

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

	Note	<u>The Group</u>		<u>The Company</u>	
		30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
Assets					
Cash and short-term funds		13,242,132	7,548,161	5,334	8,993
Deposits and placements with banks and other financial institutions		1,974,344	1,652,027	75,560	129,360
Securities purchased under resale agreements		474,065	297,315	-	-
Financial assets at fair value through profit or loss	A9	32,564,449	31,824,070	224,231	371,937
Financial investments at fair value through other comprehensive income	A10	35,122,751	43,142,054	-	-
Financial investments at amortised cost	A11	30,666,654	32,457,440	-	-
Derivative financial instruments	B10	3,190,099	1,389,900	-	-
Loans, advances and financing	A12	193,004,134	193,613,380	-	-
Clients' and brokers' balances		230,343	236,831	-	-
Other assets	A13	2,624,262	4,752,476	622,701	2,637
Statutory deposits with Central Banks		3,382,409	3,275,743	-	-
Tax recoverable		10,049	8,576	218	-
Investment in subsidiary companies		-	-	17,054,109	17,054,109
Investment in associated companies		10,328,286	10,889,153	-	-
Deferred tax assets		304,122	-	204	221
Property and equipment		1,117,440	1,145,889	4,188	4,504
Right-of-use assets		164,841	177,995	1,959	2,195
Investment properties		471,630	471,630	-	-
Goodwill arising on consolidation		2,410,644	2,410,644	-	-
Intangible assets		371,560	386,458	56	69
Insurance/reinsurance contract assets		478,229	525,721	-	-
Total Assets		332,132,443	336,205,463	17,988,560	17,574,025
Liabilities					
Deposits from customers	A14	218,609,933	220,075,326	-	-
Investment accounts of customers	A15	2,314,693	2,166,534	-	-
Deposits and placements of banks and other financial institutions	A16	8,523,715	14,178,774	-	-
Obligations on securities sold under repurchase agreements		10,243,523	9,823,649	-	-
Bills and acceptances payable		246,184	282,547	-	-
Derivative financial instruments	B10	3,963,725	1,833,231	-	-
Clients' and brokers' balances		256,059	233,891	-	-
Other liabilities	A17	9,236,977	8,911,178	430,524	15,122
Lease liabilities		168,903	181,312	2,164	2,408
Recourse obligations on loans/financing sold to Cagamas Berhad		2,675,381	3,277,003	-	-
Provision for taxation		223,159	202,818	-	252
Deferred tax liabilities		753,053	361,224	-	-
Borrowings	B7	1,036,786	751,862	-	201,991
Subordinated obligations	B8	2,221,700	2,205,168	-	-
Multi-currency Additional Tier 1 capital securities	B9	1,724,909	1,718,671	-	-
Insurance/reinsurance contract liabilities		26,112,312	25,633,476	-	-
Total Liabilities		288,311,012	291,836,664	432,688	219,773
Equity					
Share capital		2,267,008	2,267,008	2,267,008	2,267,008
Reserves		27,768,311	28,053,839	15,460,658	15,259,038
Treasury shares for ESS		(230,177)	(230,177)	(171,794)	(171,794)
Total Shareholders' Equity		29,805,142	30,090,670	17,555,872	17,354,252
Non-controlling interests		14,016,289	14,278,129	-	-
Total Equity		43,821,431	44,368,799	17,555,872	17,354,252
Total Liabilities and Equity		332,132,443	336,205,463	17,988,560	17,574,025
Commitments and Contingencies	A30	349,350,039	323,287,166	-	-
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)		26.28	26.53	15.42	15.25

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

The Group	Note	1st Quarter Ended		Three Months Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Interest income	A18	2,277,424	2,158,807	2,277,424	2,158,807
Interest income for financial assets at fair value through profit or loss	A19	41,823	40,693	41,823	40,693
Interest expense	A20	(1,283,003)	(1,251,660)	(1,283,003)	(1,251,660)
Net interest income		1,036,244	947,840	1,036,244	947,840
Income from Islamic banking business	A21	287,813	230,233	287,813	230,233
		1,324,057	1,178,073	1,324,057	1,178,073
Non-interest income	A22	567,908	398,214	567,908	398,214
Net income		1,891,965	1,576,287	1,891,965	1,576,287
Overhead expenses	A23	(691,234)	(641,204)	(691,234)	(641,204)
Operating profit before allowances		1,200,731	935,083	1,200,731	935,083
(Allowance for)/write-back of impairment losses on loans, advances and financing and other losses	A24	(7,290)	51,240	(7,290)	51,240
Allowance for impairment losses on other assets	A25	(93)	(466)	(93)	(466)
Operating profit after allowances		1,193,348	985,857	1,193,348	985,857
Share of results of associated companies		393,919	377,567	393,919	377,567
Profit before taxation		1,587,267	1,363,424	1,587,267	1,363,424
Taxation	B5	(318,129)	(248,302)	(318,129)	(248,302)
Net profit for the financial period		1,269,138	1,115,122	1,269,138	1,115,122
Net profit for the financial period attributable to:					
Owners of the parent		847,672	741,645	847,672	741,645
Non-controlling interests		421,466	373,477	421,466	373,477
		1,269,138	1,115,122	1,269,138	1,115,122
Earnings per share attributable to equity holders of the Company - basic/diluted (sen)	B13	74.7	65.4	74.7	65.4

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

The Group	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Net profit for the financial period	1,269,138	1,115,122	1,269,138	1,115,122
Other comprehensive income:				
(i) Items that may be reclassified subsequently to profit or loss:				
(a) Share of other comprehensive (losses)/income of associated companies	(32,547)	41,223	(32,547)	41,223
(b) Debt instruments at fair value through other comprehensive income				
- Net fair value changes	211,994	(14,085)	211,994	(14,085)
- Changes in expected credit losses	(702)	206	(702)	206
(c) Currency translation differences	(1,204,925)	(62,334)	(1,204,925)	(62,334)
(d) Income tax relating to other comprehensive income	(44,669)	3,565	(44,669)	3,565
Other comprehensive expense for the financial period, net of tax	(1,070,849)	(31,425)	(1,070,849)	(31,425)
Total comprehensive income for the financial period	198,289	1,083,697	198,289	1,083,697
Total comprehensive income for the financial period attributable to:				
Owners of the parent	136,377	723,956	136,377	723,956
Non-controlling interests	61,912	359,741	61,912	359,741
	198,289	1,083,697	198,289	1,083,697

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

		1st Quarter Ended		Three Months Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Company	Note	RM'000	RM'000	RM'000	RM'000
Interest income	A18	1,092	17,264	1,092	17,264
Interest expense	A20	(885)	(18,410)	(885)	(18,410)
Net interest income/(expense)		207	(1,146)	207	(1,146)
Non-interest income	A22	619,921	541,809	619,921	541,809
Net income		620,128	540,663	620,128	540,663
Overhead expenses	A23	(8,480)	(8,167)	(8,480)	(8,167)
Write-back of impairment losses on other assets	A25	-	709	-	709
Profit before taxation		611,648	533,205	611,648	533,205
Taxation	B5	(222)	(44)	(222)	(44)
Net profit for the financial period		611,426	533,161	611,426	533,161
Earnings per share attributable to equity holders of the Company - basic/diluted (sen)	B13	53.7	46.8	53.7	46.8

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Company	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	611,426	533,161	611,426	533,161
Other comprehensive income for the financial period, net of tax	-	-	-	-
Total comprehensive income for the financial period	611,426	533,161	611,426	533,161

