

**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	<u>The Group</u>		<u>The Company</u>	
		31 December 2023 RM'000	Restated 30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
<b>Assets</b>					
Cash and short-term funds		6,104,214	9,848,432	14,301	65,246
Deposits and placements with banks and other financial institutions		1,801,382	1,079,574	304,360	67,860
Securities purchased under resale agreements		199,817	-	-	-
Financial assets at fair value through profit or loss	A9	31,500,249	31,893,892	70,028	-
Financial investments at fair value through other comprehensive income	A10	40,085,613	35,724,785	-	-
Financial investments at amortised cost	A11	32,726,150	32,332,303	-	-
Derivative financial instruments	B10	1,893,611	2,235,614	-	-
Loans, advances and financing	A12	183,777,373	180,312,664	-	-
Clients' and brokers' balances		564,577	438,288	-	-
Other assets	A13	3,170,900	2,687,887	2,473	2,250
Statutory deposits with Central Banks		3,165,235	3,449,270	-	-
Tax recoverable		10,356	4,907	252	464
Deferred tax assets		-	-	275	203
Investment in subsidiary companies		-	-	18,560,424	18,558,876
Investment in associated companies		10,559,085	10,050,740	-	-
Property and equipment		1,172,123	1,214,879	5,066	5,341
Right-of-use assets		181,801	189,340	2,665	3,135
Investment properties		471,630	471,630	-	-
Goodwill arising on consolidation		2,410,644	2,410,644	-	-
Intangible assets		393,701	387,918	97	137
<b>Total Assets</b>		<b>320,188,461</b>	<b>314,732,767</b>	<b>18,959,941</b>	<b>18,703,512</b>
<b>Liabilities</b>					
Deposits from customers	A14	210,035,104	211,467,443	-	-
Investment accounts of customers	A15	2,098,296	2,250,513	-	-
Deposits and placements of banks and other financial institutions	A16	11,229,483	12,452,060	-	-
Obligations on securities sold under repurchase agreements		11,182,640	7,399,583	-	-
Bills and acceptances payable		256,524	211,431	-	-
Derivative financial instruments	B10	1,881,910	2,447,431	-	-
Clients' and brokers' balances		294,632	145,393	-	-
Other liabilities	A17	9,105,290	8,022,910	18,139	14,775
Lease liabilities		184,489	192,011	2,887	3,353
Recourse obligations on loans/financing sold to Cagamas Berhad		3,278,273	2,972,220	-	-
Provision for taxation		130,712	58,141	-	-
Deferred tax liabilities		226,500	8,022	-	-
Borrowings	B7	502,804	201,936	201,994	201,919
Subordinated obligations	B8	2,207,066	2,206,650	1,102,170	1,101,859
Multi-currency Additional Tier 1 capital securities	B9	1,721,421	1,719,630	404,928	404,851
Insurance funds	A32	23,772,730	22,835,120	-	-
<b>Total Liabilities</b>		<b>278,107,874</b>	<b>274,590,494</b>	<b>1,730,118</b>	<b>1,726,757</b>
<b>Equity</b>					
Share capital		2,267,008	2,267,008	2,267,008	2,267,008
Reserves		26,471,803	25,117,549	15,134,609	14,884,472
Treasury shares for ESS		(230,177)	(233,108)	(171,794)	(174,725)
<b>Total Shareholders' Equity</b>		<b>28,508,634</b>	<b>27,151,449</b>	<b>17,229,823</b>	<b>16,976,755</b>
Non-controlling interests		13,571,953	12,990,824	-	-
<b>Total Equity</b>		<b>42,080,587</b>	<b>40,142,273</b>	<b>17,229,823</b>	<b>16,976,755</b>
<b>Total Liabilities and Equity</b>		<b>320,188,461</b>	<b>314,732,767</b>	<b>18,959,941</b>	<b>18,703,512</b>
<b>Commitments and Contingencies</b>	A30	<b>296,020,508</b>	<b>269,008,810</b>	<b>-</b>	<b>-</b>
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)		<b>25.13</b>	23.94	<b>15.14</b>	14.92

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 FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

<b>The Group</b>	<b>Note</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>31 December 2023 RM'000</b>	<b>Restated 31 December 2022 RM'000</b>	<b>31 December 2023 RM'000</b>	<b>Restated 31 December 2022 RM'000</b>
Interest income	A18	<b>2,216,263</b>	1,902,522	<b>4,375,070</b>	3,564,605
Interest income for financial assets at fair value through profit or loss	A19	<b>43,357</b>	60,834	<b>84,050</b>	141,552
Interest expense	A20	<b>(1,283,756)</b>	(983,500)	<b>(2,535,416)</b>	(1,714,492)
Net interest income		<b>975,864</b>	979,856	<b>1,923,704</b>	1,991,665
Income from Islamic banking business	A21	<b>241,351</b>	273,319	<b>471,584</b>	524,839
		<b>1,217,215</b>	1,253,175	<b>2,395,288</b>	2,516,504
Non-interest income	A22	<b>444,440</b>	492,808	<b>831,704</b>	832,941
Net income		<b>1,661,655</b>	1,745,983	<b>3,226,992</b>	3,349,445
Overhead expenses	A23	<b>(606,912)</b>	(607,413)	<b>(1,248,116)</b>	(1,207,498)
Operating profit before allowances		<b>1,054,743</b>	1,138,570	<b>1,978,876</b>	2,141,947
Write-back of/(allowance for) impairment losses on loans, advances and financing and other losses	A24	<b>5,580</b>	(25,240)	<b>56,820</b>	(62,701)
Write-back of/(allowance for) impairment losses on other assets	A25	<b>20</b>	(968)	<b>(446)</b>	(626)
		<b>1,060,343</b>	1,112,362	<b>2,035,250</b>	2,078,620
Share of results of associated companies		<b>470,020</b>	386,883	<b>847,587</b>	662,164
Profit before taxation		<b>1,530,363</b>	1,499,245	<b>2,882,837</b>	2,740,784
Taxation	B5	<b>(284,970)</b>	(283,112)	<b>(522,322)</b>	(503,452)
<b>Net profit for the financial period</b>		<b>1,245,393</b>	1,216,133	<b>2,360,515</b>	2,237,332
Attributable to:					
Owners of the parent		<b>831,866</b>	811,496	<b>1,573,511</b>	1,480,970
Non-controlling interests		<b>413,527</b>	404,637	<b>787,004</b>	756,362
		<b>1,245,393</b>	1,216,133	<b>2,360,515</b>	2,237,332
Earnings per share attributable to equity holders of the Company - basic (sen)		<b>73.3</b>	71.6	<b>138.7</b>	130.6

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	Restated 31 December 2022 RM'000	31 December 2023 RM'000	Restated 31 December 2022 RM'000
<b>The Group</b>				
<b>Net profit for the financial period</b>	<b>1,245,393</b>	1,216,133	<b>2,360,515</b>	2,237,332
<b>Other comprehensive income/(loss):</b>				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive (loss)/income of associated companies	<b>(8,363)</b>	9,929	<b>32,860</b>	(1,621)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	<b>288,480</b>	206,970	<b>274,395</b>	132,497
- Changes in expected credit losses	<b>(45)</b>	108	<b>161</b>	127
(c) Net fair value changes in cash flow hedge	-	-	-	279
(d) Currency translation differences	<b>41,893</b>	(276,669)	<b>(20,441)</b>	(238,496)
(e) Income tax relating to components of other comprehensive loss	<b>(61,292)</b>	(48,246)	<b>(57,727)</b>	(36,867)
Other comprehensive income/(loss) for the financial period, net of tax	<b>260,673</b>	(107,908)	<b>229,248</b>	(144,081)
<b>Total comprehensive income for the financial period</b>	<b>1,506,066</b>	1,108,225	<b>2,589,763</b>	2,093,251
Attributable to:				
Owners of the parent	<b>1,002,709</b>	746,092	<b>1,726,665</b>	1,389,358
Non-controlling interests	<b>503,357</b>	362,133	<b>863,098</b>	703,893
	<b>1,506,066</b>	1,108,225	<b>2,589,763</b>	2,093,251

*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 FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

		2nd Quarter Ended		Six Months Ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>The Company</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A18	18,344	26,717	35,608	54,615
Interest expense	A20	(18,979)	(29,393)	(37,389)	(60,685)
Net interest expense		(635)	(2,676)	(1,781)	(6,070)
Non-interest income	A22	91,504	77,016	633,313	608,640
Net income		90,869	74,340	631,532	602,570
Overhead expenses	A23	(7,980)	(8,159)	(16,147)	(18,510)
Write-back of impairment losses on other assets	A25	712	990	1,421	1,203
Profit before taxation		83,601	67,171	616,806	585,263
Taxation	B5	(96)	(59)	(140)	(148)
<b>Net profit for the financial period</b>		<b>83,505</b>	<b>67,112</b>	<b>616,666</b>	<b>585,115</b>
Earnings per share attributable to equity holders of the Company - basic (sen)		7.3	5.9	54.2	51.4

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>83,505</b>	67,112	<b>616,666</b>	585,115
Other comprehensive income for the financial period, net of tax	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>83,505</b>	67,112	<b>616,666</b>	585,115

*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 FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	← Attributable to owner of the parent →											Total equity RM'000
	Share capital RM'000	Regulatory reserve# RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	
<b>The Group</b>												
At 1 July 2023	2,267,008	1,016,490	(318,005)	-	213,314	35,502	967,332	22,843,179	(233,108)	26,791,712	12,837,922	39,629,634
Effects of adopting MFRS 17 (Note A32)	-	-	-	-	-	-	-	359,737	-	359,737	152,902	512,639
At 1 July 2023, as restated	2,267,008	1,016,490	(318,005)	-	213,314	35,502	967,332	23,202,916	(233,108)	27,151,449	12,990,824	40,142,273
<b>Comprehensive income</b>												
Net profit for the financial period	-	-	-	-	-	-	-	1,573,511	-	1,573,511	787,004	2,360,515
Currency translation differences	-	-	-	-	-	-	(13,901)	-	-	(13,901)	(6,540)	(20,441)
Share of other comprehensive loss of associated companies	-	-	24,867	-	-	-	-	-	-	24,867	7,993	32,860
Financial investments measured at fair value through other comprehensive income												
- Debt instruments												
- Net fair value changes	-	-	142,076	-	-	-	-	-	-	142,076	74,592	216,668
- Changes in expected credit losses	-	-	112	-	-	-	-	-	-	112	49	161
Total comprehensive income/(loss)	-	-	167,055	-	-	-	(13,901)	1,573,511	-	1,726,665	863,098	2,589,763
<b>Transaction with owners</b>												
Transfer to regulatory reserve	-	114,353	-	-	-	-	-	(114,353)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	(2,582)	-	(2,582)	2,582	-
Dividends paid	-	-	-	-	-	-	-	(364,172)	-	(364,172)	-	(364,172)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(288,960)	(288,960)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	4,409	4,409
Options charge arising from executive share scheme	-	-	-	-	-	574	-	-	-	574	-	574
Options write-back arising from ESS lapsed	-	-	-	-	-	1,109	-	-	-	1,109	-	1,109
Exercise of executive share scheme	-	-	-	-	-	(14,072)	-	6,732	2,931	(4,409)	-	(4,409)
<b>At 31 December 2023</b>	<b>2,267,008</b>	<b>1,130,843</b>	<b>(150,950)</b>	<b>-</b>	<b>213,314</b>	<b>23,113</b>	<b>953,431</b>	<b>24,302,052</b>	<b>(230,177)</b>	<b>28,508,634</b>	<b>13,571,953</b>	<b>42,080,587</b>

