

HongLeong Financial Group Berhad

Annual Report **2024**



Corporate

- 02** Introduction
- 03** Five Year Group Financial Highlights
- 05** Simplified Group Statements of Financial Position
- 06** Group Quarterly Financial Performance
- 07** Segmental Information
- 08** Hong Leong Financial Group Share Price
- 09** Financial Calendar
- 10** Corporate Milestones
- 12** Awards & Accolades
- 16** Chairman's Statement
- 22** Management Discussion & Analysis
- 38** Sustainability Statement
- 114** Corporate Information
- 115** Board of Directors' Profile
- 119** Key Senior Management of the Group
- 121** Board Audit and Risk Management Committee Report
- 125** Corporate Governance Overview, Risk Management & Internal Control Statement

Financials

- 146** Directors' Report
- 155** Statements of Financial Position
- 157** Statements of Income
- 158** Statements of Comprehensive Income
- 159** Statements of Changes in Equity
- 164** Statements of Cash Flows
- 171** Summary of Material Accounting Policies
- 208** Notes to the Financial Statements
- 347** Statement by Directors
- 347** Statutory Declaration
- 348** Independent Auditors' Report

Additional Information

- 353** Notice of Annual General Meeting
- 358** Statement Accompanying Notice of Annual General Meeting
- 359** Other Information
 - Form of Proxy



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To be an Integrated
Financial Services Group that
**Consistently Meets Our
Customers' Needs**

Introduction



Hong Leong Financial Group Berhad offers an integrated suite of conventional and Islamic financial products and services which enables us to reach out and connect with customers not only in Malaysia, but throughout the region.

Commercial and Islamic Banking

- Personal Financial Services
- Business & Corporate Banking
- Regional Wealth Management
- Global Markets
- Islamic Financial Services

Investment Banking

- Investment Banking
- Stockbroking
- Asset Management

Insurance and Takaful

- Life & General Insurance
- Family Takaful

Core Values



Quality



Progress



Entrepreneurship



Social Responsibility



Innovation



Human Resource



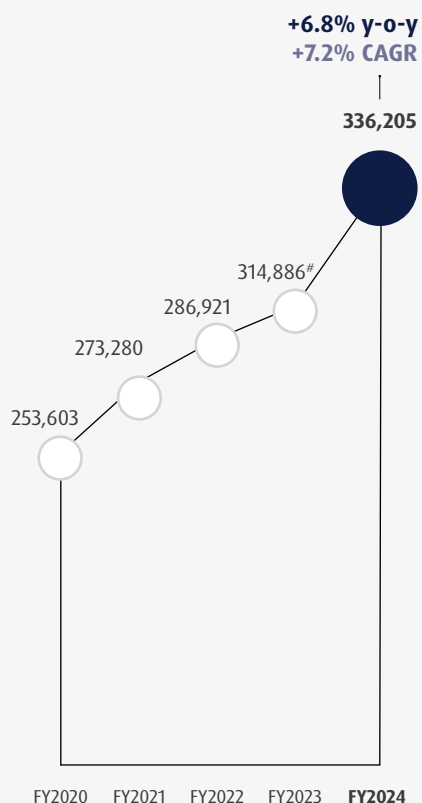
Honour



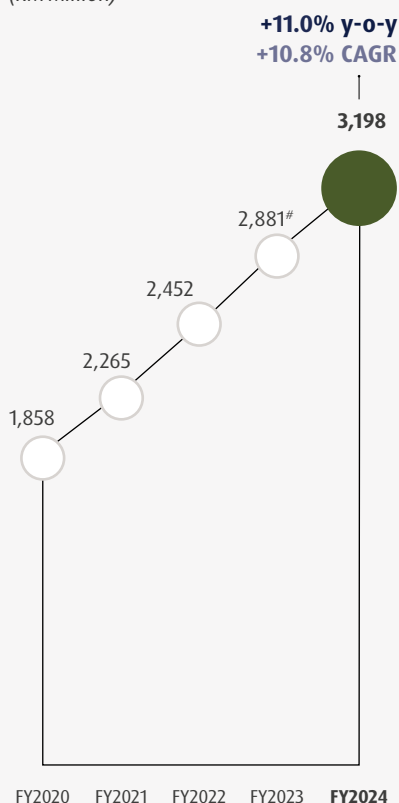
Unity

Five Year Group Financial Highlights

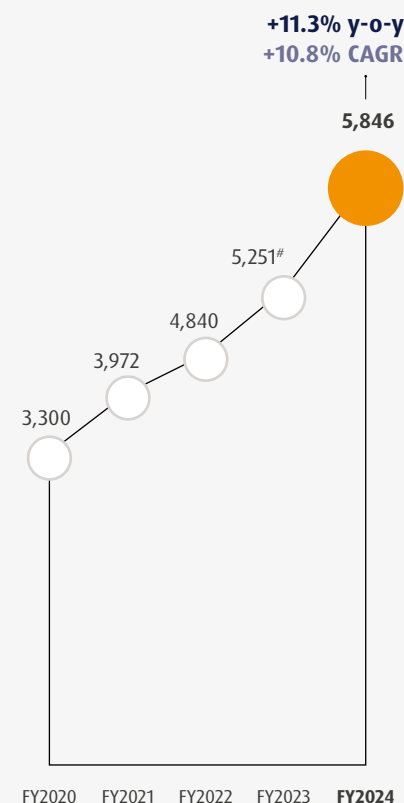
Group Total Assets (RM'Million)



Group Profit Attributable to Owners of the Parent (RM'Million)



Group Profit before Tax (RM'Million)



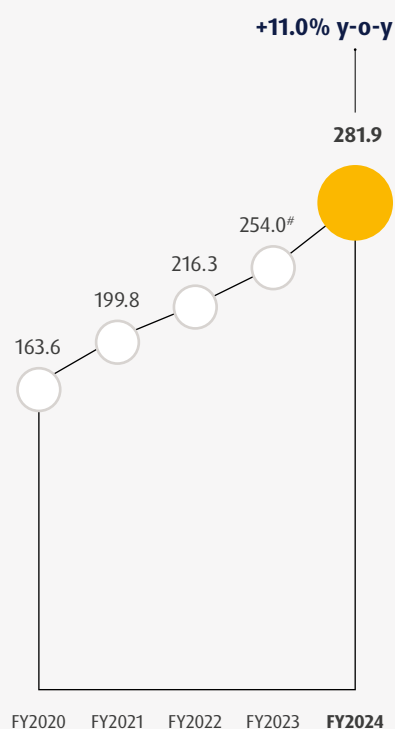
The Group	FY2020 RM'Million	FY2021 RM'Million	FY2022 RM'Million	FY2023 [#] RM'Million	FY2024 RM'Million
Statements of Financial Position					
Total assets	253,603	273,280	286,921	314,886	336,205
Net loans	145,521	154,779	167,177	180,313	193,613
Total liabilities	222,550	239,347	250,931	274,681	291,837
Deposits from customers	171,237	181,769	197,383	211,467	220,075
Shareholders' funds	20,898	22,818	24,276	27,202	30,091
Commitments and contingencies	154,879	285,690	214,693	269,009	323,287
Statements of Income					
Revenue	5,258	6,199	6,252	6,477	6,651
Profit before tax	3,300	3,972	4,840	5,251	5,846
Net profit	2,779	3,376	3,683	4,332	4,787
Profit attributable to owners of the parent	1,858	2,265	2,452	2,881	3,198

[#] Restated FY2023 comparative information as MFRS 17 has replaced MFRS 4 Insurance contracts.

Five Year Group Financial Highlights

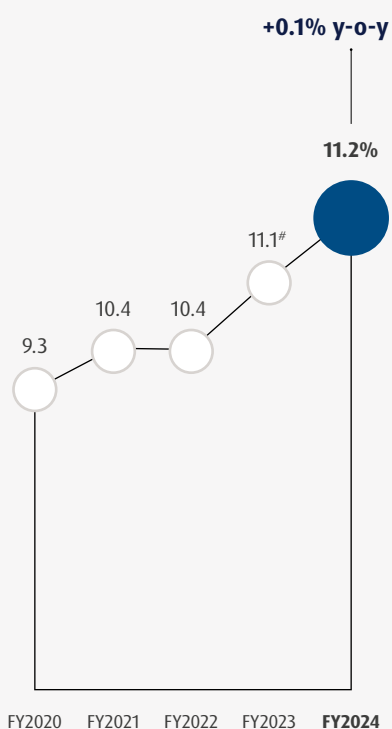
Group Basic Earnings per Share

(sen)



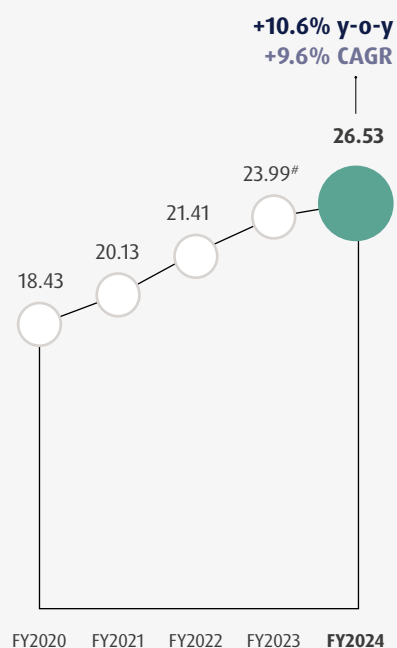
Group Return on Equity

(%)



