)
(iii) More than 3 years	1,449,353	41,460	(52,442)
Options			
(i) Less than 1 year	3,444,828	21,285	(17,725)
(ii) 1 year to 3 years	14,546	168	(168)
Interest rate related contracts			
Futures			
(i) Less than 1 year	14,602,477	7,709	(39,229)
Swaps			
(i) Less than 1 year	38,178,112	49,973	(63,236)
(ii) 1 year to 3 years	44,809,589	250,776	(218,411)
(iii) More than 3 years	58,475,035	437,114	(562,346)
Equity related contracts			
(i) Less than 1 year	640,272	17,084	(17,110)
(ii) 1 year to 3 years	156,901	6,806	(5,460)
(iii) More than 3 years	671,918	38,663	(38,662)
Credit related contracts			
(i) Less than 1 year	119,121	8,319	(8,319)
(ii) More than 3 years	1,355,703	89,863	(89,863)
Commodity related contracts			
(i) Less than 1 year	131,922	1,089	(864)
<b>Total</b>	<b>230,653,520</b>	<b>1,846,658</b>	<b>(1,843,279)</b>

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

Details of financial instruments with off-balance sheet risk as at 30 June 2023:

**The Group**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	48,268,440	937,992	(813,282)
(ii) 1 year to 3 years	1,163,191	24,923	(313)
(iii) More than 3 years	1,183,787	10,058	(3,855)
Swaps			
(i) Less than 1 year	7,805,019	77,019	(172,815)
(ii) 1 year to 3 years	4,002,015	108,116	(194,273)
(iii) More than 3 years	1,622,660	52,454	(84,160)
Options			
(i) Less than 1 year	7,833,009	45,087	(33,282)
(ii) 1 year to 3 years	87,293	1,855	(633)
Interest rate related contracts			
Futures			
(i) Less than 1 year	4,150,647	26,173	(874)
Swaps			
(i) Less than 1 year	41,210,556	39,649	(70,619)
(ii) 1 year to 3 years	34,984,278	193,875	(216,977)
(iii) More than 3 years	50,486,691	493,482	(641,588)
Equity related contracts			
(i) Less than 1 year	487,429	6,950	(6,838)
(ii) 1 year to 3 years	102,556	8,289	(7,258)
(iii) More than 3 years	565,837	48,755	(47,383)
Credit related contracts			
(i) Less than 1 year	121,391	6,477	(6,477)
(ii) More than 3 years	1,225,853	86,128	(86,128)
Commodity related contracts			
(i) Less than 1 year	554,082	1,142	(1,131)
<b>Total</b>	<b>205,854,734</b>	<b>2,168,424</b>	<b>(2,387,886)</b>

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

Details of financial instruments with off-balance sheet risk as at 31 December 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	43,776,952	505,190	(379,752)
(ii) 1 year to 3 years	1,398,752	18,663	(2,350)
(iii) More than 3 years	1,175,424	13,434	(2,382)
Swaps			
(i) Less than 1 year	10,573,137	208,301	(142,634)
(ii) 1 year to 3 years	3,417,554	75,241	(162,617)
(iii) More than 3 years	1,449,353	41,241	(52,442)
Options			
(i) Less than 1 year	3,448,590	21,355	(17,795)
(ii) 1 year to 3 years	14,546	168	(168)
Interest rate related contracts			
Futures			
(i) Less than 1 year	14,602,478	7,709	(39,229)
Swaps			
(i) Less than 1 year	38,178,111	49,973	(63,236)
(ii) 1 year to 3 years	44,809,589	250,776	(218,411)
(iii) More than 3 years	59,097,180	445,262	(541,587)
Equity related contracts			
(i) Less than 1 year	640,272	17,084	(17,110)
(ii) 1 year to 3 years	156,901	6,806	(5,460)
(iii) More than 3 years	671,918	38,663	(38,662)
Credit related contracts			
(i) Less than 1 year	119,121	8,319	(8,319)
(ii) More than 3 years	1,355,703	89,863	(89,863)
Commodity related contracts			
(i) Less than 1 year	131,922	1,089	(864)
<b>Total</b>	<b>225,017,503</b>	<b>1,799,137</b>	<b>(1,782,881)</b>



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

Details of financial instruments with off-balance sheet risk as at 30 June 2023:

**The Bank**

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	45,104,873	837,009	(758,370)
(ii) 1 year to 3 years	1,163,191	24,923	(313)
(iii) More than 3 years	1,183,787	10,058	(3,855)
Swaps			
(i) Less than 1 year	7,805,019	77,019	(172,815)
(ii) 1 year to 3 years	4,002,015	108,116	(194,273)
(iii) More than 3 years	1,622,660	52,454	(84,160)
Options			
(i) Less than 1 year	7,837,194	45,120	(33,315)
(ii) 1 year to 3 years	87,293	1,855	(633)
Interest rate related contracts			
Futures			
(i) Less than 1 year	4,150,647	26,173	(874)
Swaps			
(i) Less than 1 year	41,210,556	39,649	(70,619)
(ii) 1 year to 3 years	34,984,278	193,875	(216,977)
(iii) More than 3 years	50,799,624	497,677	(610,517)
Equity related contracts			
(i) Less than 1 year	487,429	6,950	(6,838)
(ii) 1 year to 3 years	102,556	8,289	(7,258)
(iii) More than 3 years	565,837	48,755	(47,383)
Credit related contracts			
(i) Less than 1 year	121,391	6,477	(6,477)
(ii) More than 3 years	1,225,853	86,128	(86,128)
Commodity related contracts			
(i) Less than 1 year	554,082	1,142	(1,131)
<b>Total</b>	<b>203,008,285</b>	<b>2,071,669</b>	<b>(2,301,936)</b>

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

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 RM399,969,000 (30 June 2023: RM522,107,000) and RM157,503,378,000 (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 RM2,024,122,000 (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**

An interim single tier dividend of 25.0 sen per share has been declared for the current quarter.

- (i) Amount per share: 25.0 sen.
- (ii) Previous corresponding quarter: single tier dividend of 21.0 sen per share.
- (iii) Entitlement date: 15 March 2024
- (iv) Payment date: 26 March 2024

**B12 Earnings per share**

**(a) Basic earnings per share**

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

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	1,087,941	1,042,151	2,117,717	2,023,560
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	(118,517)	(119,200)	(118,517)	(119,200)
	<u>2,049,201</u>	<u>2,048,518</u>	<u>2,049,201</u>	<u>2,048,518</u>
<b>Basic earnings per share (sen)</b>	53.1	50.9	103.3	98.8
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	519,570	524,361	1,431,478	1,109,826
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	(118,517)	(119,200)	(118,517)	(119,200)
	<u>2,049,201</u>	<u>2,048,518</u>	<u>2,049,201</u>	<u>2,048,518</u>
<b>Basic earnings per share (sen)</b>	25.4	25.6	69.9	54.2

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**B12 Earnings per share** (continued)

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

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

	<b>2nd Quarter Ended</b>		<b>Cumulative Six Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>The Group</u></b>				
Net profit attributable to equity holders	1,087,941	1,042,151	2,117,717	2,023,560
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,049,201	2,048,518	2,049,201	2,048,518
- adjustment for ESS	551	683	551	683
	<u>2,049,752</u>	<u>2,049,201</u>	<u>2,049,752</u>	<u>2,049,201</u>
<b>Fully diluted earnings per share (sen)</b>	53.1	50.9	103.3	98.7
<b><u>The Bank</u></b>				
Net profit attributable to equity holders	519,570	524,361	1,431,478	1,109,826
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,049,201	2,048,518	2,049,201	2,048,518
- adjustment for ESS	551	683	551	683
	<u>2,049,752</u>	<u>2,049,201</u>	<u>2,049,752</u>	<u>2,049,201</u>
<b>Fully diluted earnings per share (sen)</b>	25.3	25.6	69.8	54.2

Dated this 28 February 2024

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**A34 Liquidity risk**

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

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2023 based on the remaining contractual maturity:

	<b>The Group</b>							<b>Total</b>
	<b>31 December 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Cash and short-term funds	3,744,330	1,580,602	-	-	-	-	-	5,324,932
Deposits and placements with banks and other financial institutions	-	-	222,247	-	342,525	23	-	564,795
Securities purchased under resale agreements	-	-	199,817	-	-	-	-	199,817
Financial assets at fair value through profit or loss	69,589	625,859	124,145	55,400	9,952	3,623,922	366,504	4,875,371
Financial investments at fair value through other comprehensive income	844,097	420,943	1,872,071	1,093,837	3,256,521	30,686,226	97,650	38,271,345
Financial investments at amortised cost	-	390	53,790	824,978	3,307,128	27,363,462	-	31,549,748
Loans, advances and financing	12,846,439	8,898,840	5,527,280	2,684,731	1,247,182	152,260,134	-	183,464,606
Other assets	1,076,068	6,567	11,343	14,832	9,596	20,837	1,895,405	3,034,648
Derivative financial instruments	65,042	181,237	408,065	101,880	118,248	972,186	-	1,846,658
Statutory deposits with Central Banks	-	-	-	-	-	-	3,108,612	3,108,612
Investment in associated companies	-	-	-	-	-	-	9,187,505	9,187,505
Property and equipment	-	-	-	-	-	-	1,012,595	1,012,595
Intangible assets	-	-	-	-	-	-	367,965	367,965
Right-of-use assets	-	-	-	-	-	-	174,590	174,590
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	267,618	267,618
<b>Total assets</b>	<b>18,645,565</b>	<b>11,714,438</b>	<b>8,418,758</b>	<b>4,775,658</b>	<b>8,291,152</b>	<b>214,926,790</b>	<b>18,309,756</b>	<b>285,082,117</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2023 based on the remaining contractual maturity: (continued)

	<b>The Group</b>							<b>Total</b>
	<b>31 December 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	79,597,902	34,177,059	37,782,559	23,198,437	28,274,461	8,154,018	-	211,184,436
Investment accounts of customers	424,357	193,593	580,512	865,445	34,389	-	-	2,098,296
Deposits and placements of banks and other financial institutions	2,254,031	1,477,585	3,248,082	189,671	59,429	1,514,011	-	8,742,809
Obligations on securities sold under repurchase agreements	-	1,698,327	9,484,313	-	-	-	-	11,182,640
Bills and acceptances payable	269	5,943	30,091	32,798	-	-	187,423	256,524
Lease liabilities	-	3,359	6,757	10,199	20,196	137,129	-	177,640
Other liabilities	6,810,809	182,162	30,078	2,243	13,959	67	91,062	7,130,380
Derivative financial instruments	42,218	145,117	299,385	120,252	101,606	1,134,701	-	1,843,279
Recourse obligation on loans/financing sold to Cagamas	-	-	18,074	97,098	510,026	2,653,075	-	3,278,273
Senior debts	-	-	-	1,974	-	298,848	-	300,822
Tier 2 subordinated bonds	-	-	-	1,002,834	-	499,177	-	1,502,011
Multi-currency Additional Tier 1 capital securities	-	-	404,268	10,892	-	1,306,131	-	1,721,291
Taxation	-	-	-	-	-	-	117,853	117,853
<b>Total liabilities</b>	<b>89,129,586</b>	<b>37,883,145</b>	<b>51,884,119</b>	<b>25,531,843</b>	<b>29,014,066</b>	<b>15,697,157</b>	<b>396,338</b>	<b>249,536,254</b>
Total equity	-	-	-	-	-	-	35,545,863	35,545,863
<b>Total liabilities and equity</b>	<b>89,129,586</b>	<b>37,883,145</b>	<b>51,884,119</b>	<b>25,531,843</b>	<b>29,014,066</b>	<b>15,697,157</b>	<b>35,942,201</b>	<b>285,082,117</b>
<b>Net liquidity gap</b>	<b>(70,484,021)</b>	<b>(26,168,707)</b>	<b>(43,465,361)</b>	<b>(20,756,185)</b>	<b>(20,722,914)</b>	<b>199,229,633</b>	<b>17,913,418</b>	<b>35,545,863</b>

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**A34 Liquidity risk** (continued)

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

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



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**A34 Liquidity risk** (continued)