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 FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	← Attributable to owner of the parent →											
	Share capital RM'000	Regulatory reserve# RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	
<b>The Group</b>												
At 1 July 2022	2,267,008	666,534	(541,311)	(185)	213,314	60,866	907,614	20,937,790	(236,039)	24,275,591	11,714,133	35,989,724
Effects of adopting MFRS 17 (Note A32)	-	-	-	-	-	-	-	289,747	-	289,747	123,425	413,172
At 1 July 2022, as restated	2,267,008	666,534	(541,311)	(185)	213,314	60,866	907,614	21,227,537	(236,039)	24,565,338	11,837,558	36,402,896
<b>Comprehensive income</b>												
Net profit for the financial period	-	-	-	-	-	-	-	1,480,970	-	1,480,970	756,362	2,237,332
Currency translation differences	-	-	-	-	-	-	(154,986)	-	-	(154,986)	(83,510)	(238,496)
Share of other comprehensive loss of associated companies	-	-	23	-	-	-	-	-	-	23	(1,644)	(1,621)
Financial investments measured at fair value through other comprehensive income												
- Debt instruments												
- Net fair value changes	-	-	63,084	-	-	-	-	-	-	63,084	32,546	95,630
- Changes in expected credit losses	-	-	82	-	-	-	-	-	-	82	45	127
Net fair value changes in cash flow hedge	-	-	-	185	-	-	-	-	-	185	94	279
Total comprehensive income/(loss)	-	-	63,189	185	-	-	(154,986)	1,480,970	-	1,389,358	703,893	2,093,251
<b>Transaction with owners</b>												
Transfer to regulatory reserve	-	191,532	-	-	-	-	-	(191,532)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	1,094	-	1,094	(1,094)	-
Dividends paid	-	-	-	-	-	-	-	(352,792)	-	(352,792)	-	(352,792)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(282,857)	(282,857)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	4,000	4,000
Options charge arising from executive share scheme	-	-	-	-	-	(13,713)	-	-	-	(13,713)	-	(13,713)
Exercise of executive share scheme	-	-	-	-	-	(12,943)	-	7,280	2,931	(2,732)	-	(2,732)
At 31 December 2022	2,267,008	858,066	(478,122)	-	213,314	34,210	752,628	22,172,557	(233,108)	25,586,553	12,261,500	37,848,053

# Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM1,116,765,000 (31 December 2022: RM846,821,000) in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing and the banking subsidiary company in Vietnam with the State Bank of Vietnam of RM14,078,000 (31 December 2022: RM11,245,000).

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	← Non-distributable →			Distributable		Total equity RM'000
	Share capital RM'000	Other capital reserve RM'000	Share options reserve RM'000	Treasury shares for ESS RM'000	Retained profits RM'000	
<b><u>The Company</u></b>						
At 1 July 2023	2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755
Net profit for the financial period	-	-	-	-	616,666	616,666
Dividends paid	-	-	-	-	(364,172)	(364,172)
Options charge arising from executive share scheme	-	-	574	-	-	574
Exercise of executive share scheme	-	-	(2,870)	2,931	(61)	-
<b>At 31 December 2023</b>	<b><u>2,267,008</u></b>	<b><u>254,991</u></b>	<b><u>-</u></b>	<b><u>(171,794)</u></b>	<b><u>14,879,618</u></b>	<b><u>17,229,823</u></b>
At 1 July 2022	2,267,008	254,991	2,685	(177,656)	14,315,649	16,662,677
Net profit for the financial period	-	-	-	-	585,115	585,115
Dividends paid	-	-	-	-	(352,792)	(352,792)
Options charge arising from executive share scheme	-	-	1,793	-	-	1,793
Exercise of executive share scheme	-	-	(2,870)	2,931	(61)	-
At 31 December 2022	<b><u>2,267,008</u></b>	<b><u>254,991</u></b>	<b><u>1,608</u></b>	<b><u>(174,725)</u></b>	<b><u>14,547,911</u></b>	<b><u>16,896,793</u></b>

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**HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	The Group		The Company	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	2,882,837	2,740,784	616,806	585,263
Adjustment for non-cash items	(1,874,421)	(63,932)	(624,250)	(596,244)
Operating profit/(loss) before working capital changes	1,008,416	2,676,852	(7,444)	(10,981)
Income tax paid	(389,055)	(583,777)	-	-
Interest received	2,634	846	2,634	846
Changes in working capital:				
Net changes in operating assets	(2,540,587)	(5,970,638)	(306,724)	1,290
Net changes in operating liabilities	2,962,572	7,476,677	3,350	3,241
Net cash generated from/(used in) operating activities	1,043,980	3,599,960	(308,184)	(5,604)
<b>Cash flows from investing activities</b>				
Net purchases of financial investments at FVOCI	(4,066,708)	(3,774,481)	-	-
Net (purchases)/disposal of financial investments at amortised cost	(393,852)	1,017,427	-	-
Interest received on financial investments at FVOCI and financial investments at amortised cost	1,051,229	736,312	-	-
Purchase of intangible assets	(11,917)	(15,578)	(3)	(136)
Purchase of property and equipment	(39,259)	(88,684)	(354)	(1,734)
Net proceeds from disposal of property and equipment	2,222	353	-	113
Dividends received from other investments	41,508	38,401	-	-
Dividends received from subsidiary companies	-	-	626,299	603,874
Proceeds from redemption of Multi-currency AT1 capital securities	-	-	-	400,000
Interest received from investment in debt instrument issued by subsidiary company	-	-	-	-
- Interest on Multi-currency AT1 capital securities	-	-	9,518	19,862
- Interest on subordinated obligations	-	-	23,329	35,512
Net cash (used in)/generated from investing activities	(3,416,777)	(2,086,250)	658,789	1,057,491
<b>Cash flows from financing activities</b>				
Dividends paid to equity holders of the Company	(364,172)	(352,792)	(364,172)	(352,792)
Dividends paid to non-controlling interests	(288,960)	(282,857)	-	-
Repayment of lease liabilities	(11,717)	(15,215)	(466)	(442)
Repayment of revolving credit	-	(100,000)	-	(100,000)
Repayment of commercial papers	-	(110,000)	-	(110,000)
Repayment of Multi-currency AT1 capital securities	-	(400,000)	-	(400,000)
Proceeds from senior notes	300,000	-	-	-
Proceeds from Multi-currency AT1 capital securities	-	400,000	-	-
Proceeds from recourse obligations on loans/financing sold to Cagamas Berhad	300,000	1,300,000	-	-
Repayment of recourse obligations on loans sold to Cagamas Berhad	-	(962,950)	-	-
Interest paid on Multi-currency AT1 capital securities	(39,577)	(20,265)	(9,719)	(20,265)
Interest paid on subordinated obligations	(45,479)	(47,289)	(23,715)	(36,074)
Interest paid on borrowings	(3,233)	(5,343)	(3,397)	(5,343)
Interest paid on recourse obligations on loans/financing sold to Cagamas Berhad	(55,633)	(27,330)	-	-
Interest paid on lease liabilities	(4,195)	(4,487)	(81)	(105)
Net cash used in financing activities	(212,966)	(628,528)	(401,550)	(1,025,021)
<b>Net increase in cash and cash equivalents</b>	<b>(2,585,763)</b>	<b>885,182</b>	<b>(50,945)</b>	<b>26,866</b>
<b>Effects of exchange rate changes</b>	<b>(20,441)</b>	<b>(154,986)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>10,116,501</b>	<b>9,605,894</b>	<b>65,306</b>	<b>26,669</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>7,510,297</b>	<b>10,336,090</b>	<b>14,361</b>	<b>53,535</b>
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	6,104,214	9,076,310	14,301	53,475
Deposits and placements with banks and other financial institutions	1,801,382	2,613,318	304,360	3,360
	7,905,596	11,689,628	318,661	56,835
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months	(395,299)	(1,353,538)	(304,300)	(3,300)
	7,510,297	10,336,090	14,361	53,535

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



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**A1 Basis of preparation**

The unaudited condensed financial statements 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, financial investments at fair value through other comprehensive income 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 Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company 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 Company since the financial year ended 30 June 2023.

The unaudited condensed financial statements incorporate the activities relating to the Islamic banking and Takaful businesses which have been undertaken by its subsidiaries, Hong Leong Islamic Bank Berhad and Hong Leong MSIG Takaful Berhad in compliance with Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the audited annual financial statements for the financial year ended 30 June 2023 and modified for the adoption of the following accounting standards applicable for financial year beginning on or after 1 July 2023:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on "Disclosure of Accounting Policies" & "Definition of Accounting Estimates"
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- MFRS 17 "Insurance Contracts" and its amendments
- Amendment to MFRS 17 "Initial Application of MFRS 17 and MFRS 9 - Comparative Information"

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 Company other than the effects and change in accounting policy arising from adaption of MFRS 17 as disclosed in Note A32.

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 Company'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 statement for the financial year ended 30 June 2023**

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

**A3 Seasonality or cyclicity of operations**

The business operations of the Group and the Company have not been materially affected by any 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 year**

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

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

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares during the financial year period other than movements as disclosed in note B7, B8, B9 and as mentioned below.

Purchase of shares pursuant to Executive Share Scheme ("ESS")

In December 2017, the Group has granted up to 20,450,000 Executive Share Option Scheme ("ESOS") at an exercise price of RM17.12 to eligible executives of the Company and its subsidiary pursuant to the Company's ESS.

The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the numbers of shares (if any) to be vested shall be determined following the end of respective performance periods. The vested options for each performance period are exercisable in three tranches over a period of 2 - 26 months from the respective vesting dates. The Group has decided not to recommend any award of 30% (5,925,000 shares) ESOS due to non-performance of KPIs.

On 3 November 2021, the Company has granted 469,210 ordinary shares in the Company to eligible executives pursuant to the Executive Share Grant Scheme ("ESGS"). The vesting of the 469,210 free ordinary shares in the Company will be done in tranches over a period of 3 years from the date of the grant.

During the financial year period, a total of 156,402 grant shares were vested and transferred.

As at 31 December 2023, the total number of Treasury Shares for ESS is 9,166,790 at an average price of RM18.74 per share and the total consideration paid, including transaction costs was RM171,794,115.

The remaining number of shares held by the appointed trustee for the insurance subsidiary company as at 31 December 2023 was 4,091,900 units at an average price of RM14.27 per share with total consideration paid, including transaction costs was RM58,381,907 which have been classified as Treasury Shares for ESS at the Group level.

**A7 Dividends paid**

A final single-tier dividend of 32.0 sen per share, amounting to RM364,171,934, in respect of the financial year ended 30 June 2023 payable on 23 November 2023.