Group Book Value per Share

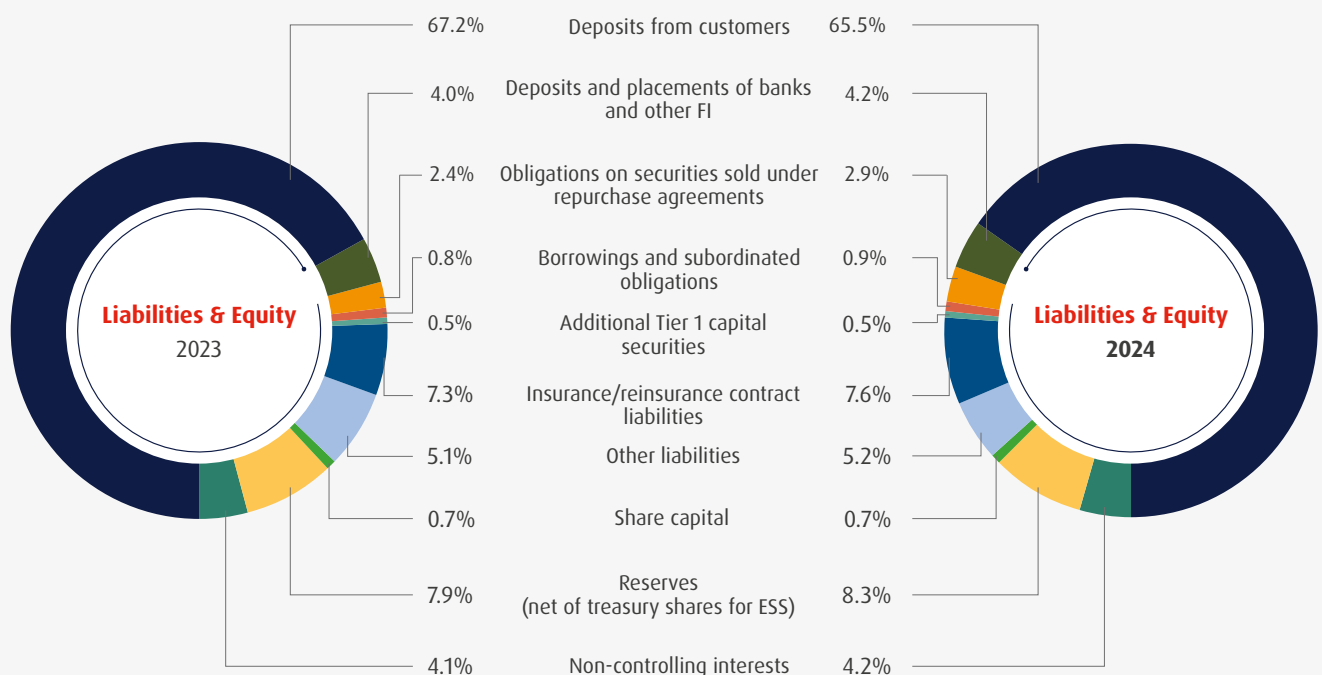
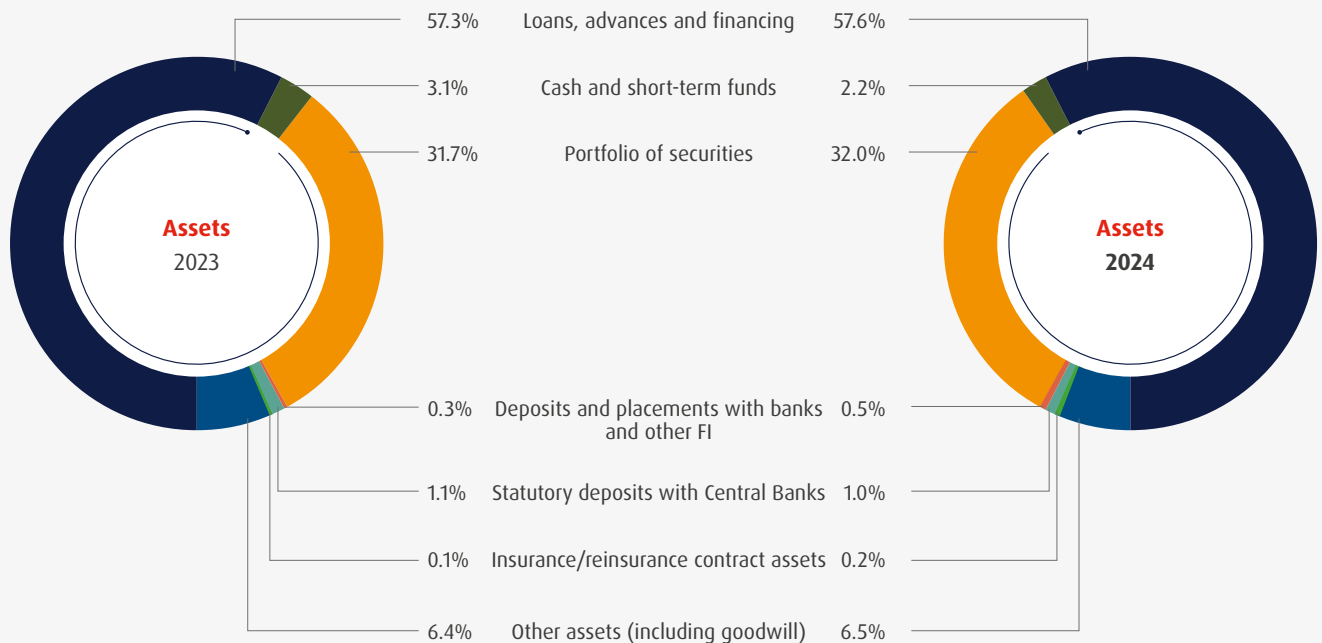
(RM)



The Group	FY2020	FY2021	FY2022	FY2023 [#]	FY2024
Key Performance Indicators					
Share price (RM)	13.10	17.80	18.50	17.66	17.28
Book value per share (RM)	18.43	20.13	21.41	23.99	26.53
Basic earnings per share (sen)	163.6	199.8	216.3	254.0	281.9
Dividend per share (sen)	38.0	40.0	46.0	49.0	54.0
Financial Ratios (%)					
Profitability Ratios					
Return on equity	9.3%	10.4%	10.4%	11.1%	11.2%
Return on average assets	0.8%	0.9%	0.9%	1.0%	1.0%
Cost/income ratio	44.9%	38.6%	37.7%	38.3%	39.2%
Asset Quality/Loan Ratios					
Gross loans to deposits ratio	85.7%	86.1%	85.6%	86.1%	88.7%
Gross impaired loans ratio	0.6%	0.5%	0.5%	0.6%	0.5%

[#] Restated FY2023 comparative information as MFRS 17 has replaced MFRS 4 Insurance contracts.

Simplified Group Statements of Financial Position



Group Quarterly Financial Performance

RM'Million (Restated)	2023				
	Q1	Q2	Q3	Q4	Year
Statements of Income					
Revenue	1,603	1,746	1,636	1,491	6,477
Profit before tax	1,242	1,499	1,318	1,193	5,251
Net profit	1,021	1,216	1,101	994	4,332
Profit attributable to owners of the parent	669	811	736	664	2,881
Key Performance Indicators					
Share price (RM)	18.5	18.6	18.0	17.7	17.7
Basic earnings per share (sen)	59.0	71.6	64.9	58.5	254.0
Dividend per share (sen)	-	17.0	-	32.0	49.0

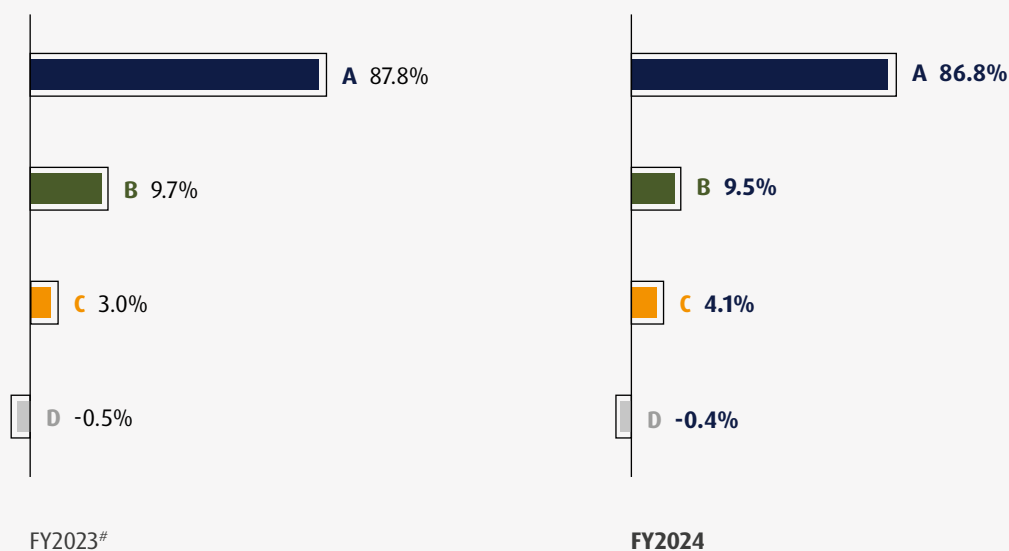
RM'Million	2024				
	Q1	Q2	Q3	Q4	Year
Statements of Income					
Revenue	1,565	1,662	1,699	1,725	6,651
Profit before tax	1,352	1,530	1,485	1,478	5,846
Net profit	1,115	1,245	1,224	1,203	4,787
Profit attributable to owners of the parent	742	832	818	806	3,198
Key Performance Indicators					
Share price (RM)	17.7	16.4	16.6	17.3	17.3
Basic earnings per share (sen)	65.4	73.3	72.1	71.1	281.9
Dividend per share (sen)	-	18.0	-	36.0	54.0

Restated FY2023 comparative information as MFRS 17 has replaced MFRS 4 Insurance contracts.

