

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	<u>The Group</u>		<u>The Company</u>	
		30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Assets					
Cash and short-term funds		7,548,161	9,848,432	8,993	65,246
Deposits and placements with banks and other financial institutions		1,652,027	1,079,574	129,360	67,860
Securities purchased under resale agreements		297,315	-	-	-
Financial assets at fair value through profit or loss	A9	31,824,070	31,893,892	371,937	-
Financial investments at fair value through other comprehensive income	A10	43,142,054	35,724,785	-	-
Financial investments at amortised cost	A11	32,457,440	32,332,303	-	-
Derivative financial instruments	B10	1,389,900	2,235,614	-	-
Loans, advances and financing	A12	193,613,380	180,312,667	-	-
Clients' and brokers' balances		236,831	140,476	-	-
Other assets	A13	4,752,476	2,679,675	2,637	2,250
Statutory deposits with Central Banks		3,275,743	3,449,270	-	-
Tax recoverable		8,576	4,907	-	464
Deferred tax assets		-	-	221	203
Investment in subsidiary companies		-	-	17,054,109	18,558,876
Investment in associated companies		10,889,153	10,073,527	-	-
Property and equipment		1,145,889	1,214,879	4,504	5,341
Right-of-use assets		177,995	189,340	2,195	3,135
Investment properties		471,630	471,630	-	-
Goodwill arising on consolidation		2,410,644	2,410,644	-	-
Insurance/reinsurance contract assets	A32	525,721	436,839	-	-
Intangible assets		386,458	387,918	69	137
Total Assets		336,205,463	314,886,372	17,574,025	18,703,512
Liabilities					
Deposits from customers	A14	220,075,326	211,467,443	-	-
Investment accounts of customers	A15	2,166,534	2,250,513	-	-
Deposits and placements of banks and other financial institutions	A16	14,178,774	12,452,060	-	-
Obligations on securities sold under repurchase agreements		9,823,649	7,399,583	-	-
Bills and acceptances payable		282,547	211,431	-	-
Derivative financial instruments	B10	1,833,231	2,447,431	-	-
Clients' and brokers' balances		233,891	145,393	-	-
Other liabilities	A17	8,911,178	7,991,398	15,122	14,775
Lease liabilities		181,312	192,011	2,408	3,353
Recourse obligations on loans/financing sold to Cagamas Berhad		3,277,003	2,972,220	-	-
Provision for taxation		202,818	58,141	252	-
Deferred tax liabilities		361,224	9,575	-	-
Borrowings	B7	751,862	201,936	201,991	201,919
Subordinated obligations	B8	2,205,168	2,206,650	-	1,101,859
Multi-currency Additional Tier 1 capital securities	B9	1,718,671	1,719,630	-	404,851
Insurance/reinsurance contract liabilities	A32	25,633,476	22,955,206	-	-
Total Liabilities		291,836,664	274,680,621	219,773	1,726,757
Equity					
Share capital		2,267,008	2,267,008	2,267,008	2,267,008
Reserves		28,053,839	25,167,963	15,259,038	14,884,472
Treasury shares for ESS		(230,177)	(233,108)	(171,794)	(174,725)
Total Shareholders' Equity		30,090,670	27,201,863	17,354,252	16,976,755
Non-controlling interests		14,278,129	13,003,888	-	-
Total Equity		44,368,799	40,205,751	17,354,252	16,976,755
Total Liabilities and Equity		336,205,463	314,886,372	17,574,025	18,703,512
Commitments and Contingencies	A30	323,287,166	269,008,810	-	-
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)		26.53	23.99	15.25	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/YEAR ENDED 30 JUNE 2024

The Group	Note	4th Quarter Ended		Twelve Months Ended	
		30 June 2024	Restated 30 June 2023	30 June 2024	Restated 30 June 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	2,280,161	2,054,511	8,881,152	7,549,032
Interest income for financial assets at fair value through profit or loss	A19	26,915	33,138	161,285	214,224
Interest expense	A20	(1,299,870)	(1,169,199)	(5,119,897)	(3,976,540)
Net interest income		1,007,206	918,450	3,922,540	3,786,716
Income from Islamic banking business	A21	259,914	229,631	985,948	963,368
		1,267,120	1,148,081	4,908,488	4,750,084
Non-interest income	A22	457,764	343,024	1,742,204	1,726,482
Net income		1,724,884	1,491,105	6,650,692	6,476,566
Overhead expenses	A23	(709,266)	(650,299)	(2,609,383)	(2,479,234)
Operating profit before allowances		1,015,618	840,806	4,041,309	3,997,332
Write-back of/(allowance for) impairment losses on loans, advances and financing and other losses	A24	31,217	(14,326)	114,428	(115,208)
(Allowance for)/write-back of impairment losses on other assets	A25	(19)	806	(1,189)	304
Operating profit after allowances		1,046,816	827,286	4,154,548	3,882,428
Share of results of associated companies		430,685	365,399	1,691,023	1,368,852
Profit before taxation		1,477,501	1,192,685	5,845,571	5,251,280
Taxation	B5	(274,398)	(198,803)	(1,058,401)	(919,180)
Net profit for the financial period/year		1,203,103	993,882	4,787,170	4,332,100
Net profit for the financial period/year attributable to:					
Owners of the parent		806,086	663,911	3,197,662	2,880,853
Non-controlling interests		397,017	329,971	1,589,508	1,451,247
		1,203,103	993,882	4,787,170	4,332,100
Earnings per share attributable to equity holders of the Company (sen)					
- Basic/diluted	B13 (a)	71.1	58.5	281.9	254.0

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 COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD/YEAR ENDED 30 JUNE 2024

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	Restated 30 June 2023	30 June 2024	Restated 30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year	1,203,103	993,882	4,787,170	4,332,100
Other comprehensive income:				
(i) Items that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net fair value changes	19,147	14,264	19,147	14,264
(ii) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive income/(loss) of associated companies	70,576	(11,078)	103,436	(11,933)
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	11,050	44,381	335,650	426,539
- Changes in expected credit losses	(70)	16	1,078	294
(c) Net fair value changes in cash flow hedge	-	-	-	362
(d) Currency translation differences	(96,668)	169,505	10,012	81,305
(e) Income tax relating to components of other comprehensive income	(1,154)	(15,075)	(71,691)	(93,151)
Other comprehensive income for the financial period/year, net of tax	2,881	202,013	397,632	417,680
Total comprehensive income for the financial period/year	1,205,984	1,195,895	5,184,802	4,749,780
Total comprehensive income for the financial period/year attributable to:				
Owners of the parent	804,338	800,522	3,459,280	3,163,262
Non-controlling interests	401,646	395,373	1,725,522	1,586,518
	1,205,984	1,195,895	5,184,802	4,749,780

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/YEAR ENDED 30 JUNE 2024

The Company	Note	4th Quarter Ended		Twelve Months Ended	
		30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Interest income	A18	11,560	23,452	66,397	100,780
Interest expense	A20	(11,136)	(24,051)	(67,431)	(108,870)
Net interest income/(expense)		424	(599)	(1,034)	(8,090)
Non-interest income	A22	6,043	3,091	979,221	896,975
Net income		6,467	2,492	978,187	888,885
Overhead expenses	A23	(8,900)	(6,256)	(33,231)	(32,309)
Write-back of impairment losses on other assets (Loss)/profit before taxation	A25	114	734	2,261	1,514
		(2,319)	(3,030)	947,217	858,090
Taxation	B5	(794)	(230)	(1,169)	(208)
Net (loss)/profit for the financial period/year		<u>(3,113)</u>	<u>(3,260)</u>	<u>946,048</u>	<u>857,882</u>
Earnings per share attributable to equity holders of the Company (sen)					
- Basic/diluted	B13 (a)	<u>(0.3)</u>	<u>(0.3)</u>	<u>83.1</u>	<u>75.4</u>

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD/YEAR ENDED 30 JUNE 2024

The Company	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Net (loss)/profit for the financial period/year	(3,113)	(3,260)	946,048	857,882
Other comprehensive income for the financial period/year, net of tax	-	-	-	-
Total comprehensive (loss)/income for the financial period/year	<u>(3,113)</u>	<u>(3,260)</u>	<u>946,048</u>	<u>857,882</u>

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

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD/YEAR ENDED 30 JUNE 2024

The Group	← 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	
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)	-	-	-	-	834	-	-	409,317	-	410,151	165,966	576,117
Restated	2,267,008	1,016,490	(318,005)	-	214,148	35,502	967,332	23,252,496	(233,108)	27,201,863	13,003,888	40,205,751
Comprehensive income												
Net profit for the financial year	-	-	-	-	-	-	-	3,197,662	-	3,197,662	1,589,508	4,787,170
Currency translation differences	-	-	-	-	-	-	7,523	-	-	7,523	2,489	10,012
Share of other comprehensive income/(loss) of associated companies	-	-	67,939	-	(303)	-	-	-	-	67,636	35,800	103,436
Financial investments measured at fair value through other comprehensive income												
- Equity instruments												
- Net fair value changes	-	-	12,537	-	-	-	-	-	-	12,537	6,610	19,147
- Debt instruments												
- Net fair value changes	-	-	173,213	-	-	-	-	-	-	173,213	90,746	263,959
- Changes in expected credit losses	-	-	709	-	-	-	-	-	-	709	369	1,078
Total comprehensive income/(loss)	-	-	254,398	-	(303)	-	7,523	3,197,662	-	3,459,280	1,725,522	5,184,802
Transaction with owners												
Transfer to retained profits	-	-	9,694	-	(20)	-	-	(9,674)	-	-	-	-
Transfer to regulatory reserve	-	260,327	-	-	-	-	-	(260,327)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	(8,988)	-	(8,988)	8,988	-
Dividends paid	-	-	-	-	-	-	-	(569,125)	-	(569,125)	-	(569,125)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(466,361)	(466,361)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	6,092	6,092
Options charge arising from executive share scheme	-	-	-	-	-	574	-	-	-	574	-	574
Options write-back arising from ESS lapsed	-	-	-	-	-	11,113	-	-	-	11,113	-	11,113
Exercised of executive share scheme	-	-	-	-	-	(18,617)	-	11,639	2,931	(4,047)	-	(4,047)
At 30 June 2024	2,267,008	1,276,817	(53,913)	-	213,825	28,572	974,855	25,613,683	(230,177)	30,090,670	14,278,129	44,368,799

