

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

Condensed Financial Statements
Unaudited Statements of Financial Position As At 31 March 2024

		The Group		The Bank	
	Note	31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 RM'000	30/06/2023 RM'000
<u>ASSETS</u>					
Cash and short-term funds		6,758,232	8,206,803	5,592,775	6,362,228
Deposits and placements with banks and other financial institutions		697,697	436,877	1,261,096	1,343,553
Securities purchased under resale agreements		199,138	-	-	-
Financial assets at fair value through profit or loss	A8	3,689,913	5,654,937	3,583,685	4,916,952
Financial investments at fair value through other comprehensive income	A9	40,024,806	33,886,670	35,402,104	30,109,200
Financial investments at amortised cost	A10	32,458,639	31,194,065	23,568,353	22,201,564
Loans, advances and financing	A11	186,140,971	179,902,847	138,385,586	135,092,761
Other assets	A12	3,104,665	2,454,415	2,962,680	2,398,503
Derivative financial instruments		1,460,374	2,168,424	1,430,667	2,071,669
Amount due from subsidiaries		-	-	21,830	143,862
Statutory deposits with Central Banks		3,319,195	3,396,920	2,446,561	2,509,021
Subsidiary companies		-	-	2,666,644	2,655,317
Investment in associated companies		9,665,304	8,712,976	2,087,699	2,087,699
Property and equipment		1,012,888	1,055,391	455,774	488,040
Intangible assets		360,908	362,435	325,968	326,216
Right-of-use assets		179,391	175,946	234,691	261,308
Goodwill		1,831,312	1,831,312	1,771,547	1,771,547
Deferred tax assets		246,887	410,436	170,224	317,985
TOTAL ASSETS		291,150,320	279,850,454	222,367,884	215,057,425
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Deposits from customers	A13	212,417,224	211,651,819	160,094,050	162,732,948
Investment accounts of customers	A14	2,518,028	2,250,513	-	-
Deposits and placements of banks and other financial institutions	A15	11,132,369	9,593,826	11,027,126	8,269,491
Obligations on securities sold under repurchase agreements		12,488,394	7,399,583	12,488,394	7,399,583
Bills and acceptances payable		257,673	211,431	174,742	155,202
Lease liabilities		182,550	178,928	242,982	269,713
Other liabilities	A16	7,102,856	5,946,050	6,918,578	5,566,750
Derivative financial instruments		1,729,302	2,387,886	1,655,819	2,301,936
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")		3,276,722	2,972,220	1,718,961	1,514,646
Senior debts	A17	408,302	-	200,676	-
Tier 2 subordinated bonds	A18	1,517,837	1,501,750	1,517,837	1,501,750
Multi-currency Additional Tier 1 capital securities	A19	1,729,178	1,719,509	1,729,178	1,719,509
Provision for taxation		152,267	50,287	112,280	39,545
TOTAL LIABILITIES		254,912,702	245,863,802	197,880,623	191,471,073
Share capital		7,739,063	7,739,063	7,739,063	7,739,063
Reserves		29,201,229	26,956,355	17,450,872	16,556,055
Less: Treasury shares		(702,674)	(708,766)	(702,674)	(708,766)
TOTAL SHAREHOLDERS' EQUITY		36,237,618	33,986,652	24,487,261	23,586,352
TOTAL LIABILITIES AND EQUITY		291,150,320	279,850,454	222,367,884	215,057,425
<u>COMMITMENTS AND CONTINGENCIES</u>					
Net asset per share attributable to ordinary equity holders of the parent (RM) *	A31	343,895,378	260,170,634	327,643,751	246,285,659

Net asset per share attributable to ordinary equity holders of the parent (RM) *

17.68 16.59 11.95 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)
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Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 March 2024

	Note	The Group			
		Current Quarter Ended 31/03/2024 RM'000	Corresponding Quarter Ended 31/03/2023 RM'000	Current Period Ended 31/03/2024 RM'000	Corresponding Period Ended 31/03/2023 RM'000
Interest income	A20(a)	2,175,277	1,879,683	6,448,902	5,362,252
Interest income for financial assets at fair value through profit or loss	A20(b)	36,725	25,342	92,352	139,951
Interest expense	A21	(1,242,970)	(1,058,377)	(3,700,528)	(2,711,343)
Net interest income		969,032	846,648	2,840,726	2,790,860
Net income from Islamic Banking business	A22	254,450	208,898	726,034	733,737
Other operating income	A23	212,098	340,584	727,649	857,750
Net income		1,435,580	1,396,130	4,294,409	4,382,347
Other operating expenses	A24	(576,852)	(559,353)	(1,710,759)	(1,645,915)
Operating profit before allowances		858,728	836,777	2,583,650	2,736,432
Write back of/(allowance for) impairment losses on loans, advances and financing	A25	26,303	(38,039)	83,112	(100,983)
(Allowance for)/write back of impairment losses on financial investments and other assets	A26	(838)	37	(1,117)	(140)
Share of profit after tax of equity accounted associated companies		884,193	798,775	2,665,645	2,635,309
Profit before taxation		1,268,368	1,111,716	3,852,460	3,586,255
Taxation	B5	(223,870)	(181,757)	(690,245)	(632,736)
Net profit for the financial period		1,044,498	929,959	3,162,215	2,953,519
Attributable to:					
Owners of the parent		1,044,498	929,959	3,162,215	2,953,519
Earnings per share - basic (sen)	B12(a)	51.0	45.4	154.3	144.2
Earnings per share - fully diluted (sen)	B12(b)	51.0	45.4	154.3	144.1

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HONG LEONG BANK BERHAD
Registration No: 193401000023 (97141-X)
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 31 March 2024

	The Group			
	Current Quarter Ended 31/03/2024 RM'000	Corresponding Quarter Ended 31/03/2023 RM'000	Current Period Ended 31/03/2024 RM'000	Corresponding Period Ended 31/03/2023 RM'000
Net profit for the financial period	1,044,498	929,959	3,162,215	2,953,519
Other comprehensive income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated company	-	-	23,160	(4,768)
(b) Currency translation differences	122,354	148,165	103,393	(94,170)
(c) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	47,506	258,770	319,422	384,180
- Changes in expected credit losses	983	158	1,061	296
(d) Net fair value changes in cash flow hedge	-	-	-	362
Income tax relating to components of other comprehensive income	(12,162)	(59,270)	(69,295)	(94,457)
Other comprehensive income for the financial period, net of tax	158,681	347,823	377,741	191,443
Total comprehensive income for the financial period	<u>1,203,179</u>	<u>1,277,782</u>	<u>3,539,956</u>	<u>3,144,962</u>
Attributable to:				
- Owners of the parent	<u>1,203,179</u>	<u>1,277,782</u>	<u>3,539,956</u>	<u>3,144,962</u>

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Condensed Financial Statements
Unaudited Statements of Income
For The Financial Period Ended 31 March 2024

	Note	The Bank			
		Current Quarter Ended 31/03/2024 RM'000	Corresponding Quarter Ended 31/03/2023 RM'000	Current Period Ended 31/03/2024 RM'000	Corresponding Period Ended 31/03/2023 RM'000
Interest income	A20(a)	2,105,288	1,821,395	6,227,701	5,176,415
Interest income for financial assets at fair value through profit or loss	A20(b)	36,725	25,342	92,352	139,951
Interest expense	A21	(1,207,066)	(1,033,941)	(3,579,625)	(2,631,170)
Net interest income		934,947	812,796	2,740,428	2,685,196
Other operating income	A23	202,365	332,681	1,156,024	838,105
Net income		1,137,312	1,145,477	3,896,452	3,523,301
Other operating expenses	A24	(469,564)	(462,702)	(1,403,911)	(1,366,806)
Operating profit before allowances		667,748	682,775	2,492,541	2,156,495
Write back of/(allowance for) impairment losses on loans, advances and financing	A25	27,123	(13,502)	98,360	(20,837)
(Allowance for)/write back of impairment losses on financial investments and other assets	A26	(1,179)	(276)	636	1,441
Profit before taxation		693,692	668,997	2,591,537	2,137,099
Taxation	B5	(176,001)	(147,973)	(642,368)	(506,249)
Net profit for the financial period		517,691	521,024	1,949,169	1,630,850
Attributable to:					
Owners of the parent		517,691	521,024	1,949,169	1,630,850
Earnings per share - basic (sen)	B12(a)	25.3	25.4	95.1	79.6
Earnings per share - fully diluted (sen)	B12(b)	25.3	25.4	95.1	79.6

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

HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For The Financial Period Ended 31 March 2024

	The Bank			
	Current Quarter Ended 31/03/2024 RM'000	Corresponding Quarter Ended 31/03/2023 RM'000	Current Period Ended 31/03/2024 RM'000	Corresponding Period Ended 31/03/2023 RM'000
Net profit for the financial period	517,691	521,024	1,949,169	1,630,850
Other comprehensive income in respect of:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Currency translation differences	10,959	15,523	17,256	48,555
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	35,810	211,489	282,771	297,034
- Changes in expected credit losses	1,033	158	1,067	297
(c) Net fair value changes in cash flow hedge	-	-	-	362
Income tax relating to components of other comprehensive income	(9,361)	(47,938)	(60,364)	(73,543)
Other comprehensive income for the financial period, net of tax	38,441	179,232	240,730	272,705
Total comprehensive income for the financial period	556,132	700,256	2,189,899	1,903,555

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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 March 2024

Attributable to owners of the parent

The Group	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserves * RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2023	7,739,063	936,591	1,002,061	25,017,703	(708,766)	33,986,652
Comprehensive income						
Net profit for the financial period	-	-	-	3,162,215	-	3,162,215
- 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	-	250,127	-	-	-	250,127
- Changes in expected credit losses	-	1,061	-	-	-	1,061
- Currency translation differences	-	103,393	-	-	-	103,393
Total comprehensive income	-	377,741	-	3,162,215	-	3,539,956
Transactions with owners						
Transfer to regulatory reserve	-	-	185,736	(185,736)	-	-
Dividends paid	-	-	-	(1,291,111)	-	(1,291,111)
ESS exercised	-	(15,747)	-	9,655	6,092	-
Option written back arising from ESS lapsed	-	2,121	-	-	-	2,121
Total transactions with owners	-	(13,626)	185,736	(1,467,192)	6,092	(1,288,990)
At 31 March 2024	7,739,063	1,300,706	1,187,797	26,712,726	(702,674)	36,237,618
At 1 July 2022	7,739,063	581,235	654,386	22,727,982	(713,690)	30,988,976
Comprehensive income						
Net profit for the financial period	-	-	-	2,953,519	-	2,953,519
- Share of other comprehensive loss of associated company	-	(4,768)	-	-	-	(4,768)
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	289,811	-	-	-	289,811
- Changes in expected credit losses	-	296	-	-	-	296
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	(94,170)	-	-	-	(94,170)
Total comprehensive income	-	191,443	-	2,953,519	-	3,144,962
Transactions with owners						
Transfer to regulatory reserve	-	-	218,447	(218,447)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option charge arising from ESS granted	-	(14,066)	-	-	-	(14,066)
Total transactions with owners	-	(26,416)	218,447	(1,399,247)	4,924	(1,202,292)
At 31 March 2023	7,739,063	746,262	872,833	24,282,254	(708,766)	32,931,646

* Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM1,173,701,000 (31 March 2023: RM861,588,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM14,096,000 (31 March 2023: RM11,245,000)

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Condensed Financial Statements
Unaudited Statements of Changes in Equity For The Financial Period Ended 31 March 2024

Attributable to owners of the parent

The Bank	Share Capital RM'000	Other Reserves RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 July 2023	7,739,063	2,905	825,318	15,727,832	(708,766)	23,586,352
Comprehensive income						
Net profit for the financial period	-	-	-	1,949,169	-	1,949,169
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	222,407	-	-	-	222,407
- Changes in expected credit losses	-	1,067	-	-	-	1,067
- Currency translation differences	-	17,256	-	-	-	17,256
Total comprehensive income	-	240,730	-	1,949,169	-	2,189,899
Transactions with owners						
Transfer to regulatory reserve	-	-	137,123	(137,123)	-	-
Dividends paid	-	-	-	(1,291,111)	-	(1,291,111)
ESS exercised	-	(15,747)	-	9,655	6,092	-
Option written back arising from ESS lapsed	-	2,121	-	-	-	2,121
Total transactions with owners	-	(13,626)	137,123	(1,418,579)	6,092	(1,288,990)
At 31 March 2024	7,739,063	230,009	962,441	16,258,422	(702,674)	24,487,261
At 1 July 2022	7,739,063	(283,556)	536,432	15,120,482	(713,690)	22,398,731
Comprehensive income						
Net profit for the financial period	-	-	-	1,630,850	-	1,630,850
- Financial assets measured at fair value through other comprehensive income						
- Debt instruments						
- Net fair value changes	-	223,579	-	-	-	223,579
- Changes in expected credit losses	-	297	-	-	-	297
- Net fair value changes in cash flow hedge	-	274	-	-	-	274
- Currency translation differences	-	48,555	-	-	-	48,555
Total comprehensive income	-	272,705	-	1,630,850	-	1,903,555
Transactions with owners						
Transfer to regulatory reserve	-	-	176,361	(176,361)	-	-
Dividends paid	-	-	-	(1,188,226)	-	(1,188,226)
ESS exercised	-	(12,350)	-	7,426	4,924	-
Option charge arising from ESS granted	-	(14,066)	-	-	-	(14,066)
Total transactions with owners	-	(26,416)	176,361	(1,357,161)	4,924	(1,202,292)
At 31 March 2023	7,739,063	(37,267)	712,793	15,394,171	(708,766)	23,099,994

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HONG LEONG BANK BERHAD
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Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2024

	The Group		The Bank	
	Financial Period Ended 31/03/2024 RM'000	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2024 RM'000	Financial Period Ended 31/03/2023 RM'000
Profit before taxation	3,852,460	3,586,255	2,591,537	2,137,099
Adjustments for non-cash items	(2,295,456)	(1,645,825)	(1,673,819)	(854,747)
Operating profit before working capital changes	1,557,004	1,940,430	917,718	1,282,352
Changes in working capital:				
Net changes in operating assets	(5,241,446)	(7,045,237)	(2,559,587)	(3,652,917)
Net changes in operating liabilities	8,504,283	12,280,079	6,173,398	9,174,272
Income taxes and zakat paid	(538,640)	(831,964)	(425,531)	(724,651)
Net cash generated from operating activities	<u>4,281,201</u>	<u>6,343,308</u>	<u>4,105,998</u>	<u>6,079,056</u>
Cash flows from investing activities				
Investment in subordinated facilities	-	-	(2,426)	(23,143)
Net purchases of financial investments at fair value through other comprehensive income	(4,798,265)	(1,873,769)	(3,989,820)	(1,953,502)
Net (purchases)/proceeds of financial investments at amortised cost	(744,363)	1,969,296	(847,129)	1,961,039
Purchase of property and equipment	(70,511)	(107,377)	(65,664)	(105,316)
Net proceeds from sale of property and equipment	2,251	369	2,251	158
Purchase of intangible assets	(13,062)	(21,252)	(12,034)	(15,606)
Dividends received from:				
- Subsidiary company	-	-	-	330
- Associated company	-	-	367,565	-
- Financial assets at fair value through profit or loss	45,944	64,655	45,450	65,288
- Financial investments at fair value through other comprehensive income	-	1,740	-	1,740
Net cash (used in)/generated from investing activities	<u>(5,578,006)</u>	<u>33,662</u>	<u>(4,501,807)</u>	<u>(69,012)</u>
Cash flows from financing activities				
Dividends paid	(1,291,111)	(1,188,226)	(1,291,111)	(1,188,226)
Repayment of lease liabilities	(20,332)	(20,914)	(42,246)	(41,638)
Repayment of recourse obligation on loans sold to Cagamas	(901)	(962,937)	(910)	(300,019)
Repayment of Multi-currency Additional Tier 1 capital securities	(400,000)	(400,000)	(400,000)	(400,000)
Proceeds from debt issuance:				
- Recourse obligation on financing sold to Cagamas	300,000	2,300,000	210,000	1,300,000
- Multi-currency Additional Tier 1 capital securities	400,000	400,000	400,000	400,000
- Senior debts	405,000	-	200,000	-
Interest/profit paid:				
- Recourse obligation on loans/financing sold to Cagamas	(88,194)	(34,706)	(52,503)	(10,775)
- Tier 2 subordinated bonds	(32,481)	(33,391)	(32,441)	(33,391)
- Multi-currency Additional Tier 1 capital securities	(49,037)	(49,750)	(49,037)	(49,819)
- Lease liabilities	(6,120)	(6,705)	(8,602)	(10,193)
Net cash (used in)/generated from financing activities	<u>(783,176)</u>	<u>3,371</u>	<u>(1,066,850)</u>	<u>(334,061)</u>

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Condensed Financial Statements
Unaudited Condensed Statements of Cash Flows
For The Financial Period Ended 31 March 2024

	The Group		The Bank	
	Financial Period Ended 31/03/2024 RM'000	Financial Period Ended 31/03/2023 RM'000	Financial Period Ended 31/03/2024 RM'000	Financial Period Ended 31/03/2023 RM'000
Net (decrease)/increase in cash and cash equivalents	(2,079,981)	6,380,341	(1,462,659)	5,675,983
Currency translation differences	(7,946)	44,135	18,329	48,128
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>5,837,936</u>	<u>12,406,468</u>	<u>4,844,647</u>	<u>11,843,145</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	6,758,232	11,965,276	5,592,775	11,305,985
Deposits and placements with banks and other financial institutions	697,697	839,718	1,261,096	1,547,056
	<u>7,455,929</u>	<u>12,804,994</u>	<u>6,853,871</u>	<u>12,853,041</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	(1,617,993)	(398,526)	(2,009,224)	(1,009,896)
	<u>5,837,936</u>	<u>12,406,468</u>	<u>4,844,647</u>	<u>11,843,145</u>

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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 MARCH 2024**

A1 Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2024 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 cyclicity of operations

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

A4 Exceptional items or unusual events affecting financial statements

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

A5 Variation from financial estimates reported in preceding financial period

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

A6 Issuance and repayment of debt and equity securities

Save as detailed below, there were no other new shares issuance, repayment of debt and equity securities, share buy-back and share cancellations, or resale of shares held as treasury shares during the financial period ended 31 March 2024:

a) Share Buy-back

The total number of shares bought back, all of which were held as treasury shares as at 31 March 2024 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 March 2024, the trust did not purchase any new shares. As at 31 March 2024, the total number of Treasury Shares for ESS was 36,769,053 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.

On 20 February 2024, the Bank has granted 144,520 ordinary shares in HLB to eligible executives of the Bank pursuant to the Bank's ESS. The vesting of the 144,520 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 March 2024, a total of 2,888 grant shares lapsed and a total of 827,033 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.

e) Issuance of Multi-currency Commercial Papers

On 12 January 2024, the Bank issued its first tranche of RM5.0 million nominal value of commercial paper ("Senior CP") out of its RM10.0 billion Multi-currency Commercial Paper Programme ("Senior CP Programme"). The tenure for this Senior CP is 6 months, which was issued at a discount of 3.66% per annum. 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.

On 9 February 2024, the Bank issued its second tranche of RM95.0 million nominal value of commercial paper ("Senior CP") out of its RM10.0 billion Multi-currency Commercial Paper Programme ("Senior CP Programme"). The tenure for this Senior CP is 3 months, which was issued at a discount of 3.47% per annum. 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.

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

f) Issuance of Multi-currency Islamic Commercial Paper

On 12 January 2024, HLISB issued its first tranche of RM5.0 million nominal value of Islamic commercial paper ("Senior ICP") out of its RM5.0 billion Multi-currency Islamic Commercial Paper Programme ("Senior ICP Programme") based on the Shariah principle of Wakalah Bi Al-Istithmar. The tenure for this Senior ICP is 6 months, which was issued at a discount of 3.65% per annum. 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 financing obligations of HLISB.

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

On 25 March 2024, 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 4.25% 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 29 March 2019.

h) Repayment of debt and equity securities

On 29 March 2024, the Bank had fully redeemed the RM400.0 million nominal value of HLB Capital Securities bearing coupon rate of 4.72% per annum.

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.

An interim single tier dividend of 25 sen per share in respect of financial year ending 30 June 2024 amounting to RM521.7 million was paid on 26 March 2024.