Segmental Information

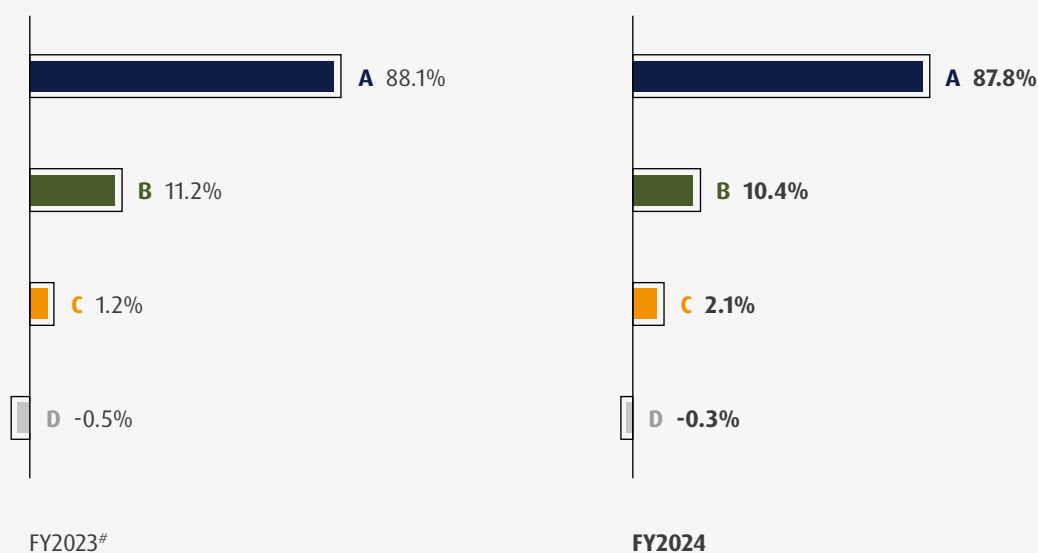
Operating Revenue

By Business Segment



Profit Before Tax

By Business Segment



A Commercial Banking B Insurance C Investment Banking D Other Operations/Consolidation Adjustments

Restated FY2023 comparative information as MFRS 17 has replaced MFRS 4 Insurance contracts.

Hong Leong Financial Group Share Price

Dividend per Share

FY2023 49.0 sen
FY2024 54.0 sen +10.2% y-o-y

Share Price

FY2023 RM17.66
FY2024 RM17.28 - 2.2% y-o-y

Market Capitalisation

FY2023 RM 20.3 billion
FY2024 RM 19.8 billion - 2.2% y-o-y

Earnings per Share

FY2023 254.0 sen[#]
FY2024 281.9 sen +11.0% y-o-y

Group Return on Equity

FY2023 11.1%[#]
FY2024 11.2% +0.1% y-o-y

Hong Leong Financial Group Share Price Vs Benchmark FBMKLCI



Hong Leong Financial Group Share Price & Volume



[#] Restated FY2023 comparative information as MFRS 17 has replaced MFRS 4 Insurance contracts.

Financial
Calendar

ANNUAL GENERAL MEETING

29 October 2024 (Tuesday)
55th Annual General Meeting

DIVIDENDS

Interim Single-Tier Dividend of 18.0 sen per share

Announcement

28 February 2024

Entitlement

15 March 2024

Payment

27 March 2024

Final Single-Tier Dividend of 36.0 sen per share

Announcement

29 August 2024

Entitlement

1 November 2024

Payment

21 November 2024

ANNOUNCEMENT OF CONSOLIDATED RESULTS

30 November 2023

Thursday

unaudited results for
1st quarter ended
30 September 2023

30 May 2024

Thursday

unaudited results for
3rd quarter ended
31 March 2024

28 February 2024

Wednesday

unaudited results for
2nd quarter ended
31 December 2023

29 August 2024

Thursday

unaudited results for
4th quarter and financial year ended
30 June 2024

Corporate Milestones

JULY

2006

Changed name to 'Hong Leong Financial Group Berhad'



OCTOBER

2007

HLIB proposed to acquire the identified assets and liabilities of Southern Investment Bank Bhd



APRIL

2008

HLA proposed to acquire PJ City premises



JULY

2008

HLB acquired 20% equity interest in the Bank of Chengdu (BOCD)



OCTOBER

2009

HLCB 1:1 Rights Issue completed



FEBRUARY

2009

Insurance holding company, HLAH, was incorporated



JANUARY

2009

- HLIB obtained investment bank status
- HLB granted Vietnam banking license



OCTOBER

2008

HLIB acquired SBB Securities Sdn Bhd



FEBRUARY

2010

Sichuan Jincheng consumer finance JV incorporated



OCTOBER

2010

MSIG Strategic Partnership completed



MAY

2011

HLB acquired EON Capital Bhd's assets and liabilities



SEPTEMBER

2012

Merger of HLIB & MIMB Investment Bank completed



Corporate Milestones

NOVEMBER

2019

HLISAM (formerly known as Hong Leong Fund Management Sdn Bhd) converted its license to an Islamic asset management license



NOVEMBER

2020

Upliftment of suspension in the trading of the ordinary shares in HLCB



FEBRUARY

2022

HLB broadened portfolio to include Regional Wealth Management



JUNE

2023

HLFG Group FY23 pretax profit surpassed the RM5b mark



JUNE

2024

HLFG Group FY24 profit after tax and minority interest (PATAMI) surpassed the RM3b mark



JULY

2018

HLMT converted its composite Takaful license to a single Family Takaful license



JANUARY

2018

BOCD was listed on the Shanghai Stock Exchange. HLB's equity interest was reduced from 20% to 18%



DECEMBER

2015

HLFG and HLB completed Rights Issues raising RM1.1 billion and RM3.0 billion respectively



JUNE

2014

HLFG Group FY14 pretax profit surpassed the RM3b mark



JUNE

2013

HLAS obtained Singapore general insurance license



JULY

2013

HLB Cambodia commenced operations



OCTOBER

2013

HLIB awarded 'Best Investment Bank Malaysia' (World Finance Awards)



NOVEMBER

2013

HLB established a Representative Office in Nanjing, China



Awards & Accolades

HONG LEONG FINANCIAL GROUP BERHAD

The Edge Billion Ringgit Club Corporate Awards 2022

The Edge Billion Ringgit Club Corporate Awards 2023 Third Consecutive Year

Organised by The Edge Billion Ringgit Club (BRC)



Best IR Company (Financial Holding Company) Malaysia 2024

Finance Derivative Awards 2024

Finalist - FBMKLCI

The 2023 Building Trust Awards

HONG LEONG BANK BERHAD

Inland Revenue Board of Malaysia ("IRBM")

Tax Corporate Governance ("TCG") Certification for both HLB and HLISB

*subject to annual review by IRBM

Organised by IRBM

Malaysia Book of Records

Most Students Graduated from a Financial Literacy Program - HLB DuitSmart Kids

Officiated by Malaysia Book of Records

The Asian Banker Excellence in Retail Financial Services International Awards 2024

Best Financial Inclusion Initiative - Cashless Kampung

Organised by The Asian Banker

Asian Banking & Finance Retail Banking Awards 2023 & 2024

Best SME Bank in Malaysia (Three consecutive years: 2022, 2023, 2024)

Organised by Asian Banking & Finance

Sustainability & CSR Malaysia Awards 2024

Bank of the Year - Community Empowerment 2024

Organised by CSR Malaysia

Euromoney Awards for Excellence 2024

Best SME Bank in Malaysia

Organised by Euromoney

Sustainability & CSR Awards Malaysia 2023

Bank of the Year - ESG Leadership Award 2023

Organised by CSR Malaysia

The Asian Banker Excellence in Retail Finance & Technology Innovation Malaysia Awards 2023

Best SME Bank in Malaysia (Five consecutive years: 2019, 2020, 2021, 2022, 2023)

Organised by The Asian Banker

The Edge Malaysia ESG Awards 2023

Gold Award - Financial Services

Organised by The Edge

Awards & Accolades

HONG LEONG BANK BERHAD (CONTINUED)

The Edge Malaysia ESG Awards 2023

Gold Award - Financial Services

Organised by **The Edge**

Malaysia e-Payments Excellence Awards 2023

- Best e-Payments Bank
- Best e-Payments Acquirer Bank

Organised by Payments Network Malaysia (PayNet)

Global Islamic Finance Awards (GIFA) 2023

GIFA Excellence Award - Islamic Banking

Organised by GIFA

Awarded by EPI Certification

ANSI/TIA-942-B-2017 and ISO/IEC 22237 certifications for Data Centre

Organised by EPI Certification

Global Good Governance Awards 2024

- 3G Championship Award for Corporate Governance Framework
- 3G Best CSR Award

Organised by Cambridge IFA

Asset Benchmark Research 2023

- Highly Commended Most Astute Investor in Asian G3 Bonds
- Highly Commended Top Investment House
- Ranked 2nd in Sellside - Secondary Market - MYR Corporate Bonds