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/YEAR ENDED 30 JUNE 2024

<u>The Group</u>	← Attributable to owner of the parent →											<u>Total equity</u> RM'000
	<u>Share capital</u> RM'000	<u>Regulatory* reserve</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Other reserves</u> RM'000	<u>Share options reserve</u> RM'000	<u>Exchange fluctuation reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Treasury shares for ESS</u> RM'000	<u>Total shareholders' equity</u> RM'000	<u>Non- controlling interests</u> RM'000	
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)	-	-	-	-	1,634	-	-	319,767	-	321,401	131,035	452,436
Restated	2,267,008	666,534	(541,311)	(185)	214,948	60,866	907,614	21,257,557	(236,039)	24,596,992	11,845,168	36,442,160
<u>Comprehensive income</u>												
Net profit for the financial year	-	-	-	-	-	-	-	2,880,853	-	2,880,853	1,451,247	4,332,100
Currency translation differences	-	-	-	-	-	-	59,718	-	-	59,718	21,587	81,305
Share of other comprehensive loss of associated companies	-	-	(5,944)	-	(800)	-	-	-	-	(6,744)	(5,189)	(11,933)
Financial investments measured at fair value through other comprehensive income												
- Equity instruments												
- Net fair value changes	-	-	9,344	-	-	-	-	-	-	9,344	4,920	14,264
- Debt instruments												
- Net fair value changes	-	-	219,713	-	-	-	-	-	-	219,713	113,758	333,471
- Changes in expected credit losses	-	-	193	-	-	-	-	-	-	193	101	294
Net fair value changes in cash flow hedge	-	-	-	185	-	-	-	-	-	185	94	279
Total comprehensive income/(loss)	-	-	223,306	185	(800)	-	59,718	2,880,853	-	3,163,262	1,586,518	4,749,780
<u>Transaction with owners</u>												
Transfer to regulatory reserve	-	349,956	-	-	-	-	-	(349,956)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	999	-	999	(999)	-
Dividends paid	-	-	-	-	-	-	-	(546,285)	-	(546,285)	-	(546,285)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(431,723)	(431,723)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	-	4,924	4,924
Options charge arising from executive share scheme	-	-	-	-	-	(10,144)	-	-	-	(10,144)	-	(10,144)
Exercised of executive share scheme	-	-	-	-	-	(15,220)	-	9,328	2,931	(2,961)	-	(2,961)
At 30 June 2023	2,267,008	1,016,490	(318,005)	-	214,148	35,502	967,332	23,252,496	(233,108)	27,201,863	13,003,888	40,205,751

* Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM1,262,793,000 (30 June 2023: RM1,005,245,000) 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 RM14,024,000 (30 June 2023: 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/YEAR ENDED 30 JUNE 2024

	← 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	
The Company						
At 1 July 2023	2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755
Net profit for the financial year	-	-	-	-	946,048	946,048
Dividends paid	-	-	-	-	(569,125)	(569,125)
Options charge arising from executive share scheme	-	-	574	-	-	574
Exercise of executive share scheme	-	-	(2,870)	2,931	(61)	-
At 30 June 2024	2,267,008	254,991	-	(171,794)	15,004,047	17,354,252
At 1 July 2022	2,267,008	254,991	2,685	(177,656)	14,315,649	16,662,677
Net profit for the financial year	-	-	-	-	857,882	857,882
Dividends paid	-	-	-	-	(546,285)	(546,285)
Options charge arising from executive share scheme	-	-	2,481	-	-	2,481
Exercise of executive share scheme	-	-	(2,870)	2,931	(61)	-
At 30 June 2023	2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755

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 CASH FLOWS
FOR THE FINANCIAL PERIOD/YEAR ENDED 30 JUNE 2024

	The Group		The Company	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Cash flows from operating activities				
Profit before taxation	5,845,571	5,251,280	947,217	858,090
Adjustment for non-cash items	(3,990,369)	(2,987,526)	(964,597)	(874,143)
Operating profit/(loss) before working capital changes	1,855,202	2,263,754	(17,380)	(16,053)
Income tax paid	(784,388)	(1,113,205)	(470)	(154)
Interest received	7,837	2,858	7,837	2,858
Changes in working capital:				
Net changes in operating assets	(13,769,956)	(20,038,155)	(372,224)	386
Net changes in operating liabilities	16,665,238	24,285,891	318	(124)
Net cash generated from/(used in) operating activities	3,973,933	5,401,143	(381,919)	(13,087)
Cash flows from investing activities				
Net purchases of financial investments at FVOCI	(7,105,964)	(7,885,535)	-	-
Net (purchases)/disposal of financial investments at amortised cost	(124,950)	1,276,607	-	-
Interest received on financial investments at FVOCI	1,465,866	919,899	-	-
Interest received on financial investments at amortised cost	736,683	702,552	-	-
Purchase of intangible assets	(30,527)	(41,863)	(10)	(136)
Purchase of property and equipment	(93,384)	(147,577)	(421)	(1,739)
Net proceeds from disposal of property and equipment	9,735	545	-	113
Dividends received from financial investments	72,389	92,391	4,787	-
Dividends received from subsidiary companies	-	-	961,334	885,303
Dividends received from associated companies	119,931	39,977	-	-
Proceeds from subordinated obligations	-	-	1,100,000	500,000
Proceeds from redemption of Multi-currency AT1 capital securities	-	-	400,000	400,000
Interest received from investment in debt instrument issued by subsidiary company	-	-	-	-
- Interest on Multi-currency AT1 capital securities	-	-	18,932	29,224
- Interest on subordinated obligations	-	-	46,657	70,763
Net cash (used in)/generated from investing activities	(4,950,221)	(5,043,004)	2,531,279	1,883,528
Cash flows from financing activities				
Dividends paid to equity holders of the Company	(569,125)	(546,285)	(569,125)	(546,285)
Dividends paid to non-controlling interests	(466,361)	(431,723)	-	-
Repayment of lease liabilities	(45,309)	(47,392)	(945)	(896)
Repayment of recourse obligations on loans sold to Cagamas Berhad	-	(962,930)	-	-
Repayment of revolving credit	-	(100,000)	-	(100,000)
Repayment of commercial papers	-	(110,000)	-	(110,000)
Repayment of senior notes	(95,000)	-	-	-
Repayment of Multi-currency AT1 capital securities	(400,000)	(400,000)	(400,000)	(400,000)
Repayment of subordinated obligations	(1,100,000)	(500,000)	(1,100,000)	(500,000)
Proceeds from subordinated obligations	1,100,000	500,000	-	-
Proceeds from Multi-currency AT1 capital securities	400,000	400,000	-	-
Proceeds from senior notes	645,000	-	-	-
Proceeds from recourse obligations on loans sold to Cagamas Berhad	300,000	2,300,000	-	-
Interest paid on Multi-currency AT1 capital securities	(79,294)	(81,755)	(19,333)	(29,826)
Interest paid on subordinated obligations	(93,055)	(95,221)	(47,430)	(71,882)
Interest paid on borrowings	(12,051)	(8,216)	(7,130)	(8,216)
Interest paid on recourse obligations on loans sold to Cagamas Berhad	(122,738)	(66,196)	-	-
Interest paid on lease liabilities	(12,716)	(8,708)	(150)	(199)
Net cash used in financing activities	(550,649)	(158,426)	(2,144,113)	(1,767,304)
Net (decrease)/increase in cash and cash equivalents	(1,526,937)	199,713	5,247	103,137
Effects of exchange rate changes	9,577	72,064	-	-
Cash and cash equivalents at beginning of the financial year	10,116,501	9,844,724	129,806	26,669
Cash and cash equivalents at end of financial year	8,599,141	10,116,501	135,053	129,806
Analysis of cash and cash equivalents				
Cash and short-term funds	7,548,161	9,848,432	8,993	65,246
Deposits and placements with banks and other financial institutions	1,652,027	1,079,574	129,360	67,860
	9,200,188	10,928,006	138,353	133,106
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months	(601,047)	(811,505)	(3,300)	(3,300)
	8,599,141	10,116,501	135,053	129,806

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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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD/YEAR ENDED 30 JUNE 2024

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 "Disclosure of Accounting Policies"
- Amendments to MFRS 108 "Definition of Accounting Estimates"
- Amendment to MFRS 17 "Initial Application of MFRS 17 and MFRS 9 - Comparative Information"
- MFRS 17 "Insurance Contracts" and its amendments
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to MFRS 112 "International Tax Reform - Pillar Two Model Rules"

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 adoption 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/year. 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 during the financial period/year ended.