**A8 Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

Inter-segment pricing is based on internally computed cost of funds.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

**Business segments**

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking and asset management	Investment banking, futures and stockbroking, fund and unit trust management
Insurance	Life and general insurance and family takaful business
Other operations	Investment holding and provision of management services

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**A8 Segmental reporting (continued)**

<b>The Group</b>	<b>Commercial banking RM'000</b>	<b>Investment banking RM'000</b>	<b>Insurance RM'000</b>	<b>Other operations RM'000</b>	<b>Eliminations/ consolidation adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>31 December 2023</b>						
<b>Revenue</b>						
External revenue	2,849,477	113,041	280,292	(15,818)	-	3,226,992
Inter-segment revenue	9,352	900	469	621,639	(632,360)	-
Segment revenue	<u>2,858,829</u>	<u>113,941</u>	<u>280,761</u>	<u>605,821</u>	<u>(632,360)</u>	<u>3,226,992</u>
<b>Results</b>						
Segment results	1,781,452	46,859	213,922	616,801	(623,784)	2,035,250
Share of results of associated companies						<u>847,587</u>
Profit before taxation						<u>2,882,837</u>
Taxation						<u>(522,322)</u>
Net profit for the financial period						<u>2,360,515</u>
Non-controlling interests						<u>(787,004)</u>
Profit attributable to owners of the parent						<u><u>1,573,511</u></u>
<b>Other information</b>						
Segment assets	285,082,117	4,762,135	30,337,651	18,959,957	(18,953,399)	<u><u>320,188,461</u></u>
Segment liabilities	249,536,254	3,796,192	25,299,136	1,731,767	(2,255,475)	<u><u>278,107,874</u></u>

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**A8 Segmental reporting (continued)**

The Group	Restated					Eliminations/ consolidation adjustments RM'000	Consolidated RM'000
	Commercial banking RM'000	Investment banking RM'000	Insurance RM'000	Other operations RM'000			
<b>31 December 2022</b>							
<b>Revenue</b>							
External revenue	2,971,466	100,242	285,534	(7,797)	-	3,349,445	
Inter-segment revenue	14,751	289	1,098	596,846	(612,984)	-	
Segment revenue	<u>2,986,217</u>	<u>100,531</u>	<u>286,632</u>	<u>589,049</u>	<u>(612,984)</u>	<u>3,349,445</u>	
<b>Results</b>							
Segment results	1,836,534	36,112	226,930	585,259	(606,215)	2,078,620	
Share of results of associated companies						<u>662,164</u>	
Profit before taxation						<u>2,740,784</u>	
Taxation						<u>(503,452)</u>	
Net profit for the financial period						<u>2,237,332</u>	
Non-controlling interests						<u>(756,362)</u>	
Profit attributable to owners of the parent						<u><u>1,480,970</u></u>	
<b>Other information</b>							
Segment assets	265,189,147	4,196,481	28,243,119	19,127,545	(19,090,283)	<u><u>297,666,009</u></u>	
Segment liabilities	233,106,429	3,262,337	23,787,989	2,232,372	(2,515,128)	<u><u>259,873,999</u></u>	

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**A9 Financial assets at fair value through profit or loss ("FVTPL")**

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Bank Negara Malaysia bills	-	1,197,414
Government treasury bills	<b>803,539</b>	620,126
Malaysian Government securities	<b>4,365,736</b>	4,310,150
Malaysian Government investment certificates	<b>2,088,904</b>	2,471,760
Negotiable instruments of deposit	<b>1,882,545</b>	1,856,476
Cagamas bonds	<b>76,564</b>	15,078
Other Government securities	<b>6,889,918</b>	6,466,091
	<b>16,107,206</b>	16,937,095
<b>Quoted securities</b>		
Shares in Malaysia	<b>5,689,316</b>	5,143,592
Shares outside Malaysia	<b>590,084</b>	590,260
Wholesale fund/unit trust investments	<b>703,556</b>	724,832
Portfolio Investment Accounts [Note]	<b>847</b>	1,282
Foreign currency bonds in Malaysia	<b>14,313</b>	-
Foreign currency bonds outside Malaysia	<b>13,220</b>	-
Investment-linked funds	<b>327</b>	456
Loan stocks	<b>2,413</b>	1,773
Warrants in Malaysia	<b>1,564</b>	1,894
	<b>7,015,640</b>	6,464,089
<b>Unquoted securities</b>		
Shares in Malaysia	<b>393,370</b>	393,371
Foreign currency bonds in Malaysia	<b>66,425</b>	37,281
Foreign currency bonds outside Malaysia	<b>9,249</b>	9,279
Corporate bonds and sukuk	<b>7,818,709</b>	7,941,807
Perpetual bonds	<b>89,650</b>	85,970
Redeemable preference shares	<b>-</b>	25,000
	<b>8,377,403</b>	8,492,708
Total financial assets at FVTPL	<b>31,500,249</b>	31,893,892

**Note :**

Included in financial assets at FVTPL are the underlying assets for the Portfolio Investment Accounts ("PIA"). PIA is there stricted 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.

**A10 Financial investments at fair value through other comprehensive income ("FVOCI")**

		<b>The Group</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2023</b>	<b>2023</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>			
Debt instruments	(a)	<b>39,987,963</b>	35,627,135
Equity instruments	(b)	<b>97,650</b>	97,650
		<b>40,085,613</b>	35,724,785

(a) Debt instruments

<b>Money market instruments</b>			
Government treasury bills		<b>2,390,786</b>	1,820,701
Malaysian Government securities		<b>5,686,571</b>	4,707,923
Malaysian Government investment certificates		<b>11,757,129</b>	10,175,143
Negotiable instruments of deposit		<b>828,199</b>	1,306,322
Khazanah bonds		<b>309,390</b>	363,416
Cagamas bonds		<b>2,973,098</b>	2,620,153
		<b>23,945,173</b>	20,993,658

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**A10 Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>30 June 2023 RM'000</b>
<b>(a) Debt instruments (continued)</b>		
<b>Quoted securities</b>		
Government sukuk	858,146	860,644
Foreign currency bonds in Malaysia	2,018,189	1,873,035
Foreign currency bonds outside Malaysia	2,154,063	1,703,172
	<u>5,030,398</u>	<u>4,436,851</u>
<b>Unquoted securities</b>		
Government sukuk	30,572	30,768
Corporate bonds and sukuk	9,028,073	8,913,211
Foreign currency bonds in Malaysia	1,086,288	847,674
Foreign currency bonds outside Malaysia	867,459	404,973
	<u>11,012,392</u>	<u>10,196,626</u>
	<u>39,987,963</u>	<u>35,627,135</u>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL RM'000</b>
	<b>12 months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
<b>The Group</b>				
At 1 July 2023	2,275	-	18,227	20,502
New financial assets originated or purchased	503	-	-	503
Financial assets derecognised	(255)	-	-	(255)
Changes due to change in credit risk	(75)	-	-	(75)
Exchange differences	(12)	-	(262)	(274)
<b>At 31 December 2023</b>	<u>2,436</u>	<u>-</u>	<u>17,965</u>	<u>20,401</u>
At 1 July 2022	1,981	-	17,407	19,388
New financial assets originated or purchased	999	-	-	999
Financial assets derecognised	(223)	-	-	(223)
Changes due to change in credit risk	(582)	-	-	(582)
Exchange differences	100	-	820	920
At 30 June 2023	<u>2,275</u>	<u>-</u>	<u>18,227</u>	<u>20,502</u>

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>30 June 2023 RM'000</b>
<b>(b) Equity instruments</b>		
<b>Unquoted securities</b>		
Shares in Malaysia	97,650	97,650

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**A11 Financial investments at amortised cost**

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>30 June 2023 RM'000</b>
<b>Money market instruments</b>		
Government treasury bills	59,404	60,676
Malaysian Government securities	6,402,627	6,024,655
Malaysian Government investment certificates	23,583,787	23,487,152
Cagamas bonds	1,653,524	1,658,260
Khazanah bonds	14,654	14,393
Other Government securities	367,019	421,343
	<b>32,081,015</b>	<b>31,666,479</b>
<b>Quoted securities</b>		
Foreign currency bonds outside Malaysia	-	19,117
	-	19,117
<b>Unquoted securities</b>		
Government sukuk	30,533	30,611
Corporate bonds and sukuk	614,623	616,114
	<b>645,156</b>	<b>646,725</b>
Less: Expected credit losses	(21)	(18)
Total financial investments at amortised cost	<b>32,726,150</b>	<b>32,332,303</b>

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

<b>The Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL RM'000</b>
	<b>12 months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>	
At 1 July 2023	18	-	-	18
Changes due to change in credit risk	5	-	-	5
Exchange differences	(2)	-	-	(2)
<b>At 31 December 2023</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>
At 1 July 2022	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 2023	18	-	-	18

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**A12 Loans, advances and financing**

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>Restated 30 June 2023 RM'000</b>
Overdrafts	3,740,404	4,077,891
Term loans/financing:		
- Housing and shop loans/financing	100,581,415	97,387,797
- Hire purchase receivables	20,895,613	19,914,072
- Ijarah receivables	249,113	249,054
- Other term loans/financing and syndicated term loans	35,876,372	35,475,855
Credit/charge card receivables	3,391,897	3,202,663
Bills receivable	1,947,645	1,936,868
Trust receipts	384,004	441,074
Claims on customers under acceptance credits	8,190,172	8,936,884
Revolving credits	10,101,792	10,339,502
Staff loans/financing	119,293	125,080
Other loans/financing	-	126
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	(12,272)	(14,700)
Allowance for impairment losses:		
- Expected credit losses	(1,688,075)	(1,759,502)
Total net loans, advances and financing	<u>183,777,373</u>	<u>180,312,664</u>

Included in loans, advances and financing are housing loans sold to Cagamas Berhad with recourse to the Group amounting to RM3,169,291,000 (30 June 2023: RM2,917,197,000).