Organised by The Asset

BNM League Tables 2023

- Ranked 1st for Negotiable Certificate of Deposit
- Ranked 2nd for FX Forwards
- Ranked 3rd (HLB) & 4th (HLISB) for Secondary Corporate Sukuk
- Ranked 3rd Corporate Bonds

Organised by Bank Negara Malaysia

- Ranked 4th for Conventional Money Market
- Ranked 4th for Third Currency
- Ranked 3rd for RMB Transactions
- Ranked 5th for Derivatives Market

The Markies 2024

- Gold Award: Most Effective B2B Marketing
- Bronze Award: Most Effective Video

Organised by The MARKies Malaysia

Malaysian Digital Association (MDA) Awards 2024

- Gold Award: Best in B2B Marketing
- Silver Award: Best Use of Content
- Silver Award: Best Use of Video

Organised by Malaysian Digital Association (MDA)

Media Specialists Association (MSA) Awards 2024

- Gold Award: MSA For Good
- Bronze Award: Branded Entertainment & Content
- Bronze Award: Mobile, Interactive & Immersive Experiences (Media Non-Biddable)
- Bronze Award: Influencer Marketing

Organised by Media Specialists Association

The Appies 2024

- Bronze Award: Best in Financial Services
- Bronze Award: Best in B2B Marketing

Organised by APPIES Malaysia

Awards & Accolades

HONG LEONG ASSURANCE BERHAD

Malaysia by Global Business Outlook Awards 2024

- **Best Life Insurance Company**

Organised by *Payments Network Malaysia (PayNet)*

Malaysia by Asian Banking and Finance Insurance Asia Awards for eight times between 2016-2022 and 2024

Domestic Life Insurer of the Year

Organised by *GIFA*

Awarded by EPI Certification

ANSI/TIA-942-B-2017 and ISO/IEC 22237 certifications for Data Centre

Organised by *EPI Certification*

HONG LEONG MISG TAKAFUL BERHAD

Takaful Star Awards (Malaysian Takaful Association) 2024

Best Takaful Operator in VBt 2024

Organised by *Malaysian Takaful Association*

Malaysia Prestigious Industry Awards 2023

Best Takaful Operator in Malaysia

Organised by *GIFA*

International Business Magazine Awards 2023

Best Takaful Operator in South East Asia

Organised by *International Business Magazine*

HONG LEONG INVESTMENT BANK BERHAD

FinanceAsia Achievement Awards 2023

- **Deal Awards (Asia)**
- **Best Sustainable Finance Deal (Market Winner)**

Organised by *FinanceAsia*

FinanceAsia Achievement Awards 2023

- **Deal Awards (Asia)**
- **Best Islamic Finance Deal (Highly Commended)**

Organised by *FinanceAsia*

17th Annual Best Deal & Solution Awards 2023

Best ASEAN Green SRI Sukuk of the Year

Organised by *Alpha Southeast Asia*

IFN Deal of the Year 2023

Social Impact, SRI, ESG (Honourable Mention)

Organised by *Islamic Finance News*

RAM Award of Distinction 2023

Lead Manager Award by Number of Issues - 3rd ranking

Organised by *RAM Ratings*

RAM Award of Distinction 2023

Lead Manager Award (Sukuk) by Number of Issues - 3rd ranking

Organised by *RAM Ratings*

The Asset Triple A Awards: Sustainable Finance Awards 2024

Best Green Securitisation

Organised by *The Asset*

The Asset Triple A Awards: Sustainable Infrastructure Awards 2024

Utility Deal of the Year

Organised by *The Asset*

The Asset Triple A - Islamic Finance Awards 2024

Best ASEAN Green SRI Sukuk - Renewable Energy / Solar (Best in Sustainable Finance)

Organised by *The Asset*

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD (CONTINUED)

The Asset Triple A - Islamic Finance Awards 2024	Bursa Excellence Awards 2023	Top Dealer for Highest Traded Value for ETFs
Best ASEAN Green SRI Sukuk - Renewable Energy / Solar (Best Deals By Country)	Best Retail Equities Participating Organisation – Investment Bank - 2nd runner up	Retail Investor Campaign - Sales Force Awards 2023
<i>Organised by The Asset</i>	<i>Organised by Bursa Malaysia</i>	<i>Organised by Bursa Malaysia</i>
Top Dealer for Highest Traded Value for New Accounts Opened	Top Dealer for Highest Number of New Accounts Opened	People's Choice of Analyst (Mirror, Learn and Trade ("MLT")) - Analyst Award 2023
Retail Investor Campaign - Sales Force Awards 2023	Retail Investor Campaign - Sales Force Awards 2023	Retail Investor Campaign - Sales Force Awards 2023
<i>Organised by Bursa Malaysia</i>	<i>Organised by Bursa Malaysia</i>	<i>Organised by Bursa Malaysia</i>
Top Dealer for Highest Reactivation of Untraded Accounts		
Retail Investor Campaign - Sales Force Awards 2023		<i>Organised by Bursa Malaysia</i>

HONG LEONG ASSET MANAGEMENT BHD

LSEG Lipper Fund Awards 2024 – Malaysia Provident	LSEG Lipper Fund Awards 2024 – Malaysia Provident	People's Choice of Analyst (Mirror, Learn and Trade ("MLT")) - Analyst Award 2023
Hong Leong Dana Maa'rof Fund Best Fund over 5 Years: Mixed Asset MYR Balanced	Hong Leong Dana Maa'rof Fund Best Fund over 10 Years: Mixed Asset MYR Balanced	Hong Leong Dana Maa'rof Fund Best Fund over 5 Years: Mixed Asset MYR Balanced³
<i>Organised by LSEG Lipper</i>	<i>Organised by LSEG Lipper</i>	<i>Organised by LSEG Lipper</i>
LSEG Lipper Fund Awards 2024 – Malaysia Islamic	LSEG Lipper Fund Awards 2024 – Global Islamic	LSEG Lipper Fund Awards 2024 – Global Islamic
Hong Leong Dana Maa'rof Fund Best Fund over 10 Years: Mixed Asset MYR Balanced	Hong Leong Dana Maa'rof Fund Best Fund over 5 Years: Mixed Asset MYR Balanced	Hong Leong Dana Maa'rof Fund Best Fund over 10 Years: Mixed Asset MYR Balanced
<i>Organised by LSEG Lipper</i>	<i>Organised by LSEG Lipper</i>	<i>Organised by LSEG Lipper</i>
LSEG Lipper Fund Awards 2024 – Malaysia Islamic	LSEG Lipper Fund Awards 2024 – Global Islamic	
Hong Leong Dana Makmur Best Fund over 10 Years: Equity Malaysia	Hong Leong Dana Makmur Best Fund over 10 Years: Equity Malaysia	
<i>Organised by LSEG Lipper</i>	<i>Organised by LSEG Lipper</i>	

Chairman's Statement

In the year under review, the world economy was at a steadier footing with growth rates of emerging Asian countries continuing to outpace those of developed countries. Worldwide inflation eased gradually during the year but remained elevated as major central banks contemplate the timing to pivot their monetary policies to sustain economic growth. Nevertheless, geopolitical conflicts and trade protectionism continue to pose risks on global trade flows and economic stability.

Domestically, Malaysia's economy expanded by 5.1% year-on-year ("y-o-y") in the first half of 2024, accelerating from a 3.0% increase in the second half of 2023. This was underpinned by resilient domestic demand, increasing foreign investments and services sector recovery. Growth was further bolstered by a rebound in external trade and a positive labour market amidst stable inflation conditions.

Overall, Hong Leong Financial Group ("HLFG" or "the Group") has successfully navigated a challenging operating environment and delivered another set of strong financial results for our shareholders. The Group's strategic focus on growth is grounded by its discipline on strong credit quality, careful management of all risks, cost prudence and commitment towards embedding sustainability in our strategy and operations.

On that note, I am pleased to present our Annual Report and Audited Financial Statements of HLFG for the financial year ended 30 June 2024 ("FY2024").

Chairman's Statement



REVIEW OF THE YEAR'S PERFORMANCE

For the year under review, HLFGB has delivered an 11% year-on-year growth in net profit attributable to shareholders ("PATAMI") to RM3,198 million. As a result, HLFGB's earnings per share in FY2024 improved to 281.9 sen, from 254.0 sen in the previous financial year. The return on average equity improved to 11.2%, while net assets per share rose by 10.6% from RM23.99 to RM26.53. All key capital, liquidity and credit metrics remained sound and robust with policies in place to manage our franchise throughout the financial year.

PATAMI
RM3.20 BILLION
11% y-o-y

In FY2024, the Board of Directors has declared a final dividend of 36 sen per share and combined with the interim dividend of 18 sen per share that was paid on 27 March 2024, the total dividend for FY2024 is 54 sen per share, higher than last year by 5 sen for a total dividend payment of RM620 million.

In respect of the performances of our key businesses, Hong Leong Bank Berhad ("HLB" or "Bank") achieved a net profit of RM4,196 million, higher by 10% y-o-y driven by robust growth in loans and financing, healthy asset quality, strong contributions from our associate and prudent management of operating cost. The commercial banking business expanded its loan and financing to RM194.9 billion with a growth of 7.3% y-o-y across the key segments of mortgages, auto loans, SME, and commercial banking as well as key overseas markets, whilst customer deposits registered growth of 4.1% y-o-y to RM220.4 billion. The Bank also improved on its industry-leading asset quality with a gross impaired loan ("GIL") ratio of 0.53%. The Bank remains a major contributor to the Group's earnings accounting for 88% of the Group's net profit. Looking ahead, our commercial bank aims to raise physical presence through our branch transformation initiative which will house all HLFGB's offerings and improve cross-selling to drive fee income growth. These iconic branches will serve as a dynamic community hub in fostering meaningful connections with customers.