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

	<b>The Group</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	85,506,966	31,977,530	42,215,852	24,447,241	19,954,278	7,549,952	-	211,651,819
Investment accounts of customers	124,237	328,935	864,075	908,983	24,283	-	-	2,250,513
Deposits and placements of banks and other financial institutions	1,776,790	1,058,774	4,945,901	142,636	169,243	1,500,482	-	9,593,826
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	2,977,014	1,741,631	-	-	-	7,399,583
Bills and acceptances payable	314	4,000	29,963	30,168	-	-	146,986	211,431
Lease liabilities	-	3,512	6,785	9,972	19,504	139,155	-	178,928
Other liabilities	5,667,523	157,488	16,701	632	14,602	50	89,054	5,946,050
Derivative financial instruments	220,700	164,000	461,114	128,523	130,981	1,282,568	-	2,387,886
Recourse obligation on loans/financing sold to Cagamas	-	-	15,203	6,977	-	2,950,040	-	2,972,220
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 capital securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Taxation	-	-	-	-	-	-	50,287	50,287
<b>Total liabilities</b>	<b>94,472,370</b>	<b>35,199,337</b>	<b>51,537,470</b>	<b>27,430,464</b>	<b>21,712,236</b>	<b>15,225,598</b>	<b>286,327</b>	<b>245,863,802</b>
Total equity	-	-	-	-	-	-	33,986,652	33,986,652
<b>Total liabilities and equity</b>	<b>94,472,370</b>	<b>35,199,337</b>	<b>51,537,470</b>	<b>27,430,464</b>	<b>21,712,236</b>	<b>15,225,598</b>	<b>34,272,979</b>	<b>279,850,454</b>
<b>Net liquidity gap</b>	<b>(70,629,942)</b>	<b>(23,691,607)</b>	<b>(41,763,473)</b>	<b>(23,762,494)</b>	<b>(17,644,039)</b>	<b>194,215,168</b>	<b>17,263,039</b>	<b>33,986,652</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2023 based on the remaining contractual maturity:

	<b>The Bank</b>							<b>Total</b> <b>RM'000</b>
	<b>31 December 2023</b>							
	<b>Up to</b> <b>1 week</b> <b>RM'000</b>	<b>1 week to</b> <b>1 month</b> <b>RM'000</b>	<b>1 to 3</b> <b>months</b> <b>RM'000</b>	<b>3 to 6</b> <b>months</b> <b>RM'000</b>	<b>6 to 12</b> <b>months</b> <b>RM'000</b>	<b>Over 1</b> <b>year</b> <b>RM'000</b>	<b>No specific</b> <b>maturity</b> <b>RM'000</b>	
<b>Assets</b>								
Cash and short-term funds	3,838,403	400,443	-	-	-	-	-	4,238,846
Deposits and placements with banks and other financial institutions	-	-	188,262	-	342,525	441,914	-	972,701
Financial assets at fair value through profit or loss	69,589	625,273	124,145	55,139	9,952	3,572,944	387,909	4,844,951
Financial investments at fair value through other comprehensive income	744,155	420,943	1,872,071	1,018,038	2,986,484	26,616,337	97,650	33,755,678
Financial investments at amortised cost	-	390	53,790	590,538	2,647,015	19,407,868	-	22,699,601
Loans, advances and financing	9,885,179	7,647,024	4,884,000	1,884,348	582,574	111,760,692	-	136,643,817
Other assets	1,059,800	6,552	11,313	14,787	9,506	20,537	1,846,991	2,969,486
Derivative financial instruments	55,711	168,214	396,561	80,395	118,139	980,117	-	1,799,137
Amount due from subsidiaries	-	-	-	-	-	-	20,906	20,906
Statutory deposits with Central Banks	-	-	-	-	-	-	2,247,621	2,247,621
Subsidiary companies	-	-	-	-	-	-	2,653,710	2,653,710
Investment in associated companies	-	-	-	-	-	-	2,087,699	2,087,699
Property and equipment	-	-	-	-	-	-	451,286	451,286
Intangible assets	-	-	-	-	-	-	334,186	334,186
Right-of-use assets	-	-	-	-	-	-	247,232	247,232
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	184,203	184,203
<b>Total assets</b>	<b>15,652,837</b>	<b>9,268,839</b>	<b>7,530,142</b>	<b>3,643,245</b>	<b>6,696,195</b>	<b>162,800,409</b>	<b>12,330,940</b>	<b>217,922,607</b>

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**A34 Liquidity risk** (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 31 December 2023 based on the remaining contractual maturity: (continued)