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	139,804	620,126	139,804	225,937
Malaysian Government securities	925,936	305,143	925,936	305,143
Malaysian Government investment certificates	1,238,634	1,518,578	1,124,512	1,353,463
Cagamas bonds	102,373	15,078	102,373	15,078
	<u>2,406,747</u>	<u>3,656,339</u>	<u>2,292,625</u>	<u>2,897,473</u>
Quoted securities:				
Shares in Malaysia	220,526	62,637	151,283	11,249
Shares outside Malaysia	-	9,352	-	9,352
Wholesale fund/unit trust	226,553	1,307,176	304,569	1,380,727
Portfolio Investment Accounts (Note)	879	1,282	-	-
Foreign currency bonds in Malaysia	150,735	-	150,735	-
Foreign currency bonds outside Malaysia	13,665	-	13,665	-
Unquoted securities:				
Corporate bonds and sukuk	192,757	190,885	192,757	190,885
Shares in Malaysia	364,985	364,985	364,985	364,985
Foreign currency bonds in Malaysia	113,066	37,281	113,066	37,281
Redeemable preference shares	-	25,000	-	25,000
Total financial assets at FVTPL	<u><u>3,689,913</u></u>	<u><u>5,654,937</u></u>	<u><u>3,583,685</u></u>	<u><u>4,916,952</u></u>

Note:

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

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

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 RM'000	30/06/2023 RM'000
At fair value				
(a) Debt instruments	39,927,156	33,789,020	35,304,454	30,011,550
(b) Equity instruments	97,650	97,650	97,650	97,650
Total financial investments at FVOCI	<u>40,024,806</u>	<u>33,886,670</u>	<u>35,402,104</u>	<u>30,109,200</u>
(a) Debt instruments				
Money market instruments:				
Government treasury bills	2,923,645	1,820,701	2,923,645	1,820,701
Malaysian Government securities	5,298,332	4,493,298	5,298,332	4,493,298
Malaysian Government investment certificates	12,661,220	9,726,037	8,383,329	6,297,637
Negotiable instruments of deposit	201,125	1,306,322	201,125	1,306,322
Cagamas bonds	2,889,617	2,535,068	2,889,617	2,535,068
Khazanah bonds	277,239	363,416	277,239	363,416
	<u>24,251,178</u>	<u>20,244,842</u>	<u>19,973,287</u>	<u>16,816,442</u>
Quoted securities:				
Government sukuk	887,012	860,644	887,012	860,644
Foreign currency bonds in Malaysia	2,168,251	1,873,035	2,168,251	1,873,035
Foreign currency bonds outside Malaysia	2,434,519	1,703,172	2,434,519	1,703,172
Unquoted securities:				
Government sukuk	-	30,768	-	30,768
Corporate bonds and sukuk	8,209,094	7,896,424	7,868,674	7,553,461
Foreign currency bonds in Malaysia	1,068,519	847,674	1,068,519	847,674
Foreign currency bonds outside Malaysia	908,583	332,461	904,192	326,354
	<u>39,927,156</u>	<u>33,789,020</u>	<u>35,304,454</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:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group 31 March 2024				
At 1 July	2,014	-	4,287	6,301
New financial assets originated or purchased	1,613	-	-	1,613
Financial assets derecognised	(918)	-	-	(918)
Changes due to change in credit risk	352	-	-	352
Exchange differences	14	-	-	14
At 31 March	<u>3,075</u>	<u>-</u>	<u>4,287</u>	<u>7,362</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
The Group 30 June 2023				
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	<u>2,014</u>	<u>-</u>	<u>4,287</u>	<u>6,301</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: (continued)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u> <u>ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit</u> <u>impaired</u> <u>RM'000</u>	
The Bank 31 March 2024				
At 1 July	2,007	-	4,287	6,294
New financial assets originated or purchased	1,613	-	-	1,613
Financial assets derecognised	(920)	-	-	(920)
Changes due to change in credit risk	357	-	-	357
Exchange differences	17	-	-	17
At 31 March	<u>3,074</u>	<u>-</u>	<u>4,287</u>	<u>7,361</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months</u> <u>ECL</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not credit</u> <u>impaired</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>credit</u> <u>impaired</u> <u>RM'000</u>	
The Bank 30 June 2023				
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	<u>2,007</u>	<u>-</u>	<u>4,287</u>	<u>6,294</u>

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u> <u>RM'000</u>	<u>30/06/2023</u> <u>RM'000</u>	<u>31/03/2024</u> <u>RM'000</u>	<u>30/06/2023</u> <u>RM'000</u>
(b) Equity instruments				
Unquoted securities:				
Shares in Malaysia	<u>97,650</u>	<u>97,650</u>	<u>97,650</u>	<u>97,650</u>

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A10 Financial investments at amortised cost

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 RM'000	30/06/2023 RM'000
Money market instruments:				
Government treasury bills	61,095	60,676	61,095	60,676
Malaysian Government securities	6,072,131	5,427,423	6,072,131	5,427,423
Malaysian Government investment certificates	23,735,917	22,985,651	15,700,314	14,847,344
Cagamas bonds	1,653,758	1,658,260	945,459	954,692
Khazanah bonds	14,785	14,393	14,785	14,393
Other Government securities	367,100	421,343	307,361	357,609
	<u>31,904,786</u>	<u>30,567,746</u>	<u>23,101,145</u>	<u>21,662,137</u>
Quoted securities:				
Foreign currency bonds outside Malaysia	-	19,117	-	19,117
Unquoted securities:				
Government sukuk	-	30,611	-	30,611
Corporate bonds and sukuk	553,871	576,609	467,208	489,699
Less: Expected credit losses	(18)	(18)	-	-
Total financial investments at amortised cost	<u>32,458,639</u>	<u>31,194,065</u>	<u>23,568,353</u>	<u>22,201,564</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u> <u>RM'000</u>
	<u>12 Months ECL</u> <u>RM'000</u>	<u>Lifetime ECL not credit impaired</u> <u>RM'000</u>	<u>Lifetime ECL credit impaired</u> <u>RM'000</u>	
The Group				
31 March 2024				
At 1 July	18	-	-	18
Changes due to change in credit risk	2	-	-	2
Exchange differences	(2)	-	-	(2)
At 31 March	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12 Months ECL</u> <u>RM'000</u>	<u>Lifetime ECL not credit impaired</u> <u>RM'000</u>	<u>Lifetime ECL credit impaired</u> <u>RM'000</u>	<u>Total ECL</u> <u>RM'000</u>
The Group				
30 June 2023				
At 1 July	68	-	-	68
Changes due to change in credit risk	(52)	-	-	(52)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	3	-	-	3
At 30 June	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>

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A10 Financial investments at amortised cost (continued)

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Bank 31 March 2024				
At 1 July/31 March	-	-	-	-

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

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A11 Loans, advances and financing

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Overdrafts	3,703,469	4,077,891	2,440,782	2,603,155
Term loans/financing:				
- Housing and shop loans/financing	101,925,742	97,387,797	78,279,244	75,068,963
- Hire purchase receivables	21,531,641	19,914,072	14,840,224	14,287,272
- Ijarah receivables	244,956	249,054	-	-
- Other term loans/financing and syndicated term loans	36,093,938	35,065,848	23,978,426	23,546,880
Credit/charge card receivables	3,420,042	3,202,663	3,420,042	3,202,663
Bills receivable	1,959,330	1,936,868	1,488,425	1,522,981
Trust receipts	262,559	441,074	170,354	301,326
Claims on customers under acceptance credits	8,396,426	8,936,884	6,960,174	7,558,692
Revolving credit	10,149,768	10,339,502	7,871,892	8,142,773
Staff loans/financing	122,450	125,058	103,097	108,093
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</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	(10,559)	(14,700)	(8,260)	(11,788)
Allowance for impairment losses:				
- Expected credit losses	(1,658,791)	(1,759,164)	(1,158,814)	(1,238,249)
Total net loans, advances and financing	<u>186,140,971</u>	<u>179,902,847</u>	<u>138,385,586</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 RM3,159,978,000 (2023: RM2,917,197,000) and RM1,659,958,000 (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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	1,982,332	2,228,815	1,632,848	1,878,916
Domestic business enterprises:				
- small and medium enterprises ("SME")	35,797,574	33,030,609	24,844,337	23,810,665
- others	25,807,994	27,819,048	19,967,255	20,975,027
Government and statutory bodies	891	1,108	-	-
Individuals	120,905,574	115,372,002	90,055,705	86,802,501
Other domestic entities	9,350	100,246	5,001	5,374
Foreign entities	3,306,606	3,124,883	3,047,514	2,870,315
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</u>	<u>136,342,798</u>

A11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	10,668,598	4,875,610	8,291,024	3,661,786
- Hire purchase receivables	21,490,822	19,856,028	14,810,876	14,248,349
- Other fixed rate loans/financing	8,082,643	8,640,926	6,773,881	7,393,620
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	122,710,496	123,357,618	92,344,279	93,672,546
- Cost plus	24,824,260	24,846,899	17,328,812	17,358,416
- Other variables rates	33,502	99,630	3,788	8,081
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	1,011,289	945,964	775,328	769,222
Purchase of transport vehicles	21,199,497	19,574,851	14,479,600	13,920,233
Purchase of landed properties				
- residential	93,659,240	89,114,464	71,032,445	67,773,624
- non-residential	22,896,547	21,976,096	16,882,831	16,577,973
Purchase of fixed assets (excluding landed properties)	1,731,888	1,672,034	1,217,507	1,140,245
Personal use	4,026,538	3,885,235	2,608,548	2,616,759
Credit card	3,420,042	3,202,663	3,420,042	3,202,663
Construction	5,580,105	4,197,939	3,883,017	2,886,552
Working capital	33,145,088	35,949,262	24,501,833	26,681,549
Other purpose	1,140,087	1,158,203	751,509	773,978
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</u>	<u>136,342,798</u>