Chairman's Statement

Our insurance business under HLAH Holdings Berhad also attained an improved net profit of RM511 million, which translates to a 4% y-o-y improvement. The better performance was largely driven by higher investment income and robust profit contribution from its associate. Our life insurance business, Hong Leong Assurance Berhad ("HLA") net profit of RM398 million, was flat as compared to last year due to lower net insurance service results mitigated by higher net investment income. New business regular premiums ("NBRP") maintained at RM531 million with a stronger emphasis on protection-focused plans versus savings-focused plans. HLA aims to revitalise our agency force and accelerate the launch of new products to cater to the unique needs of customers.

Outside of Malaysia, the Group's overseas general insurance companies, namely HL Assurance Pte. Ltd in Singapore and Hong Leong Insurance (Asia) Limited in Hong Kong, continued their strong growth momentum and delivered solid gross premium growth of 29% y-o-y and 23% y-o-y respectively.

Our investment banking and fund management business under Hong Leong Capital Berhad ("HLCB"), staged a strong rebound in net profit that surged by 96% y-o-y to RM98 million boosted by improvement in all operating entities coupled with higher gains in equity investments. The stockbroking business delivered a robust performance bolstered by heightened trading activities on Bursa Malaysia and increased market share contributed by its institutional clients' segments. HLCB's investment banking division also delivered improved performance in FY2024 driven by higher completion of debt market issuances and equity-related deals. Our fund management business earned additional performance fee income from equity-based private mandates as well. Our stockbroking and investment banking aims to deepen our presence in the affluent segment and strengthen our expertise in structuring sustainability issuances, whilst the fund management business will continue to pursue asset under management growth through private mandates.

ISLAMIC BANKING & TAKAFUL PERFORMANCE

Islamic finance in Malaysia is one of the faster growing financial business segments as demand for Islamic finance and takaful products are increasing from both consumers and businesses for Shariah-compliant options. We consider our Islamic finance and Family Takaful franchise as catalysts for future business growth.

Our Islamic banking arm, Hong Leong Islamic Bank Berhad achieved a 13% y-o-y growth in net profit to RM480.7 million in FY2024 and expanded their financing book growth by 11% y-o-y to RM45.7 billion across retail, SME, and corporate segments. The Islamic financing portfolio remained a crucial contributor to HLB, accounting for 23.4% of the Bank's total loans and financing.



For Family Takaful, Hong Leong MSIG Takaful Berhad ("HLMT") recorded a net profit of RM12 million on the back of higher investment income whilst gross contributions declined by 4% to RM625 million in FY2024 from lower single premium credit-related insurance. HLMT complements our Group's Islamic financial service franchise and offers attractive growth potential given that Takaful in Malaysia remains largely underpenetrated.

STRATEGIC PRIORITIES

Guided by our entrepreneurial vision, the Group's philosophy is focused on building long-term sustainable value for all our stakeholders. With value creation at the heart of our strategic priorities, we strive to add new dimensions to our businesses while steadfastly upholding our strong corporate governance, effective cost discipline and prudent risk management that solidify the trust and security for our customers.

Moving forward, the Group is focused on raising the profile of our physical presence through our branch transformation initiative, unlocking wealth management opportunities, boosting insurance and fund management distribution capabilities and strengthening our full-suite of products and services through innovation. In addition, the Group will continue to leverage contemporary technologies and digital solutions across the Group to not only improve the delivery of our services, but also to enhance our customer engagement experience.

Chairman's Statement

DIGITALLY CONNECTED, DRIVEN BY INNOVATION

Technology continues to augment the financial industry and has transformed various aspects of our business from fraud prevention to lowering cost of services, radically changing the way we serve our customers. Driven by our “Built Around You” brand promise, HLFG remains fully committed in upgrading our service delivery and judiciously investing in technologies by accelerating the deployment of contemporary technology, automation, and artificial intelligence capabilities. With customers at the heart of our technological endeavours, the Group will constantly seek to enhance and refine our suite of digital features without compromising customers’ data security and our own IT security posture.

Today, our digital platforms are widely used by our customers, positioning us as leaders in the transition towards a cashless society. Our commercial bank’s digital banking app is currently serving 2.9 million retail customers with 94% of all retail banking transactions being conducted via HLB’s internet and mobile banking platforms. In addition, more than 145,000 of the



Bank’s business customers conduct their banking needs over our corporate digital platforms. Likewise at HLA, its insurance Customer Portal, HLA360°, has amassed over 480,00 users and processed over 65,000 transactions in FY2024.

Whilst, HleBroking, our stockbroking app with access to the Malaysian and several foreign stock exchanges enjoys over 100,000 users. Moving forward, the Group will continue to invest in technology capabilities by delivering best-in-class touchpoints and integrate our innovative suite of offerings to meet the evolving needs of our customers.

Our operating companies have also demonstrated their aptitude to innovate and adapt with the launch of new and enhanced products aimed at expanding our customer base amid a fiercely competitive environment. Our Bank bolstered its wealth management suite of products with tailored offerings and added a private equity fund. This has resulted in the Bank’s wealth management fee income growing by 40% y-o-y. In addition, the Bank’s CASA acquisition through a series of campaigns was also a success with CASA expanding by 10% y-o-y despite stiff competition in the market with the launch of digital banks.



Similarly, HLA has deepened its penetration into the High-Net-Worth (“HNW”) customer segment which saw a 35% y-o-y growth in NBRP credited to a series of HNW protection-focused products including Asset Master and Asset Elite that offers coverage flexibility and extended periods for up to 3 generations. HLA has also introduced a hassle-free “Sign and Protect” product series allowing customers to secure protection without undergoing medical and financial underwriting.

Recognising the popularity of e-commerce, our stockbroking business has partnered with the online shopping platform, Shopee, to widen our reach to potential customers. This unique collaboration makes Hong Leong Investment Bank (“HLIB”) the first Bank in Malaysia to offer such services via an online shopping platform. Additionally, HLIB has also launched an innovative solution named Flexi-Trade which offers a hybrid feature of both cash and collateralised shares for increased trading limits at lower brokerage rates.

Chairman's Statement

EMPOWERING PEOPLE, SUSTAINING PROGRESS

Our employees are our most important asset; the future success of the Group has a direct correlation with the talent we possess. The key to realising our vision is predicated on having the right talent that we can nurture as they progress their career with us. In HLFGB and our operating companies, we are committed in cultivating a high-performance culture and promote shared values that can bind us together in a working environment that makes every employee feel appreciated while embracing our diversity regardless of their age, religion, nationality, gender, or background. In addition, the Group is also steadfastly investing in the development of our workforce by providing our employees with the skills and professional development which would raise their capabilities and thrive in a constant changing business environment.



On the sustainability front, HLFGB's commitment to the principles of sustainability and social responsibility remains resolute. The Group has made significant improvements in integrating the sustainability agenda into our strategy, products and operating footprint. This is exemplified by the strong demand of our sustainable financing solutions with the Bank having approved RM3.52 billion in Renewable Energy Financing and RM1.32 billion in green car loans. While our investment banking arm has completed a landmark issuance of the first Climate Bonds Initiative certified solar power Sukuk in Malaysia and the World.

HLFGB's sustainability efforts were rewarded with an improved score of 3.6 for FY2024 from 2.8 last year and continue to be a constituent of the FTSE4Good Bursa Malaysia index for the 6th consecutive year. In addition, the Group was also recognised both within our industry and across the ESG landscape with HLB and HLIB being awarded with numerous awards including Bank of the Year – ESG Leadership Award during Sustainability & CSR Malaysia Awards 2023 and Best Sustainable Finance Deal by ALPHA South East Asia.

As we strive for greater integration of the sustainability agenda in the way we operate, the focus is to grow our Group responsibly and at the same time, contribute positively to our natural environment and the communities that we serve.

COMMITMENT TO ROBUST GOVERNANCE PRACTICES

HLFGB is committed to maintaining sound and effective governance practices predicated on a solid foundation of integrity and responsible business conduct. As such, the Board and management have put in place an effective framework of internal controls and good risk management practices, implemented through the Board Audit and Risk Management Committee ("BARMC") in overseeing matters involving risk management, compliance, and internal controls and Group Board Information and Technology Committee ("GBITC") providing oversight on technology matters and cyber security. This framework supports our dynamic approach to governance, which ensures that appropriate checks and balances are in place to enable the Group to successfully manage uncertainties in an ever-evolving operating landscape.



With a zero tolerance for bribery and corruption, our corporate culture is grounded in ethical business principles which fosters a strong culture of compliance and integrity in accordance with comprehensive and regularly reviewed group-wide policies and procedures.