A4 Exceptional items or unusual events affecting financial statements

There were no exceptional items or unusual events that materially affected the financial statements during the financial period/year ended.

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 during the financial period/year ended.

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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 30 June 2024, 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 30 June 2024 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 single-tier final dividend of 32.0 sen per share, approximately amounting to RM364,222,000, in respect of the financial year ended 30 June 2023, was paid on 23 November 2023.

A single-tier interim dividend of 18.0 sen per share, approximately amounting to RM204,903,000, in respect of the financial year ended 30 June 2024, was paid on 27 March 2024.

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)

The Group	Commercial banking RM'000	Investment banking RM'000	Insurance RM'000	Other operations RM'000	Inter-Segment Elimination RM'000	Consolidated RM'000
30 June 2024						
Revenue						
External revenue	5,747,953	266,617	615,899	20,223	-	6,650,692
Inter-segment revenue	23,067	3,164	13,636	957,964	(997,831)	-
Segment revenue	<u>5,771,020</u>	<u>269,781</u>	<u>629,535</u>	<u>978,187</u>	<u>(997,831)</u>	<u>6,650,692</u>
Results						
Segment results	3,545,307	121,861	504,076	947,211	(963,907)	4,154,548
Share of results of associated companies	1,588,940	-	102,083	-	-	1,691,023
Profit before taxation	5,134,247	121,861	606,159	947,211	(963,907)	5,845,571
Taxation						(1,058,401)
Net profit for the financial year						4,787,170
Non-controlling interests						(1,589,508)
Profit attributable to owners of the parent						<u>3,197,662</u>
Other information						
Segment assets	297,789,072	5,279,559	32,659,114	17,573,786	(17,096,068)	<u>336,205,463</u>
Segment liabilities	260,494,984	4,252,396	27,392,122	221,167	(524,005)	<u>291,836,664</u>

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A8 Segmental reporting (continued)

The Group	Commercial banking RM'000	Investment banking RM'000	Restated	Other operations RM'000	Inter-Segment Elimination RM'000	Consolidated RM'000
			Insurance RM'000			
30 June 2023						
Revenue						
External revenue	5,659,889	195,355	629,660	(8,338)	-	6,476,566
Inter-segment revenue	25,620	971	1,147	872,376	(900,114)	-
Segment revenue	<u>5,685,509</u>	<u>196,326</u>	<u>630,807</u>	<u>864,038</u>	<u>(900,114)</u>	<u>6,476,566</u>
Results						
Segment results	3,337,151	61,428	510,497	858,075	(884,723)	3,882,428
Share of results of associated companies	1,289,480	-	79,372	-	-	1,368,852
Profit before taxation	4,626,631	61,428	589,869	858,075	(884,723)	5,251,280
Taxation						(919,180)
Net profit for the financial year						<u>4,332,100</u>
Non-controlling interests						(1,451,247)
Profit attributable to owners of the parent						<u>2,880,853</u>
Other information						
Segment assets	279,850,454	4,975,761	29,100,111	18,703,533	(17,743,487)	<u>314,886,372</u>
Segment liabilities	245,863,802	4,010,385	24,249,977	1,728,407	(1,171,950)	<u>274,680,621</u>

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

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
Money market instruments		
Bank Negara Malaysia bills	-	1,197,414
Government treasury bills	277,607	620,126
Malaysian Government securities	4,823,917	4,310,150
Malaysian Government investment certificates	1,076,181	2,471,760
Negotiable instruments of deposit	2,044,989	1,856,476
Cagamas bonds	-	15,078
Other Government guaranteed assets	6,803,639	6,466,091
	15,026,333	16,937,095
Quoted securities		
Shares in Malaysia	6,828,887	5,143,592
Shares outside Malaysia	598,875	590,260
Wholesale fund/unit trust investments	973,602	724,832
Portfolio Investment Accounts [Note]	898	1,282
Foreign currency bonds outside Malaysia	18,623	-
Investment-linked funds	259	456
Loan stocks	-	1,773
Warrants in Malaysia	602	1,894
	8,421,746	6,464,089
Unquoted securities		
Shares in Malaysia	429,906	393,371
Foreign currency bonds outside Malaysia	56,861	46,560
Corporate bonds and sukuk	7,803,081	7,941,807
Perpetual bonds	86,143	85,970
Redeemable preference shares	-	25,000
	8,375,991	8,492,708
Total financial assets at FVTPL	31,824,070	31,893,892

	The Company	
	As at 30/06/2024 RM'000	As at 30/06/2023 RM'000
Quoted securities		
Unit trust investments	371,937	-

Note :

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

The comparative balance of unquoted securities of RM37,281,000 is reclassified from foreign currency bonds in Malaysia to foreign currency bonds outside Malaysia, to conform to current year's presentation to disclose the holding of foreign currency bonds based on the country of issuance.

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

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
At fair value		
(a) Debt instruments	43,025,257	35,627,135
(b) Equity instruments	116,797	97,650
	43,142,054	35,724,785
(a) Debt instruments		
Money market instruments		
Government treasury bills	2,246,646	1,820,701
Malaysian Government securities	6,146,837	4,707,923
Malaysian Government investment certificates	13,267,317	10,175,143
Negotiable instruments of deposit	675,809	1,306,322
Khazanah bonds	279,463	363,416
Cagamas bonds	3,053,248	2,620,153
	25,669,320	20,993,658
Quoted securities		
Government sukuk	889,288	860,644
Foreign currency bonds in Malaysia	1,734,169	1,124,945
Foreign currency bonds outside Malaysia	2,929,890	2,451,262
	5,553,347	4,436,851
Unquoted securities		
Government sukuk	-	30,768
Corporate bonds and sukuk	8,826,152	8,913,211
Foreign currency bonds in Malaysia	91,357	24,055
Foreign currency bonds outside Malaysia	2,885,081	1,228,592
	11,802,590	10,196,626
	43,025,257	35,627,135

Note :

The comparative balances of quoted securities and unquoted securities of RM748,090,000 and RM847,674,000 are reclassified from foreign currency bonds in Malaysia to foreign currency bonds outside Malaysia, to conform to current year's presentation to disclose the holding of foreign currency bonds based on the country of issuance.

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group				
At 1 July 2023	2,275	-	18,227	20,502
New financial assets originated or purchased	1,967	-	-	1,967
Financial assets derecognised	(1,218)	-	-	(1,218)
Changes due to change in credit risk	210	-	119	329
Exchange differences	41	-	96	137
At 30 June 2024	3,275	-	18,442	21,717
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	2,275	-	18,227	20,502

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

	The Group	
	30 June	30 June
	2024	2023
	RM'000	RM'000
(b) Equity instruments		
Unquoted securities		
Shares in Malaysia	116,797	97,650

A11 Financial investments at amortised cost

	The Group	
	30 June	30 June
	2024	2023
	RM'000	RM'000
Money market instruments		
Government treasury bills	60,785	60,676
Malaysian Government securities	6,096,307	6,024,655
Malaysian Government investment certificates	23,884,113	23,487,152
Cagamas bonds	1,517,030	1,658,260
Khazanah bonds	-	14,393
Other Government securities	362,242	421,343
	31,920,477	31,666,479
Quoted securities		
Foreign currency bonds outside Malaysia	-	19,117
	-	19,117
Unquoted securities		
Government sukuk	-	30,611
Corporate bonds and sukuk	536,977	616,114
	536,977	646,725
Less: Expected credit losses	(14)	(18)
Total financial investments at amortised cost	32,457,440	32,332,303

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

	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime ECL	Lifetime ECL	
The Group	ECL	not credit	credit	Total ECL
	RM'000	impaired	impaired	RM'000
At 1 July 2023	18	-	-	18
Changes due to change in credit risk	(1)	-	-	(1)
Exchange differences	(3)	-	-	(3)
At 30 June 2024	14	-	-	14
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

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Overdrafts	3,858,994	4,077,891
Term loans/financing:		
- Housing and shop loans/financing	103,049,863	97,387,797
- Hire purchase receivables	22,250,979	19,914,072
- Ijarah receivables	249,051	249,054
- Other term loans/financing and syndicated term loans	37,397,465	35,171,960
Credit/charge card receivables	3,489,171	3,202,663
Bills receivable	2,947,444	1,936,868
Trust receipts	384,096	441,074
Claims on customers under acceptance credits	9,407,373	8,936,884
Revolving credits	11,802,126	10,339,502
Share margin financing	279,689	303,898
Staff loans/financing	120,339	125,080
Other loans/financing	-	126
Gross loans, advances and financing	195,236,590	182,086,869
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	(9,212)	(14,700)
Allowance for impairment losses:		
- Expected credit losses	(1,613,998)	(1,759,502)
Total net loans, advances and financing	193,613,380	180,312,667

Included in loans, advances and financing are housing loans sold to Cagamas Berhad with recourse to the Group amounting to RM3,136,775,000 (30 June 2023: RM2,917,197,000).