A11d By geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	174,335,855	167,711,542	130,327,646	126,928,323
Singapore	9,180,256	9,367,686	9,180,256	9,367,686
Hong Kong	44,758	46,789	44,758	46,789
Vietnam	2,012,715	1,956,082	-	-
Cambodia	2,236,737	2,594,612	-	-
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	31,875,322	32,945,837	25,036,574	26,641,266
One year to less than three years	6,615,566	7,231,435	5,256,899	5,321,960
Three years to less than five years	11,083,685	10,654,145	8,509,081	8,184,124
Five years and more	138,235,748	130,845,294	100,750,106	96,195,448
Gross loans, advances and financing	<u>187,810,321</u>	<u>181,676,711</u>	<u>139,552,660</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	1,223,455	1,642,609	828,365	1,096,781
Reclassified as non-impaired during the financial period/year	(771,939)	(890,911)	(520,365)	(645,002)
Amount written back in respect of recoveries	(205,665)	(224,842)	(134,749)	(195,314)
Amount written off	(214,060)	(305,601)	(146,680)	(227,589)
Exchange difference	490	879	20	78
At 31 March	<u>1,074,165</u>	<u>1,041,884</u>	<u>703,191</u>	<u>676,600</u>
Gross impaired loans and financing as a % of gross loans, advances and financing	<u>0.57%</u>	<u>0.57%</u>	<u>0.50%</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	62	125	-	-
Purchase of transport vehicles	69,384	42,881	41,769	27,129
Purchase of landed properties				
- residential	392,927	404,337	240,558	254,059
- non-residential	137,596	119,107	116,626	105,087
Purchase of fixed assets (excluding landed properties)	4,680	4,627	4,680	4,627
Personal use	30,176	47,205	18,998	27,991
Credit card	25,392	30,445	25,392	30,445
Construction	25,240	24,851	4,639	5,575
Working capital	322,243	274,325	244,484	201,728
Other purpose	66,465	93,981	6,045	19,959
Gross impaired loans, advances and financing	<u>1,074,165</u>	<u>1,041,884</u>	<u>703,191</u>	<u>676,600</u>

A11h Impaired loans, advances and financing by geographical distribution

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	1,007,082	982,267	701,072	675,119
Singapore	2,119	1,481	2,119	1,481
Vietnam	981	928	-	-
Cambodia	63,983	57,208	-	-
Gross impaired loans, advances and financing	<u>1,074,165</u>	<u>1,041,884</u>	<u>703,191</u>	<u>676,600</u>

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A11 Loans, advances and financing (continued)

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

The Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
31 March 2024	RM'000	impaired	impaired	RM'000
At 1 July	966,265	381,755	411,144	1,759,164
Changes in ECL due to transfer within stages	(42,687)	(98,108)	140,795	-
Transfer to Stage 1	11,449	(11,434)	(15)	-
Transfer to Stage 2	(53,801)	108,025	(54,224)	-
Transfer to Stage 3	(335)	(194,699)	195,034	-
New financial assets originated	35,147	481	59	35,687
Financial assets derecognised	(10,485)	(33,428)	(13,656)	(57,569)
Changes due to change in credit risk	(6,951)	127,229	75,559	195,837
Modifications to contractual cash flows				
of financial asset	3	1,236	-	1,239
Changes in models/risk parameters	(50,861)	-	-	(50,861)
Amount written off	-	-	(214,846)	(214,846)
Exchange difference	(91)	36	36	(19)
Other movements	-	-	(9,841)	(9,841)
At 31 March	<u>890,340</u>	<u>379,201</u>	<u>389,250</u>	<u>1,658,791</u>

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

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A11 Loans, advances and financing (continued)

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

The Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
31 March 2024	RM'000	impaired	impaired	RM'000
At 1 July	712,146	265,808	260,295	1,238,249
Changes in ECL due to transfer within stages	(30,038)	(69,940)	99,978	-
Transfer to Stage 1	8,333	(8,321)	(12)	-
Transfer to Stage 2	(38,179)	72,915	(34,736)	-
Transfer to Stage 3	(192)	(134,534)	134,726	-
New financial assets originated	23,853	361	-	24,214
Financial assets derecognised	(7,732)	(20,681)	(9,634)	(38,047)
Changes due to change in credit risk	(2,884)	77,288	50,259	124,663
Modifications to contractual cash flows of financial asset	2	644	-	646
Changes in models/risk parameters	(38,027)	-	-	(38,027)
Amount written off	-	-	(146,867)	(146,867)
Exchange difference	171	(27)	6	150
Other movements	-	-	(6,167)	(6,167)
At 31 March	<u>657,491</u>	<u>253,453</u>	<u>247,870</u>	<u>1,158,814</u>

The Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
30 June 2023	RM'000	impaired	impaired	RM'000
At 1 July	745,735	296,203	259,157	1,301,095
Changes in ECL due to transfer within stages	(33,871)	(133,368)	167,239	-
Transfer to Stage 1	23,273	(23,177)	(96)	-
Transfer to Stage 2	(55,203)	102,604	(47,401)	-
Transfer to Stage 3	(1,941)	(212,795)	214,736	-
New financial assets originated	32,000	199	2	32,201
Financial assets derecognised	(10,249)	(19,385)	(17,393)	(47,027)
Changes due to change in credit risk	(27,596)	118,445	88,581	179,430
Modifications to contractual cash flows of financial asset	366	1,103	(76)	1,393
Changes in models/risk parameters	4,451	2,572	-	7,023
Amount written off	-	-	(227,681)	(227,681)
Exchange difference	1,310	39	(160)	1,189
Other movements	-	-	(9,374)	(9,374)
At 30 June	<u>712,146</u>	<u>265,808</u>	<u>260,295</u>	<u>1,238,249</u>

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A12 Other assets

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 RM'000	30/06/2023 RM'000
Foreclosed properties	46	46	46	46
Sundry debtors and other prepayments	196,792	209,513	183,033	199,360
Settlement accounts	1,668,126	850,808	1,667,030	849,543
Treasury related receivables	87,846	159,021	75,235	159,021
Cash collateral pledged for derivative transactions	840,583	1,076,611	840,583	1,076,611
Other receivables	311,272	158,416	196,753	113,922
	<u>3,104,665</u>	<u>2,454,415</u>	<u>2,962,680</u>	<u>2,398,503</u>

A13 Deposits from customers

A13a By type of deposit

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 RM'000	30/06/2023 RM'000
Amortised cost				
Fixed deposits	115,755,261	112,228,229	85,508,960	82,199,282
Negotiable instruments of deposits	8,193,397	10,914,720	4,840,143	7,472,536
Short-term placements	18,452,306	19,449,279	12,837,934	15,682,791
	<u>142,400,964</u>	<u>142,592,228</u>	<u>103,187,037</u>	<u>105,354,609</u>
Demand deposits	42,060,963	42,617,712	34,396,580	35,491,124
Saving deposits	22,943,586	22,479,000	18,700,409	18,473,887
Others	401,219	398,549	272,561	255,610
	<u>207,806,732</u>	<u>208,087,489</u>	<u>156,556,587</u>	<u>159,575,230</u>
At fair value through profit and loss				
Structured deposits linked to interest rate derivatives	4,875,819	3,874,742	3,755,859	3,430,059
Fair value changes arising from designation at fair value through profit or loss *	(265,327)	(310,412)	(218,396)	(272,341)
	<u>4,610,492</u>	<u>3,564,330</u>	<u>3,537,463</u>	<u>3,157,718</u>
	<u>212,417,224</u>	<u>211,651,819</u>	<u>160,094,050</u>	<u>162,732,948</u>

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

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

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A13 Deposits from customers (continued)

A13b By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Government and statutory bodies	2,573,972	4,821,242	715,531	1,041,589
Business enterprises	97,515,436	99,971,567	69,057,927	75,325,101
Individuals	109,922,545	104,615,970	88,470,919	84,671,220
Others	2,405,271	2,243,040	1,849,673	1,695,038
	<u>212,417,224</u>	<u>211,651,819</u>	<u>160,094,050</u>	<u>162,732,948</u>

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

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Due within:				
- six months	115,593,888	119,505,166	82,207,509	87,245,822
- six months to one year	23,838,385	20,115,668	19,178,878	16,140,440
- one year to five years	2,092,453	2,196,854	924,948	1,204,005
- more than five years	876,238	774,540	875,702	764,342
	<u>142,400,964</u>	<u>142,592,228</u>	<u>103,187,037</u>	<u>105,354,609</u>

A14 Investment accounts of customers

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Unrestricted investment accounts				
Mudarabah with maturity	2,517,149	2,249,231	-	-
Restricted investment accounts *				
Wakalah bi Al-Istithmar	879	1,282	-	-
	<u>2,518,028</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Licensed banks	9,610,361	7,866,784	9,526,976	6,564,588
Licensed investment banks	-	230,021	-	230,021
Central banks (Note)	1,522,008	1,497,021	1,500,150	1,474,882
	<u>11,132,369</u>	<u>9,593,826</u>	<u>11,027,126</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 RM1,522,008,000 (2023: RM1,497,021,000) and RM1,500,150,000 (2023: RM1,474,882,000) respectively at concession rates.

A16 Other liabilities

	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Zakat		612	350	-	-
Post employment benefits obligation					
- defined contribution plan		277	300	277	300
Loan advance payment		3,563,888	3,666,443	2,941,788	3,016,782
Intercompany clearing and settlement		-	-	73,456	-
Amount due to subsidiary companies		-	-	432,107	432,107
Treasury and cheque clearing		278,509	204,026	261,732	123,742
Cash collateral pledged for derivative transactions		285,455	298,332	285,455	299,063
Sundry creditors and accruals		445,122	418,352	424,964	401,350
Provision for bonus and staff related expenses		131,241	170,302	121,452	157,584
Expected credit losses on financial guarantee contracts	(a)	8,258	8,110	7,613	7,413
Provision for reinstatement cost		20,857	21,137	26,158	26,360
Settlement accounts		2,086,668	889,467	2,086,667	885,337
Others		281,969	269,231	256,909	216,712
		<u>7,102,856</u>	<u>5,946,050</u>	<u>6,918,578</u>	<u>5,566,750</u>

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A16 Other liabilities (continued)

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
	The Group 31 March 2024			
At 1 July	6,718	1,392	-	8,110
Changes in ECL due to transfer within stages	3	(3)	-	-
Transfer to Stage 1	35	(35)	-	-
Transfer to Stage 2	(32)	32	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	273	-	-	273
Financial assets derecognised	(240)	(637)	-	(877)
Changes due to change in credit risk	621	170	-	791
Exchange difference	(47)	8	-	(39)
At 31 March	7,328	930	-	8,258

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

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A16 Other liabilities (continued)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12 Months</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
	<u>ECL</u>	<u>not credit</u>	<u>credit</u>	
The Bank				
31 March 2024	RM'000	RM'000	RM'000	RM'000
At 1 July	6,051	1,362	-	7,413
Changes in ECL due to transfer within stages	6	(6)	-	-
Transfer to Stage 1	34	(34)	-	-
Transfer to Stage 2	(28)	28	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	273	-	-	273
Financial assets derecognised	(239)	(635)	-	(874)
Changes due to change in credit risk	667	174	-	841
Exchange difference	(46)	6	-	(40)
At 31 March	<u>6,712</u>	<u>901</u>	<u>-</u>	<u>7,613</u>

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

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A17 Senior debts

	Note	<u>The Group</u>		<u>The Bank</u>	
		31/03/2024 RM'000	30/06/2023 RM'000	31/03/2024 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		1,673	-	1,673	-
		<u>101,673</u>	<u>-</u>	<u>101,673</u>	<u>-</u>
Less: Unamortised discounts		(502)	-	(502)	-
		<u>101,171</u>	<u>-</u>	<u>101,171</u>	<u>-</u>
RM200.0 million Multi-currency Islamic Medium Term Notes, at par	(b)	200,000	-	-	-
Add: Profit payable		3,345	-	-	-
		<u>203,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Unamortised discounts		(568)	-	-	-
		<u>202,777</u>	<u>-</u>	<u>-</u>	<u>-</u>
RM100.0 million Multi-currency Commercial Paper, at par	(c)	100,000	-	100,000	-
Less: Unamortised discounts		(495)	-	(495)	-
		<u>99,505</u>	<u>-</u>	<u>99,505</u>	<u>-</u>
RM5.0 million Multi-currency Islamic Commercial Paper, at par	(d)	5,000	-	-	-
Less: Unamortised discounts		(151)	-	-	-
		<u>4,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>408,302</u>	<u>-</u>	<u>200,676</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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A17 Senior debts (continued)

(c) On 12 January 2024, the Bank issued its first tranche of RM5.0 million nominal value of commercial paper ("Senior CP") out of its RM10.0 billion Multi-currency Commercial Paper Programme ("Senior CP Programme"). The tenure for this Senior CP is 6 months, which was issued at a discount of 3.66% per annum. 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.