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

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

	← Attributable to owner of the parent →										
	Share capital RM'000	Regulatory* reserve RM'000	Fair value 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	Total equity RM'000
The Group											
At 1 July 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
<u>Comprehensive income</u>											
Net profit for the financial period	-	-	-	-	-	-	847,672	-	847,672	421,466	1,269,138
Currency translation differences	-	-	-	-	-	(799,382)	-	-	(799,382)	(405,543)	(1,204,925)
Share of other comprehensive losses of associated companies	-	-	(21,312)	-	-	-	-	-	(21,312)	(11,235)	(32,547)
Financial investments measured at fair value through other comprehensive income											
- Debt instruments											
- Net fair value changes	-	-	109,862	-	-	-	-	-	109,862	57,463	167,325
- Changes in expected credit losses	-	-	(463)	-	-	-	-	-	(463)	(239)	(702)
Total comprehensive income/(expense)	-	-	88,087	-	-	(799,382)	847,672	-	136,377	61,912	198,289
<u>Transaction with owners</u>											
Transfer from regulatory reserve	-	(6,758)	-	-	-	-	6,758	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	(9,987)	-	(9,987)	9,987	-
Dividend payable	-	-	-	-	-	-	(409,806)	-	(409,806)	-	(409,806)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(334,622)	(334,622)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	883	883
Options charged arising from executive share scheme ("ESS") granted	-	-	-	-	(1,229)	-	-	-	(1,229)	-	(1,229)
Exercise of ESS	-	-	-	-	(2,476)	-	1,593	-	(883)	-	(883)
At 30 September 2024	2,267,008	1,270,059	34,174	213,825	24,867	175,473	26,049,913	(230,177)	29,805,142	14,016,289	43,821,431

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

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

	← Attributable to owner of the parent →										
	Share capital RM'000	Regulatory* reserve RM'000	Fair value 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	Total equity RM'000
The Group											
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	-	-	-	-	-	-	359,737	-	359,737	152,902	512,639
Restated	2,267,008	1,016,490	(318,005)	213,314	35,502	967,332	23,202,916	(233,108)	27,151,449	12,990,824	40,142,273
Comprehensive income											
Net profit for the financial period	-	-	-	-	-	-	741,645	-	741,645	373,477	1,115,122
Currency translation differences	-	-	-	-	-	(40,737)	-	-	(40,737)	(21,597)	(62,334)
Share of other comprehensive profit of associated companies	-	-	30,347	-	-	-	-	-	30,347	10,876	41,223
Financial investments measured at fair value through other comprehensive income											
- Debt instruments											
- Net fair value changes	-	-	(7,435)	-	-	-	-	-	(7,435)	(3,085)	(10,520)
- Changes in expected credit losses	-	-	136	-	-	-	-	-	136	70	206
Total comprehensive income/(expenses)	-	-	23,048	-	-	(40,737)	741,645	-	723,956	359,741	1,083,697
Transaction with owners											
Transfer to regulatory reserve	-	65,544	-	-	-	-	(65,544)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	(11,996)	-	(11,996)	11,996	-
Dividend payable	-	-	-	-	-	-	(364,172)	-	(364,172)	-	(364,172)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(294,217)	(294,217)
Non-controlling interests share of subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	924	924
Options write back arising from ESS	-	-	-	-	412	-	-	-	412	-	412
Exercise of ESS	-	-	-	-	(2,277)	-	1,353	-	(924)	-	(924)
At 30 September 2023	2,267,008	1,082,034	(294,957)	213,314	33,637	926,595	23,504,202	(233,108)	27,498,725	13,069,268	40,567,993

* Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM1,256,035,000 (30 September 2024: RM1,070,789,000) 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 September 2024: RM11,245,000).

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

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

	← Non-distributable →				Distributable	
<u>The Company</u>	Share capital RM'000	Other capital reserve RM'000	Share options reserve RM'000	Treasury shares for ESS RM'000	Retained profits RM'000	Total equity RM'000
At 1 July 2024	2,267,008	254,991	-	(171,794)	15,004,047	17,354,252
Net profit for the financial period	-	-	-	-	611,426	611,426
Dividends payable	-	-	-	-	(409,806)	(409,806)
At 30 September 2024	<u>2,267,008</u>	<u>254,991</u>	<u>-</u>	<u>(171,794)</u>	<u>15,205,667</u>	<u>17,555,872</u>
At 1 July 2023	2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755
Net profit for the financial period	-	-	-	-	533,161	533,161
Dividends payable	-	-	-	-	(364,172)	(364,172)
Options charge arising from executive share scheme	-	-	344	-	-	344
At 30 September 2023	<u>2,267,008</u>	<u>254,991</u>	<u>2,640</u>	<u>(174,725)</u>	<u>14,796,174</u>	<u>17,146,088</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	The Group		The Company	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Cash flows from operating activities				
Profit before taxation	1,587,267	1,363,424	611,648	533,205
Adjustment for non-cash items	(746,110)	(877,938)	(616,462)	(537,445)
Operating profit/(loss) before working capital changes	841,157	485,486	(4,814)	(4,240)
Income tax paid	(253,090)	(180,554)	(675)	-
Interest received	1,092	777	1,092	777
Changes in working capital:				
Net changes in operating assets	(1,342,790)	1,302,608	70,061	(28,837)
Net changes in operating liabilities	(4,207,912)	(101,229)	5,591	4,643
Net cash (used in)/generated from operating activities	(4,961,543)	1,507,088	71,255	(27,657)
Cash flows from investing activities				
Net disposal/(purchases) of financial investments at FVOCI	8,520,205	(3,153,829)	-	-
Net disposal/(purchases) of financial investments at amortised cost	1,781,666	(88,188)	-	-
Interest received on financial investments at FVOCI	349,318	317,223	-	-
Interest received on financial investments at amortised cost	217,843	190,949	-	-
Purchase of intangible assets	(3,189)	(8,680)	-	(3)
Purchase of property and equipment	(12,428)	(23,411)	-	(340)
Net proceeds from disposal of property and equipment	5	408	-	-
Dividends received from other investments	8,710	24,798	2,202	-
Dividends received from associated companies	359,785	330,808	-	-
Interest received from investment in debt instrument issued by subsidiary company	-	-	-	-
- Interest on Multi-currency AT1 capital securities	-	-	-	9,518
Net cash generated from/(used in) investing activities	11,221,915	(2,409,922)	2,202	9,175
Cash flows from financing activities				
Repayment of lease liabilities	(10,010)	(9,090)	(244)	(232)
Repayment of borrowings	(450,000)	-	(200,000)	-
Repayment of recourse obligations on loans sold to Cagamas Berhad	(600,000)	-	-	-
Proceeds from senior notes	734,000	-	-	-
Proceeds from recourse obligations on loans sold to Cagamas Berhad	-	300,000	-	-
Interest paid on derivative financial instruments	(1,589)	-	-	-
Interest paid on senior bonds	(2,420)	-	-	-
Interest paid on Multi-currency AT1 capital securities	(8,701)	(19,789)	-	(9,719)
Interest paid on subordinated obligations	(166)	(5,728)	-	-
Interest paid on borrowings	(2,834)	(2,827)	(2,842)	(2,827)
Interest paid on recourse obligations on loans sold to Cagamas Berhad	(32,783)	(27,079)	-	-
Interest paid on lease liabilities	(1,904)	(2,059)	(30)	(42)
Net cash (used in)/generate from financing activities	(376,407)	233,428	(203,116)	(12,820)
Net increase/(decrease) in cash and cash equivalents	5,883,965	(669,406)	(129,659)	(31,302)
Effects of exchange rate changes	(201,859)	(62,334)	-	-
Cash and cash equivalents at beginning of the financial year	8,599,141	10,116,501	135,053	65,306
Cash and cash equivalents at end of financial period	14,281,247	9,384,761	5,394	34,004
Analysis of cash and cash equivalents				
Cash and short-term funds	13,242,132	8,699,046	5,334	33,944
Deposits and placements with banks and other financial institutions	1,974,344	1,159,014	75,560	94,360
	15,216,476	9,858,060	80,894	128,304
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months	(935,229)	(473,299)	(75,500)	(94,300)
	14,281,247	9,384,761	5,394	34,004

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 2024. 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 2024.