(a) By type of customers

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>Restated 30 June 2023 RM'000</b>
Domestic non-bank financial institutions	2,218,534	2,258,897
Domestic business enterprises:		
- Small and medium enterprises	34,310,914	33,083,633
- Others	26,103,779	27,940,458
Government and statutory bodies	962	1,108
Individuals	119,436,958	115,572,681
Other domestic entities	92,949	100,246
Foreign entities	3,313,624	3,129,843
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>

(b) By interest/profit rate sensitivity

	<b>The Group</b>	
	<b>31 December 2023 RM'000</b>	<b>Restated 30 June 2023 RM'000</b>
Fixed rate		
- Housing and shop loans/financing	8,656,571	4,875,632
- Hire purchase receivables	20,848,904	19,856,028
- Other fixed rate loans/financing	8,337,072	8,641,052
Variable rate		
- Standardised base rate/base rate/base lending rate plus	122,905,025	123,357,618
- Cost plus	24,687,201	25,256,906
- Other variable rates	42,947	99,630
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>



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**A12 Loans, advances and financing (continued)**

(c) By economic purposes

	The Group	
	31 December 2023 RM'000	Restated 30 June 2023 RM'000
Purchase of securities	1,244,598	1,320,663
Purchase of transport vehicles	20,588,022	19,574,851
Purchase of landed properties		
- Residential	92,294,710	89,114,612
- Non-residential	22,682,030	21,976,096
Purchase of fixed assets (excluding landed properties)	1,707,690	1,672,034
Personal use	3,949,819	3,885,235
Credit card	3,391,897	3,202,663
Construction	4,866,901	4,197,939
Working capital	33,603,390	35,954,488
Other purposes	1,148,663	1,188,285
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>

(d) By geographical distribution

	The Group	
	31 December 2023 RM'000	Restated 30 June 2023 RM'000
Malaysia	171,796,619	168,121,697
Outside Malaysia		
- Singapore	9,280,477	9,367,686
- Hong Kong	44,217	46,789
- Vietnam	2,052,931	1,956,082
- Cambodia	2,303,476	2,594,612
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>

(e) By residual contractual maturity

	The Group	
	31 December 2023 RM'000	Restated 30 June 2023 RM'000
Within one year	31,920,604	33,320,622
One year to less than three years	7,194,559	7,261,457
Three years to less than five years	10,900,597	10,659,367
Five years and more	135,461,960	130,845,420
Gross loans, advances and financing	<u>185,477,720</u>	<u>182,086,866</u>

(f) Movements in impaired loans, advances and financing are as follows:

	The Group	
	31 December 2023 RM'000	30 June 2023 RM'000
At beginning of financial year	1,042,010	819,878
Classified as impaired during the financial period/year	780,817	1,642,615
Reclassified as non-impaired during the financial period/year	(506,888)	(890,911)
Amount written back in respect of recoveries	(136,381)	(224,850)
Amount written off	(145,764)	(305,601)
Exchange differences	(1,101)	879
At end of financial period/year	<u>1,032,693</u>	<u>1,042,010</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>0.6%</u>	<u>0.6%</u>

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**A12 Loans, advances and financing (continued)**

(g) Impaired loans, advances and financing by economic purposes

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	64	125
Purchase of transport vehicles	63,521	42,881
Purchase of landed properties		
- Residential	366,685	404,463
- Non-residential	134,518	119,107
Purchase of fixed assets (excluding landed properties)	4,548	4,627
Personal use	34,547	47,205
Credit card	24,160	30,445
Construction	23,992	24,851
Working capital	316,753	274,325
Other purposes	63,905	93,981
Gross impaired loans, advances and financing	<u>1,032,693</u>	<u>1,042,010</u>

(h) Impaired loans, advances and financing by geographical distribution

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	971,639	982,393
Outside Malaysia		
- Singapore	2,738	1,481
- Vietnam	1,030	928
- Cambodia	57,286	57,208
Gross impaired loans, advances and financing	<u>1,032,693</u>	<u>1,042,010</u>

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

<b>The Group</b>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<b>Total ECL</b>
	<b>12 months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2023	966,580	381,777	411,145	1,759,502
Changes in ECL due to transfer within stages	(29,407)	(66,792)	96,199	-
Transfer to Stage 1	7,735	(7,723)	(12)	-
Transfer to Stage 2	(36,900)	68,932	(32,032)	-
Transfer to Stage 3	(242)	(128,001)	128,243	-
New financial assets originated	23,712	314	43	24,069
Financial assets derecognised	(5,683)	(23,355)	(9,533)	(38,571)
Changes due to change in credit risk	(4,950)	93,133	41,049	129,232
Modifications to contractual cash flow of financial assets	2	919	-	921
Changes in models/risk parameters	(32,720)	-	-	(32,720)
Amount written off	(341)	-	(146,190)	(146,531)
Exchange differences	(174)	(87)	(545)	(806)
Other movements	-	-	(7,021)	(7,021)
<b>At 31 December 2023</b>	<u>917,019</u>	<u>385,909</u>	<u>385,147</u>	<u>1,688,075</u>

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**A12 Loans, advances and financing (continued)**

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

The Group	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	
At 1 July 2022	977,229	423,913	335,647	1,736,789
Changes in ECL due to transfer within stages	(44,038)	(203,154)	247,192	-
Transfer to Stage 1	35,350	(35,254)	(96)	-
Transfer to Stage 2	(76,367)	145,894	(69,527)	-
Transfer to Stage 3	(3,021)	(313,794)	316,815	-
New financial assets originated	46,539	855	54	47,448
Financial assets derecognised	(15,727)	(30,658)	(25,835)	(72,220)
Changes due to change in credit risk	(5,293)	186,466	172,701	353,874
Modifications to contractual cash flow of financial assets	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 differences	1,757	571	(615)	1,713
Other movements	-	-	(12,057)	(12,057)
At 30 June 2023	966,580	381,777	411,145	1,759,502

**A13 Other assets**

	The Group		The Company	
	31 December 2023 RM'000	Restated 30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
Foreclosed properties	46	46	-	-
Sundry debtors and other prepayments	254,040	338,198	2,473	2,250
Settlement accounts	1,710,296	850,808	-	-
Treasury related receivables	140,459	159,020	-	-
Cash collateral pledged for derivative transactions	793,495	1,086,263	-	-
Fee income receivables	3,825	7,715	-	-
Other receivables	268,739	245,837	-	-
	3,170,900	2,687,887	2,473	2,250

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**A14 Deposits from customers**

(a) By type of deposits

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Fixed deposits	115,204,302	112,597,523
Negotiable instruments of deposits	9,289,196	10,914,720
Short-term placements	15,508,931	19,048,027
	<u>140,002,429</u>	<u>142,560,270</u>
Demand deposits	43,052,526	42,465,293
Savings deposits	22,428,187	22,479,001
Others	356,887	398,549
	<u>205,840,029</u>	<u>207,903,113</u>
<b>At FVTPL</b>		
Structured deposits linked to interest rate derivatives	4,445,844	3,874,742
Fair value changes arising from designation at FVTPL [Note]	(250,769)	(310,412)
	<u>4,195,075</u>	<u>3,564,330</u>
	<u><u>210,035,104</u></u>	<u><u>211,467,443</u></u>

Note:

The Group has issued structured deposits which are linked to interest rate derivatives and designated at FVTPL. 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.

(b) By type of customers

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	2,875,371	5,261,598
Business enterprises	96,808,493	99,334,076
Individuals	107,983,363	104,628,726
Others	2,367,877	2,243,043
	<u>210,035,104</u>	<u>211,467,443</u>

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

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	108,847,533	119,473,207
More than six months to one year	28,326,039	20,115,668
More than one year to five years	1,991,301	2,196,854
More than five years	837,556	774,541
	<u>140,002,429</u>	<u>142,560,270</u>

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**A15 Investment accounts of customers**

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unrestricted investment accounts</b>		
- Mudarabah with maturity	2,097,449	2,249,231
<b>Restricted investment accounts</b>		
- Wakalah bi Al-Istithmar	847	1,282
	<b>2,098,296</b>	<b>2,250,513</b>

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

**A16 Deposits and placements of banks and other financial institutions**

	<b>The Group</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	7,570,352	8,316,003
Licensed investment banks	67,026	362,886
Central banks [Note]	1,512,553	1,497,021
Other financial institutions	2,079,552	2,276,150
	<b>11,229,483</b>	<b>12,452,060</b>

Note:

Deposits and placements from central banks includes monies received by the Group under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,512,553,000 (30 June 2023: RM1,497,021,000) at concession rates.

**A17 Other liabilities**

	<b>Note</b>	<b>The Group</b>		<b>The Company</b>	
		<b>31 December</b>	<b>Restated</b>	<b>31 December</b>	<b>30 June</b>
		<b>2023</b>	<b>30 June</b>	<b>2023</b>	<b>2023</b>
		<b>RM'000</b>	<b>2023</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables		210,936	403,589	-	-
Post employment benefits obligation					
- defined contribution plan		1,929	1,928	41	41
Loan advance payment		3,583,010	3,666,443	-	-
Treasury and cheque clearing		54,255	204,026	-	-
Treasury related payables		478,708	298,332	-	-
Sundry creditors and accruals		341,643	477,975	1,745	2,853
Provision for reinstatement cost		21,837	22,136	286	278
Provision for bonus and staff related expenses		275,239	233,053	16,067	11,603
Expected credit losses on financial guarantee contracts	(a)	8,451	8,110	-	-
Financial liabilities due to third party investors	(b)	1,395,410	1,242,934	-	-
Settlement accounts		2,113,240	889,467	-	-
Others		620,632	574,917	-	-
		<b>9,105,290</b>	<b>8,022,910</b>	<b>18,139</b>	<b>14,775</b>

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**A17 Other liabilities (continued)**

Note:

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>The Group</b>				
At 1 July 2023	6,718	1,392	-	8,110
Changes in ECL due to transfer within stages	13	(13)	-	-
Transfer to Stage 1	23	(23)	-	-
Transfer to Stage 2	(10)	10	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	172	-	-	172
Financial assets derecognised	(100)	(635)	-	(735)
Changes due to change in credit risk	967	(8)	-	959
Exchange differences	(61)	6	-	(55)
<b>At 31 December 2023</b>	<b>7,709</b>	<b>742</b>	<b>-</b>	<b>8,451</b>
At 1 July 2022	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 differences	555	14	-	569
At 30 June 2023	6,718	1,392	-	8,110

(b) Financial liabilities due to third party investors relate to the net asset value of units held by the third party investors of unit trust funds deemed as subsidiary company pursuant to MFRS 10 'Consolidated Financial Statements'.

**A18 Interest income**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>31 December 2023 RM'000</b>	31 December 2022 RM'000	<b>31 December 2023 RM'000</b>	31 December 2022 RM'000
<b>The Group</b>				
Loans, advances and financing	<b>1,594,912</b>	1,415,773	<b>3,171,751</b>	2,666,410
Money at call and deposit placements with financial institutions	<b>63,348</b>	78,922	<b>123,913</b>	143,326
Financial investments at FVOCI	<b>359,366</b>	216,338	<b>691,988</b>	380,222
Financial investments at amortised cost	<b>183,692</b>	180,096	<b>359,243</b>	356,090
Others	<b>14,945</b>	11,393	<b>28,175</b>	18,557
	<b>2,216,263</b>	1,902,522	<b>4,375,070</b>	3,564,605
Of which:				
Interest income earned on impaired loans, advances and financing	<b>12,708</b>	7,706	<b>24,714</b>	14,625

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>31 December 2023 RM'000</b>	31 December 2022 RM'000	<b>31 December 2023 RM'000</b>	31 December 2022 RM'000
<b>The Company</b>				
Money at call and deposit placements with financial institutions	<b>1,857</b>	732	<b>2,634</b>	846
Subordinated obligations	<b>11,728</b>	17,853	<b>23,456</b>	35,706
Multi-currency Additional Tier 1 capital securities	<b>4,759</b>	8,132	<b>9,518</b>	18,063
	<b>18,344</b>	26,717	<b>35,608</b>	54,615

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**A19 Interest income for financial assets at FVTPL**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at FVTPL	<b>43,357</b>	60,834	<b>84,050</b>	141,552

**A20 Interest expense**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>138,731</b>	110,257	<b>248,747</b>	171,277
Deposits from customers	<b>948,878</b>	625,364	<b>1,873,574</b>	1,115,448
Short-term placements	<b>130,813</b>	189,745	<b>286,074</b>	313,654
Borrowings	<b>2,665</b>	2,677	<b>4,102</b>	5,394
Subordinated obligations	<b>23,013</b>	23,871	<b>45,895</b>	47,631
Recourse obligations on loans sold to Cagamas Berhad	<b>16,647</b>	5,749	<b>31,275</b>	9,777
Multi-currency Additional Tier 1 capital securities	<b>19,788</b>	22,548	<b>39,577</b>	42,819
Others	<b>3,221</b>	3,289	<b>6,172</b>	8,492
	<b>1,283,756</b>	983,500	<b>2,535,416</b>	1,714,492