(a) By type of customers

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Domestic non-bank financial institutions	1,892,054	2,258,897
Domestic business enterprises:		
- Small and medium enterprises	37,590,482	33,083,633
- Others	28,652,314	27,940,458
Government and statutory bodies	816	1,108
Individuals	122,844,567	115,572,684
Other domestic entities	32,223	100,246
Foreign entities	4,224,134	3,129,843
Gross loans, advances and financing	195,236,590	182,086,869

(b) By interest/profit rate sensitivity

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Fixed rate		
- Housing and shop loans/financing	5,422,729	4,875,632
- Hire purchase receivables	22,213,647	19,856,028
- Credit card	3,489,171	3,202,663
- Other fixed rate loans/financing	4,938,592	5,438,392
Variable rate		
- Standardised base rate/base rate/base lending rate plus	131,252,699	123,357,618
- Cost plus	27,872,764	25,256,906
- Other variable rates	46,988	99,630
Gross loans, advances and financing	195,236,590	182,086,869

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A12 Loans, advances and financing (continued)

(c) By economic purposes

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Purchase of securities	1,414,423	1,320,663
Purchase of transport vehicles	21,938,558	19,574,851
Residential property (housing)	94,770,048	89,114,612
Non-residential property	23,825,854	21,976,096
Purchase of fixed assets (excluding landed properties)	1,719,202	1,672,034
Personal use	4,110,940	3,885,235
Credit card	3,489,171	3,202,663
Construction	5,836,501	4,197,939
Working capital	36,876,709	35,954,488
Other purposes	1,255,184	1,188,288
Gross loans, advances and financing	<u>195,236,590</u>	<u>182,086,869</u>

(d) By geographical distribution

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Malaysia	181,226,397	168,121,700
Outside Malaysia		
- Singapore	9,619,561	9,367,686
- Hong Kong	42,735	46,789
- Vietnam	2,127,381	1,956,082
- Cambodia	2,220,516	2,594,612
Gross loans, advances and financing	<u>195,236,590</u>	<u>182,086,869</u>

(e) By residual contractual maturity

	The Group	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000
Within one year	36,648,484	33,320,625
One year to less than three years	6,441,038	7,261,457
Three years to less than five years	11,506,456	10,659,367
Five years and more	140,640,612	130,845,420
Gross loans, advances and financing	<u>195,236,590</u>	<u>182,086,869</u>

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

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
At beginning of financial year	1,042,010	819,878
Classified as impaired during the financial year	1,641,900	1,642,615
Reclassified as non-impaired during the financial year	(1,065,120)	(890,911)
Amount written back in respect of recoveries	(291,862)	(224,850)
Amount written off	(286,172)	(305,601)
Exchange differences	443	879
At end of financial year	<u>1,041,199</u>	<u>1,042,010</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>0.5%</u>	<u>0.6%</u>

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A12 Loans, advances and financing (continued)

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

	The Group	
	30 June 2024	30 June 2023
	RM'000	RM'000
Purchase of securities	62	125
Purchase of transport vehicles	76,078	42,881
Residential property (housing)	388,241	404,463
Non-residential property	126,314	119,107
Purchase of fixed assets (excluding landed properties)	7,123	4,627
Personal use	28,490	47,205
Credit card	26,655	30,445
Construction	25,225	24,851
Working capital	294,711	274,325
Other purposes	68,300	93,981
Gross impaired loans, advances and financing	<u>1,041,199</u>	<u>1,042,010</u>

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

	The Group	
	30 June 2024	30 June 2023
	RM'000	RM'000
Malaysia	963,209	982,393
Outside Malaysia		
- Singapore	459	1,481
- Vietnam	940	928
- Cambodia	76,591	57,208
Gross impaired loans, advances and financing	<u>1,041,199</u>	<u>1,042,010</u>

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

The Group	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total ECL
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2023	966,580	381,777	411,145	1,759,502
Changes in ECL due to transfer within stages	(55,352)	(132,821)	188,173	-
- Transfer to Stage 1	14,521	(14,498)	(23)	-
- Transfer to Stage 2	(69,098)	143,144	(74,046)	-
- Transfer to Stage 3	(775)	(261,467)	262,242	-
New financial assets originated	51,472	700	118	52,290
Financial assets derecognised	(15,239)	(45,043)	(19,011)	(79,293)
Changes due to change in credit risk	(9,094)	169,142	88,159	248,207
Modifications to contractual cash flow of financial assets	26	2,039	5	2,070
Changes in models/risk parameters	(35,058)	(33,942)	-	(69,000)
Amount written off	-	-	(286,664)	(286,664)
Exchange differences	(248)	48	18	(182)
Other movements	-	-	(12,932)	(12,932)
At 30 June 2024	<u>903,087</u>	<u>341,900</u>	<u>369,011</u>	<u>1,613,998</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	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Foreclosed properties	46	46	-	-
Sundry debtors and other prepayments	786,520	338,198	2,637	2,250
Settlement accounts	1,946,768	850,808	-	-
Treasury related receivables	815,332	159,020	-	-
Cash collateral pledged for derivative transactions	848,291	1,086,263	-	-
Fee income receivables	4,091	7,715	-	-
Other receivables	351,428	237,625	-	-
	4,752,476	2,679,675	2,637	2,250

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A14 Deposits from customers

(a) By type of deposits

	The Group	
	30 June	30 June
	2024	2023
	RM'000	RM'000
At amortised cost		
Fixed deposits	115,789,535	112,597,523
Negotiable instruments of deposits	9,308,765	10,914,720
Short-term placements	17,761,634	19,048,027
	142,859,934	142,560,270
Demand deposits	47,403,113	42,465,293
Savings deposits	23,921,621	22,479,001
Others	340,249	398,549
	214,524,917	207,903,113
At FVTPL		
Structured deposits linked to interest rate derivatives	5,804,820	3,874,742
Fair value changes arising from designation at FVTPL [Note]	(254,411)	(310,412)
	5,550,409	3,564,330
	220,075,326	211,467,443

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

	The Group	
	30 June	30 June
	2024	2023
	RM'000	RM'000
Government and statutory bodies	3,699,286	5,261,598
Business enterprises	101,973,332	99,334,076
Individuals	111,929,041	104,628,726
Others	2,473,667	2,243,043
	220,075,326	211,467,443

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

	The Group	
	30 June	30 June
	2024	2023
	RM'000	RM'000
Due within:		
- Six months	120,596,686	119,473,207
- Six months to one year	19,092,939	20,115,668
- One year to five years	2,264,001	2,196,854
- More than five years	906,308	774,541
	142,859,934	142,560,270

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A15 Investment accounts of customers

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
Unrestricted investment accounts		
Mudarahah with maturity	2,165,636	2,249,231
Restricted investment accounts		
Wakalah bi Al-Istihmar	898	1,282
	<u>2,166,534</u>	<u>2,250,513</u>

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

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
Licensed banks	10,145,613	8,316,003
Licensed investment banks	47,481	362,886
Central banks [Note]	1,533,025	1,497,021
Other financial institutions	2,452,655	2,276,150
	<u>14,178,774</u>	<u>12,452,060</u>

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 RM1,533,025,000 (30 June 2023: RM1,497,021,000) at concession rates.

A17 Other liabilities

	Note	The Group		The Company	
		30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Amount due to subsidiary companies		-	-	10	-
Post employment benefits obligation					
- Defined contribution plan		1,908	1,928	41	41
Loan advance payment		3,515,763	3,666,443	-	-
Treasury and cheque clearing		255,702	204,026	-	-
Treasury related payables		316,352	298,332	-	-
Sundry creditors and accruals		627,358	477,975	2,573	2,853
Provision for reinstatement cost		22,128	22,136	293	278
Provision for bonus and staff related expenses		250,879	233,053	12,205	11,603
Expected credit losses on financial guarantee contracts	(a)	8,089	8,110	-	-
Financial liabilities due to third party investors	(b)	863,581	1,242,934	-	-
Settlement accounts		2,115,051	889,467	-	-
Others		934,367	946,994	-	-
		<u>8,911,178</u>	<u>7,991,398</u>	<u>15,122</u>	<u>14,775</u>

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A17 Other liabilities (continued)

Note:

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group				
At 1 July 2023	6,718	1,392	-	8,110
Changes in ECL due to transfer within stages	(16)	16	-	-
Transfer to Stage 1	36	(36)	-	-
Transfer to Stage 2	(52)	52	-	-
Transfer to Stage 3	-	-	-	-
New financial assets originated	446	-	-	446
Financial assets derecognised	(433)	(635)	-	(1,068)
Changes due to change in credit risk	812	(67)	-	745
Exchange differences	(150)	6	-	(144)
At 30 June 2024	7,377	712	-	8,089
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

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Group				
Loans, advances and financing	1,616,184	1,499,873	6,383,259	5,586,379
Money at call and deposit placements with financial institutions	55,373	82,537	237,500	295,460
Securities purchased under resale agreements	318	867	318	867
Financial investments at FVOCI	404,772	285,760	1,465,866	919,899
Financial investments at amortised cost	188,524	173,351	736,683	702,552
Others	14,990	12,123	57,526	43,875
	2,280,161	2,054,511	8,881,152	7,549,032
Of which:				
Interest income earned on impaired loans, advances and financing	17,103	15,155	54,367	41,342
The Company				
Money at call and deposit placements with financial institutions	2,126	1,419	7,837	2,858
Subordinated obligations	9,434	17,326	44,491	70,497
Multi-currency Additional Tier 1 capital securities	-	4,707	14,069	27,425
	11,560	23,452	66,397	100,780