On 9 February 2024, the Bank issued its second tranche of RM95.0 million nominal value of commercial paper ("Senior CP") out of its RM10.0 billion Multi-currency Commercial Paper Programme ("Senior CP Programme"). The tenure for this Senior CP is 3 months, which was issued at a discount of 3.47% per annum. 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) On 12 January 2024, HLISB issued its first tranche of RM5.0 million nominal value of Islamic commercial paper ("Senior ICP") out of its RM5.0 billion Multi-currency Islamic Commercial Paper Programme ("Senior ICP Programme") based on the Shariah principle of Wakalah Bi Al-Istithmar. The tenure for this Senior ICP is 6 months, which was issued at a discount of 3.65% per annum. 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 financing obligations of HLISB.

A18 Tier 2 subordinated bonds

	<u>The Group</u>		<u>The Bank</u>	
	<u>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</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	18,616	2,661	18,616	2,661
	<u>1,518,616</u>	<u>1,502,661</u>	<u>1,518,616</u>	<u>1,502,661</u>
Less: Unamortised discounts	(779)	(911)	(779)	(911)
	<u>1,517,837</u>	<u>1,501,750</u>	<u>1,517,837</u>	<u>1,501,750</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>31/03/2024</u>	<u>30/06/2023</u>	<u>31/03/2024</u>	<u>30/06/2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
RM1.7 billion Multi-currency Additional Tier-1 and Additional Tier-1 Green capital securities, at par	1,700,000	1,700,000	1,700,000	1,700,000
Add: Interest payable	25,877	15,902	25,877	15,902
	<u>1,725,877</u>	<u>1,715,902</u>	<u>1,725,877</u>	<u>1,715,902</u>
Less: Unamortised discounts	(2,022)	(1,508)	(2,022)	(1,508)
Add: Fair value changes arising from fair value hedges	5,323	5,115	5,323	5,115
	<u>1,729,178</u>	<u>1,719,509</u>	<u>1,729,178</u>	<u>1,719,509</u>

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

On 29 March 2024, HLB had fully redeemed the RM400.0 million nominal value of this Capital Securities.

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.

On 25 March 2024, 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 4.25% 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 29 March 2019.

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A20(a) Interest income

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing	1,591,226	1,415,365	4,752,917	4,072,428
Money at call and deposit placements with financial institutions	47,045	52,984	147,072	174,777
Financial investments at FVOCI	352,296	241,986	1,012,152	599,988
Financial investments at amortised cost	179,445	164,773	520,213	504,228
Others	5,265	4,575	16,548	10,831
	<u>2,175,277</u>	<u>1,879,683</u>	<u>6,448,902</u>	<u>5,362,252</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>12,550</u>	<u>11,562</u>	<u>37,264</u>	<u>26,187</u>
	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
Bank				
Loan, advances and financing	1,514,625	1,338,396	4,509,106	3,847,950
Money at call and deposit placements with financial institutions	53,895	71,900	170,605	214,312
Financial investments at FVOCI	352,238	241,912	1,012,013	599,750
Financial investments at amortised cost	179,265	164,612	519,660	503,680
Others	5,265	4,575	16,317	10,723
	<u>2,105,288</u>	<u>1,821,395</u>	<u>6,227,701</u>	<u>5,176,415</u>
Interest income earned on impaired loans, advances and financing during the financial period	<u>11,919</u>	<u>11,379</u>	<u>35,988</u>	<u>25,570</u>

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A20(b) Interest income for financial assets at FVTPL

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Financial assets at FVTPL	36,725	25,342	92,352	139,951

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Financial assets at FVTPL	36,725	25,342	92,352	139,951

A21 Interest expense

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	158,917	116,061	395,248	279,140
Deposits from customers	926,121	738,027	2,753,970	1,823,896
Short-term placements	102,307	161,444	388,381	475,098
Senior debts	1,523	-	2,181	-
Tier 2 subordinated bonds	15,865	16,422	47,888	49,996
Multi-currency Additional Tier-1 capital securities	19,643	19,259	59,012	61,714
Recourse obligation on loans sold to Cagamas	16,453	5,017	47,728	14,794
Others	2,141	2,147	6,120	6,705
	<u>1,242,970</u>	<u>1,058,377</u>	<u>3,700,528</u>	<u>2,711,343</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	174,318	131,527	431,365	305,352
Deposits from customers	874,154	697,027	2,594,468	1,713,954
Short-term placements	102,307	161,444	388,381	475,098
Senior debts	1,523	-	2,181	-
Tier 2 subordinated bonds	15,865	16,422	47,888	49,996
Multi-currency Additional Tier-1 capital securities	19,643	19,259	59,012	61,783
Recourse obligation on loans sold to Cagamas	16,453	5,017	47,728	14,794
Others	2,803	3,245	8,602	10,193
	<u>1,207,066</u>	<u>1,033,941</u>	<u>3,579,625</u>	<u>2,631,170</u>

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A22 Net income from Islamic Banking business

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	564,904	480,958	1,671,228	1,386,404
Income derived from investment of shareholders' funds	88,581	63,109	241,971	183,113
Income derived from investment of investment account	30,567	34,892	87,781	86,388
Income attributable to depositors	(407,960)	(344,435)	(1,214,332)	(866,352)
Income attributable to depositors on investment account	(21,642)	(25,626)	(60,614)	(55,816)
	<u>254,450</u>	<u>208,898</u>	<u>726,034</u>	<u>733,737</u>
Financing income earned on impaired financing and advances during the financial period	<u>2,312</u>	<u>1,242</u>	<u>7,531</u>	<u>3,804</u>

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A23 Other operating income

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	57,238	45,657	168,855	134,565
Service charges and fees	12,994	13,156	29,627	29,023
Guarantee fees	6,161	5,396	19,113	20,057
Credit card related fees	58,688	52,560	175,124	157,808
Commitment fees	8,870	9,041	27,612	27,965
Fee on loans, advances and financing	12,716	10,821	35,637	39,784
Other fee income	11,320	10,722	39,754	42,695
	<u>167,987</u>	<u>147,353</u>	<u>495,722</u>	<u>451,897</u>
(b) <u>(Loss)/gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	26,267	40,480	52,540	60,937
Net (loss)/gain from sale of derivative financial instruments	(40,747)	69,519	(81,795)	(32,617)
Net gain from sale of financial investments at FVOCI	7,418	33,095	8,283	33,264
	<u>(7,062)</u>	<u>143,094</u>	<u>(20,972)</u>	<u>61,584</u>
(c) <u>Gross dividend income from:</u>				
Financial assets at FVTPL	9,005	28,420	45,944	64,655
Financial investments at FVOCI	-	1,740	-	1,740
	<u>9,005</u>	<u>30,160</u>	<u>45,944</u>	<u>66,395</u>

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A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	2,360	7,208	22,408	21,247
- Derivatives financial instruments	56,779	(83,356)	40,627	48,423
	<u>59,139</u>	<u>(76,148)</u>	<u>63,035</u>	<u>69,670</u>
(e) <u>Net realised gain on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>2,457</u>	<u>4,161</u>	<u>6,039</u>	<u>6,048</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>116</u>	<u>1,244</u>	<u>(1,228)</u>	<u>1,932</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(25,876)	85,239	119,922	184,451
Rental income	5,066	4,122	14,369	12,443
Gain on disposal of property and equipment	29	1	1,831	231
Other non-operating income	1,237	1,358	2,987	3,099
	<u>(19,544)</u>	<u>90,720</u>	<u>139,109</u>	<u>200,224</u>
Total other operating income	<u>212,098</u>	<u>340,584</u>	<u>727,649</u>	<u>857,750</u>

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A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) <u>Fee income:</u>				
Commissions	56,402	45,053	166,266	132,881
Service charges and fees	12,688	12,850	28,691	28,245
Guarantee fees	6,101	5,368	19,027	19,981
Credit card related fees	58,688	52,560	175,124	157,808
Commitment fees	8,454	8,655	26,460	26,789
Fee on loans, advances and financing	9,162	8,745	27,560	33,131
Other fee income	11,209	10,621	39,438	42,411
	<u>162,704</u>	<u>143,852</u>	<u>482,566</u>	<u>441,246</u>
(b) <u>(Loss)/gain arising from sale of financial assets:</u>				
Net gain from sale of financial assets at FVTPL	29,439	42,746	58,119	61,971
Net (loss)/gain from sale of derivative financial instruments	(40,747)	69,519	(81,795)	(33,406)
Net gain from sale of financial investments at FVOCI	7,418	33,095	8,283	33,264
	<u>(3,890)</u>	<u>145,360</u>	<u>(15,393)</u>	<u>61,829</u>
(c) <u>Gross dividend income from:</u>				
Subsidiary companies	-	-	-	330
Associated companies	-	-	453,330	-
Financial assets at FVTPL	8,038	28,068	45,450	65,288
Financial investments at FVOCI	-	1,740	-	1,740
	<u>8,038</u>	<u>29,808</u>	<u>498,780</u>	<u>67,358</u>