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 2024 and modified for the adoption of the following accounting standards applicable for financial year beginning on or after 1 July 2024:

- Amendments to MFRS 101 "Presentation of Financial Statements"
- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"
- Amendments to MFRS 121 "Lack of Exchangeability"

The adoption of the above accounting standards, amendments to published standards and interpretation to existing standards are not expected to give rise to any material financial impact to the Group and the Company.

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported financial period. It also requires the 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 2024

There was no qualified report issued by the auditors in the preceding annual financial statements for the financial year ended 30 June 2024.

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.

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.

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.

HONG LEONG FINANCIAL GROUP BERHAD 196801000439 (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

A6 Issuance and repayment of debt and equity securities

There was no issuance or 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 those disclosed in Note B7, B8 and B9.

A7 Dividend payable

On 29 August 2024, the Board of Directors has declared a single-tier final dividend of 36.0 sen per share in respect of the financial year ended 30 June 2024. The dividend amounted to approximately RM409,806,000 is payable on 21 November 2024.

A8 Segmental reporting

Operating segments are reported based on the Group's internal reporting provided to the Chief Operating Decision-Maker ("CODM"). The CODM is the person or a group that allocates resources to and assesses the performance of the operating segments of an entity.

Inter-segment pricing is based on the internal 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 Eliminations RM'000	Consolidated RM'000
30 September 2024						
Revenue						
External revenue	1,584,877	56,983	244,959	5,146	-	1,891,965
Inter-segment revenue	12,997	(257)	9,908	614,985	(637,633)	-
Segment revenue	<u>1,597,874</u>	<u>56,726</u>	<u>254,867</u>	<u>620,131</u>	<u>(637,633)</u>	<u>1,891,965</u>
Results						
Segment results	964,782	21,793	218,094	611,652	(622,973)	1,193,348
Share of results of associated companies	374,588	-	19,331	-	-	393,919
Profit before taxation	<u>1,339,370</u>	<u>21,793</u>	<u>237,425</u>	<u>611,652</u>	<u>(622,973)</u>	<u>1,587,267</u>
Taxation						<u>(318,129)</u>
Net profit for the financial period						<u>1,269,138</u>
Non-controlling interests						<u>(421,466)</u>
Profit attributable to owners of the parent						<u><u>847,672</u></u>
Other information						
Segment assets	292,918,077	5,438,465	33,083,679	17,988,571	(17,296,349)	<u><u>332,132,443</u></u>
Segment liabilities	256,476,520	4,443,808	27,669,493	434,330	(713,139)	<u><u>288,311,012</u></u>

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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 Eliminations RM'000	Consolidated RM'000
30 September 2023						
Revenue						
External revenue	1,389,597	62,316	123,794	580	-	1,576,287
Inter-segment revenue	4,518	973	231	540,083	(545,805)	-
Segment revenue	<u>1,394,115</u>	<u>63,289</u>	<u>124,025</u>	<u>540,663</u>	<u>(545,805)</u>	<u>1,576,287</u>
Results						
Segment results	888,648	27,413	74,862	533,199	(538,265)	985,857
Share of results of associated companies	354,481	-	23,086	-	-	377,567
Profit before taxation	<u>1,243,129</u>	<u>27,413</u>	<u>97,948</u>	<u>533,199</u>	<u>(538,265)</u>	<u>1,363,424</u>
Taxation						<u>(248,302)</u>
Net profit for the financial period						<u>1,115,122</u>
Non-controlling interests						<u>(373,477)</u>
Profit attributable to owners of the parent						<u><u>741,645</u></u>
Other information						
Segment assets	282,574,179	4,857,845	29,321,684	19,247,267	(19,630,671)	<u>316,370,304</u>
Segment liabilities	248,385,290	3,916,561	24,453,776	2,102,812	(3,056,128)	<u>275,802,311</u>

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

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Money market instruments		
Government treasury bills	685,222	277,607
Malaysian Government securities	3,443,975	4,823,917
Malaysian Government investment certificates	1,240,479	1,076,181
Negotiable instruments of deposit	2,092,277	2,044,989
Cagamas bonds	96,801	-
Other Government guaranteed assets	6,824,297	6,803,639
	14,383,051	15,026,333
Quoted securities		
Shares in Malaysia	8,047,068	6,828,887
Shares outside Malaysia	551,828	598,875
Wholesale fund/unit trust investments	689,000	973,602
Portfolio Investment Accounts [Note]	779	898
Foreign currency bonds in Malaysia	43	-
Foreign currency bonds outside Malaysia	31,652	18,623
Investment-linked funds	263	259
Warrants in Malaysia	862	602
	9,321,495	8,421,746
Unquoted securities		
Shares in Malaysia	429,906	429,906
Foreign currency bonds outside Malaysia	22,138	56,861
Government sukuk	1,934	-
Corporate bonds and sukuk	8,317,063	7,803,081
Perpetual bonds	88,862	86,143
	8,859,903	8,375,991
Total financial assets at FVTPL	32,564,449	31,824,070

	The Company	
	As at 30/09/2024 RM'000	As at 30/06/2024 RM'000
Quoted securities		
Unit trust investments	224,231	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.

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

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
At fair value		
(a) Debt instruments	35,005,954	43,025,257
(b) Equity instruments	116,797	116,797
	<u>35,122,751</u>	<u>43,142,054</u>
	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
(a) Debt instruments		
Money market instruments		
Government treasury bills	1,736,438	2,246,646
Malaysian Government securities	3,224,660	6,146,837
Malaysian Government investment certificates	11,924,396	13,267,317
Negotiable instruments of deposit	271,515	675,809
Khazanah bonds	117,141	279,463
Cagamas bonds	2,330,184	3,053,248
	<u>19,604,334</u>	<u>25,669,320</u>
Quoted securities		
Government sukuk	752,245	889,288
Foreign currency bonds in Malaysia	1,471,654	1,734,169
Foreign currency bonds outside Malaysia	2,035,341	2,929,890
	<u>4,259,240</u>	<u>5,553,347</u>
Unquoted securities		
Corporate bonds and sukuk	8,748,386	8,826,152
Foreign currency bonds in Malaysia	-	91,357
Foreign currency bonds outside Malaysia	2,393,994	2,885,081
	<u>11,142,380</u>	<u>11,802,590</u>
	<u>35,005,954</u>	<u>43,025,257</u>

Note :

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 2024	3,275	-	18,442	21,717
New financial assets originated or purchased	315	-	-	315
Financial assets derecognised	(503)	-	-	(503)
Changes due to change in credit risk	(232)	-	-	(232)
Exchange differences	(282)	-	(1,788)	(2,070)
At 30 September 2024	<u>2,573</u>	<u>-</u>	<u>16,654</u>	<u>19,227</u>
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	<u>3,275</u>	<u>-</u>	<u>18,442</u>	<u>21,717</u>

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

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

A11 Financial investments at amortised cost

	The Group	
	30 September 2024	30 June 2024
	RM'000	RM'000
Money market instruments		
Government treasury bills	53,485	60,785
Malaysian Government securities	5,536,713	6,096,307
Malaysian Government investment certificates	22,790,114	23,884,113
Cagamas bonds	1,517,870	1,517,030
Other Government securities	266,765	362,242
	30,164,947	31,920,477
Unquoted securities		
Corporate bonds and sukuk	501,723	536,977
Less: Expected credit losses	(16)	(14)
Total financial investments at amortised cost	30,666,654	32,457,440