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A19 Interest income for financial assets at FVTPL

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	26,915	33,138	161,285	214,224

A20 Interest expense

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	Restated 30 June 2023	30 June 2024	Restated 30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	153,247	97,436	567,049	392,662
Deposits from customers	973,906	862,582	3,797,962	2,733,069
Short-term placements	107,735	147,735	496,116	622,833
Borrowings	4,039	1,421	11,945	8,221
Subordinated obligations	22,328	23,841	91,573	94,788
Recourse obligations on loans sold to Cagamas Berhad	16,315	14,469	64,043	29,263
Multi-currency Additional Tier 1 capital securities	19,042	19,575	78,332	81,755
Others	3,258	2,140	12,877	13,949
	1,299,870	1,169,199	5,119,897	3,976,540

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
The Company	RM'000	RM'000	RM'000	RM'000
Borrowings	1,435	1,435	7,202	8,277
Subordinated obligations	9,663	17,717	45,571	72,117
Multi-currency Additional Tier 1 capital securities	-	4,845	14,481	28,247
Others	38	54	177	229
	11,136	24,051	67,431	108,870

A21 Income from Islamic banking business

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	571,871	507,635	2,243,099	1,894,039
Income derived from investment of shareholders' funds	83,931	76,252	325,902	259,365
Income derived from investment of investment accounts	31,899	32,241	119,680	118,629
Income attributable to depositors	(407,675)	(363,198)	(1,622,007)	(1,229,550)
Income attributable to depositors on investment accounts	(20,112)	(23,299)	(80,726)	(79,115)
	259,914	229,631	985,948	963,368
Of which:				
Financing income earned on impaired financing and advances	2,754	2,752	10,285	6,556

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A22 Non-interest income

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	Restated 30 June 2023 RM'000
The Group				
Insurance/takaful service result	6,937	79,419	160,115	264,273
Net insurance/takaful investment/finance result	60,265	12,520	186,071	92,689
Fee income				
Commissions	97,040	44,273	221,972	158,329
Service charges and fees	9,276	9,468	38,903	38,491
Guarantee fees	6,075	7,750	25,188	27,807
Credit card related fees	57,918	53,167	233,042	210,975
Corporate advisory fees	2,059	546	5,760	5,006
Commitment fees	8,307	9,159	35,919	37,124
Loans, advances and financing fees	11,599	11,048	47,245	51,585
Placement fees	2,653	833	8,882	10,238
Arranger fees	1,355	2,324	3,805	2,740
Unit trust fees income	22,860	11,583	57,742	46,106
Brokerage income	21,461	10,641	65,529	44,622
Other fees income	70,072	48,248	242,238	228,791
	310,675	209,040	986,225	861,814
Net income from securities				
Net realised gain/(loss) from sale of:				
- Financial assets at FVTPL	22,421	26,605	79,392	94,925
- Financial investments at FVOCI	6,653	2,985	24,637	38,769
- Financial investments at amortised cost	186	-	186	-
- Derivative financial instruments	50,062	(3,067)	(20,556)	(21,619)
Gross dividend income from:				
- Financial assets at FVTPL	12,064	26,731	71,954	90,215
- Financial investments at FVOCI	435	435	435	2,175
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	46,120	(30,320)	126,419	25,934
- Derivative financial instruments	(60,723)	55,466	(26,737)	111,594
Net realised gain on fair value changes arising from fair value hedges	3,829	1,623	10,018	7,371
Net unrealised (loss)/gain on fair value changes arising from fair value hedges	(1,310)	(498)	585	1,169
	79,737	79,960	266,333	350,533
Other income				
Foreign exchange gain/(loss)	6,565	(48,547)	122,804	124,638
Rental income	1,656	3,056	12,635	10,850
Net gain on disposal of property and equipment	6,910	40	8,741	387
Other non-operating (expenses)/income	(14,981)	7,536	(720)	21,298
	150	(37,915)	143,460	157,173
Total non-interest income	457,764	343,024	1,742,204	1,726,482

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A22 Non-interest income (continued)

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Company				
Fees income				
Management fees and outsourcing fees	3,039	3,035	12,726	11,334
Net income from securities				
Net realised gain from sale of:				
- Financial assets at FVTPL	-	-	80	-
Gross dividend income from:				
- Financial assets at FVTPL	2,982	-	4,787	-
- Subsidiary companies	-	-	961,334	885,303
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(72)	-	20	-
Other income				
Other non-operating income	94	56	274	338
Total non-interest income	6,043	3,091	979,221	896,975

A23 Overhead expenses

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	Restated 30 June 2023 RM'000
The Group				
Personnel costs				
- Salaries, bonus and allowances	355,038	350,067	1,347,726	1,286,517
- Medical expenses	9,931	6,704	35,408	32,257
- Training and convention expenses	356	7,601	11,675	16,901
- Staff welfare	7,274	2,510	16,828	10,752
- Others	20,137	10,385	55,887	24,355
	392,736	377,267	1,467,524	1,370,782
Establishment costs				
- Depreciation of property and equipment	25,769	28,413	109,546	119,241
- Depreciation of right-of-use assets	11,942	11,835	48,169	48,014
- Amortisation of intangible assets	19,087	16,621	72,961	61,996
- Rental of premises	618	294	2,206	1,612
- Information technology expenses	67,362	57,031	240,761	243,975
- Security services	5,790	5,116	24,052	20,937
- Electricity, water and sewerage	6,054	5,834	23,029	22,409
- Hire of plant and machinery	3,723	3,599	14,619	13,666
- Others	10,113	7,599	33,504	33,226
	150,458	136,342	568,847	565,076
Marketing expenses				
- Advertisement and publicity	14,479	9,347	25,435	34,035
- Sales commission and credit card related fees	30,482	25,846	135,583	127,099
- Others	12,365	12,203	37,987	52,076
	57,326	47,396	199,005	213,210
Administration and general expenses				
- Teletransmission expenses	4,801	4,909	18,604	21,471
- Stationery and printing expenses	2,061	2,617	10,242	10,743
- Professional fees	31,725	26,973	102,955	103,209
- Insurance fees	13,203	12,909	53,803	45,365
- Stamp, postage and courier	4,846	3,265	15,358	14,372
- Credit card fees	29,753	22,084	100,334	74,978
- Travelling and transport expenses	1,087	1,036	4,073	3,724
- Registration and license fees	2,688	2,400	10,774	9,920
- Brokerage and commission	2,869	2,984	12,872	11,974
- Others	15,713	10,117	44,992	34,410
	108,746	89,294	374,007	330,166
Total overhead expenses	709,266	650,299	2,609,383	2,479,234

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A23 Overhead expense (continued)

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Company				
Personnel costs				
- Salaries, bonus and allowances	6,266	5,196	23,549	20,727
- Medical expenses	3	5	15	16
- Training and convention expenses	12	35	22	51
- Staff welfare	180	207	707	712
- Others	289	(1,440)	2,046	3,791
	<u>6,750</u>	<u>4,003</u>	<u>26,339</u>	<u>25,297</u>
Establishment costs				
- Depreciation of property and equipment	315	309	1,258	1,201
- Depreciation of right-of-use assets	235	235	940	940
- Amortisation of intangible assets	14	22	79	75
- Information technology expenses	84	55	124	235
- Electricity, water and sewerage	13	10	45	38
- Others	40	140	268	322
	<u>701</u>	<u>771</u>	<u>2,714</u>	<u>2,811</u>
Administration and general expenses				
- Teletransmission expenses	4	6	22	23
- Stationery and printing expenses	3	7	23	19
- Professional fees	675	678	1,349	1,406
- Management fees	532	568	2,130	2,205
- Travelling and transport expenses	2	3	3	4
- Others	233	220	651	544
	<u>1,449</u>	<u>1,482</u>	<u>4,178</u>	<u>4,201</u>
Total overhead expense	<u>8,900</u>	<u>6,256</u>	<u>33,231</u>	<u>32,309</u>

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

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Group				
Allowance for/(writeback of) impairment losses on:				
- Loans, advances and financing	29,891	66,298	154,398	343,086
- Clients' and brokers' balances	(3)	(123)	(34)	(132)
Impaired loans, advances and financing:				
- Written off	6,696	6,836	24,475	29,519
- Recovered from bad debt written off	(67,801)	(58,685)	(293,267)	(257,265)
	<u>(31,217)</u>	<u>14,326</u>	<u>(114,428)</u>	<u>115,208</u>

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

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Group				
Expected credit losses on:				
- Financial investments at FVOCI	(54)	(67)	1,078	194
- Financial investments at amortised cost	(3)	(3)	(1)	(53)
- Other receivables	13	(389)	(19)	(8)
- Cash and short-term funds	(87)	(133)	32	(155)
- Deposits and placements with banks and other financial institutions	150	(214)	99	(282)
	<u>19</u>	<u>(806)</u>	<u>1,189</u>	<u>(304)</u>
The Company				
Expected credit losses on:				
- Investment in debt instruments issued by subsidiary	(114)	(734)	(2,261)	(1,514)

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.