	<b>The Bank</b>							<b>Total</b>
	<b>31 December 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	64,525,687	23,665,248	25,247,870	17,136,461	22,476,343	6,917,261	-	159,968,870
Deposits and placements of banks and other financial institutions	1,829,866	1,653,676	2,948,728	105,624	59,429	1,491,925	-	8,089,248
Obligations on securities sold under repurchase agreements	-	1,698,327	9,484,313	-	-	-	-	11,182,640
Bills and acceptances payable	227	4,211	24,865	27,841	-	-	126,794	183,938
Lease liabilities	-	5,664	11,387	17,222	34,805	186,535	-	255,613
Other liabilities	6,135,304	182,106	29,931	2,150	3,525	441,649	82,490	6,877,155
Derivative financial instruments	37,119	134,295	293,293	102,667	101,565	1,113,942	-	1,782,881
Recourse obligation on loans sold to Cagamas	-	-	14,344	2,298	410,018	1,303,045	-	1,729,705
Senior debts	-	-	-	658	-	99,460	-	100,118
Tier 2 subordinated bonds	-	-	-	1,002,834	-	499,177	-	1,502,011
Multi-currency Additional Tier 1 capital securities	-	-	404,268	10,892	-	1,306,131	-	1,721,291
Taxation	-	-	-	-	-	-	86,584	86,584
<b>Total liabilities</b>	<b>72,528,203</b>	<b>27,343,527</b>	<b>38,458,999</b>	<b>18,408,647</b>	<b>23,085,685</b>	<b>13,359,125</b>	<b>295,868</b>	<b>193,480,054</b>
Total equity	-	-	-	-	-	-	24,442,553	24,442,553
<b>Total liabilities and equity</b>	<b>72,528,203</b>	<b>27,343,527</b>	<b>38,458,999</b>	<b>18,408,647</b>	<b>23,085,685</b>	<b>13,359,125</b>	<b>24,738,421</b>	<b>217,922,607</b>
<b>Net liquidity gap</b>	<b>(56,875,366)</b>	<b>(18,074,688)</b>	<b>(30,928,857)</b>	<b>(14,765,402)</b>	<b>(16,389,490)</b>	<b>149,441,284</b>	<b>12,035,072</b>	<b>24,442,553</b>

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**A34 Liquidity risk** (continued)

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

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

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**A34 Liquidity risk** (continued)

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

	<b>The Bank</b>							<b>Total</b>
	<b>30 June 2023</b>							
	<b>Up to 1 week RM'000</b>	<b>1 week to 1 month RM'000</b>	<b>1 to 3 months RM'000</b>	<b>3 to 6 months RM'000</b>	<b>6 to 12 months RM'000</b>	<b>Over 1 year RM'000</b>	<b>No specific maturity RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>								
Deposits from customers	70,277,393	22,407,762	29,370,840	17,944,091	16,282,955	6,449,907	-	162,732,948
Deposits and placements of banks and other financial institutions	1,573,319	964,196	4,057,912	80,495	116,826	1,476,743	-	8,269,491
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	2,977,014	1,741,631	-	-	-	7,399,583
Bills and acceptances payable	274	3,396	23,655	24,410	-	-	103,467	155,202
Lease liabilities	-	5,567	11,137	16,637	33,313	203,059	-	269,713
Other liabilities	4,874,548	157,391	16,561	582	4,640	432,643	80,385	5,566,750
Derivative financial instruments	220,855	127,608	451,072	119,923	130,981	1,251,497	-	2,301,936
Recourse obligation on loans sold to Cagamas	-	-	12,359	2,268	-	1,500,019	-	1,514,646
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 capital securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Taxation	-	-	-	-	-	-	39,545	39,545
<b>Total liabilities</b>	<b>78,122,229</b>	<b>25,171,018</b>	<b>36,925,412</b>	<b>19,943,738</b>	<b>17,968,060</b>	<b>13,117,219</b>	<b>223,397</b>	<b>191,471,073</b>
Total equity	-	-	-	-	-	-	23,586,352	23,586,352
<b>Total liabilities and equity</b>	<b>78,122,229</b>	<b>25,171,018</b>	<b>36,925,412</b>	<b>19,943,738</b>	<b>17,968,060</b>	<b>13,117,219</b>	<b>23,809,749</b>	<b>215,057,425</b>
<b>Net liquidity gap</b>	<b>(58,400,634)</b>	<b>(16,183,853)</b>	<b>(27,308,243)</b>	<b>(17,001,420)</b>	<b>(15,020,840)</b>	<b>145,726,800</b>	<b>11,774,542</b>	<b>23,586,352</b>