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	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 2024	14	-	-	14
Changes due to change in credit risk	3	-	-	3
Exchange differences	(1)	-	-	(1)
At 30 September 2024	16	-	-	16
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

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A12 Loans, advances and financing

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Overdrafts	3,651,823	3,858,994
Term loans/financing:		
- Housing and shop loans/financing	104,291,917	103,049,863
- Hire purchase receivables	22,548,842	22,250,979
- Ijarah receivables	244,999	249,051
- Other term loans/financing and syndicated term loans	37,486,204	37,397,465
Credit/charge card receivables	3,493,192	3,489,171
Bills receivable	2,306,671	2,947,444
Trust receipts	274,934	384,096
Claims on customers under acceptance credits	8,951,463	9,407,373
Revolving credits	10,896,331	11,802,126
Share margin financing	276,152	279,689
Staff loans/financing	114,952	120,339
Gross loans, advances and financing	194,537,480	195,236,590
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	(6,832)	(9,212)
Allowance for impairment losses:		
- Expected credit losses	(1,526,514)	(1,613,998)
Total net loans, advances and financing	193,004,134	193,613,380

Included in loans, advances and financing are housing loans sold to Cagamas Berhad with recourse to the Group amounting to RM2,546,856,000 (30 June 2024: RM3,136,775,000).

(a) By type of customers

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Domestic non-bank financial institutions	1,866,799	1,892,054
Domestic business enterprises:		
- Small and medium enterprises	37,193,389	37,590,482
- Others	27,153,992	28,652,314
Government and statutory bodies	739	816
Individuals	124,413,591	122,844,567
Other domestic entities	115,983	32,223
Foreign entities	3,792,987	4,224,134
Gross loans, advances and financing	194,537,480	195,236,590

(b) By interest/profit rate sensitivity

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Fixed rate		
- Housing and shop loans/financing	5,247,792	5,422,729
- Hire purchase receivables	22,513,020	22,213,647
- Other fixed rate loans/financing	8,084,833	8,427,763
Variable rate		
- Standardised base rate/base rate/base lending rate plus	132,175,367	131,252,699
- Cost plus	26,449,953	27,872,764
- Other variable rates	66,515	46,988
Gross loans, advances and financing	194,537,480	195,236,590

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A12 Loans, advances and financing (continued)

(c) By economic purposes

	The Group	
	30 September 2024	30 June 2024
	RM'000	RM'000
Purchase of securities	1,395,145	1,414,423
Purchase of transport vehicles	22,243,190	21,938,558
Purchase of landed properties		
- Residential	95,974,745	94,770,048
- Non-residential	24,281,475	23,825,854
Purchase of fixed assets (excluding landed properties)	1,653,356	1,719,202
Personal use	4,118,666	4,110,940
Credit card	3,493,192	3,489,171
Construction	6,020,830	5,836,501
Working capital	34,162,136	36,876,709
Other purposes	1,194,745	1,255,184
Gross loans, advances and financing	<u>194,537,480</u>	<u>195,236,590</u>

(d) By geographical distribution

	The Group	
	30 September 2024	30 June 2024
	RM'000	RM'000
Malaysia	181,482,906	181,226,397
Outside Malaysia		
- Singapore	9,092,953	9,619,561
- Hong Kong	36,388	42,735
- Vietnam	2,012,209	2,127,381
- Cambodia	1,913,024	2,220,516
Gross loans, advances and financing	<u>194,537,480</u>	<u>195,236,590</u>

(e) By residual contractual maturity

	The Group	
	30 September 2024	30 June 2024
	RM'000	RM'000
Within one year	33,791,183	36,648,484
One year to less than three years	6,347,891	6,441,038
Three years to less than five years	11,867,865	11,506,456
Five years and more	142,530,541	140,640,612
Gross loans, advances and financing	<u>194,537,480</u>	<u>195,236,590</u>

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

	The Group	
	30 September 2024	30 June 2024
	RM'000	RM'000
At beginning of financial year	1,041,199	1,042,010
Classified as impaired during the financial period/year	520,422	1,641,900
Reclassified as non-impaired during the financial period/year	(258,453)	(1,065,120)
Amount written back in respect of recoveries	(107,024)	(291,862)
Amount written off	(137,425)	(286,172)
Exchange differences	(9,793)	443
At end of financial period/year	<u>1,048,926</u>	<u>1,041,199</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>0.54%</u>	<u>0.53%</u>

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A12 Loans, advances and financing (continued)

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

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Purchase of securities	62	62
Purchase of transport vehicles	95,494	76,078
Purchase of landed properties		
- Residential	396,843	388,241
- Non-residential	122,717	126,314
Purchase of fixed assets (excluding landed properties)	5,864	7,123
Personal use	31,068	28,490
Credit card	24,088	26,655
Construction	76,232	25,225
Working capital	284,193	294,711
Other purposes	12,365	68,300
Gross impaired loans, advances and financing	<u>1,048,926</u>	<u>1,041,199</u>

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

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Malaysia	981,916	963,209
Outside Malaysia		
- Singapore	309	459
- Vietnam	879	940
- Cambodia	65,822	76,591
Gross impaired loans, advances and financing	<u>1,048,926</u>	<u>1,041,199</u>

(i) Movements in expected credit losses for loans, advances and financing 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 2024	903,087	341,900	369,011	1,613,998
Changes in ECL due to transfer within stages	(13,662)	(42,397)	56,059	-
- Transfer to Stage 1	2,342	(2,337)	(5)	-
- Transfer to Stage 2	(15,949)	30,598	(14,649)	-
- Transfer to Stage 3	(55)	(70,658)	70,713	-
New financial assets originated	12,280	308	3	12,591
Financial assets derecognised	(4,632)	(8,854)	(5,750)	(19,236)
Changes due to change in credit risk	(6,663)	53,924	22,519	69,780
Modifications to contractual cash flow of financial assets	5	70	-	75
Amount written off	-	-	(137,402)	(137,402)
Exchange differences	(2,946)	(580)	(2,080)	(5,606)
Other movements	-	-	(7,686)	(7,686)
At 30 September 2024	<u>887,469</u>	<u>344,371</u>	<u>294,674</u>	<u>1,526,514</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 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	88,160	248,208
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	-	-	(12,933)	(12,933)
At 30 June 2024	903,087	341,900	369,011	1,613,998

A13 Other assets

	The Group		The Company	
	30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
Foreclosed properties	46	46	-	-
Sundry debtors and other prepayments	268,782	786,520	622,701	2,637
Settlement accounts	1,094,218	1,946,768	-	-
Treasury related receivables	782,478	815,332	-	-
Cash collateral pledged for derivative transactions	265,924	848,291	-	-
Fee income receivables	3,388	4,091	-	-
Other receivables	209,426	351,428	-	-
	2,624,262	4,752,476	622,701	2,637

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A14 Deposits from customers

(a) By type of deposits

	The Group	
	30 September	30 June
	2024	2024
	RM'000	RM'000
At amortised cost		
Fixed deposits	114,576,473	115,789,535
Negotiable instruments of deposits	10,319,538	9,308,765
Short-term placements	17,466,501	17,761,634
	142,362,512	142,859,934
Demand deposits	46,051,545	47,403,113
Savings deposits	23,780,214	23,921,621
Others	325,397	340,249
	212,519,668	214,524,917
At FVTPL		
Structured deposits linked to interest rate derivatives	6,295,166	5,804,820
Fair value changes arising from designation at FVTPL [Note]	(204,901)	(254,411)
	6,090,265	5,550,409
	218,609,933	220,075,326