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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	
	30 June 2024	Restated 30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Before deducting proposed dividends								
CET 1 capital ratio	11.685%	11.245%	13.855%	13.310%	13.621%	13.000%	39.073%	38.498%
Tier 1 capital ratio	12.653%	12.329%	14.837%	14.353%	14.591%	14.029%	39.073%	38.498%
Total capital ratio	14.517%	14.859%	16.828%	16.399%	16.515%	16.009%	48.419%	48.792%
After deducting proposed dividends								
CET 1 capital ratio	11.450%	11.022%	13.336%	12.824%	12.950%	12.372%	35.814%	35.719%
Tier 1 capital ratio	12.418%	12.106%	14.318%	13.866%	13.920%	13.401%	35.814%	35.719%
Total capital ratio	14.283%	14.635%	16.309%	15.912%	15.844%	15.381%	45.160%	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	
	30 June 2024	Restated 30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CET 1 capital								
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	25,613,683	23,252,496	27,674,882	25,017,703	17,137,424	15,727,832	301,631	280,317
Other reserves	1,177,363	910,223	1,337,201	947,836	255,247	2,905	(526)	(4,486)
Qualifying non-controlling interests	8,414,086	7,906,064	-	-	-	-	-	-
Less: Treasury shares	(230,177)	(233,108)	(702,674)	(708,766)	(702,674)	(708,766)	-	-
Less: Other intangible assets	(359,304)	(368,261)	(353,477)	(362,435)	(318,725)	(326,216)	-	-
Less: Goodwill	(2,346,287)	(2,346,287)	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(33,766)	(33,936)
Less: Deferred tax assets	(340,906)	(508,213)	(262,116)	(410,436)	(187,679)	(317,985)	(76,877)	(96,878)
Less: Investment in subsidiary companies/ associated companies	(13,774,895)	(12,535,704)	(9,639,404)	(8,712,976)	(3,939,693)	(3,938,210)	(200)	(200)
Total CET 1 capital	20,420,571	18,344,218	23,962,163	21,678,677	18,211,416	16,407,076	443,212	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	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Tier 1 capital								
Multi-currency Additional Tier 1 capital securities	-	399,997	1,698,110	1,698,491	1,698,110	1,698,491	-	-
Qualifying CET 1 and Additional Tier 1 capital instruments held by third parties	1,691,442	1,368,004	-	-	-	-	-	-
Tier 1 capital before regulatory adjustments	1,691,442	1,768,001	1,698,110	1,698,491	1,698,110	1,698,491	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	-	-	(400,000)	(400,000)	-	-
Tier 1 capital after regulatory adjustments	1,691,442	1,768,001	1,698,110	1,698,491	1,298,110	1,298,491	-	-
Total Tier 1 capital	22,112,013	20,112,219	25,660,273	23,377,168	19,509,526	17,705,567	443,212	397,767
Tier 2 capital								
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	1,953,184	1,826,248	1,946,326	1,832,523	1,474,029	1,399,403	6,015	6,356
Subordinated obligations	-	1,099,990	1,497,635	1,499,089	1,497,635	1,499,089	100,000	100,000
Qualifying non-controlling interests	1,305,044	1,200,465	-	-	-	-	-	-
Less: Investment in Tier 2 subordinated sukuk murabahah	-	-	-	-	(400,000)	(400,000)	-	-
Total Tier 2 capital	3,258,228	4,126,703	3,443,961	3,331,612	2,571,664	2,498,492	106,015	106,356
Total capital	25,370,241	24,238,922	29,104,234	26,708,780	22,081,190	20,204,059	549,227	504,123

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A26 Capital adequacy (continued)

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

	Hong Leong Financial Group		Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	Restated							
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk [Note]	156,388,827	146,099,832	155,706,094	146,601,855	117,922,342	111,952,229	481,209	508,514
Market risk	7,460,818	6,433,925	6,756,645	6,124,089	7,391,831	6,120,834	354,403	185,018
Operational risk	10,911,176	10,596,687	10,486,074	10,143,761	8,390,596	8,131,845	298,716	339,681
Total RWA	174,760,821	163,130,444	172,948,813	162,869,705	133,704,769	126,204,908	1,134,328	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 RM1,540,749,000 (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:

	Hong Leong Islamic Bank Berhad	
	30 June 2024	30 June 2023
Before deducting proposed dividends		
CET 1 capital ratio	11.540%	11.423%
Tier 1 capital ratio	12.643%	12.653%
Total capital ratio	14.908%	15.051%
After deducting proposed dividends		
CET 1 capital ratio	11.540%	11.423%
Tier 1 capital ratio	12.643%	12.653%
Total capital ratio	14.908%	15.051%

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A27 Material events subsequent to the end of the financial period/year

There were no material events subsequent to the end of the financial period/year ended 30 June 2024.

A28 Changes in composition of the Group

There were no changes in the composition of the Group for the current financial year and up to the date of the report except for the following:

- (a) RC Holdings Sdn Bhd, a wholly-owned subsidiary of HLA Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of HLFG, was dissolved on 29 May 2024.

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 makes 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:

	The Group	
	30 June 2024 RM'000	30 June 2023 RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	237,994	225,515
Certain transaction related contingent items	3,065,445	2,594,402
Short-term self liquidating trade related contingencies	1,135,592	1,063,924
Any commitments that are unconditionally cancellable at any time by the Group without prior notice:		
- less than one year	868,108	917,463
Irrevocable commitments to extend credit:		
- maturity more than one year	16,125,330	17,073,556
- maturity less than one year	26,687,509	26,457,159
Unutilised credit card lines	7,322,809	6,902,344
	55,442,787	55,234,363
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- less than one year	85,997,627	67,555,981
- one year to five years	7,228,599	7,321,941
- over five years	725,481	737,005
Interest rate related contracts:		
- less than one year	48,316,035	46,129,203
- one year to five years	118,151,949	84,573,444
- over five years	4,232,730	4,399,525
Equity related contracts:		
- less than one year	495,443	487,429
- one year to five years	1,045,424	668,593
Credit related contracts:		
- less than one year	142,845	121,391
- one year to less than five years	15,150	-
- over five years	1,435,804	1,225,853
Commodity related contracts:		
- less than one year	57,292	554,082
	267,844,379	213,774,447
	323,287,166	269,008,810

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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:

	Fair value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
The Group				
30 June 2024				
<u>Recurring fair value measurements</u>				
<u>Financial assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	15,026,333	-	15,026,333
- Quoted securities	8,421,746	-	-	8,421,746
- Unquoted securities	-	7,946,085	429,906	8,375,991
Financial investments at FVOCI				
- Money market instruments	-	25,669,320	-	25,669,320
- Quoted securities	5,553,347	-	-	5,553,347
- Unquoted securities	-	11,802,590	116,797	11,919,387
Derivative financial instruments	2,690	1,312,447	74,763	1,389,900
	<u>13,977,783</u>	<u>61,756,775</u>	<u>621,466</u>	<u>76,356,024</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	
30 June 2024				
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments	11,409	1,740,667	81,155	1,833,231
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	5,550,409	-	5,550,409
	<u>11,409</u>	<u>7,291,076</u>	<u>81,155</u>	<u>7,383,640</u>
30 June 2023				
Recurring fair value measurements				
Financial assets				
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>
Financial liabilities				
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/year 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
The Group				
At 1 July 2023	393,370	97,650	74,354	71,839
Fair value changes recognised in statements of income	36,536	-	(2,207)	(2,207)
Net fair value changes recognised in other comprehensive income	-	19,147	-	-
Purchases	-	-	38,360	39,324
Disposal	-	-	-	-
Settlements	-	-	(35,744)	(27,801)
At 30 June 2024	429,906	116,797	74,763	81,155
Fair value changes recognised in statements of income relating to assets held on 30 June 2024	36,536	-	(2,207)	(2,207)
Total gain recognised in other comprehensive income relating to assets held on 30 June 2024	-	19,147	-	-
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

The adoption of MFRS 17 resulted in the following financial effects to the Group as follow:

(i) Statements of Financial Position			<u>Restated</u>		<u>Restated</u>	
	30 June 2022 RM'000	Effects of MFRS 17 adoption RM'000	01 July 2022 RM'000	30 June 2023 RM'000	Effects of MFRS 17 adoption RM'000	30 June 2023 RM'000
The Group						
<u>Assets</u>						
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	(254,748)	180,312,667
Clients' and brokers' balances	722,181	(405,905)	316,276	618,824	(478,348)	140,476
Other assets	2,431,500	(3,204)	2,428,296	2,677,749	1,926	2,679,675
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	(95,696)	269,235	107,874	(107,874)	-
Investment in associated companies	7,660,825	15,143	7,675,968	10,050,740	22,787	10,073,527
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
Insurance/reinsurance contract assets	-	279,579	279,579	-	436,839	436,839
Intangible assets	324,938	-	324,938	387,918	-	387,918
Total Assets	286,920,817	(506,042)	286,414,775	315,265,790	(379,418)	314,886,372
<u>Liabilities</u>						
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	(3,859,462)	8,141,552	12,054,456	(4,063,058)	7,991,398
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	-	-	-	-	9,575	9,575
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/reinsurance contract liabilities	-	20,763,178	20,763,178	-	22,955,206	22,955,206
Insurance funds	17,524,189	(17,524,189)	-	19,442,911	(19,442,911)	-
Total Liabilities	250,931,093	(958,478)	249,972,615	275,636,156	(955,535)	274,680,621
<u>Equity</u>						
Share capital	2,267,008	-	2,267,008	2,267,008	-	2,267,008
Reserves	22,244,622	321,401	22,566,023	24,757,812	410,151	25,167,963
Treasury shares for ESS	(236,039)	-	(236,039)	(233,108)	-	(233,108)
Total Shareholders' Equity	24,275,591	321,401	24,596,992	26,791,712	410,151	27,201,863
Non-controlling interests	11,714,133	131,035	11,845,168	12,837,922	165,966	13,003,888
Total Equity	35,989,724	452,436	36,442,160	39,629,634	576,117	40,205,751
Total Liabilities and Equity	286,920,817	(506,042)	286,414,775	315,265,790	(379,418)	314,886,372