	2nd Quarter Ended		Six Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Borrowings	<b>2,021</b>	2,692	<b>3,472</b>	5,423
Subordinated obligations	<b>12,013</b>	18,265	<b>24,026</b>	36,531
Multi-currency Additional Tier 1 capital securities	<b>4,898</b>	8,378	<b>9,796</b>	18,610
Others	<b>47</b>	58	<b>95</b>	121
	<b>18,979</b>	29,393	<b>37,389</b>	60,685

**A21 Income from Islamic banking business**

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

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**A22 Non-interest income**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Group</b>				
<b>Insurance income</b>	<b>100,964</b>	113,141	<b>161,422</b>	142,850
<b>Brokerage income</b>	<b>13,950</b>	11,215	<b>27,408</b>	20,688
<b>Fee income</b>				
Commissions	31,056	35,447	81,898	74,593
Service charges and fees	10,536	9,470	16,633	15,867
Guarantee fees	5,139	9,205	12,952	14,661
Credit card related fees	58,756	53,571	116,436	105,248
Corporate advisory fees	1,525	2,060	2,486	3,460
Commitment fees	9,530	9,393	18,742	18,924
Loans, advances and financing fees	11,830	12,398	22,930	28,973
Placement fees	933	3,589	3,778	7,151
Arranger fees	1,236	351	2,376	366
Unit trust fees income	11,500	11,333	23,561	23,025
Other fees income	63,426	58,106	114,279	123,728
	<b>205,467</b>	204,923	<b>416,071</b>	415,996
<b>Net income from securities</b>				
Net realised gain/(loss) from sale of:				
- Financial assets at FVTPL	16,099	6,284	24,012	17,316
- Financial investments at FVOCI	1,506	1,011	8,785	617
- Derivative financial instruments	(47,039)	(16,442)	(29,870)	(81,564)
Gross dividend income from:				
- Financial assets at FVTPL	16,710	14,589	41,508	38,401
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	51,343	78,198	43,768	45,340
- Derivative financial instruments	(24,454)	(43,719)	(30,689)	123,215
Net realised gain on fair value changes arising from fair value hedges	1,498	824	3,967	565
Net unrealised (loss)/gain on fair value changes arising from fair value hedges	(924)	6,427	1,432	1,189
	<b>14,739</b>	47,172	<b>62,913</b>	145,079
<b>Other income/(expense)</b>				
Foreign exchange gain	102,748	107,715	148,460	96,537
Rental income	3,586	2,621	7,265	5,137
Net gain/(loss) on disposal of property and equipment	1,469	(2)	1,802	346
Other non-operating income	1,517	6,023	6,363	6,308
	<b>109,320</b>	116,357	<b>163,890</b>	108,328
<b>Total non-interest income</b>	<b>444,440</b>	492,808	<b>831,704</b>	832,941



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**A22 Non-interest income (continued)**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Company</b>				
<b>Fees income</b>				
Management fees and outsourcing fees	3,921	1,967	6,874	4,540
<b>Net income from securities</b>				
Gross dividend income from:				
- Subsidiary companies	87,500	75,000	626,299	603,874
Net unrealised gain on revaluation of:				
- Financial assets at fair value through profit or loss	28	-	28	-
<b>Other income</b>				
Other non-operating income	55	49	112	226
Total non-interest income	<b>91,504</b>	<b>77,016</b>	<b>633,313</b>	<b>608,640</b>

**A23 Overhead expenses**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonus and allowances	322,332	311,220	653,282	615,066
- Medical expenses	7,947	8,590	15,943	16,512
- Training and convention expenses	6,275	3,855	8,762	6,051
- Staff welfare	2,887	2,806	6,079	5,368
- Others	12,413	(4,158)	23,951	4,189
	<b>351,854</b>	<b>322,313</b>	<b>708,017</b>	<b>647,186</b>
Establishment costs				
- Depreciation of property and equipment	27,769	30,684	56,324	61,855
- Depreciation of right-of-use assets	11,697	11,803	24,120	24,286
- Amortisation of intangible assets	13,953	15,119	32,208	30,071
- Rental of premises	592	388	1,090	808
- Information technology expenses	54,287	61,835	118,548	122,788
- Security services	5,706	5,530	12,153	10,377
- Electricity, water and sewerage	5,676	5,130	11,543	11,100
- Hire of plant and machinery	3,670	3,458	7,342	6,557
- Others	8,279	8,813	16,012	16,849
	<b>131,629</b>	<b>142,760</b>	<b>279,340</b>	<b>284,691</b>
Marketing expenses				
- Advertisement and publicity	4,059	8,468	6,226	14,860
- Sales commission and credit card related fees	28,145	36,266	61,145	69,749
- Others	10,091	13,314	25,996	27,208
	<b>42,295</b>	<b>58,048</b>	<b>93,367</b>	<b>111,817</b>
Administration and general expenses				
- Teletransmission expenses	4,493	5,903	9,042	11,484
- Stationery and printing expenses	2,980	2,714	5,612	5,529
- Professional fees	20,404	28,023	43,182	52,215
- Insurance fees	13,672	10,889	26,068	20,430
- Stamp, postage and courier	3,683	3,125	6,868	7,290
- Credit card fees	21,877	19,415	46,475	38,584
- Travelling and transport expenses	1,139	999	1,954	1,739
- Registration and license fees	2,100	2,143	5,377	4,705
- Brokerage and commission	3,321	3,281	6,824	6,107
- Others	7,465	7,800	15,990	15,721
	<b>81,134</b>	<b>84,292</b>	<b>167,392</b>	<b>163,804</b>
Total overhead expenses	<b>606,912</b>	<b>607,413</b>	<b>1,248,116</b>	<b>1,207,498</b>

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**A23 Overhead expense (continued)**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Company</b>				
Personnel costs				
- Salaries, bonus and allowances	5,621	5,180	11,310	10,368
- Medical expenses	-	3	2	5
- Training and convention expenses	2	3	2	10
- Staff welfare	156	162	321	328
- Others	580	1,117	1,307	4,507
	<b>6,359</b>	<b>6,465</b>	<b>12,942</b>	<b>15,218</b>
Establishment costs				
- Depreciation of property and equipment	314	310	629	582
- Depreciation of right-of-use assets	235	235	470	470
- Amortisation of intangible assets	21	22	43	32
- Information technology expenses	55	56	116	118
- Electricity, water and sewerage	10	6	21	16
- Others	81	96	120	147
	<b>716</b>	<b>725</b>	<b>1,399</b>	<b>1,365</b>
Administration and general expenses				
- Teletransmission expenses	5	5	10	12
- Stationery and printing expenses	5	3	9	8
- Professional fees	245	244	496	494
- Management fees	532	598	1,065	1,196
- Others	118	119	226	217
	<b>905</b>	<b>969</b>	<b>1,806</b>	<b>1,927</b>
Total overhead expense	<b>7,980</b>	<b>8,159</b>	<b>16,147</b>	<b>18,510</b>

**A24 (Write-back of)/allowance for impairment losses on loans, advances and financing and other losses**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Group</b>				
Allowance for/(writeback of) impairment losses on:				
- Loans, advances and financing	73,692	87,376	83,328	186,827
- Clients' and brokers' balances	21	(65)	(12)	(159)
Impaired loans, advances and financing:				
- Written off	6,237	6,381	12,260	15,575
- Recovered from bad debt written off	(85,530)	(68,452)	(152,396)	(139,542)
	<b>(5,580)</b>	<b>25,240</b>	<b>(56,820)</b>	<b>62,701</b>

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**A25 (Write-back of)/allowance for impairment losses on other assets**

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Group</b>				
Expected credit losses on:				
- Financial investments at FVOCI	(34)	180	173	135
- Financial investments at amortised cost	(3)	(4)	5	(47)
- Other receivables	(63)	455	83	460
- Cash and short-term funds	38	123	150	32
- Deposits and placements with banks and other financial institutions	42	214	35	46
	<u>(20)</u>	<u>968</u>	<u>446</u>	<u>626</u>

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Company</b>				
Expected credit losses on:				
- Investment in debt instruments issued by subsidiary	<u>(712)</u>	<u>(990)</u>	<u>(1,421)</u>	<u>(1,203)</u>

**A26 Capital adequacy**

The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The consolidated capital adequacy of the Group includes consolidation of all financial and non-financial subsidiary companies, except the insurance/takaful subsidiary companies which shall be deducted in the calculation of Common Equity Tier 1 ("CET 1") capital. The total risk-weighted assets ("RWA") of the Group are computed based on Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk.

The Capital Adequacy Framework (Capital Components) sets out the minimum capital adequacy ratios as well as requirements on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The minimum capital adequacy requirements for CET 1 capital ratio, Tier 1 capital ratio and Total capital ratio are 4.500%, 6.000% and 8.000% respectively. The Group is also required to maintain CCB of up to 2.500% of total RWA, which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019 onwards. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which the Group has credit exposures. The minimum capital adequacy including CCB for CET 1 capital ratio, Tier 1 capital ratio and Total capital ratio for year 2019 onwards are 7.000%, 8.500% and 10.500% respectively.

BNM had issued a letter dated 31 May 2021 on extension of additional measures to assist borrowers/customers affected by the COVID-19 pandemic. These measures allow banking institutions to remain focused on supporting the economy during these exceptional and unprecedented circumstances, by extending loan/financing flexibilities which will allow banking institutions to respond swiftly to the needs of their customers. On 9 December 2020, BNM issued a revision to the Capital Adequacy Framework (Capital Components), which sets out BNM's requirements on the transitional arrangements for regulatory capital treatment of accounting provisions for banking institutions. The transitional arrangements have allowed banking institutions to add back a portion of the Stage 1 and Stage 2 provisions for Expected Credit Losses to CET 1 over a four year period beginning 2020 or a three year period beginning 2021. Prior to this revision, BNM issued a letter dated 24 March 2020, which has allowed banking institutions to (1) drawdown on the capital conservation buffer of 2.500%; (2) operate below the minimum Liquidity Coverage Ratio of 100%; (3) reduce the regulatory reserves held against expected losses to 0%; and (4) lower minimum Net Stable Funding Ratio to 80%. While regulatory response and support has been encouraging amidst a challenging operating environment, the Group has opted to not avail itself to BNM's support measures.