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 September	30 June
	2024	2024
	RM'000	RM'000
Government and statutory bodies	3,653,651	3,699,286
Business enterprises	101,761,148	101,973,332
Individuals	110,677,148	111,929,041
Others	2,517,986	2,473,667
	218,609,933	220,075,326

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

	The Group	
	30 September	30 June
	2024	2024
	RM'000	RM'000
Due within:		
- Six months	118,234,630	120,596,686
- Six months to one year	22,058,301	19,092,939
- One year to five years	2,068,521	2,264,001
- More than five years	1,060	906,308
	142,362,512	142,859,934

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A15 Investment accounts of customers

	The Group	
	30 September 2024 RM'000	30 June 2024 RM'000
Unrestricted investment accounts		
Mudarahah with maturity	2,313,914	2,165,636
Restricted investment accounts		
Wakalah bi Al-Istihmar	779	898
	<u>2,314,693</u>	<u>2,166,534</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 September 2024 RM'000	30 June 2024 RM'000
Licensed banks	4,658,432	10,145,613
Licensed investment banks	-	47,481
Central banks [Note]	1,541,198	1,533,025
Other financial institutions	2,324,085	2,452,655
	<u>8,523,715</u>	<u>14,178,774</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 RM1,541,198,000 (30 June 2024: RM1,533,025,000) at concession rates.

A17 Other liabilities

	The Group		The Company	
Note	30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
Amount due to subsidiary companies	-	-	-	10
Post employment benefits obligation				
- Defined contribution plan	1,892	1,908	25	41
Loan advance payment	3,471,684	3,515,763	-	-
Treasury and cheque clearing	105,390	255,702	-	-
Treasury related payables	870,200	316,352	-	-
Sundry creditors and accruals	756,436	627,358	416,350	2,573
Provision for reinstatement cost	20,950	22,128	297	293
Provision for bonus and staff related expenses	316,594	250,879	13,852	12,205
Expected credit losses on financial guarantee contracts	(a) 7,358	8,089	-	-
Financial liabilities due to third party investors	(b) 1,279,822	863,581	-	-
Settlement accounts	1,374,197	2,115,051	-	-
Others	1,032,454	934,367	-	-
	<u>9,236,977</u>	<u>8,911,178</u>	<u>430,524</u>	<u>15,122</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 2024	7,377	712	-	8,089
Changes in ECL due to transfer within stages	(1)	(26)	27	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(1)	1	-	-
Transfer to Stage 3	-	(27)	27	-
New financial assets originated	181	-	-	181
Financial assets derecognised	(79)	-	-	(79)
Changes due to change in credit risk	(396)	50	(27)	(373)
Exchange differences	(457)	(3)	-	(460)
At 30 September 2024	6,625	733	-	7,358
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

(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

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Group				
Loans, advances and financing	1,658,161	1,576,839	1,658,161	1,576,839
Money at call and deposit placements with financial institutions	55,916	60,565	55,916	60,565
Financial investments at FVOCI	366,922	332,622	366,922	332,622
Financial investments at amortised cost	180,486	175,551	180,486	175,551
Others	15,939	13,230	15,939	13,230
	2,277,424	2,158,807	2,277,424	2,158,807
Of which:				
Interest income earned on impaired loans, advances and financing	19,315	12,006	19,315	12,006

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Company				
Money at call and deposit placements with financial institutions	1,092	777	1,092	777
Subordinated obligations	-	11,728	-	11,728
Multi-currency Additional Tier 1 capital securities	-	4,759	-	4,759
	1,092	17,264	1,092	17,264

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A19 Interest income for financial assets at FVTPL

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Group	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	41,823	40,693	41,823	40,693

A20 Interest expense

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Group	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	130,435	110,016	130,435	110,016
Deposits from customers	991,116	924,696	991,116	924,696
Short-term placements	96,218	155,261	96,218	155,261
Borrowings	4,337	1,437	4,337	1,437
Subordinated obligations	22,329	22,882	22,329	22,882
Recourse obligations on loans sold to Cagamas Berhad	15,928	14,628	15,928	14,628
Multi-currency Additional Tier 1 capital securities	19,250	19,789	19,250	19,789
Others	3,390	2,951	3,390	2,951
	1,283,003	1,251,660	1,283,003	1,251,660

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Company	RM'000	RM'000	RM'000	RM'000
Borrowings	851	1,451	851	1,451
Subordinated obligations	-	12,013	-	12,013
Multi-currency Additional Tier 1 capital securities	-	4,898	-	4,898
Others	34	48	34	48
	885	18,410	885	18,410

A21 Income from Islamic banking business

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Group	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	599,900	543,968	599,900	543,968
Income derived from investment of shareholders' funds	102,681	70,665	102,681	70,665
Income derived from investment of investment accounts	32,314	29,125	32,314	29,125
Income attributable to depositors	(424,819)	(393,762)	(424,819)	(393,762)
Income attributable to depositors on investment accounts	(22,263)	(19,763)	(22,263)	(19,763)
	287,813	230,233	287,813	230,233
Of which:				
Financing income earned on impaired financing and advances	2,702	2,381	2,702	2,381

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A22 Non-interest income

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Group	RM'000	RM'000	RM'000	RM'000
Insurance service results	57,316	47,307	57,316	47,307
Insurance/reinsurance investment/finance income	95,831	24,101	95,831	24,101
Fee income				
Commissions	45,541	50,842	45,541	50,842
Service charges and fees	6,996	6,097	6,996	6,097
Guarantee fees	8,645	7,813	8,645	7,813
Credit card related fees	57,322	57,680	57,322	57,680
Corporate advisory fees	2,475	961	2,475	961
Commitment fees	8,430	9,212	8,430	9,212
Loans, advances and financing fees	11,981	11,100	11,981	11,100
Placement fees	1,733	2,845	1,733	2,845
Arranger fees	135	1,140	135	1,140
Unit trust fees income	10,642	12,061	10,642	12,061
Brokerage income	19,265	13,458	19,265	13,458
Other fees income	61,401	50,853	61,401	50,853
	234,566	224,062	234,566	224,062
Net income from securities				
Net realised gain/(loss) from sale of:				
- Financial assets at FVTPL	45,854	7,913	45,854	7,913
- Financial investments at FVOCI	43,387	7,279	43,387	7,279
- Derivative financial instruments	(42,087)	17,169	(42,087)	17,169
Gross dividend income from:				
- Financial assets at FVTPL	15,422	24,798	15,422	24,798
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	38,836	(7,575)	38,836	(7,575)
- Derivative financial instruments	(47,044)	(6,235)	(47,044)	(6,235)
Net realised gain on fair value changes arising from fair value hedges	2,436	2,469	2,436	2,469
Net unrealised (loss)/gain on fair value changes arising from fair value hedges	(3,165)	2,356	(3,165)	2,356
	53,639	48,174	53,639	48,174
Other income				
Foreign exchange gain	119,122	45,712	119,122	45,712
Rental income	3,030	3,679	3,030	3,679
Net gain on disposal of property and equipment	126	333	126	333
Other non-operating income	4,278	4,846	4,278	4,846
	126,556	54,570	126,556	54,570
Total non-interest income	567,908	398,214	567,908	398,214

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A22 Non-interest income (continued)