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

The adoption of MFRS 17 resulted in the following financial effects to the Group as follow: (continued)

(ii) Statements of Comprehensive Income

	<u>4th Quarter Ended</u>			<u>Twelve Months Ended</u>		
	<u>30 June</u> <u>2023</u> <u>RM'000</u>	<u>Effects of</u> <u>MFRS 17</u> <u>adoption</u> <u>RM'000</u>	<u>Restated</u> <u>30 June</u> <u>2023</u> <u>RM'000</u>	<u>30 June</u> <u>2023</u> <u>RM'000</u>	<u>Effects of</u> <u>MFRS 17</u> <u>adoption</u> <u>RM'000</u>	<u>Restated</u> <u>30 June</u> <u>2023</u> <u>RM'000</u>
The Group						
Interest income	2,054,511	-	2,054,511	7,549,032	-	7,549,032
Interest income for financial assets at fair value through profit or loss	33,138	-	33,138	214,224	-	214,224
Interest expense	(1,169,358)	159	(1,169,199)	(3,977,251)	711	(3,976,540)
Net interest income	918,291	159	918,450	3,786,005	711	3,786,716
Income from Islamic banking business	229,631	-	229,631	963,368	-	963,368
	1,147,922	159	1,148,081	4,749,373	711	4,750,084
Non-interest income	317,551	25,473	343,024	1,679,797	46,685	1,726,482
Net income	1,465,473	25,632	1,491,105	6,429,170	47,396	6,476,566
Overhead expenses	(675,483)	25,184	(650,299)	(2,569,627)	90,393	(2,479,234)
Operating profit before allowances	789,990	50,816	840,806	3,859,543	137,789	3,997,332
Allowance for impairment losses on loans, advances and financing and other losses	(14,326)	-	(14,326)	(115,208)	-	(115,208)
Write-back of impairment losses on other assets	806	-	806	304	-	304
Operating profit after allowances	776,470	50,816	827,286	3,744,639	137,789	3,882,428
Share of results of associated companies	354,288	11,111	365,399	1,357,741	11,111	1,368,852
Profit before taxation	1,130,758	61,927	1,192,685	5,102,380	148,900	5,251,280
Taxation	(186,830)	(11,973)	(198,803)	(894,761)	(24,419)	(919,180)
Net profit for the financial period/year	943,928	49,954	993,882	4,207,619	124,481	4,332,100
Net profit for the financial period/year attributable to:						
Owners of the parent	626,274	37,637	663,911	2,791,303	89,550	2,880,853
Non-controlling interests	317,654	12,317	329,971	1,416,316	34,931	1,451,247
	943,928	49,954	993,882	4,207,619	124,481	4,332,100
Earnings per share attributable to equity holders of the Company (sen)						
- Basic/diluted	55.2	3.3	58.5	246.1	7.9	254.0

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

The adoption of MFRS 17 resulted in the following financial effects to the Group as follow: (continued)

(iii) Statements of Comprehensive Income

	<u>4th Quarter Ended</u>			<u>Twelve Months Ended</u>		
	30 June 2023 RM'000	Effects of MFRS 17 adoption RM'000	Restated 30 June 2023 RM'000	30 June 2023 RM'000	Effects of MFRS 17 adoption RM'000	Restated 30 June 2023 RM'000
Net profit for the financial period/year	943,928	49,954	993,882	4,207,619	124,481	4,332,100
Other comprehensive income:						
(i) Items that will not be reclassified to profit or loss:						
Equity instruments at FVTPL						
- Net fair value changes	14,264	-	14,264	14,264	-	14,264
(ii) Items that may be reclassified subsequently to profit or loss:						
(a) Share of other comprehensive loss of associated companies	(10,278)	(800)	(11,078)	(11,133)	(800)	(11,933)
(b) Debt instruments at FVOCI						
- Net fair value changes	44,381	-	44,381	426,539	-	426,539
- Changes in ECL	16	-	16	294	-	294
(c) Net fair value changes in cash flow hedge				362	-	362
(d) Currency translation differences	169,505	-	169,505	81,305	-	81,305
(e) Income tax relating to components of other comprehensive income	(15,075)	-	(15,075)	(93,151)	-	(93,151)
Other comprehensive income for the financial year, net of tax	<u>202,813</u>	<u>(800)</u>	<u>202,013</u>	<u>418,480</u>	<u>(800)</u>	<u>417,680</u>
Total comprehensive income for the financial period/year, net of tax	<u>1,146,741</u>	<u>49,154</u>	<u>1,195,895</u>	<u>4,626,099</u>	<u>123,681</u>	<u>4,749,780</u>
Total comprehensive income for the financial period/year attributable to:						
Owners of the parent	763,685	36,837	800,522	3,074,512	88,750	3,163,262
Non-controlling interests	383,056	12,317	395,373	1,551,587	34,931	1,586,518
	<u>1,146,741</u>	<u>49,154</u>	<u>1,195,895</u>	<u>4,626,099</u>	<u>123,681</u>	<u>4,749,780</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 RM1,477.5 million for the current quarter ended 30 June 2024 as compared to RM1,192.7 million in the previous corresponding quarter (restated), an increase of RM284.8 million or 23.9%. The increase was due to higher contribution from across all operating divisions.

Hong Leong Bank Berhad ("HLB") recorded a profit before tax of RM1,281.8 million for the current quarter ended 30 June 2024 as compared to RM1,040.4 million in the previous corresponding quarter, an increase of RM241.4 million or 23.2%. Revenue surged by RM173.4 million or 13.3% driven primarily by a rise in net interest income and non-interest income. Operating expenses increased by RM40.7 million or 6.9%, while the allowance for impairment losses was improved by RM45.2 million. The share of profit from associated company has also increased by RM63.6 million.

HLA Holdings Sdn Bhd ("HLAH") recorded a profit before tax of RM153.2 million for the current quarter ended 30 June 2024 as compared to RM146.1 million in the previous corresponding quarter (restated), an increase of RM7.1 million or 4.9%. The increase was mainly due to higher investment income of RM538.4 million and higher share of profit from associated company of RM1.7 million. This was offset by higher insurance/reinsurance finance expenses and others of RM472.7 million and lower insurance service income of RM60.3 million.

Hong Leong Capital Berhad ("HLCB") recorded a profit before tax of RM47.9 million for the current quarter ended 30 June 2024 as compared to RM8.9 million in the previous corresponding quarter, an increase of RM39.0 million. The increase was mainly due to fair value gain on investment and higher contribution from across all operating divisions.

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

HLFG Group recorded a profit before tax of RM5,845.6 million for the current financial year ended 30 June 2024 as compared to RM5,251.3 million in the previous corresponding financial year ended (restated), an increase of RM594.3 million or 11.3%. The increase was due to higher contribution from across all operating divisions.

HLB recorded a profit before tax of RM5,134.2 million for the financial year ended 30 June 2024 as compared to RM4,626.6 million in the previous corresponding year, an increase of RM507.6 million or 11.0%. Revenue grew by RM85.5 million or 1.5% mainly from higher net interest income. Operating expenses was higher by RM105.6 million, while the allowance of impairment losses was improved by RM228.2 million. The share of profit from associated company increased by RM299.5 million.

HLAH recorded a profit before tax of RM606.2 million for the financial year ended 30 June 2024 as compared to RM589.9 million in the previous corresponding year (restated), an increase of RM16.3 million or 2.8%. The increase was mainly due to higher investment income of RM683.1 million and higher share of profit from associated company of RM22.7 million. This was offset by higher insurance/reinsurance finance expenses and others of RM579.6 million and lower insurance service income of RM109.9 million.

HLCB recorded a profit before tax of RM121.9 million for the financial year ended 30 June 2024 as compared to RM61.5 million in the previous corresponding year, an increase of RM60.4 million or 98.4%. The increase was mainly due to fair value gain on investment and higher contribution from across all operating divisions.

B2 Current quarter against preceding quarter

HLFG Group recorded a profit before tax of RM1,477.5 million for the current quarter ended 30 June 2024 as compared to RM1,485.2 million in the preceding quarter (restated), a decrease of RM7.7 million or -0.5%. The decrease was due to lower contribution from insurance divisions.

HLB recorded a profit before tax of RM1,281.8 million for the current quarter ended 30 June 2024 as compared to RM1,268.4 million in the preceding quarter, an increase of RM13.4 million or 1.1%. The increase was mainly due to higher revenue of RM41.0 million driven by higher net interest income and non-interest income and higher share of profit from associated company by RM18.0 million. Operating expenses recorded higher by RM51.3 million, while allowance for impairment losses was improved by RM5.7 million.

HLAH recorded a profit before tax of RM153.2 million for the current quarter ended 30 June 2024 as compared to RM194.1 million in the preceding quarter (restated), a decrease of RM40.9 million or -21.1%. The decrease was mainly due to lower insurance service income of RM91.3 million and lower investment income of RM81.9 million. This was mitigated by lower insurance/reinsurance finance expenses and others of RM132.3 million.