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**A26 Capital adequacy (continued)**

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

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
<b>Before deducting proposed dividends</b>								
CET 1 capital ratio	11.046%	11.245%	13.203%	13.310%	13.517%	13.000%	36.506%	38.498%
Tier 1 capital ratio	12.119%	12.329%	14.225%	14.353%	14.531%	14.029%	36.506%	38.498%
Total capital ratio	<b>14.634%</b>	14.859%	<b>16.252%</b>	16.399%	<b>16.497%</b>	16.009%	<b>46.683%</b>	48.792%
<b>After deducting proposed dividends</b>								
CET 1 capital ratio	10.923%	11.022%	12.890%	12.824%	13.110%	12.372%	36.506%	35.719%
Tier 1 capital ratio	11.996%	12.106%	13.911%	13.866%	14.124%	13.401%	36.506%	35.719%
Total capital ratio	<b>14.511%</b>	14.635%	<b>15.938%</b>	15.912%	<b>16.089%</b>	15.381%	<b>46.683%</b>	46.013%

(b) The components of CET 1, Tier 1 and Tier 2 capital under the Capital Components Framework are as follows:

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
<b>CET 1 capital</b>								
Share capital	2,267,008	2,267,008	7,739,063	7,739,063	7,739,063	7,739,063	252,950	252,950
Retained profit	23,559,474	22,843,179	25,420,318	25,017,703	16,306,018	15,727,832	251,607	280,317
Other reserves	1,052,985	909,389	1,159,636	947,836	195,101	2,905	(2,521)	(4,486)
Qualifying non-controlling interests	8,109,187	7,906,064	-	-	-	-	-	-
Less: Treasury shares	(230,177)	(233,108)	(704,357)	(708,766)	(704,357)	(708,766)	-	-
Less: Other intangible assets	(373,963)	(368,261)	(367,965)	(362,435)	(334,186)	(326,216)	-	-
Less: Goodwill	(2,346,287)	(2,346,287)	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(33,924)	(33,936)
Less: Deferred tax assets	(358,110)	(508,213)	(267,618)	(410,436)	(184,203)	(317,985)	(89,521)	(96,878)
Less: Investment in subsidiary companies/ associated companies	(13,267,810)	(12,125,553)	(9,187,505)	(8,712,976)	(3,936,609)	(3,938,210)	(200)	(200)
Total CET 1 capital	<b>18,412,307</b>	18,344,218	<b>21,960,260</b>	21,678,677	<b>17,309,280</b>	16,407,076	<b>378,391</b>	397,767

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**A26 Capital adequacy (continued)**

(b) The components of CET 1, Tier 1 and Tier 2 capital under the Capital Components Framework are as follows: (continued)

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Tier 1 capital</b>								
Multi-currency Additional Tier 1 capital securities	399,999	399,997	1,698,676	1,698,491	1,698,676	1,698,491	-	-
Qualifying CET 1 and Additional Tier 1 capital instruments held by third parties	1,389,895	1,368,004	-	-	-	-	-	-
Tier 1 capital before regulatory adjustments	1,789,894	1,768,001	1,698,676	1,698,491	1,698,676	1,698,491	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	-	-	(400,000)	(400,000)	-	-
Tier 1 capital after regulatory adjustments	1,789,894	1,768,001	1,698,676	1,698,491	1,298,676	1,298,491	-	-
Total Tier 1 capital	20,202,201	20,112,219	23,658,936	23,377,168	18,607,956	17,705,567	378,391	397,767
<b>Tier 2 capital</b>								
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	1,866,140	1,826,248	1,872,239	1,832,523	1,417,570	1,399,403	5,489	6,356
Subordinated obligations	1,099,995	1,099,990	1,499,177	1,499,089	1,499,177	1,499,089	100,000	100,000
Qualifying non-controlling interests	1,225,322	1,200,465	-	-	-	-	-	-
Less: Investment in Tier 2 subordinated sukuk murabahah	-	-	-	-	(400,000)	(400,000)	-	-
Total Tier 2 capital	4,191,457	4,126,703	3,371,416	3,331,612	2,516,747	2,498,492	105,489	106,356
Total capital	24,393,658	24,238,922	27,030,352	26,708,780	21,124,703	20,204,059	483,880	504,123

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**A26 Capital adequacy (continued)**

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

	<b>Hong Leong Financial Group</b>		<b>Hong Leong Bank Group</b>		<b>Hong Leong Bank Berhad</b>		<b>Hong Leong Investment Bank Berhad</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>	<b>31 December 2023</b>	<b>30 June 2023</b>	<b>31 December 2023</b>	<b>30 June 2023</b>	<b>31 December 2023</b>	<b>30 June 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk [Note]	<b>149,291,210</b>	146,099,832	<b>149,779,134</b>	146,601,855	<b>113,405,593</b>	111,952,229	<b>439,115</b>	508,514
Market risk	<b>6,656,379</b>	6,433,925	<b>6,215,062</b>	6,124,089	<b>6,360,222</b>	6,120,834	<b>294,501</b>	185,018
Operational risk	<b>10,746,750</b>	10,596,687	<b>10,330,174</b>	10,143,761	<b>8,287,859</b>	8,131,845	<b>302,915</b>	339,681
Total RWA	<b>166,694,339</b>	163,130,444	<b>166,324,370</b>	162,869,705	<b>128,053,674</b>	126,204,908	<b>1,036,531</b>	1,033,213

Note:

In accordance with BNM Investment Account Policy, the credit RWA of Hong Leong Islamic Bank Berhad funded by Investment Account of RM1,515,218,000 (30 June 2023: RM1,588,912,000) is excluded from the calculation of capital adequacy ratio of the Group.

(d) The capital adequacy ratios of Hong Leong Bank Group's subsidiary company are as follows:

	<b>Hong Leong Islamic Bank Berhad</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>
<b>Before deducting proposed dividends</b>		
CET 1 capital ratio	<b>11.537%</b>	11.423%
Tier 1 capital ratio	<b>12.705%</b>	12.653%
Total capital ratio	<b>15.047%</b>	15.051%
<b>After deducting proposed dividends</b>		
CET 1 capital ratio	<b>11.537%</b>	11.423%
Tier 1 capital ratio	<b>12.705%</b>	12.653%
Total capital ratio	<b>15.047%</b>	15.051%

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**A27 Material events subsequent to the end of the financial period**

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

**A28 Changes in composition of the Group**

There was no change in the composition of the Group for the current financial period and up to the date of the report.

**A29 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.

**A30 Commitments and contingencies**

In the normal course of business, the Group 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/principal amount of the commitments and contingencies constitute the following:

	<b>The Group</b>	
	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>RM'000</b>	RM'000
<b><u>Commitments and contingencies</u></b>		
Direct credit substitutes	220,776	225,515
Certain transaction related contingent items	2,882,948	2,594,402
Short-term self liquidating trade related contingencies	965,278	1,063,924
Obligations under underwriting agreement	13,338	-
Any commitments that are unconditionally cancellable at any time by the Group without prior notice:		
- less than one year	860,578	917,463
Irrevocable commitments to extend credit:		
- maturity more than one year	16,486,701	17,073,556
- maturity less than one year	28,596,510	26,457,159
Unutilised credit card lines	7,189,399	6,902,344
	<b>57,215,528</b>	<b>55,234,363</b>
<b><u>Derivative financial instruments</u></b>		
Foreign exchange related contracts:		
- less than one year	67,175,616	67,555,981
- one year to five years	6,901,618	7,321,941
- over five years	554,011	737,005
Interest rate related contracts:		
- less than one year	53,648,575	46,129,203
- one year to five years	103,340,500	84,573,444
- over five years	3,996,124	4,399,525
Equity related contracts:		
- less than one year	652,971	487,429
- one year to five years	928,819	668,593
Credit related contracts:		
- less than one year	119,121	121,391
- one year to less than five years	16,761	-
- over five years	1,338,942	1,225,853
Commodity related contracts:		
- less than one year	131,922	554,082
	<b>238,804,980</b>	<b>213,774,447</b>
	<b>296,020,508</b>	<b>269,008,810</b>

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**A31 Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

**Determination of fair value and fair value hierarchy**

The Group and the Company 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 is 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 then determines fair value based upon valuation techniques that use as inputs, 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.

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

The Group	Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>31 December 2023</b>				
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL				
- Money market instruments	-	16,107,206	-	16,107,206
- Quoted securities	7,015,640	-	-	7,015,640
- Unquoted securities	-	7,984,033	393,370	8,377,403
Financial investments at FVOCI				
- Money market instruments	-	23,945,173	-	23,945,173
- Quoted securities	5,030,398	-	-	5,030,398
- Unquoted securities	-	11,012,392	97,650	11,110,042
Derivative financial instruments	7,709	1,818,635	67,267	1,893,611
	<u>12,053,747</u>	<u>60,867,439</u>	<u>558,287</u>	<u>73,479,473</u>



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**A31 Fair value of financial instruments (continued)**

**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 Group	Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>31 December 2023</b>				
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial liabilities</u></b>				
Derivative financial instruments	39,229	1,776,734	65,947	1,881,910
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	4,195,075	-	4,195,075
	<u>39,229</u>	<u>5,971,809</u>	<u>65,947</u>	<u>6,076,985</u>
<b>30 June 2023</b>				
<b><i>Recurring fair value measurements</i></b>				
<b><u>Financial assets</u></b>				
Financial assets at FVTPL				
- Money market instruments	-	16,937,095	-	16,937,095
- Quoted securities	6,464,089	-	-	6,464,089
- Unquoted securities	-	8,099,338	393,370	8,492,708
Financial investments at FVOCI				
- Money market instruments	-	20,993,658	-	20,993,658
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	10,196,626	97,650	10,294,276
Derivative financial instruments	26,174	2,135,086	74,354	2,235,614
	<u>10,927,114</u>	<u>58,361,803</u>	<u>565,374</u>	<u>69,854,291</u>
<b><u>Financial liabilities</u></b>				
Derivative financial instruments	874	2,374,718	71,839	2,447,431
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	<u>874</u>	<u>5,939,048</u>	<u>71,839</u>	<u>6,011,761</u>

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (30 June 2023: RM Nil).