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Company				
Fees income				
Management fees and outsourcing fees	3,016	2,953	3,016	2,953
Net income from securities				
Net realised gain from sale of:				
- Financial assets at FVTPL	30	-	30	-
Gross dividend income from:				
- Financial assets at FVTPL	2,202	-	2,202	-
- Subsidiary companies	614,496	538,799	614,496	538,799
Net unrealised gain on revaluation of:				
- Financial assets at FVTPL	90	-	90	-
Other income				
Other non-operating income	87	57	87	57
Total non-interest income	619,921	541,809	619,921	541,809

A23 Overhead expenses

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Group				
Personnel costs				
- Salaries, bonus and allowances	350,678	330,950	350,678	330,950
- Medical expenses	8,515	7,996	8,515	7,996
- Training and convention expenses	6,930	2,487	6,930	2,487
- Staff welfare	3,592	3,192	3,592	3,192
- Others	10,633	11,538	10,633	11,538
	380,348	356,163	380,348	356,163
Establishment costs				
- Depreciation of property and equipment	25,126	28,555	25,126	28,555
- Depreciation of right-of-use assets	11,670	12,423	11,670	12,423
- Amortisation of intangible assets	18,162	18,255	18,162	18,255
- Rental of premises	469	498	469	498
- Information technology expenses	64,469	64,261	64,469	64,261
- Security services	6,534	6,447	6,534	6,447
- Electricity, water and sewerage	5,686	5,867	5,686	5,867
- Hire of plant and machinery	3,401	3,672	3,401	3,672
- Others	9,212	7,733	9,212	7,733
	144,729	147,711	144,729	147,711
Marketing expenses				
- Advertisement and publicity	7,708	2,167	7,708	2,167
- Sales commission and credit card related fees	47,659	33,000	47,659	33,000
- Others	8,383	15,905	8,383	15,905
	63,750	51,072	63,750	51,072
Administration and general expenses				
- Teletransmission expenses	4,453	4,549	4,453	4,549
- Stationery and printing expenses	2,695	2,632	2,695	2,632
- Professional fees	28,805	22,778	28,805	22,778
- Insurance fees	12,928	12,396	12,928	12,396
- Stamp, postage and courier	3,687	3,185	3,687	3,185
- Credit card fees	31,822	24,598	31,822	24,598
- Travelling and transport expenses	1,060	815	1,060	815
- Registration and license fees	2,509	3,277	2,509	3,277
- Brokerage and commission	2,500	3,503	2,500	3,503
- Others	11,948	8,525	11,948	8,525
	102,407	86,258	102,407	86,258
Total overhead expenses	691,234	641,204	691,234	641,204

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A23 Overhead expense (continued)

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Company	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonus and allowances	6,236	5,689	6,236	5,689
- Medical expenses	2	2	2	2
- Training and convention expenses	7	-	7	-
- Staff welfare	173	165	173	165
- Others	414	727	414	727
	<u>6,832</u>	<u>6,583</u>	<u>6,832</u>	<u>6,583</u>
Establishment costs				
- Depreciation of property and equipment	316	315	316	315
- Depreciation of right-of-use assets	235	235	235	235
- Amortisation of intangible assets	13	22	13	22
- Information technology expenses	98	61	98	61
- Electricity, water and sewerage	9	11	9	11
- Others	104	39	104	39
	<u>775</u>	<u>683</u>	<u>775</u>	<u>683</u>
Administration and general expenses				
- Teletransmission expenses	4	5	4	5
- Stationery and printing expenses	5	4	5	4
- Professional fees	221	251	221	251
- Management fees	533	533	533	533
- Others	110	108	110	108
	<u>873</u>	<u>901</u>	<u>873</u>	<u>901</u>
Total overhead expense	<u>8,480</u>	<u>8,167</u>	<u>8,480</u>	<u>8,167</u>

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

	1st Quarter Ended		Three Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
The Group	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) impairment losses on:				
- Loans, advances and financing	62,939	9,636	62,939	9,636
- Clients' and brokers' balances	(9)	(33)	(9)	(33)
Impaired loans, advances and financing:				
- Written off	7,670	6,023	7,670	6,023
- Recovered from bad debt written off	(63,310)	(66,866)	(63,310)	(66,866)
	<u>7,290</u>	<u>(51,240)</u>	<u>7,290</u>	<u>(51,240)</u>

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A25 Allowance for impairment losses on other assets

	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
The Group	RM'000	RM'000	RM'000	RM'000
Expected credit losses on:				
- Financial investments at FVOCI	(420)	207	(420)	207
- Financial investments at amortised cost	3	8	3	8
- Other receivables	(3)	146	(3)	146
- Cash and short-term funds	592	112	592	112
- Deposits and placements with banks and other financial institutions	(79)	(7)	(79)	(7)
	93	466	93	466
	1st Quarter Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
The Company	RM'000	RM'000	RM'000	RM'000
Expected credit losses on:				
- Investment in debt instruments issued by subsidiary	-	(709)	-	(709)

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 4.5%, 6.0% and 8.0% respectively. The Group is also required to maintain CCB of up to 2.5% of total RWA. The CCyB which ranges from 0% up to 2.5% 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 7.0%, 8.5% and 10.5% 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 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024
Before deducting proposed dividends								
CET 1 capital ratio	11.275%	11.685%	13.171%	13.855%	13.124%	13.621%	31.791%	39.073%
Tier 1 capital ratio	12.258%	12.653%	14.159%	14.837%	14.102%	14.591%	31.791%	39.073%
Total capital ratio	14.128%	14.517%	16.156%	16.828%	16.031%	16.515%	39.975%	48.419%
After deducting proposed dividends								
CET 1 capital ratio	11.275%	11.450%	13.171%	13.336%	13.124%	12.950%	31.791%	35.814%
Tier 1 capital ratio	12.258%	12.418%	14.159%	14.318%	14.102%	13.920%	31.791%	35.814%
Total capital ratio	14.128%	14.283%	16.156%	16.309%	16.031%	15.844%	39.975%	45.160%

(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 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 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	25,202,241	25,613,683	26,782,473	27,674,882	16,257,490	17,137,424	264,671	301,631
Other reserves	443,569	1,177,363	269,169	1,337,201	280,093	255,247	1,061	(526)
Qualifying non-controlling interests	8,169,505	8,414,086	-	-	-	-	-	-
Less: Treasury shares	(230,177)	(230,177)	(701,791)	(702,674)	(701,791)	(702,674)	-	-
Less: Other intangible assets	(344,503)	(359,304)	(337,574)	(353,477)	(307,108)	(318,725)	-	-
Less: Goodwill	(2,346,287)	(2,346,287)	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(34,941)	(33,766)
Less: Deferred tax assets	(297,351)	(340,906)	(223,391)	(262,116)	(155,350)	(187,679)	(72,003)	(76,877)
Less: Investment in subsidiary companies/ associated companies	(13,294,272)	(13,774,895)	(9,055,257)	(9,639,404)	(3,925,459)	(3,939,693)	(200)	(200)
Total CET 1 capital	19,569,733	20,420,571	22,641,380	23,962,163	17,415,391	18,211,416	411,538	443,212

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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 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier 1 capital								
Multi-currency Additional Tier 1 capital securities	-	-	1,698,242	1,698,110	1,698,242	1,698,110	-	-
Qualifying CET 1 and Additional Tier 1 capital instruments held by third parties	1,707,153	1,691,442	-	-	-	-	-	-
Tier 1 capital before regulatory adjustments	1,707,153	1,691,442	1,698,242	1,698,110	1,698,242	1,698,110	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	-	-	(400,000)	(400,000)	-	-
Tier 1 capital after regulatory adjustments	1,707,153	1,691,442	1,698,242	1,698,110	1,298,242	1,298,110	-	-
Total Tier 1 capital	21,276,886	22,112,013	24,339,622	25,660,273	18,713,633	19,509,526	411,538	443,212
Tier 2 capital								
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	1,941,459	1,953,184	1,934,698	1,946,326	1,462,540	1,474,029	5,938	6,015
Subordinated obligations	-	-	1,497,762	1,497,635	1,497,762	1,497,635	100,000	100,000
Qualifying non-controlling interests	1,303,382	1,305,044	-	-	-	-	-	-
Less: Investment in Tier 2 subordinated sukuk murabahah	-	-	-	-	(400,000)	(400,000)	-	-
Total Tier 2 capital	3,244,841	3,258,228	3,432,460	3,443,961	2,560,302	2,571,664	105,938	106,015
Total capital	24,521,727	25,370,241	27,772,082	29,104,234	21,273,935	22,081,190	517,476	549,227