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A23 Other operating income (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
(d) <u>Net unrealised gain/(loss) on revaluation of:</u>				
- Financial assets at FVTPL	273	5,401	17,660	19,922
- Derivatives financial instruments	56,779	(84,339)	40,627	47,939
	<u>57,052</u>	<u>(78,938)</u>	<u>58,287</u>	<u>67,861</u>
(e) <u>Net realised gain on fair value changes arising from fair value hedges and amortisation of fair value changes arising from terminated fair value hedges</u>	<u>2,457</u>	<u>4,161</u>	<u>6,039</u>	<u>6,048</u>
(f) <u>Net unrealised gain/(loss) on fair value changes arising from fair value hedges</u>	<u>116</u>	<u>1,244</u>	<u>(1,228)</u>	<u>1,932</u>
(g) <u>Other income:</u>				
Foreign exchange (loss)/gain	(28,285)	83,736	114,342	182,150
Rental income	2,950	2,206	8,020	6,695
Gain on disposal of property and equipment	29	1	1,831	136
Other non-operating income	1,194	1,251	2,780	2,850
	<u>(24,112)</u>	<u>87,194</u>	<u>126,973</u>	<u>191,831</u>
Total other operating income	<u>202,365</u>	<u>332,681</u>	<u>1,156,024</u>	<u>838,105</u>

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A24 Other operating expenses

Group	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	299,067	282,598	879,806	829,049
- Medical expenses	9,288	8,831	24,955	25,003
- Training and convention expenses	2,479	3,221	11,278	9,247
- Staff welfare	3,038	2,540	8,342	7,370
- Others	6,956	5,278	21,195	(2,902)
	<u>320,828</u>	<u>302,468</u>	<u>945,576</u>	<u>867,767</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	25,311	26,688	76,909	83,903
- Depreciation of right-of-use assets	11,820	11,991	35,343	36,732
- Amortisation of intangible assets	16,905	14,292	50,220	42,565
- Rental of premises	490	683	1,550	1,937
- Information technology expenses	50,113	59,597	159,250	173,584
- Security services	6,108	5,444	18,262	15,821
- Electricity, water and sewerage	5,208	5,260	16,288	15,949
- Hire of plant and machinery	3,554	3,510	10,891	10,063
- Others	6,654	8,443	21,166	23,933
	<u>126,163</u>	<u>135,908</u>	<u>389,879</u>	<u>404,487</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	3,790	8,942	7,962	22,546
- Sales commission and credit card related fees	31,569	35,657	105,101	115,549
- Others	5,611	4,164	15,379	13,320
	<u>40,970</u>	<u>48,763</u>	<u>128,442</u>	<u>151,415</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,444	4,809	12,953	15,761
- Stationery and printing expenses	2,502	2,541	8,079	8,001
- Professional fees	29,593	26,738	79,761	80,844
- Insurance fees	14,532	12,026	40,600	32,457
- Stamp, postage and courier	3,481	3,704	10,119	10,783
- Travelling and transport expenses	941	918	2,794	2,576
- Registration and license fees	2,277	2,527	6,858	6,699
- Brokerage and commission	3,164	2,854	9,924	8,961
- Credit card fees	23,886	14,119	69,863	52,324
- Others	4,071	1,978	5,911	3,840
	<u>88,891</u>	<u>72,214</u>	<u>246,862</u>	<u>222,246</u>
	<u>576,852</u>	<u>559,353</u>	<u>1,710,759</u>	<u>1,645,915</u>

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A24 Other operating expenses (continued)

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024 RM'000	31/03/2023 RM'000	31/03/2024 RM'000	31/03/2023 RM'000
<u>Bank</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	231,071	219,356	686,612	647,363
- Medical expenses	7,482	7,452	20,425	20,270
- Training and convention expenses	1,974	2,753	9,592	7,959
- Staff welfare	2,499	2,088	5,891	5,837
- Others	5,730	4,108	17,543	(5,896)
	<u>248,756</u>	<u>235,757</u>	<u>740,063</u>	<u>675,533</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	21,411	22,617	65,286	70,729
- Depreciation of right-of-use assets	17,531	17,834	52,365	54,068
- Amortisation of intangible assets	15,065	12,521	44,816	37,117
- Rental of premises	526	565	1,612	1,781
- Information technology expenses	39,341	49,507	125,026	145,983
- Security services	4,651	4,164	13,858	11,840
- Electricity, water and sewerage	3,839	3,876	11,869	12,066
- Hire of plant and machinery	715	842	2,295	1,976
- Others	568	1,689	1,467	4,527
	<u>103,647</u>	<u>113,615</u>	<u>318,594</u>	<u>340,087</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	3,040	8,146	5,626	20,583
- Sales commission and credit card related fees	26,862	30,865	92,004	100,914
- Others	3,268	3,145	10,003	9,213
	<u>33,170</u>	<u>42,156</u>	<u>107,633</u>	<u>130,710</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,332	4,691	12,604	15,332
- Stationery and printing expenses	2,348	2,360	7,674	7,566
- Professional fees	28,002	25,512	75,931	77,379
- Insurance fees	12,105	10,375	33,560	27,751
- Stamp, postage and courier	3,438	3,681	10,008	10,527
- Travelling and transport expenses	736	689	2,166	1,953
- Registration and license fees	1,962	2,236	5,936	5,805
- Brokerage and commission	1,784	1,533	5,785	5,670
- Credit card fees	23,886	14,119	69,863	52,324
- Others	5,398	5,978	14,094	16,169
	<u>83,991</u>	<u>71,174</u>	<u>237,621</u>	<u>220,476</u>
	<u>469,564</u>	<u>462,702</u>	<u>1,403,911</u>	<u>1,366,806</u>

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	41,243	89,969	124,520	276,848
Impaired loans, advances and financing:				
- written off	5,519	7,108	17,779	22,683
- recovered from bad debt written off	(73,065)	(59,038)	(225,411)	(198,548)
	<u>(26,303)</u>	<u>38,039</u>	<u>(83,112)</u>	<u>100,983</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for impairment on loans, advances and financing:				
- expected credit losses	27,510	56,117	73,689	164,280
Impaired loans, advances and financing:				
- written off	3,778	5,577	13,122	17,874
- recovered from bad debt written off	(58,411)	(48,192)	(185,171)	(161,317)
	<u>(27,123)</u>	<u>13,502</u>	<u>(98,360)</u>	<u>20,837</u>

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A26 Allowance for/(write back of) impairment losses on financial investments and other assets

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	958	134	1,047	280
- Financial investments at amortised cost	(3)	(3)	2	(50)
- Cash and short-term funds	(31)	(217)	119	(185)
- Deposits and placements with banks and other financial institutions	(86)	49	(51)	95
	<u>838</u>	<u>(37)</u>	<u>1,117</u>	<u>140</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	1,009	135	1,050	282
- Cash and short-term funds	(30)	(616)	(702)	(22)
- Deposits and placements with banks and other financial institutions	200	757	(984)	(1,701)
	<u>1,179</u>	<u>276</u>	<u>(636)</u>	<u>(1,441)</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:

	The Group		The Bank	
	Financial Period Ended 31/03/2024	Financial Year Ended 30/06/2023	Financial Period Ended 31/03/2024	Financial Year Ended 30/06/2023
Before deducting proposed dividends				
CET I capital ratio	12.509%	13.310%	12.904%	13.000%
Tier I capital ratio	13.517%	14.353%	13.901%	14.029%
Total capital ratio	15.516%	16.399%	15.833%	16.009%
After deducting proposed dividends				
CET I capital ratio	12.509%	12.824%	12.904%	12.372%
Tier I capital ratio	13.517%	13.866%	13.901%	13.401%
Total capital ratio	15.516%	15.912%	15.833%	15.381%

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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:

	The Group		The Bank	
	Financial Period Ended 31/03/2024 RM'000	Financial Year Ended 30/06/2023 RM'000	Financial Period Ended 31/03/2024 RM'000	Financial Year Ended 30/06/2023 RM'000
CET I capital				
Share capital	7,739,063	7,739,063	7,739,063	7,739,063
Retained profits	24,834,852	25,017,703	15,737,869	15,727,832
Other reserves	1,314,802	947,836	230,010	2,905
Less: Treasury shares	(702,674)	(708,766)	(702,674)	(708,766)
Less: Deferred tax assets	(246,887)	(410,436)	(170,224)	(317,985)
Less: Other intangible assets	(360,908)	(362,435)	(325,968)	(326,216)
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)
Less: Investment in subsidiary companies/ associated companies	(9,665,304)	(8,712,976)	(3,940,637)	(3,938,210)
Total CET I capital	21,081,632	21,678,677	16,795,892	16,407,076
Additional Tier I capital				
Multi-currency Additional Tier 1 capital securities	1,697,978	1,698,491	1,697,978	1,698,491
Additional Tier I capital before regulatory adjustments	1,697,978	1,698,491	1,697,978	1,698,491
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)
Additional Tier I capital after regulatory adjustments	1,697,978	1,698,491	1,297,978	1,298,491
Total Tier I capital	22,779,610	23,377,168	18,093,870	17,705,567
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves [#]	1,871,216	1,832,523	1,415,400	1,399,403
Subordinated bonds	1,499,221	1,499,089	1,499,221	1,499,089
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	-	-	(400,000)	(400,000)
Total Tier II capital	3,370,437	3,331,612	2,514,621	2,498,492
Total capital	26,150,047	26,708,780	20,608,491	20,204,059

[#] Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,173,701,000 (2023: RM990,816,000) and RM962,440,000 (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:

	The Group		The Bank	
	Financial Period Ended 31/03/2024 RM'000	Financial Year Ended 30/06/2023 RM'000	Financial Period Ended 31/03/2024 RM'000	Financial Year Ended 30/06/2023 RM'000
Credit risk *	149,697,302	146,601,855	113,231,964	111,952,229
Market risk	8,431,640	6,124,089	8,596,324	6,120,834
Operational risk	10,402,032	10,143,761	8,333,871	8,131,845
Total RWA	168,530,974	162,869,705	130,162,159	126,204,908

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB funded by Investment Account of RM1,787,714,000 (2023: RM1,588,912,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

	Hong Leong Islamic Bank Berhad	
	Financial Period Ended 31/03/2024	Financial Year Ended 30/06/2023
Before deducting proposed dividends		
CET I capital ratio	11.379%	11.423%
Tier I capital ratio	12.532%	12.653%
Total capital ratio	<u>14.850%</u>	<u>15.051%</u>
After deducting proposed dividends		
CET I capital ratio	11.379%	11.423%
Tier I capital ratio	12.532%	12.653%
Total capital ratio	<u>14.850%</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 31/03/2024