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**A31 Fair value of financial instruments (continued)**

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets			Financial liability
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
<b>The Group</b>				
At 1 July 2023	393,370	97,650	74,354	71,839
Fair value changes recognised in statements of income	-	-	13,857	13,857
Purchases	-	-	7,731	7,254
Settlements	-	-	(28,675)	(27,003)
<b>At 31 December 2023</b>	<b>393,370</b>	<b>97,650</b>	<b>67,267</b>	<b>65,947</b>
Fair value changes recognised in statements of income relating to assets held on 31 December 2023	-	-	13,857	13,857
At 1 July 2022	382,663	83,386	104,802	103,510
Fair value changes recognised in statements of income	10,707	-	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 2023	393,370	97,650	74,354	71,839
Fair value changes recognised in statements of income relating to assets held on 30 June 2023	10,707	-	18,418	18,418
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	-	14,264	-	-

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**A32 Financial Effects arising from Adoption of MFRS 17 Insurance Contracts**

(i) The adoption of MFRS 17 resulted in the following financial effects to the statements of financial position of the Group

**Statements of Financial Position**

The Group	30 June 2022 RM'000	Effects of MFRS 17 adoption RM'000	Restated		Effects of MFRS 17 adoption RM'000	Restated	
			01 July 2022 RM'000	30 June 2023 RM'000		01 July 2022 RM'000	30 June 2023 RM'000
Cash and short-term funds	9,605,894	-	9,605,894	9,848,432	-	9,848,432	
Deposits and placements with banks and other financial institutions	1,300,746	-	1,300,746	1,079,574	-	1,079,574	
Financial assets at fair value through and profit or loss	29,470,629	-	29,470,629	31,893,892	-	31,893,892	
Financial investments at fair value through other comprehensive income	27,452,943	-	27,452,943	35,724,785	-	35,724,785	
Financial investments at amortised cost	33,608,857	-	33,608,857	32,332,303	-	32,332,303	
Derivative financial instruments	1,902,169	-	1,902,169	2,235,614	-	2,235,614	
Loans, advances and financing	167,177,303	(295,959)	166,881,344	180,567,415	(254,751)	180,312,664	
Clients' and brokers' balances	722,181	(163,219)	558,962	618,824	(180,536)	438,288	
Other assets	2,431,500	(3,204)	2,428,296	2,677,749	10,138	2,687,887	
Statutory deposits with Central Banks	520,650	-	520,650	3,449,270	-	3,449,270	
Tax recoverable	6,262	-	6,262	4,907	-	4,907	
Deferred tax assets	364,931	(89,683)	275,248	107,874	(107,874)	-	
Investment in associated companies	7,660,825	-	7,660,825	10,050,740	-	10,050,740	
Property and equipment	1,274,380	-	1,274,380	1,214,879	-	1,214,879	
Right-of-use assets	214,355	-	214,355	189,340	-	189,340	
Investment properties	471,610	-	471,610	471,630	-	471,630	
Goodwill arising on consolidation	2,410,644	-	2,410,644	2,410,644	-	2,410,644	
Intangible assets	324,938	-	324,938	387,918	-	387,918	
<b>Total Assets</b>	<b>286,920,817</b>	<b>(552,065)</b>	<b>286,368,752</b>	<b>315,265,790</b>	<b>(533,023)</b>	<b>314,732,767</b>	
<b>Liabilities</b>							
Deposits from customers	197,382,921	-	197,382,921	211,467,443	-	211,467,443	
Investment accounts of customers	2,668,408	-	2,668,408	2,250,513	-	2,250,513	
Deposits and placements of banks and and other financial institutions	8,229,485	-	8,229,485	12,452,060	-	12,452,060	
Obligations on securities sold under repurchase agreements	3,971,304	-	3,971,304	7,399,583	-	7,399,583	
Bills and acceptances payable	241,361	-	241,361	211,431	-	211,431	
Derivative financial instruments	1,765,006	-	1,765,006	2,447,431	-	2,447,431	
Clients' and brokers' balances	306,901	-	306,901	145,393	-	145,393	
Other liabilities	12,001,014	(3,867,210)	8,133,804	12,054,456	(4,031,546)	8,022,910	
Lease liabilities	212,599	-	212,599	192,011	-	192,011	
Recourse obligations on loans/financing sold to Cagamas Berhad	1,623,936	-	1,623,936	2,972,220	-	2,972,220	
Provision for claims	338,005	(338,005)	-	414,347	(414,347)	-	
Provision for taxation	331,101	-	331,101	58,141	-	58,141	
Deferred tax liabilities	-	-	-	-	8,022	8,022	
Borrowings	411,931	-	411,931	201,936	-	201,936	
Subordinated obligations	2,207,083	-	2,207,083	2,206,650	-	2,206,650	
Multi-currency Additional Tier 1 capital securities	1,715,849	-	1,715,849	1,719,630	-	1,719,630	
Insurance funds	17,524,189	3,239,978	20,764,167	19,442,911	3,392,209	22,835,120	
<b>Total Liabilities</b>	<b>250,931,093</b>	<b>(965,237)</b>	<b>249,965,856</b>	<b>275,636,156</b>	<b>(1,045,662)</b>	<b>274,590,494</b>	
<b>Equity</b>							
Share capital	2,267,008	-	2,267,008	2,267,008	-	2,267,008	
Reserves	22,244,622	289,747	22,534,369	24,757,812	359,737	25,117,549	
Treasury shares for ESS	(236,039)	-	(236,039)	(233,108)	-	(233,108)	
<b>Total Shareholders' Equity</b>	<b>24,275,591</b>	<b>289,747</b>	<b>24,565,338</b>	<b>26,791,712</b>	<b>359,737</b>	<b>27,151,449</b>	
Non-controlling interests	11,714,133	123,425	11,837,558	12,837,922	152,902	12,990,824	
<b>Total Equity</b>	<b>35,989,724</b>	<b>413,172</b>	<b>36,402,896</b>	<b>39,629,634</b>	<b>512,639</b>	<b>40,142,273</b>	
<b>Total Liabilities and Equity</b>	<b>286,920,817</b>	<b>(552,065)</b>	<b>286,368,752</b>	<b>315,265,790</b>	<b>(533,023)</b>	<b>314,732,767</b>	

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**A32 Financial Effects arising from Adoption of MFRS 17 Insurance Contracts (continued)**

(ii) The adoption of MFRS 17 resulted in the following financial effects to the statements of comprehensive income of the Group

**Statements of Comprehensive Income**

	<b>31 December 2022 RM'000</b>	<b>Effects of MFRS 17 adoption RM'000</b>	<b><u>Restated</u> 31 December 2022 RM'000</b>
<b>The Group</b>			
Interest income	3,564,605	-	3,564,605
Interest income for financial assets at fair value through profit or loss	141,552	-	141,552
Interest expense	(1,714,833)	341	(1,714,492)
Net interest income	<u>1,991,324</u>	<u>341</u>	<u>1,991,665</u>
Income from Islamic banking business	524,839	-	524,839
	<u>2,516,163</u>	<u>341</u>	<u>2,516,504</u>
Non-interest income	832,749	192	832,941
Net income	<u>3,348,912</u>	<u>533</u>	<u>3,349,445</u>
Overhead expenses	(1,249,964)	42,466	(1,207,498)
Operating profit before allowances	<u>2,098,948</u>	<u>42,999</u>	<u>2,141,947</u>
Allowance for impairment losses on loans, advances and financing and other losses	(62,701)	-	(62,701)
Writeback of impairment losses on other assets	(626)	-	(626)
	<u>2,035,621</u>	<u>42,999</u>	<u>2,078,620</u>
Share of results of associated companies	662,164	-	662,164
Profit before taxation	<u>2,697,785</u>	<u>42,999</u>	<u>2,740,784</u>
Taxation	(497,928)	(5,524)	(503,452)
Net profit for the financial period	<u>2,199,857</u>	<u>37,475</u>	<u>2,237,332</u>
Attributable to:			
Owners of the parent	1,452,576	28,394	1,480,970
Non-controlling interests	747,281	9,081	756,362
	<u>2,199,857</u>	<u>37,475</u>	<u>2,237,332</u>

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

**B1 Review of performance**

**Current quarter against previous corresponding quarter**

HLFG Group recorded a profit before tax of RM1,530.4 million for the current quarter ended 31 December 2023 as compared to RM1,499.3 million in the previous corresponding quarter (restated), an increase of RM31.1 million or 2%. The increase was due to higher contribution from commercial banking, investment banking and stockbroking divisions.

Hong Leong Bank Berhad ("HLB") recorded a profit before tax of RM1,341.0 million for the current quarter ended 31 December 2023 as compared to RM1,287.4 million in the previous corresponding quarter, an increase of RM53.6 million or 4%. The increase was mainly due to higher share of profit from associated company which has increased by RM75.2 million, higher write back of impairment losses on loans, advances & financing of RM31.1 million and write back of impairment losses on financial investments and other assets of RM0.5 million. This was offset by higher operating expenses of RM31.6 million and lower revenue of RM21.6 million.

HLA Holdings Sdn Bhd ("HLAH") recorded a profit before tax of RM171.9 million for the current quarter ended 31 December 2023 as compared to RM204.1 million in the previous corresponding quarter (restated), a decrease of RM32.2 million or 16%. The decrease was mainly due to lower revenue of RM122.3 million. This was mitigated by higher life fund surplus of RM69.4 million, lower operating expenses of RM12.7 million and higher share of profit from associated company of RM8.0 million.

Hong Leong Capital Berhad ("HLCB") recorded a profit before tax of RM19.4 million for the current quarter ended 31 December 2023 as compared to RM15.3 million in the previous corresponding quarter, an increase of RM4.1 million or 27%. The increase was mainly due to fair value gain on investment and higher contribution from investment banking & stockbroking divisions.

**Current year-to-date against previous year-to-date**

HLFG Group recorded a profit before tax of RM2,882.8 million for the current period ended 31 December 2023 as compared to RM2,740.8 million in the previous corresponding period (restated), an increase of RM142.0 million or 5%. The increase was due to higher contribution from across all operating divisions.

HLB recorded a profit before tax of RM2,584.1 million for the period ended 31 December 2023 as compared to RM2,474.5 million in the previous corresponding period, an increase of RM109.6 million or 4%. The increase was mainly due to higher share of profit from associated company which has increased by RM164.6 million and higher write back of impairment losses on financial investment and other assets of RM119.7 million. This was offset by lower revenue of RM127.4 million and higher operating expenses of RM47.3 million.

HLAH recorded a profit before tax of RM258.9 million for the period ended 31 December 2023 as compared to RM251.1 million in the previous corresponding period (restated), an increase of RM7.8 million or 3%. The increase was mainly due to higher life fund surplus of RM48.3 million and higher share of profit from associated company of RM20.8 million. This was offset by lower revenue of RM54.6 million and higher operating expenses of RM6.7 million.

HLCB recorded a profit before tax of RM46.9 million for the period ended 31 December 2023 as compared to RM36.1 million in the previous corresponding period, an increase of RM10.8 million or 30%. The increase was mainly due to fair value gain on investment and higher contribution from investment banking & stockbroking divisions.

**B2 Current quarter against preceding quarter**

HLFG Group recorded a profit before tax of RM1,530.4 million for the current quarter ended 31 December 2023 as compared to RM1,352.5 million in the preceding quarter (restated), an increase of RM177.9 million or 13%. The increase was due to higher contribution from commercial banking and insurance divisions.

HLB recorded a profit before tax of RM1,341.0 million for the current quarter ended 31 December 2023 as compared to RM1,243.1 million in the preceding quarter, an increase of RM97.9 million or 8%. The increase was mainly due to higher share of profit from associated company which has increased by RM93.7 million and higher revenue of RM70.6 million. This was offset by lower write back of impairment losses on loans, advances & financing of RM45.1 million and higher operating expenses of RM21.3 million.

HLAH recorded a profit before tax of RM171.9 million for the current quarter ended 31 December 2023 as compared to RM87.0 million in the preceding quarter (restated), an increase of RM84.9 million or 98%. The increase was mainly due to higher life fund surplus of RM87.9 million and lower operating expenses of RM31.5 million. This was offset by lower revenue of RM33.3 million and lower share of profit from associated company of RM1.2 million.

HLCB recorded a profit before tax of RM19.4 million for the current quarter ended 31 December 2023 as compared to RM27.4 million in the preceding quarter, a decrease of RM8.0 million or 29%. This was mainly due to lower contribution from across all operating divisions.

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

**B3 Prospects for the current financial year**

The global economic landscape remains uncertain, weighed by sluggish external trades, tight monetary conditions and flare up of hostilities in the Middle East. This is, however, aided by the resilient economy of the United States and China's policy measures to reinvigorate its economy, albeit at a moderate pace.