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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	
	30 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024	30 September 2024	30 June 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk [Note]	155,415,632	156,388,827	154,775,814	155,706,094	117,003,198	117,922,342	475,019	481,209
Market risk	7,100,790	7,460,818	6,488,212	6,756,645	7,212,044	7,391,831	524,922	354,403
Operational risk	11,056,883	10,911,176	10,640,337	10,486,074	8,487,197	8,390,596	294,554	298,716
Total RWA	173,573,305	174,760,821	171,904,363	172,948,813	132,702,439	133,704,769	1,294,495	1,134,328

Note:

In accordance with BNM Investment Account Policy, the credit RWA of Hong Leong Islamic Bank Berhad funded by Investment Account of RM1,669,028,000 (30 June 2024: RM1,540,749,000) 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 September 2024	30 June 2024
Before deducting proposed dividends		
CET 1 capital ratio	11.177%	11.540%
Tier 1 capital ratio	12.243%	12.643%
Total capital ratio	14.461%	14.908%
After deducting proposed dividends		
CET 1 capital ratio	11.177%	11.540%
Tier 1 capital ratio	12.243%	12.643%
Total capital ratio	14.461%	14.908%

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A27 Material events subsequent to the end of the financial period

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

A28 Changes in composition of the Group

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

A29 Related party transactions

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

A30 Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs 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 September 2024 RM'000	30 June 2024 RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	229,531	237,994
Certain transaction related contingent items	3,115,082	3,065,445
Short-term self liquidating trade related contingencies	1,305,937	1,135,592
Any commitments that are unconditionally cancellable at any time by the Group without prior notice:		
- less than one year	881,807	868,108
Irrevocable commitments to extend credit:		
- maturity more than one year	17,047,464	16,125,330
- maturity less than one year	28,476,930	26,687,509
Unutilised credit card lines	7,541,470	7,322,809
	58,598,221	55,442,787
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- less than one year	81,844,815	85,997,627
- one year to five years	5,475,946	7,228,599
- over five years	541,638	725,481
Interest rate related contracts:		
- less than one year	70,341,039	48,316,035
- one year to five years	124,384,090	118,151,949
- over five years	4,765,712	4,232,730
Equity related contracts:		
- less than one year	367,110	495,443
- one year to five years	943,813	1,045,424
Credit related contracts:		
- less than one year	257,336	142,845
- one year to less than five years	14,478	15,150
- over five years	1,472,273	1,435,804
Commodity related contracts:		
- less than one year	63,203	57,292
- one year to five years	280,365	-
	290,751,818	267,844,379
	349,350,039	323,287,166

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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 September 2024				
<u>Recurring fair value measurements</u>				
<u>Financial assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	14,383,051	-	14,383,051
- Quoted securities	9,321,495	-	-	9,321,495
- Unquoted securities	-	8,429,997	429,906	8,859,903
Financial investments at FVOCI				
- Money market instruments	-	19,604,334	-	19,604,334
- Quoted securities	4,259,240	-	-	4,259,240
- Unquoted securities	-	11,142,380	116,797	11,259,177
Derivative financial instruments	1,689	3,119,425	68,985	3,190,099
	<u>13,582,424</u>	<u>56,679,187</u>	<u>615,688</u>	<u>70,877,299</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 September 2024				
<i>Recurring fair value measurements</i>				
<u>Financial liabilities</u>				
Derivative financial instruments	7,968	3,867,859	87,898	3,963,725
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	6,090,265	-	6,090,265
	<u>7,968</u>	<u>9,958,124</u>	<u>87,898</u>	<u>10,053,990</u>
30 June 2024				
<i>Recurring fair value measurements</i>				
<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>
<u>Financial liabilities</u>				
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>

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 2024: 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 2024	429,906	116,797	74,763	81,155
Fair value changes recognised in statements of income	-	-	(62,180)	(62,180)
Purchases	-	-	2,906	1,860
Disposal	-	-	-	-
Settlements	-	-	53,496	67,063
At 30 September 2024	429,906	116,797	68,985	87,898
Fair value changes recognised in statements of income relating to assets held on 30 September 2024	-	-	(62,180)	(62,180)
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
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	-	-

A32 Reclassification for comparatives

The comparative balances under non-interest income relating to insurance/reinsurance investment/finance income at the Group are reclassified to taxation, to conform with current year presentation, as follow:

Statements of Income	30 September 2023		
	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Non-interest income	387,264	10,950	398,214
Taxation	(237,352)	(10,950)	(248,302)

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 RM1,587.3 million for the current quarter ended 30 September 2024 as compared to RM1,363.4 million in the previous corresponding quarter, an increase of RM223.9 million or 16.4%. The increase was due to higher contribution from banking and insurance divisions.

Hong Leong Bank Berhad ("HLB") recorded a profit before tax of RM1,339.4 million for the current quarter ended 30 September 2024 as compared to RM1,243.1 million in the previous corresponding quarter, an increase of RM96.3 million or 7.7%. Revenue surged by RM203.8 million or 14.6% driven primarily by a rise in net interest income & non-interest income and higher share of profit from associated company by RM20.1 million. This was offset by higher operating expenses by RM69.2 million or 12.4% and higher allowance for impairment losses by RM58.4 million.

HLA Holdings Sdn Bhd ("HLAH") recorded a profit before tax of RM237.4 million for the current quarter ended 30 September 2024 as compared to RM98.0 million in the previous corresponding quarter, an increase of RM139.4 million or 142.2%. The increase was mainly due to higher investment income of RM343.0 million and higher insurance service income of RM62.9 million. This was offset by higher insurance/reinsurance finance expenses & others of RM262.7 million and lower share of profit from associated company of RM3.8 million.

Hong Leong Capital Berhad ("HLCB") recorded a profit before tax of RM21.8 million for the current quarter ended 30 September 2024 as compared to RM27.4 million in the previous corresponding quarter, a decrease of RM5.6 million or 20.5%. The decrease was mainly due to lower contribution across all operating divisions.

B2 Current quarter against preceding quarter

HLFG Group recorded a profit before tax of RM1,587.3 million for the current quarter ended 30 September 2024 as compared to RM1,529.0 million in the preceding quarter, an increase of RM58.3 million or 3.8%. The increase was due to higher contribution from banking and insurance divisions.

HLB recorded a profit before tax of RM1,339.4 million for the current quarter ended 30 September 2024 as compared to RM1,281.8 million in the preceding quarter, an increase of RM57.6 million or 4.5%. The increase was mainly due to higher revenue of RM121.3 million driven by higher net interest income & non-interest income and lower operating expenses by RM2.6 million. This was offset by higher allowance for impairment losses by RM38.8 million and lower share of profit from associated company by RM27.5 million.

HLAH recorded a profit before tax of RM237.4 million for the current quarter ended 30 September 2024 as compared to RM204.7 million in the preceding quarter, an increase of RM32.7 million or 16.0%. The increase was mainly due to higher insurance service income of RM87.7 million and higher insurance/reinsurance finance income & others of RM21.7 million. This was offset by lower investment income of RM67.4 million and lower share of profit from associated company of RM9.3 million.