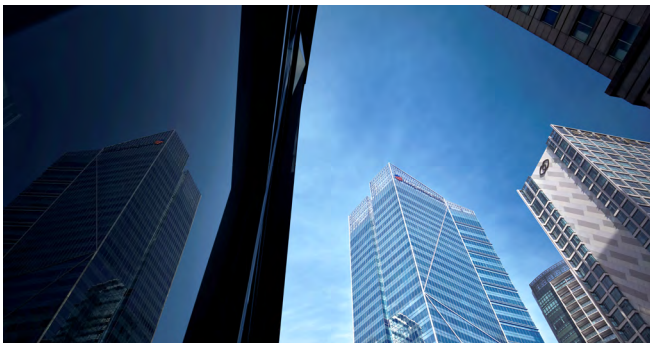
This includes the Board Charter, Code of Conduct and Ethics, Anti-Bribery and Corruption Policy (ABC), Gifts and Entertainment Policy, and Whistleblowing Policy. In addition, compliance controls are diligently monitored, with results reported to the relevant committees. In-house and external training sessions further enhance governance awareness among directors and employees.

Chairman's Statement

OUTLOOK

Looking ahead to FY2025, the global economy is expected to stabilise and grow at a modest pace with the International Monetary Fund's projecting global GDP growth from 3.2% in 2024 to 3.3% in 2025. Global inflationary pressures are also expected to trend lower opening room for central banks to ease restrictive monetary policies and pivot towards interest rate reduction, albeit cautiously. However, geopolitical tensions remain a significant near-term risk to trade and inflation, particularly if the evolving armed conflicts were to escalate which may cause inflation to stay higher for longer, resulting in slower-than-expected reductions in policy interest rates.

Malaysia, however, is poised for a positive 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. The growth outlook for Malaysia is not without risks, as our trade-reliant economy is sensitive to macroeconomic headwinds particularly the pace of growth in China, which is Malaysia's largest trading partner, that may have a spillover effect on our economy. Amid these conditions, we anticipate Malaysia's economic growth to remain on a positive trajectory and that HLFG is well-positioned to leverage our strong brand to meet the financial services needs of our customers.



On a longer-term basis, the Group shall continue to scale up our capabilities to pursue sustainable growth opportunities for our businesses. The Group shall ensure our fundamentals and financial position remain solid backed by robust capital and healthy liquidity levels, prudent cost management and uncompromised credit discipline. At the financial holding company level, we have fully settled our borrowings with the repayment of the senior notes in August 2024; this further strengthens our ability to pursue strategic investments when opportunities arise.

HLFG shall also continue to invest in our human capital and technology to accelerate our transformational growth initiatives while keeping a sharp focus on risk management and further integrate ESG considerations into the way we conduct our business to deliver sustainable business performance and long-term value for all stakeholders.

ACKNOWLEDGEMENTS

I would like to extend my heartfelt thanks and appreciation to my fellow Board members for their insightful wisdom and support. I would also like to express my gratitude to our regulators, government authorities, shareholders, customers, business partners and the community we serve for their continued faith and confidence in Hong Leong Financial Group.

To our dedicated HLFG management team and employees, thank you for your efforts in delivering another commendable performance for the Group. As we start a new financial year, let us begin with renewed vigour and commitment to another year of growth and operating excellence.

QUEK LENG CHAN

Chairman

20 September 2024

Management Discussion & Analysis

FY2024 FINANCIAL HIGHLIGHTS

Profit Milestone

All time high PBT and PATAMI

PROFIT BEFORE TAX

RM5.85 **11.3%**

Billion in FY2024

PATAMI

RM3.2 **11.0%**

Billion in FY2024

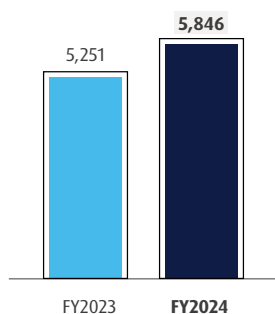
Profit Engines

Improvement across all operating companies

HLFG Group

RM'bil

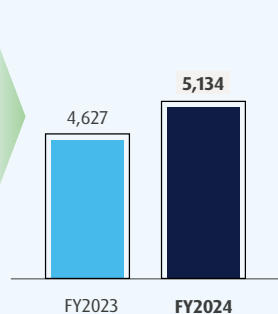
11.3%
y-o-y



Commercial Banking

RM'bil

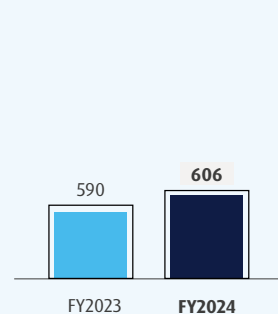
11.0%
y-o-y



Life and General Insurance

RM'bil

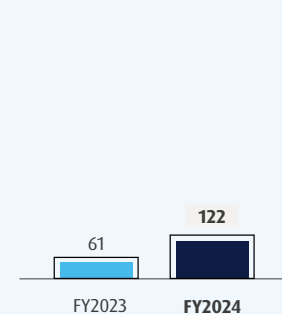
2.8%
y-o-y



Investment Banking & Asset Management

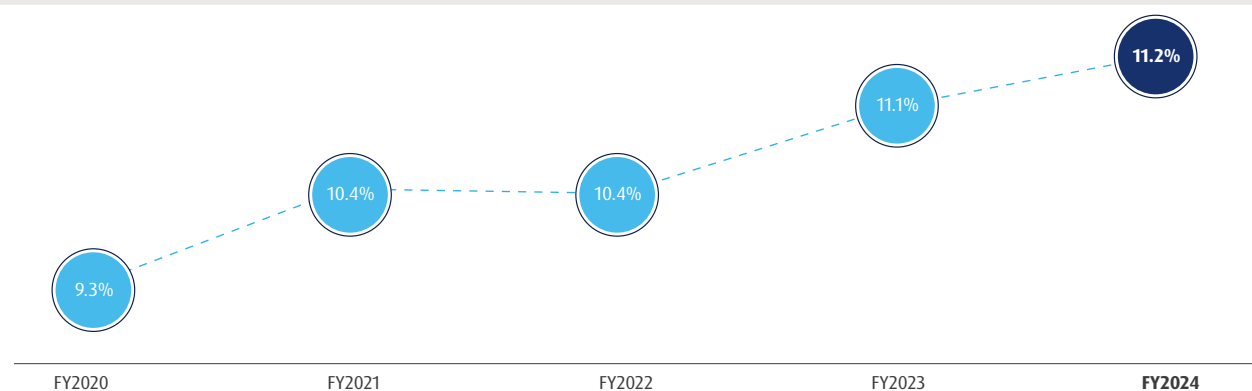
RM'bil

98.4%
y-o-y



Strong ROE

Delivering improved ROE of 11.2%



Higher dividends

10% uplift in dividend y-o-y; Declared RM620 million in dividend in FY2024

DIVIDEND

54 sen **10.2%**

Management Discussion & Analysis



In the year under review, Malaysia's economy registered stronger growth bolstered by domestic demand, accelerated project implementations, rise in investments, a revitalised tourism sector, and favourable labour market conditions. Headline and core inflation moderated to 2.0% by June 2024, reflecting stable demand conditions and contained cost pressures.

In terms of operating landscape, it was a year characterized by both challenges and opportunities with the Malaysian banking industry having a stable Overnight Policy Rate ("OPR") at 3.00% and recording strong loan growth, but elevated funding costs and deposit price competition posed a challenge to bank's net interest margin. Similarly in life insurance, although industry overall new business premiums have expanded, rising medical inflation and high medical claims payout are causing affordability concerns with medical insurance for many Malaysians. In capital markets, equities rebounded strongly with Bursa Malaysia's average daily trading value surging to RM3.0 billion from RM2.0 billion in the previous year, whilst debt market saw a lower total gross corporate issuance amidst uncertainty in the interest rate outlook and lack of new infrastructure projects.

Against this backdrop, Hong Leong Financial Group ("HLFG" or "the Group") has once again delivered a robust set of results in the financial year ended 30 June 2024 ("FY2024") driven by improved contributions across all our operating companies. This demonstrates the strength and resilience of the Group's operating companies in successfully navigating a volatile economic environment.

With that, we are pleased to present the Management Discussion and Analysis ("MD&A") for FY2024. This report will provide a review of HLFG's business operations and financial performance during FY2024.

Management Discussion & Analysis

HLFG GROUP PERFORMANCE HIGHLIGHTS

Hong Leong Financial Group Berhad is an investment holding company and has three core businesses in the group:

Commercial and Islamic banking under Hong Leong Bank Berhad (“HLB”);

Insurance and Family Takaful, housed under our insurance holding company HLA Holdings Sdn Bhd (“HLAH”); and

Investment banking and asset management under Hong Leong Capital Berhad (“HLCB”).

The Group delivered a strong financial performance, with profit after tax and minority interest (“PATAMI”) increasing by 11.0% year-on-year (“y-o-y”) to RM3.20 billion, driven by improved contributions across all operating companies and robust contributions from our associates. Consequently, earnings per share (“EPS”) recorded an increase of 27.9 sen to 281.9 sen in FY2024. Overall, this translates to HLFG achieving an improved and commendable Return on Equity (ROE) of 11.2% in FY2024, compared to 11.1% in the previous year.

Total income for FY2024 increased by 2.7% y-o-y to RM6.65 billion, as both net interest income (“NII”) and non-interest income (“NOII”) grew by 2.5% and 3.2% respectively. NII growth was fuelled by our commercial bank's above-industry loan growth of 7.3% and NIM recovery following five consecutive quarters of improvement. Whilst, NOII was primarily driven by insurance investment results which nearly doubled y-o-y, as well as improved franchise fee income and Islamic banking performance. This resulted in HLFG's non-interest income to total income ratio improving by 20 bps to 28.3% in FY2024.