HLCB recorded a profit before tax of RM47.9 million for the current quarter ended 30 June 2024 as compared to RM27.1 million in the preceding quarter, an increase of RM20.8 million or 76.9%. This increase was mainly due to fair value gain on investment and higher contribution from investment banking & stockbroking divisions.

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

B3 Prospects for the current financial year

Global economic growth is expected to remain steady in 2024 underpinned by the sustained resilience of the United States economy and growth in Asia's emerging markets. Nevertheless, downside risks continue to persist amid slowing disinflation in advanced economies and ongoing geopolitical tensions. Malaysia's economic growth trajectory is forecasted to improve by 4.8% in 2024 supported by external demand improvement and continued resilience in the domestic economy from increased consumer and investment spending. Additionally, the overnight policy rate is anticipated to be maintained at 3.0% throughout 2024 in line with manageable inflation.

The Group remains guided by our strategic priorities on delivering improved financial performance through growing targeted segments, enhancing our product offerings and strengthening customer-centricity. This is on top of the Group's steadfast commitment to cost discipline and sound asset quality management, while maintaining its robust capital and liquidity position to support asset growth. Additionally, the Group continues to embed the sustainability agenda in its businesses and invest in technology advancement to digitise its products and services offering 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

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	Restated 30 June 2023	30 June 2024	Restated 30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	295,636	208,847	968,169	842,387
Over provision in prior period/years	(12,663)	(37,990)	(81,979)	(40,584)
	<u>282,973</u>	<u>170,857</u>	<u>886,190</u>	<u>801,803</u>
Deferred taxation	(8,575)	27,946	172,211	117,377
	<u><u>274,398</u></u>	<u><u>198,803</u></u>	<u><u>1,058,401</u></u>	<u><u>919,180</u></u>

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
The Company	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	847	690	1,187	600
Over provision in prior period/years	-	(418)	-	(418)
	<u>847</u>	<u>272</u>	<u>1,187</u>	<u>182</u>
Deferred taxation	(53)	(42)	(18)	26
	<u><u>794</u></u>	<u><u>230</u></u>	<u><u>1,169</u></u>	<u><u>208</u></u>

The Company's effective tax rate for the current financial year 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

	Note	The Group		The Company	
		30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Unsecured					
Senior notes	(a)	201,950	201,936	201,991	201,919
Medium term notes	(b)	301,020	-	-	-
Commercial papers	(c)	248,892	-	-	-
		<u>751,862</u>	<u>201,936</u>	<u>201,991</u>	<u>201,919</u>

Note:

(a) On 23 August 2021, the Company issued an unsecured RM200.0 million in aggregate principal amount of new Senior Notes ("the new Notes") out of its multi-currency perpetual notes programme. The new Notes were issued for a period of 3 years with a coupon rate of 2.85% per annum.

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

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

(c) On 12 January 2024, HLB issued its first tranche of RM5.0 million nominal value of commercial paper ("Senior CP") out of its RM10.0 billion Multi-currency Commercial Paper Programme ("Senior CP Programme"). The tenure for this Senior CP is 6 months, which was issued at a discount of 3.66% per annum. The proceeds from the issuance shall be utilised for HLB's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB.

On 9 February 2024, HLB issued its second tranche of RM95.0 million nominal value of Senior CP out of its RM10.0 billion Multi-currency Senior CP Programme. The tenure for this Senior CP is 3 months, which was issued at a discount of 3.47% per annum. The proceeds from the issuance shall be utilised for HLB's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB. On 9 May 2024, HLB had fully redeemed the RM95.0 million nominal value of this Senior CP.

On 9 May 2024, HLB issued its third tranche of RM240.0 million nominal value of Senior CP out of its RM10.0 billion Multi-currency Senior CP Programme. The tenure for this Senior CP is 3 months, which was issued at a discount of 3.49% per annum. The proceeds from the issuance shall be utilised for HLB's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB.

On 12 January 2024, HLISB issued its first tranche of RM5.0 million nominal value of Islamic commercial paper ("Senior ICP") out of its RM5.0 billion Multi-currency Islamic Commercial Paper Programme ("Senior ICP Programme") based on the Shariah principle of Wakalah Bi Al-Istithmar. The tenure for this Senior ICP is 6 months, which was issued at a discount of 3.65% per annum. The proceeds from the issuance shall be utilised for the HLISB's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLISB.

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

B8 Subordinated obligations

	Note	The Group		The Company	
		30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
RM600.0 million Tier 2 subordinated debt, at par	(a)	600,000	600,000	-	-
Add: Interest payable		4,679	4,710	-	-
		<u>604,679</u>	<u>604,710</u>	<u>-</u>	<u>-</u>
RM1.6 billion Tier 2 subordinated notes, at par	(b)	1,600,000	1,600,000	-	1,100,000
Add: Interest payable		3,113	2,867	-	2,203
		<u>1,603,113</u>	<u>1,602,867</u>	<u>-</u>	<u>1,102,203</u>
Less: Unamortised discounts		(2,624)	(927)	-	(344)
		<u>1,600,489</u>	<u>1,601,940</u>	<u>-</u>	<u>1,101,859</u>
		<u>2,205,168</u>	<u>2,206,650</u>	<u>-</u>	<u>1,101,859</u>

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 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 Hong Leong Investment Bank Berhad ("HLIB") respectively, the subsidiary companies of the Company. On 14 June 2024, the Company had fully redeemed the RM1.1 billion nominal value of this Sub-Notes.

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.

On 11 June 2024, HLB issued an unsecured RM1.0 billion 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 4.05% per annum with a tenure of 10 years non-callable 5 years.

On 13 June 2024, HLIB issued an unsecured RM100.0 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 4.11% 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	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Multi-currency Additional Tier 1 capital securities, at par	1,700,000	1,700,000	-	400,000
Add: Interest payable	15,443	16,005	-	4,965
	<u>1,715,443</u>	<u>1,716,005</u>	<u>-</u>	<u>404,965</u>
Less: Unamortised discounts	(1,890)	(1,490)	-	(114)
Add: Fair value changes arising from fair value hedges	5,118	5,115	-	-
	<u>1,718,671</u>	<u>1,719,630</u>	<u>-</u>	<u>404,851</u>

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

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.

On 25 March 2024, HLB issued a nominal value of RM400.0 million Additional Tier1 capital securities ("Capital Securities"), out to its multi-currency Additional Tier 1 capital securities programme. The Capital Securities carry a distribution rate of 4.25% 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 30 June 2024

The Group

Items	Principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	65,932,452	193,177	(369,019)
(ii) 1 year to 3 years	1,559,477	41,548	(584)
(iii) More than 3 years	1,231,790	21,371	(902)
- Swaps			
(i) Less than 1 year	11,566,735	125,738	(171,615)
(ii) 1 year to 3 years	3,322,891	26,369	(170,021)
(iii) More than 3 years	1,839,922	108,103	(98,157)
- Options			
(i) Less than 1 year	8,498,440	14,737	(15,378)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	8,368,842	6,258	(13,076)
(ii) 1 year to 3 years	1,487,000	5,791	(2,903)
(iii) More than 3 years	2,218,000	6,193	(9,985)
- Swaps			
(i) Less than 1 year	39,947,193	37,570	(34,697)
(ii) 1 year to 3 years	56,619,764	234,477	(242,859)
(iii) More than 3 years	62,059,915	372,089	(501,252)
Equity related contracts			
(i) Less than 1 year	495,443	10,199	(17,974)
(ii) 1 year to 3 years	148,470	7,633	(6,249)
(iii) More than 3 years	896,954	56,862	(56,862)
Credit related contracts			
(i) Less than 1 year	142,845	3,666	(3,666)
(ii) More than 3 years	1,450,954	116,508	(116,508)
Commodity related contracts			
(i) Less than 1 year	57,292	1,611	(1,524)
Total	267,844,379	1,389,900	(1,833,231)

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)
Total	213,774,447	2,235,614	(2,447,431)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial year, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM453,288,000 (30 June 2023: RM522,107,000) and RM169,376,326,000 (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 RM1,487,106,000 (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 final dividend of 36.0 sen per share has been declared for the financial year ended 30 June 2024.

- (i) Amount per share: 36.0 sen per share
- (ii) Previous corresponding period: 32.0 sen per share
- (iii) Entitlement date: To be announced
- (iv) Payment date: To be announced

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 in issue during the financial period/year, excluding the treasury shares.

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	Restated 30 June 2023 RM'000	30 June 2024 RM'000	Restated 30 June 2023 RM'000
The Group				
Net profit attributable to equity holders	806,086	663,911	3,197,662	2,880,853
Weighted average number of ordinary shares ('000)	1,134,258	1,134,049	1,134,193	1,134,049
Basic earnings per share (sen)	71.1	58.5	281.9	254.0

	4th Quarter Ended		Twelve Months Ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
The Company				
Net profit attributable to equity holders equity holders	(3,113)	(3,260)	946,048	857,882
Weighted average number of ordinary shares ('000)	1,138,350	1,138,141	1,138,285	1,138,141
Basic earnings per share (sen)	(0.3)	(0.3)	83.1	75.4

(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. As a result, the diluted earnings per share was equal to basic earnings per share for the current and previous financial year.

Dated this 29 August 2024