HLCB recorded a profit before tax of RM21.8 million for the current quarter ended 30 September 2024 as compared to RM47.9 million in the preceding quarter, a decrease of RM26.1 million or 54.5%. The decrease was mainly due to lower contribution across all operating divisions.

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

B3 Prospects for the current financial year

The global economy is expected to grow moderately, supported by the resilience of the United States economy, growth in Asia's emerging economies and continued fiscal stimulus measures to boost China's growth. Global inflation is forecasted to gradually decline, opening room for central banks to ease restrictive monetary policies. However, global political changes and geopolitical tensions remain as downside risks to economic growth. Domestically, Malaysia's economy is poised to remain favourable, with a projected GDP expansion of close to 5.0% in 2024 supported by resilient domestic consumption from steady employment and supportive income measures, higher foreign investments and external trade rebound. Additionally, Bank Negara Malaysia is expected to maintain the Overnight Policy Rate at 3.00% given price pressures remain under control and conducive to support economic growth.

Looking ahead, the Group enters the new financial year well-positioned to leverage our strong brand to meet the financial services needs of our customers. Guided by our strategic priorities, the Group is focused on delivering improved financial performance by growing our targeted segments, expanding our suite of products and enhancing customer-centric solutions. This is on top of the Group's continued commitment to cost discipline and sound asset quality management while maintaining its robust capital and liquidity position to support asset growth.

B4 Variance in profit forecast and shortfall in profit guarantee

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

B5 Taxation

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Group				
Income tax	273,855	236,860	273,855	236,860
Under/(over) provision in prior year	8	(1,982)	8	(1,982)
	<u>273,863</u>	<u>234,878</u>	<u>273,863</u>	<u>234,878</u>
Deferred taxation	44,266	13,424	44,266	13,424
	<u><u>318,129</u></u>	<u><u>248,302</u></u>	<u><u>318,129</u></u>	<u><u>248,302</u></u>

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Company				
Income tax	205	85	205	85
Deferred taxation	17	(41)	17	(41)
	<u>222</u>	<u>44</u>	<u>222</u>	<u>44</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 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
Unsecured					
Senior notes	(a)	-	201,950	-	201,991
Medium term notes	(b)	805,604	301,020	-	-
Commercial papers	(c)	231,182	248,892	-	-
		<u>1,036,786</u>	<u>751,862</u>	<u>-</u>	<u>201,991</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. On 23 August 2024, the Company had fully redeemed the RM200.0 million nominal value of the Senior Notes.

(b) On 3 November 2023, 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 semi-annually in arrears from the date of the issue. The tenure for this Senior MTN is 3 years. The proceeds from the issuance shall be utilised for the 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, 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.

On 30 September 2024, HLB issued its second tranche of RM500.0 million nominal value of green medium term notes ("Green Senior MTN") out of its RM10.0 billion Senior MTN Programme. The coupon rate for this second tranche of the Green Senior MTN is 3.80% per annum, which is payable semi-annually in arrears from the date of the issue. The tenure for this Senior MTN is 5 years.

(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 12 July 2024, HLB had fully redeemed the RM5.0 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 9 August 2024, HLB had fully redeemed the RM240.0 million nominal value of this Senior CP.

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. On 12 July 2024, HLISB had fully redeemed the RM5.0 million nominal value of this Senior ICP. On 12 July 2024, HLISB had fully redeemed the RM5.0 million nominal value of this Senior ICP.

On 25 July 2024, HLB issued its fourth tranche of RM234.0 million nominal value of Senior CP out of its RM10.0 billion Multi-currency Senior CP Programme. The tenure for this Senior CP is 6 months, which was issued at a discount of 3.54% per annum. The proceeds from the issuance shall be utilised for the HLB working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of HLB.

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

B8 Subordinated obligations

	Note	The Group		The Company	
		30 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
RM600.0 million Tier 2 subordinated debt, at par	(a)	600,000	600,000	-	-
Add: Interest payable		4,534	4,679	-	-
		604,534	604,679	-	-
RM1.6 billion Tier 2 subordinated notes, at par	(b)	1,600,000	1,600,000	-	-
Add: Interest payable		19,650	3,113	-	-
		1,619,650	1,603,113	-	-
Less: Unamortised discounts		(2,484)	(2,624)	-	-
		1,617,166	1,600,489	-	-
		2,221,700	2,205,168	-	-

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 the Company, 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 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, Hong Leong Investment Bank Berhad ("HLISB") 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 September 2024 RM'000	30 June 2024 RM'000	30 September 2024 RM'000	30 June 2024 RM'000
Multi-currency Additional Tier 1 capital securities, at par	1,700,000	1,700,000	-	-
Add: Interest payable	25,992	15,443	-	-
	<u>1,725,992</u>	<u>1,715,443</u>	-	-
Less: Unamortised discounts	(1,758)	(1,890)	-	-
Add: Fair value changes arising from fair value hedges	675	5,118	-	-
	<u><u>1,724,909</u></u>	<u><u>1,718,671</u></u>	-	-

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.

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 September 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	66,114,096	1,717,078	(2,583,743)
(ii) 1 year to 3 years	1,323,347	2,601	(109,925)
(iii) More than 3 years	1,010,258	-	(83,433)
- Swaps			
(i) Less than 1 year	8,164,850	209,243	(58,778)
(ii) 1 year to 3 years	2,216,990	143,374	(22,233)
(iii) More than 3 years	1,466,989	140,514	(13,087)
- Options			
(i) Less than 1 year	7,565,869	36,603	(13,601)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	25,674,737	4,032	(9,519)
(ii) 1 year to 3 years	3,981,696	7,085	(7,567)
(iii) More than 3 years	2,189,500	7,823	(14,521)
- Swaps			
(i) Less than 1 year	44,666,302	27,828	(26,263)
(ii) 1 year to 3 years	65,572,095	283,571	(356,156)
(iii) More than 3 years	57,406,511	443,405	(479,692)
Equity related contracts			
(i) Less than 1 year	367,110	9,067	(28,731)
(ii) 1 year to 3 years	525,251	34,440	(33,200)
(iii) More than 3 years	418,562	25,870	(25,870)
Credit related contracts			
(i) Less than 1 year	257,336	6,341	(6,341)
(ii) More than 3 years	1,486,751	89,997	(89,997)
Commodity related contracts			
(i) Less than 1 year	63,203	1,227	(1,068)
(ii) 1 year to 3 years	280,365	-	-
Total	290,751,818	3,190,099	(3,963,725)

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 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)
(ii) 1 year to 3 years	-	-	-
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)

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 RM293,975,000 (30 June 2024: RM453,288,000) and RM196,428,077,000 (30 June 2024: RM169,376,326,000) 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 RM3,432,761,000 (30 June 2024: RM1,487,106,000). 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

No dividend has been declared for the current financial quarter ended 30 September 2024.

B13 Earnings per share

(a) Basic earnings per share

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

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Group				
Net profit attributable to equity holders	847,672	741,645	847,672	741,645
Weighted average number of ordinary shares ('000)	1,134,258	1,134,049	1,134,258	1,134,049
Basic earnings per share (sen)	74.7	65.4	74.7	65.4

	1st Quarter Ended		Three Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
The Company				
Net profit attributable to equity holders equity holders	611,426	533,161	611,426	533,161
Weighted average number of ordinary shares ('000)	1,138,350	1,138,141	1,138,350	1,138,141
Basic earnings per share (sen)	53.7	46.8	53.7	46.8

(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 28 November 2024