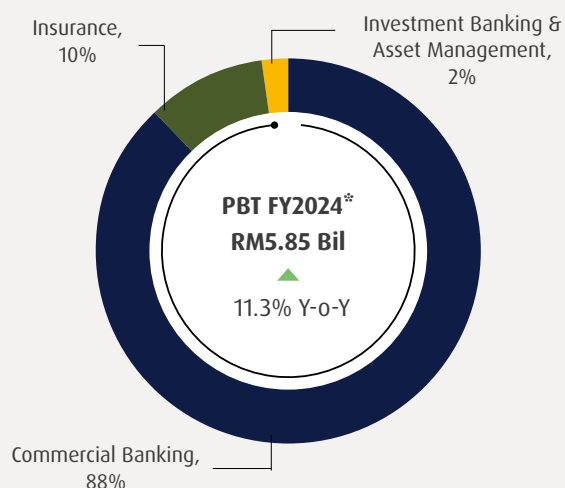
HLFG's cost-to-income ratio was marginally higher y-o-y at 39.2%, but remains as one of the lowest in the industry as the Group continue to be disciplined in our expenditure management through our continuous strategic cost management initiatives.

RM'Million	FY2023	FY2024	Change % (YoY)
Net Interest Income	4,655	4,770	2.5%
Non-Interest Income	1,822	1,881	3.2%
Total income	6,477	6,651	2.7%
Operating expenses	(2,479)	(2,609)	5.2%
Operating profit before allowances	3,997	4,041	1.1%
Writeback of loans and other impairments	(115)	113	>100%
Profit before associate	3,882	4,155	7.0%
Share of profits from associates	1,369	1,691	23.5%
PBT	5,251	5,846	11.3%
PATAMI	2,881	3,198	11.0%

Profitability Metrics (%)	FY23	FY24	YoY
Return on Average Equity (ROE)	11.1%	11.2%	0.1%
Non-interest income / total income	28.1%	28.3%	0.2%
Cost-to-income Ratio	38.3%	39.2%	0.9%

Management Discussion & Analysis

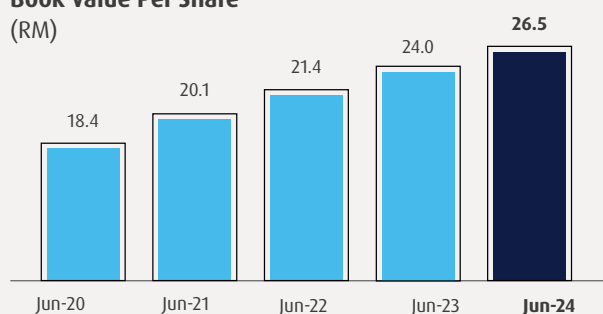
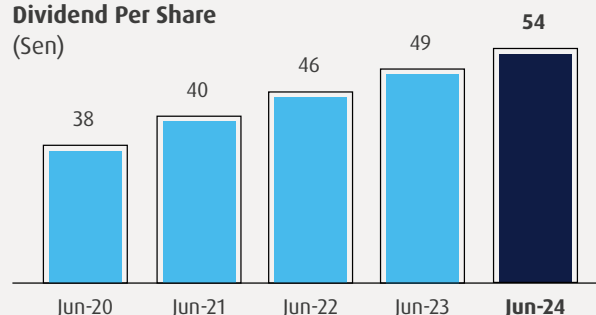
PBT contribution by business segments for FY2024



In terms of asset quality, the Group achieved an improved gross impaired loan ratio ("GIL") of 0.53% as at Jun-24 from 0.57% last year in line with the Group's effective management of credit risk. The Group's GIL ratio is well below the industry GIL ratio of 1.60% and remains as one of the strongest in the industry. This improvement is attributed to proactive strategies, including preventive measures and tactical action plans for accounts in arrears, effective management of high-risk accounts, customer site visits, and targeted programs addressing both pre-impaired and impaired accounts.

Asset Quality Metrics (%)	June-23	June-24	YoY
Gross Impaired Loans Ratio	0.57%	0.53%	4 bps

The Group's net asset per share also improved by 10.6% y-o-y to RM26.5. Accordingly, the Board of Directors declared a final dividend of 36 sen, resulting in a full-year dividend of 54 sen. This marks a 5 sen uplift from the previous financial year. The Group remains committed to ensuring sustainable dividend payouts to shareholders through a balanced approach that considers both growth and proactive capital management

Book Value Per Share
(RM)Dividend Per Share
(Sen)

Backed by a prudent capital and risk management approach, HLFGB remains well-capitalised with all capital positions comfortably exceeding regulatory requirements. As of 30 June 2024, HLFGB's Common Equity Tier 1, Tier 1, and Total Capital Ratios stood at 11.5%, 12.4%, and 14.3% respectively. At the financial holding company level, HLFGB is at a net-cash position following the repayment of our senior notes in August 2024; strengthening HLFGB's ability to pursue strategic investments when opportunities arise.

The Group's liquidity positions also remain well above the regulatory requirement of 100%, with Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") at 127.9% and 115.4% respectively, as of June 2024.

Capital Positions (%)	June-23	June-24	YoY
Common Equity Tier I Capital Ratio (CET1)	11.0%	11.5%	0.5%
Tier 1 Capital Ratio	12.1%	12.4%	0.3%
Total Capital Ratio	14.6%	14.3%	-0.3%

In terms of corporate credit ratings, RAM Rating Services Berhad ("RAM") has reaffirmed HLFGB's AA1/Stable/P1 Corporate Credit Ratings and the AAA/Stable/P1 financial institution ratings for the Group's banking entities of HLB, HLISB and HLIB. In addition, Moody's Investors Services have also reaffirmed HLB's the long-term and short-term ratings of A3/P2. These endorsements underscore the Group's solid fundamentals, excellent asset quality, and strong capitalisation.

Management Discussion & Analysis



COMMERCIAL BANKING FINANCIAL & OPERATIONAL REVIEW

HLB FINANCIAL HIGHLIGHTS

	FY2023	FY2024	Growth %
Profitability & Efficiency (RM'Million)			
Revenue	5,686	5,771	1.5%
Operating Profit Before Allowances	3,452	3,432	-0.6%
Profit Before Tax ("PBT")	4,627	5,134	11.0%
Profit After Tax ("PAT")	3,818	4,196	9.9%
Earnings Per Share (sen)	186	205	9.9%
Net Interest Margin ("NIM") (%)	1.98%	1.86%	-0.12%
Cost-to-Income Ratio ("CIR") (%)	39.3%	40.5%	1.2%
Return on Assets (%)	1.43%	1.45%	0.02%
Return on Equity (%)	11.8%	11.8%	-
Balance Sheet (RM'Million)			
Total Assets	279,850	297,789	6.4%
Gross Loans, Advances and Financing	181,677	194,927	7.3%
Customer Deposits	211,652	220,433	4.1%
Asset Quality			
Gross Impaired Loan Ratio	0.57%	0.53%	-0.4%
Loan Impairment Coverage Ratio	169%	155%	-14%
LIC Ratio (provisions made on GIL and security value)	239%	225%	-14%
Liquidity and Capital Ratios			
Loan-to-Deposit Ratio (include IA and SRF)	84.3%	87.0%	2.7%
Common Equity Tier 1 Capital Ratio	12.8%	13.3%	0.5%
Tier 1 Capital Ratio	13.9%	14.3%	0.4%
Total Capital Ratio	15.9%	16.3%	0.4%

HLB's regional financial services are provided via:

- A branch in Singapore;
- A branch in Hong Kong;
- 100% owned commercial bank Hong Leong Bank Vietnam Limited;
- 100% owned commercial bank Hong Leong Bank (Cambodia) PLC;
- 19.8% equity interest in the Bank of Chengdu Co., Ltd; and
- 12% equity interest in the Sichuan Jincheng Consumer Finance Limited Company.

Management Discussion & Analysis

HLB's net interest income expanded by 2.6% y-o-y to RM4,669 million in FY2024 driven by growth in loans/financing and effective funding cost management. Correspondingly, NIM stood at 1.86% in FY2024, following five consecutive quarters of improvement. Non-interest income declined by 2.8% y-o-y to RM1,102 million, primarily due to lower trading income from foreign exchange activities. This was partially offset by stronger wealth management contributions and higher credit card-related fees.

HLB's operating expenses increased 4.7% y-o-y to RM2.3 billion with a CIR at 40.5%, which remains one of the lowest in the industry. The increase is largely attributable to personnel cost, which increased by 6.8% y-o-y to RM1.3 billion due to higher salaries and allowances from expansion in revenue generating workforce. Additionally, administrative and general expenses were higher at RM343 million due to increased net credit card fees from higher merchant sales volume and retail spending. This was partially offset by a 7.7% y-o-y decrease in marketing expenses to RM181 million, achieved through selective marketing spending.

In terms of provisions, HLB continue to uphold strong asset quality metrics with a net writeback for loans and other impairment allowances of RM113 million for the year, translating to a net credit cost of -6bps. Overall, HLB's profit before associate contributions increased by 6.2% y-o-y to RM3.5 billion.

The profit contribution from the Bank's associate, Bank of Chengdu ("BOCD") remained robust, improving by 23.3% y-o-y to RM1.6 billion. Consequently, HLB's profit before tax ("PBT") increased by 11.0% y-o-y to RM5.1 billion, while profit after tax (PAT) grew by 9.9% y-o-y to RM4.2 billion. This translates to a commendable return on equity (ROE) of 11.8%.