Malaysia's economy is forecasted to expand by 4%-5% in 2024 driven by domestic demand from resilient private and public investments. The growth is further supported by the Government's initiatives under Budget 2024 and MADANI economy framework, which comprises of National Energy Transition Roadmap, the New Industrial Master Plan 2030, and the Mid-Term Review of the 12th Malaysia Plan.

The Group is maintaining a cautious stance for the second half of the financial year given the challenging operating environment. Nevertheless, the Group will actively prioritise its strategic focus on delivering sustainable and improved performance by growing targeted segments, developing new product offerings as well as enhancing customer centricity. With asset quality being a key priority, the Group will continue to uphold its sound loan monitoring and management of credit risk, while also maintaining its strong capital and liquidity position to support asset growth. This is on top of prudent cost control and continuous technology investment in operational resiliency and digital capabilities across all operating companies.

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

There was no profit forecast or profit guarantee issued by the Group.

**B5 Taxation**

	2nd Quarter Ended		Six Months Ended	
	31 December	Restated	31 December	Restated
	2023	31 December	2023	31 December
	2022	2022	2022	2022
<b>The Group</b>	RM'000	RM'000	RM'000	RM'000
Income tax	231,488	230,269	457,398	450,452
Prior period over/under provision	(69,271)	50,305	(71,253)	50,311
	<u>162,217</u>	<u>280,574</u>	<u>386,145</u>	<u>500,763</u>
Transfer from deferred tax	122,753	2,538	136,177	2,689
	<u><u>284,970</u></u>	<u><u>283,112</u></u>	<u><u>522,322</u></u>	<u><u>503,452</u></u>

	2nd Quarter Ended		Six Months Ended	
	31 December	Restated	31 December	Restated
	2023	31 December	2023	31 December
	2022	2022	2022	2022
<b>The Company</b>	RM'000	RM'000	RM'000	RM'000
Income tax	128	89	213	178
Prior period/year over provision	-	(30)	-	(30)
	<u>128</u>	<u>59</u>	<u>213</u>	<u>148</u>
Transfer to deferred tax	(32)	-	(73)	-
	<u><u>96</u></u>	<u><u>59</u></u>	<u><u>140</u></u>	<u><u>148</u></u>

The Company's effective tax rate for the current financial period was lower than the statutory tax rate of 24% due to certain income was not subjected to tax.

**B6 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.

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

**B7 Borrowings**

	The Group		The Company	
	31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
<b>Unsecured</b>				
Senior notes	<b>502,804</b>	201,936	<b>201,994</b>	201,919
	<b>502,804</b>	201,936	<b>201,994</b>	201,919
Repayment of senior notes				
- One to three years	<b>502,804</b>	201,936	<b>201,994</b>	201,919
	<b>502,804</b>	201,936	<b>201,994</b>	201,919

**B8 Subordinated obligations**

	Note	The Group		The Company	
		31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
RM600.0 million Tier 2 subordinated debt, at par	(a)	<b>600,000</b>	600,000	-	-
Add: Interest payable		<b>4,835</b>	4,710	-	-
		<b>604,835</b>	604,710	-	-
RM1.6 billion Tier 2 subordinated notes, at par	(b)	<b>1,600,000</b>	1,600,000	<b>1,100,000</b>	1,100,000
Add: Interest payable		<b>3,054</b>	2,867	<b>2,333</b>	2,203
		<b>1,603,054</b>	1,602,867	<b>1,102,333</b>	1,102,203
Less: Unamortised discounts		<b>(823)</b>	(927)	<b>(163)</b>	(344)
		<b>1,602,231</b>	1,601,940	<b>1,102,170</b>	1,101,859
		<b>2,207,066</b>	2,206,650	<b>1,102,170</b>	1,101,859

Note:

(a) On 3 February 2020, Hong Leong Assurance Berhad ("HLA"), a wholly owned subsidiary of HLA Holdings Sdn Bhd and also an indirect subsidiary of HLFGB, completed the Subordinated Notes ("Sub-Notes") issuance of RM300.0 million in nominal value. The Sub-Notes were issued for a period of 10 years on a 10 non-callable 5 years basis with a coupon rate of 3.85% per annum.

On 28 December 2020, HLA completed two issuances of Sub-Notes for RM150.0 million in nominal value each. The Sub-Notes were issued for a period of 5 years basis with a coupon rate of 3.45% per annum and 8 years basis with a coupon rate of 3.70% respectively.

The above Sub-Notes are unsecured liabilities and classified as Tier 2 capital under Risk-Based Capital Framework for Insurers.

(b) On 25 June 2018, the Company issued an unsecured RM500.0 million nominal value of Tier 2 subordinated notes ("Sub-Notes") out of its multi-currency perpetual notes programme. The Sub-Notes, which qualified as Tier 2 capital for the Company, carry a distribution rate of 4.93% per annum. The Sub-Notes has a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM500.0 million Tier 2 subordinated notes issued by HLB, a subsidiary of the Company. On 26 June 2023, the Company had fully redeemed the RM500.0 million nominal value of this Sub-Notes.

On 14 June 2019, the Company had issued an unsecured RM1.1 billion nominal value of Tier 2 subordinated notes ("Sub-Notes") out of its multi-currency perpetual notes programme. The Sub-Notes, which qualified as Tier 2 capital for the Company, carry a distribution rate of 4.30% per annum. The Sub-Notes has a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM1.0 billion and RM100.0 million Tier 2 subordinated notes issued by HLB and HLIB respectively, the subsidiary companies of the Company.

On 19 June 2023, HLB issued an unsecured RM500.0 million nominal value of Tier 2 subordinated notes ("Sub-Notes") out of its multi-currency subordinated notes programme. The Sub-Notes carry a distribution rate of 4.20% per annum with a tenure of 10 years non-callable 5 years.

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

B9 Multi-currency Additional Tier 1 capital securities

	The Group		The Company	
	31 December 2023 RM'000	30 June 2023 RM'000	31 December 2023 RM'000	30 June 2023 RM'000
Multi-currency Additional Tier 1 capital securities, at par	1,700,000	1,700,000	400,000	400,000
Add: Interest payable	15,875	16,005	4,965	4,965
	<u>1,715,875</u>	<u>1,716,005</u>	<u>404,965</u>	<u>404,965</u>
Less: Unamortised discounts	(1,327)	(1,490)	(37)	(114)
Add: Fair value changes arising from fair value hedges	6,873	5,115	-	-
	<u>1,721,421</u>	<u>1,719,630</u>	<u>404,928</u>	<u>404,851</u>

On 30 November 2017, the Company issued an unsecured RM400.0 million nominal value of Multi-currency Additional Tier 1 capital securities ("Capital Securities") out of its multi-currency perpetual notes programme. The Capital Securities, which qualify as Additional Tier 1 capital for the Company, carry a distribution rate of 5.23% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe for RM400.0 million Additional Tier 1 capital securities issued by HLB.

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

On 29 March 2019, the Company issued a second tranche of unsecured RM400.0 million nominal value Capital Securities. The Capital Securities carry a distribution rate of 4.82% per annum, perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe for RM400.0 million Additional Tier 1 capital securities issued by HLB.

On 29 April 2022, HLB issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities ("Green Capital Securities"), out of 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, HLB issued a nominal value of RM400.0 million Additional Tier 1 capital securities ("Capital Securities") out of its multi-currency Additional Tier 1 capital securities programme. The Capital Securities carry a distribution rate of 4.70% per annum are perpetual and non-callable for 5 years with an Issuer's call option to redeem at the end of year 5.



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

## B10 Off-balance sheet financial instruments

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

## The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	53,157,651	580,569	(441,197)
(ii) 1 year to 3 years	1,398,752	18,661	(2,350)
(iii) More than 3 years	1,175,424	13,434	(2,382)
- Swaps			
(i) Less than 1 year	10,573,137	208,301	(142,634)
(ii) 1 year to 3 years	3,417,554	75,241	(162,617)
(iii) More than 3 years	1,449,353	41,460	(52,442)
- Options			
(i) Less than 1 year	3,444,828	21,285	(17,725)
(ii) 1 year to 3 years	14,546	168	(168)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	15,470,463	11,260	(40,006)
(ii) 1 year to 3 years	2,208,000	10,405	(4,333)
(iii) More than 3 years	1,844,000	6,635	(11,785)
- Swaps			
(i) Less than 1 year	38,178,112	49,973	(63,236)
(ii) 1 year to 3 years	44,809,589	250,776	(218,411)
(iii) More than 3 years	58,475,035	437,114	(562,346)
Equity related contracts			
(i) Less than 1 year	652,971	17,151	(17,110)
(ii) 1 year to 3 years	256,901	13,244	(5,460)
(iii) More than 3 years	671,918	38,663	(38,662)
Credit related contracts			
(i) Less than 1 year	119,121	8,319	(8,319)
(ii) More than 3 years	1,355,703	89,863	(89,863)
Commodity related contracts			
(i) Less than 1 year	131,922	1,089	(864)
<b>Total</b>	<b>238,804,980</b>	<b>1,893,611</b>	<b>(1,881,910)</b>

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

## B10 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	51,917,953	981,716	(859,034)
(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	4,918,647	27,463	(1,905)
(ii) 1 year to 3 years	1,901,000	11,927	(4,606)
(iii) More than 3 years	1,601,000	10,227	(8,156)
- 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	102,756	8,311	(7,258)
(iii) More than 3 years	565,837	48,755	(47,383)
Credit related contracts			
(i) Less than 1 year	121,391	6,477	(6,477)
(ii) More than 3 years	1,225,853	86,128	(86,128)
Commodity related contracts			
(i) Less than 1 year	554,082	1,142	(1,131)
<b>Total</b>	<b>213,774,447</b>	<b>2,235,614</b>	<b>(2,447,431)</b>

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM399,969,000 (30 June 2023: RM522,107,000) and RM157,503,378,000 (30 June 2023: RM131,760,483,000) respectively.

Derivatives

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

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

B10 Off-balance sheet financial instruments (continued)

**Credit risk**

Derivatives

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM2,024,122,000 (30 June 2023: RM2,489,863,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie, 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 (ie, 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.

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.

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

**B10 Off-balance sheet financial instruments (continued)**

**Related accounting policies (continued)**

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.

**B11 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.

**B12 Dividend declared**

A single-tier interim dividend of 18.0 sen per share has been declared by the Company for the current quarter.

- (i) Amount per share: 18.0 sen per share
- (ii) Previous corresponding period: 17.0 sen per share
- (iii) Entitlement date: 15 March 2024
- (iv) Payment date: 27 March 2024

**B13 Earnings per share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial period.

	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Group</b>				
Net profit attributable to equity holders	831,866	811,496	1,573,511	1,480,970
Weighted average number of ordinary shares ('000)	1,134,156	1,134,049	1,134,129	1,133,997
<b>Basic earnings per share (sen)</b>	<b>73.3</b>	71.6	<b>138.7</b>	130.6
	2nd Quarter Ended		Six Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>The Company</b>				
Net profit attributable to equity holders	83,505	67,112	616,666	585,115
Weighted average number of ordinary shares ('000)	1,138,248	1,138,141	1,138,221	1,138,089
<b>Basic earnings per share (sen)</b>	<b>7.3</b>	5.9	<b>54.2</b>	51.4

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

Dated this 28 February 2024