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	916,282	317,384	145,360	109,784	(45,487)	(7,743)	1,435,580
Inter-segment revenue	(91,160)	149,219	(165,267)	371	106,837	-	-
Segment revenue	<u>825,122</u>	<u>466,603</u>	<u>(19,907)</u>	<u>110,155</u>	<u>61,350</u>	<u>(7,743)</u>	<u>1,435,580</u>
Segment profit before taxation	490,220	351,146	(53,035)	42,904	63,956	(10,998)	884,193
Share of profit after tax of equity accounted associated companies				384,175			384,175
Profit before taxation							<u>1,268,368</u>
Taxation							(223,870)
Profit after taxation							<u><u>1,044,498</u></u>

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

Financial period ended 31/03/2024

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	2,718,770	846,279	562,415	305,186	338,072	(476,313)	4,294,409
Inter-segment revenue	(284,965)	513,055	(530,253)	3,947	298,216	-	-
Segment revenue	<u>2,433,805</u>	<u>1,359,334</u>	<u>32,162</u>	<u>309,133</u>	<u>636,288</u>	<u>(476,313)</u>	<u>4,294,409</u>
Segment profit before taxation	1,443,751	1,075,640	(53,302)	92,449	595,262	(488,155)	2,665,645
Share of profit after tax of equity accounted associated companies				1,186,815			1,186,815
Profit before taxation							<u>3,852,460</u>
Taxation							(690,245)
Profit after taxation							<u><u>3,162,215</u></u>
Segment assets	124,067,247	49,597,503	74,134,594	26,673,237	-	-	274,472,581
Unallocated assets							16,677,739
Total assets							<u><u>291,150,320</u></u>

Corresponding quarter ended 31/03/2023

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	843,757	223,109	256,294	91,063	(10,701)	(7,392)	1,396,130
Inter-segment revenue	(68,612)	177,618	(160,960)	1,528	50,426	-	-
Segment revenue	<u>775,145</u>	<u>400,727</u>	<u>95,334</u>	<u>92,591</u>	<u>39,725</u>	<u>(7,392)</u>	<u>1,396,130</u>
Segment profit before taxation	409,246	277,560	63,826	16,461	42,250	(10,568)	798,775
Share of profit after tax of equity accounted associated companies				312,941			312,941
Profit before taxation							<u>1,111,716</u>
Taxation							(181,757)
Profit after taxation							<u><u>929,959</u></u>

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

Corresponding financial period ended 31/03/2023

	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter- Segment Elimination RM'000	Total RM'000
<u>By business segment</u>							
External revenue	2,618,465	813,069	750,919	294,784	(72,773)	(22,117)	4,382,347
Inter-segment revenue	(191,002)	403,603	(468,495)	1,528	254,366	-	-
Segment revenue	<u>2,427,463</u>	<u>1,216,672</u>	<u>282,424</u>	<u>296,312</u>	<u>181,593</u>	<u>(22,117)</u>	<u>4,382,347</u>
Segment profit before taxation	1,356,933	866,906	197,793	87,403	160,250	(33,976)	2,635,309
Share of profit after tax of equity accounted associated companies				950,946			950,946
Profit before taxation							<u>3,586,255</u>
Taxation							<u>(632,736)</u>
Profit after taxation							<u>2,953,519</u>
Segment assets	116,001,953	44,724,468	73,258,723	21,492,102	-	-	255,477,246
Unallocated assets							13,930,637
Total assets							<u>269,407,883</u>

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 March 2024.

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 March 2024 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:

	<u>The Group</u>		<u>The Bank</u>	
	31/03/2024	30/06/2023	31/03/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Principal amount				
Direct credit substitutes	224,161	224,515	216,856	217,046
Certain transaction related contingent items	2,985,493	2,594,402	2,133,133	1,819,394
Short-term self liquidating trade related contingencies	1,140,335	1,063,924	975,620	849,981
Irrevocable commitments to extend credit:				
- maturity more than one year	15,056,363	17,073,556	11,268,124	12,463,084
- maturity less than one year	29,092,790	26,457,159	23,172,620	21,025,525
Foreign exchange related contracts:				
- less than one year	69,678,202	63,906,468	63,208,800	60,747,086
- one year to five years	7,492,152	7,321,941	7,374,140	7,321,941
- over five years	852,912	737,005	852,912	737,005
Interest rate related contracts:				
- less than one year	97,108,488	45,361,203	97,108,488	45,361,203
- one year to five years	106,088,378	81,071,444	107,168,004	81,492,156
- over five years	3,903,239	4,399,525	3,892,189	4,291,746
Equity related contracts:				
- less than one year	583,330	487,429	583,330	487,429
- one year to five years	847,311	668,393	847,311	668,393
Credit related contracts:				
- less than one year	136,144	121,391	136,144	121,391
- one year to five years	15,883	-	15,883	-
- over five years	1,395,635	1,225,853	1,395,635	1,225,853
Commodity related contracts:				
- less than one year	34,547	554,082	34,547	554,082
Unutilised credit card lines	7,260,015	6,902,344	7,260,015	6,902,344
Total	343,895,378	260,170,634	327,643,751	246,285,659

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.

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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:

	The Group			
	Financial Period Ended 31/03/2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	2,406,747	-	2,406,747
- Quoted securities	612,358	-	-	612,358
- Unquoted securities	-	305,823	364,985	670,808
Financial investments at FVOCI				
- Money market instrument	-	24,251,178	-	24,251,178
- Quoted securities	5,489,782	-	-	5,489,782
- Unquoted securities	-	10,186,196	97,650	10,283,846
Derivative financial instruments	2,705	1,394,149	63,520	1,460,374
	<u>6,104,845</u>	<u>38,544,093</u>	<u>526,155</u>	<u>45,175,093</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	4,213	1,659,330	65,759	1,729,302
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	4,610,492	-	4,610,492
	<u>4,213</u>	<u>6,269,822</u>	<u>65,759</u>	<u>6,339,794</u>
The Group				
Financial Year Ended 30/06/2023				
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	3,656,339	-	3,656,339
- Quoted securities	1,380,447	-	-	1,380,447
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	20,244,842	-	20,244,842
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	9,107,327	97,650	9,204,977
Derivative financial instruments	26,174	2,067,896	74,354	2,168,424
	<u>5,843,472</u>	<u>35,329,570</u>	<u>536,989</u>	<u>41,710,031</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	874	2,315,173	71,839	2,387,886
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	<u>874</u>	<u>5,879,503</u>	<u>71,839</u>	<u>5,952,216</u>

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

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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)

	The Bank			
	Financial Period Ended 31/03/2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	2,292,625	-	2,292,625
- Quoted securities	620,252	-	-	620,252
- Unquoted securities	-	305,823	364,985	670,808
Financial investments at FVOCI				
- Money market instrument	-	19,973,287	-	19,973,287
- Quoted securities	5,489,782	-	-	5,489,782
- Unquoted securities	-	9,841,385	97,650	9,939,035
Derivative financial instruments	2,705	1,369,220	58,742	1,430,667
	<u>6,112,739</u>	<u>33,782,340</u>	<u>521,377</u>	<u>40,416,456</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	4,213	1,590,625	60,981	1,655,819
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,537,463	-	3,537,463
	<u>4,213</u>	<u>5,128,088</u>	<u>60,981</u>	<u>5,193,282</u>
The Bank				
Financial Year Ended 30/06/2023				
	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instrument	-	2,897,473	-	2,897,473
- Quoted securities	1,401,328	-	-	1,401,328
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	16,816,442	-	16,816,442
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	8,758,257	97,650	8,855,907
Derivative financial instruments	26,174	1,981,501	63,994	2,071,669
	<u>5,864,353</u>	<u>30,706,839</u>	<u>526,629</u>	<u>37,097,821</u>
<u>Financial Liabilities</u>				
Derivative financial instruments	874	2,239,583	61,479	2,301,936
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,157,718	-	3,157,718
	<u>874</u>	<u>5,397,301</u>	<u>61,479</u>	<u>5,459,654</u>

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

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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:

The Group	Financial Assets			Financial
31 March 2024	Financial assets	investments	Derivative	Liability
	at FVTPL	at FVOCI	financial	Derivative
	RM'000	RM'000	instruments	financial
			RM'000	instruments
				RM'000
At 1 July	364,985	97,650	74,354	71,839
Fair value changes recognised in statements of income	-	-	11,596	11,596
Purchases	-	-	15,890	19,514
Settlements	-	-	(38,320)	(37,190)
At 31 March	<u>364,985</u>	<u>97,650</u>	<u>63,520</u>	<u>65,759</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2024	<u>-</u>	<u>-</u>	<u>11,596</u>	<u>11,596</u>
The Group	Financial Assets			Financial
30 June 2023	Financial assets	investments	Derivative	Liability
	at FVTPL	at FVOCI	financial	Derivative
	RM'000	RM'000	instruments	financial
			RM'000	instruments
				RM'000
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	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)

The Bank	Financial Assets			Financial
31 March 2024	Financial assets	investments	financial	Liability
	at FVTPL	at FVOCI	instruments	Derivative
	RM'000	RM'000	RM'000	financial
				instruments
				RM'000
At 1 July	364,985	97,650	63,994	61,479
Fair value changes recognised in statements of income	-	-	11,596	11,596
Purchases	-	-	15,890	19,514
Settlements	-	-	(32,738)	(31,608)
At 31 March	<u>364,985</u>	<u>97,650</u>	<u>58,742</u>	<u>60,981</u>
Fair value changes recognised in statements of income relating to assets/liability held on 31 March 2024	<u>-</u>	<u>-</u>	<u>11,596</u>	<u>11,596</u>
The Bank	Financial Assets			Financial
30 June 2023	Financial assets	investments	financial	Liability
	at FVTPL	at FVOCI	instruments	Derivative
	RM'000	RM'000	RM'000	financial
				instruments
				RM'000
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	47,039	45,897
Settlements	-	-	(106,265)	(106,346)
At 30 June	<u>364,985</u>	<u>97,650</u>	<u>63,994</u>	<u>61,479</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	<u>9,365</u>	<u>-</u>	<u>18,418</u>	<u>18,418</u>
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	<u>-</u>	<u>14,264</u>	<u>-</u>	<u>-</u>

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

B1 Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a pre-tax profit of RM1,268.4 million for the current financial quarter ended 31 March 2024, an increase of RM156.6 million or 14.1% as compared to previous corresponding quarter. The increase in pre-tax profit was mainly due to higher net income of RM39.5 million, net write back of allowance for impairment losses on loans, advances and financing of RM64.3 million and higher share of profit from associated company of RM71.2 million. However, this was mitigated by higher operating expenses of RM17.5 million and allowance for impairment losses on financial investments and other assets of RM0.9 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 RM490.2 million for the third quarter ended 31 March 2024 as compared to previous corresponding quarter of RM409.2 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM351.1 million for the third quarter ended 31 March 2024 as compared to previous corresponding quarter of RM277.6 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Global Markets

The Global Markets's segment recorded a pre-tax loss of RM53.0 million for the third quarter ended 31 March 2024 as compared to a pre-tax profit for the previous corresponding quarter of RM63.8 million. The pre-tax loss was mainly contributed by lower total income, higher operating expenses and higher impairment losses on financial investments and other assets.

International Banking

The International Banking's segment recorded a pre-tax profit of RM427.1 million for the third quarter ended 31 March 2024 as compared to previous corresponding quarter of RM329.4 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China, lower allowance for impairment losses on loans, advances and financing and higher total income, partially offset by 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 March 2024 stood at RM3,852.5 million, an increase of RM266.2 million or 7.4% as compared to RM3,586.3 million in the previous financial period. The increase was mainly due to net write back of allowance for impairment losses on loans, advances and financing of RM184.0 million and higher share of profit from associated company of RM235.9 million. This was mitigated by lower net income of RM87.9 million, higher operating expenses of RM64.8 million and higher allowance for impairment losses on financial investments and other assets of RM1.0 million.

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

Personal Financial Services

The Personal Financial Services's segment recorded a pre-tax profit of RM1,443.8 million for the financial period ended 31 March 2024 as compared to previous corresponding period of RM1,356.9 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.

Personal Financial Services's loan base increased from RM115.8 billion as at 31 March 2023 to RM123.9 billion as at 31 March 2024. Deposit base increased from RM103.2 billion to RM107.8 billion.

Business and Corporate Banking

The Business and Corporate Banking's segment recorded a pre-tax profit of RM1,075.6 million for the financial period ended 31 March 2024 as compared to previous corresponding period of RM866.9 million. The increase in pre-tax profit was mainly contributed by higher total income and lower allowance for impairment losses on loans, advances and financing, partially offset by higher operating expenses.

Business and Corporate Banking's loan base increased from RM44.7 billion as at 31 March 2023 to RM49.5 billion as at 31 March 2024. Deposit base increased from RM51.9 billion to RM52.3 billion.

Global Markets

The Global Markets's segment recorded a pre-tax loss of RM53.3 million for the financial period ended 31 March 2024 as compared to a pre-tax profit for previous corresponding period of RM197.8 million. The pre-tax loss was mainly contributed by lower total income, higher impairment losses on financial investments and other assets and higher operating expenses.

Treasury earning assets increased from RM70.4 billion as at 31 March 2023 to RM71.3 billion as at 31 March 2024.

International Banking

The International Banking's segment recorded a pre-tax profit of RM1,279.3 million for the financial period ended 31 March 2024 as compared to previous corresponding period of RM1,038.3 million. The increase in pre-tax profit was mainly contributed by higher share of profit from associated company in China, lower allowance for impairment losses on loans, advances and financing and higher total income, partially offset by higher operating expenses.

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B2 Current Quarter vs. Preceding Quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM1,268.4 million as compared to RM1,341.0 million in the preceding quarter, a decrease of RM72.6 million mainly contributed by lower net income of RM29.1 million, allowance for impairment losses on financial investments and other assets of RM0.9 million and lower share of profit from associated company of RM64.0 million. This was mitigated by lower operating expenses of RM0.8 million and higher net write back of impairment losses on loans, advances and financing of RM20.6 million.

B3 Current year prospects

Growth trajectory in the Malaysian economy is expected to improve over 2024, picking up to expand moderately by 4-5% this year. Resilient domestic demand underpinned by continuous improvement in the labour market and policy support, along with more robust external demand riding on sustained growth in the world economy and up-kick in the global tech cycle, will be the main growth catalysts. That said, growth prospects of the Malaysian economy remain susceptible to headwinds from real estate and structural slowdown in China, geopolitical standoffs, as well as lingering upside risks to inflation and will likely keep monetary policy restrictive for longer.

In our journey to be the best-run bank in Malaysia, we remain steadfast on the execution of our 3-5 Year Strategic Plan while holding on to our core values and strategic boundaries. We strive to deliver innovative and customer-centric banking solutions to our customers as a testament to our unwavering brand promise of “Built Around You”.

To pursue regional growth opportunities and build a strong ASEAN franchise, we continue to enhance our transaction banking network with top-notch digital capabilities while supporting our employees to develop to their greatest potential. In line with our carbon-neutral ambition, the Bank will continuously implement environmental, social and governance (“ESG”) strategies and practices internally within our own business operations and externally by engaging proactively with stakeholders.

B4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

B5 Taxation

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
The Group				
Income tax	214,833	179,468	595,588	621,820
Transfer from deferred taxation	9,037	2,289	94,657	10,916
	<u>223,870</u>	<u>181,757</u>	<u>690,245</u>	<u>632,736</u>

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income tax	171,373	143,575	554,944	490,622
Transfer from deferred taxation	4,628	4,398	87,424	15,627
	<u>176,001</u>	<u>147,973</u>	<u>642,368</u>	<u>506,249</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 March 2024:

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	54,776,554	271,649	(331,378)
(ii) 1 year to 3 years	1,732,106	44,495	(725)
(iii) More than 3 years	1,359,504	26,112	(250)
Swaps			
(i) Less than 1 year	10,951,741	156,368	(169,030)
(ii) 1 year to 3 years	3,324,318	35,562	(174,423)
(iii) More than 3 years	1,925,448	52,035	(48,496)
Options			
(i) Less than 1 year	3,949,907	17,074	(12,954)
(ii) 1 year to 3 years	3,688	64	(64)
Interest rate related contracts			
Futures			
(i) Less than 1 year	59,328,079	2,704	(4,213)
Swaps			
(i) Less than 1 year	37,780,409	50,171	(48,077)
(ii) 1 year to 3 years	50,086,336	246,871	(243,227)
(iii) More than 3 years	59,905,281	379,754	(516,750)
Equity related contracts			
(i) Less than 1 year	583,330	12,889	(16,512)
(ii) 1 year to 3 years	156,515	6,897	(5,513)
(iii) More than 3 years	690,796	38,955	(38,955)
Credit related contracts			
(i) Less than 1 year	136,144	5,140	(5,140)
(ii) More than 3 years	1,411,518	113,286	(113,285)
Commodity related contracts			
(i) Less than 1 year	34,547	348	(310)
Total	288,136,221	1,460,374	(1,729,302)

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

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B9 Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 31 March 2024:

The Bank

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
Forwards			
(i) Less than 1 year	48,305,496	230,530	(293,259)
(ii) 1 year to 3 years	1,614,093	44,497	(505)
(iii) More than 3 years	1,359,504	26,112	(250)
Swaps			
(i) Less than 1 year	10,951,742	156,368	(169,030)
(ii) 1 year to 3 years	3,324,319	35,562	(174,423)
(iii) More than 3 years	1,925,448	51,967	(48,995)
Options			
(i) Less than 1 year	3,951,562	17,081	(12,961)
(ii) 1 year to 3 years	3,688	64	(64)
Interest rate related contracts			
Futures			
(i) Less than 1 year	59,328,080	2,704	(4,213)
Swaps			
(i) Less than 1 year	37,780,408	50,171	(48,077)
(ii) 1 year to 3 years	50,293,386	246,935	(243,113)
(iii) More than 3 years	60,766,807	391,161	(481,214)
Equity related contracts			
(i) Less than 1 year	583,330	12,889	(16,512)
(ii) 1 year to 3 years	156,515	6,897	(5,513)
(iii) More than 3 years	690,796	38,955	(38,955)
Credit related contracts			
(i) Less than 1 year	136,144	5,140	(5,140)
(ii) More than 3 years	1,411,518	113,286	(113,285)
Commodity related contracts			
(i) Less than 1 year	34,547	348	(310)
Total	282,617,383	1,430,667	(1,655,819)

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B9 Off-balance sheet financial instruments (continued)

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

The Bank

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

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B9 Off-balance sheet financial instruments (continued)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM988,401,000 (30 June 2023: RM522,107,000) and RM204,118,618,000 (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 RM1,597,576,000 (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

For the financial period ended 31 March 2024, an interim single tier dividend of 25 sen per share was declared and paid (31 March 2023: 21 sen).

B12 Earnings per share

(a) Basic earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>The Group</u>				
Net profit attributable to equity holders	1,044,498	929,959	3,162,215	2,953,519
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	(118,350)	(119,053)	(118,350)	(119,053)
	<u>2,049,368</u>	<u>2,048,665</u>	<u>2,049,368</u>	<u>2,048,665</u>
Basic earnings per share (sen)	51.0	45.4	154.3	144.2
<u>The Bank</u>				
Net profit attributable to equity holders	517,691	521,024	1,949,169	1,630,850
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	(118,350)	(119,053)	(118,350)	(119,053)
	<u>2,049,368</u>	<u>2,048,665</u>	<u>2,049,368</u>	<u>2,048,665</u>
Basic earnings per share (sen)	25.3	25.4	95.1	79.6

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B12 Earnings per share (continued)

(b) Fully diluted earnings per share

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

	3rd Quarter Ended		Cumulative Nine Months Ended	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
<u>The Group</u>				
Net profit attributable to equity holders	1,044,498	929,959	3,162,215	2,953,519
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,049,368	2,048,665	2,049,368	2,048,665
- adjustment for ESS	466	681	466	681
	<u>2,049,834</u>	<u>2,049,346</u>	<u>2,049,834</u>	<u>2,049,346</u>
Fully diluted earnings per share (sen)	51.0	45.4	154.3	144.1
<u>The Bank</u>				
Net profit attributable to equity holders	517,691	521,024	1,949,169	1,630,850
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the period	2,049,368	2,048,665	2,049,368	2,048,665
- adjustment for ESS	466	681	466	681
	<u>2,049,834</u>	<u>2,049,346</u>	<u>2,049,834</u>	<u>2,049,346</u>
Fully diluted earnings per share (sen)	25.3	25.4	95.1	79.6

Dated this 30 May 2024