DIVIDEND

Accordingly, HLB has declared a final dividend of 43 sen per share, bringing the total dividend to 68 sen, an increase from 59 sen in the previous year. The Bank's dividend payout ratio also increased in FY2024, reaching 34% of PAT, compared to 32% last year.



Gross loans, advances, and financing maintained commendable momentum, expanding by 7.3% y-o-y to RM194.9 billion. This growth was fuelled by key segments, including mortgages, auto loans, SME, commercial banking and key overseas markets. Residential mortgages increased 6.3% y-o-y to RM94.8 billion, supported by a healthy loans/financing pipeline while transport vehicle loans/financing continued its robust growth of 12.1% y-o-y to RM21.9 billion, testament to the Bank's strategic initiatives and collaborations in strengthening dealer coverage and a focus to capture the increasing demand on green vehicles.

The Bank's SME portfolio continued its positive trajectory with a 13.6% y-o-y expansion to RM37.5 billion following the Bank's community banking initiative which included customer centric solutions and digitalised onboarding initiatives, this has helped to scale up new customer acquisition and improve cross-selling.

Gross Loans, Advances and Financing by Key Segments	FY2023		FY2024		Growth %	Domestic Market Share %
	RM'Million	% Contribution	RM'Million	% Contribution		
Residential Properties	89,114	49%	94,770	49%	6.3%	11%
Transport Vehicles	19,575	11%	21,939	11%	12.1%	8%
SME	33,031	18%	37,539	19%	13.6%	9%
Community SME	12,705	7%	14,476	7%	13.9%	-

Management Discussion & Analysis

HLB's total deposits also increased, growing by 4.1% y-o-y to RM220.4 billion as of 30 June 2024. This was driven by robust CASA growth of 10.0% y-o-y to RM71.6 billion, resulting in a strong CASA ratio of 32.5%. This growth was achieved through intensive new-to-bank customer acquisitions via community deposit initiatives and the Bank's effective cash management solutions including nationwide deployment of our SME Cash and Foreign Exchange ("CFX") teams.

Customer Deposits by Key Product and Customer Type	FY2023		FY2024		Growth %	Domestic Market
	RM'Million	% Contribution	RM'Million	% Contribution		
By key product type of deposits						
Demand and Savings Deposits (CASA)	65,097	31%	71,617	32%	10.0%	8%
Fixed Deposits	112,228	53%	115,137	52%	2.6%	8%
Total Core Deposits	177,325	84%	186,754	85%	5.3%	8%
By key type of customers						
Individual	104,616	49%	111,914	51%	7.0%	11%
Business Enterprises	99,972	47%	102,827	47%	2.9%	8%
Total Customer Deposits	211,652	100%	220,433	100%	4.1%	8%

ASSET QUALITY

The Bank continues to demonstrate sound asset quality, with the GIL ratio improving by 4 bps to 0.53% as of June 2024, comfortably below the industry average of 1.6%. This is a testament to the Bank's disciplined credit standards, whilst also delivering on our commitment in meeting customer needs.

CAPITAL AND LIQUIDITY MANAGEMENT

HLB remains well-capitalised to support its business growth with its CET 1 Ratio, Tier 1 Ratio, Total Capital Ratio at 13.3%, 14.3% and 16.3% respectively. In terms of liquidity, HLB's LDR remains strong at 87.0% as at 30 June 24. The Bank's LCR and NSFR also stand comfortably above regulatory requirements at 127% and 118%, respectively.

PERSONAL FINANCIAL SERVICES ("PFS")

PFS played a key role in HLB's improved financial performance in FY2024, contributing 52% to the top line and 36% to PBT. The segment also maintained strong loan growth momentum, increasing by 7% y-o-y without compromising asset quality, as evidenced by the low GIL ratio of 0.41% as of June 2024.

The strong loan growth was driven by resilient demand for the bank's mortgage business, which grew 5.9% y-o-y despite intense market competition. The Bank will endeavour to grow the mortgage segment further by broadening its market reach through digital collaboration with property technology partners and developing innovative digital solutions. Additionally, PFS's auto loan business achieved new milestones, recording the highest monthly disbursements in six years and a 20% y-o-y growth in total disbursements. This success was supported by

the Bank's tailored financing solutions for green vehicles, which saw record-breaking submission and approval volumes compared to the previous year.

Personal loans also continued their positive trajectory, with a 23% y-o-y increase in new disbursements on the back of the Bank's strategic initiatives focused on segmentation targeting, risk-based pricing, and sound risk management practices. Additionally, our cards business has also expanded strongly driven by effectiveness of PFS's sales strategies, cost optimisation efforts and enhanced operational efficiency through digital initiatives. During the year, PFS has introduced a slew of several customer-centric features which includes integration with Samsung Pay and Google Pay; hyper-personalisation features in HLB Connect and enhancements to the loyalty system.

In retail CASA, PFS achieved a 5.4% y-o-y increase, supported by a 10% y-o-y rise in new account openings. These new accounts were driven by various initiatives, including outreach programs and collaborations like Apply@HLB, HLB@Kampung, HLB@School, and Program e-Duit Desa. Furthermore, digital enhancements in BizBuddy and account opening for sole proprietors led to a 24% y-o-y improvement in CASA, with non-individual accounts growing 1.9 times. Building on these favourable results, PFS Deposits will continue its efforts in advancing digital innovation and providing customer-focused solutions.

Moving forward, PFS remains committed to deliver superior financial solutions and a seamless banking experience, staying true to its brand promise of "Built Around You." This will be achieved by continuing to embrace technology, innovation, advanced analytics, and workforce transformation to meet the evolving needs of customers.

Management Discussion & Analysis

BUSINESS & CORPORATE BANKING (“BCB”)

BCB delivered a strong performance with a 15% y-o-y increase in operating income and above-industry loans/financing of 9%, driven by the SME and commercial segments, which grew by 14% and 8% y-o-y, respectively. Corporate demand deposits also saw robust growth of 13% y-o-y. Overall, BCB contribution to the Bank's total income and PBT in FY2024 was 32% and 28% respectively.

The sustained growth in the past year is a reflection on BCB's efforts in supporting customers, particularly SMEs by deploying its SME Cash and Foreign Exchange (CFX) teams in business communities nationwide to assist businesses with essential working capital facilities and transaction banking solutions.

Digitally, BCB has seen significant uptake in business account opening via tablet on-boarding, particularly in sole proprietors following the expansion of Pay & Save account for this segment. Additionally, Hong Leong Connect First (“HLCF”) was also enhanced to support foreign currency accounts on tablets for private limited companies, now accommodating 10 popular currencies, including USD, CNY, SGD, and AUD supporting seamless cross border transactions. BCB has also introduced a market-leading fully remote onboarding experience for private limited customers through its corporate website in January of this year.

BCB remains committed to meeting evolving market and customer needs by providing a comprehensive range of financing and banking services, complemented by digital channels. Regionally, BCB will leverage its business banking expertise and success to support not only Malaysian businesses but also businesses across all its operating markets.

GLOBAL MARKETS (“GM”)

GM contributed positively to the Bank with total income reaching RM300 million and profit before tax (PBT) amounting to RM185 million in FY2024 despite a volatile financial landscape characterized by low portfolio yields, higher funding costs, and negative mark-to-market impacts on bond portfolios. Overall, GM accounted for 5% of the Bank's total income and 4% of the Bank's PBT.

Undeterred by the challenging operating environment, GM expanded its business streams through synergistic collaborations with other business units within the Bank, particularly Regional Wealth Management. This collaboration led to a 58% y-o-y increase in transaction volumes across bonds, FX and structured products. In addition, GM's efforts in continuing to enhance its suite of products has showed good progress. One notable initiative was the inclusion of forward contracts in the Bank's treasury module, HLCF Live, resulting in significant increase in FX volumes in our SME and corporate segments.

In FY2024, GM further strengthened HLB's position in the local institutional space, with its efforts in Fixed Income markets being recognized by The Asset, a leading publication. GM received eight awards, including recognition for The Most Astute Investors in Asian G3 Bonds, Top Investment Houses in Asian G3, Pan Asia Best Local Currency Bond Individual, and Best Local Currency Bond Individuals in Research and Sales.

Going forward, GM anticipates a gradual improvement in its performance following a strategic investment portfolio rebalancing riding on HLB's prudent balance sheet management and deploying resources judiciously.

REGIONAL WEALTH MANAGEMENT (“RWM”)

RWM achieved record performance in FY2024, with non-interest income surging by 57% y-o-y and profit before tax (PBT) expanding by 16%. The encouraging growth was fuelled by robust sales of Treasury Products and Private Equity Fund. Additionally, RWM demonstrated strong customer engagement, activating an increase of wealth client base by 23% resulting in a larger Asset-Under-Management (“AUM”) by 24% y-o-y. Overall, RWM's strong performance aligns well with the Bank's ambition to grow its non-interest income.

In terms of products, insurance sales record a strong growth of 29% y-o-y, thanks to a new partnership with Singapore Insurance Brokers for Universal Life Insurance and continued collaboration with preferred Bancassurance partners, Hong Leong Assurance and Hong Leong MSIG Takaful, to drive Regular Premium products. Fixed Income also generated high-volume growth in FY2024, with a 34% y-o-y increase, contributing to additional FX revenues as clients diversified their holdings into foreign currencies. RWM also introduced a new product segment in FY2024, the Private Equity Fund, which has resonated with the Ultra-High-Net-Worth (UHNW) segment. This new offering, managed by GAIA Investment Partners, achieved record sales in its initial three-month distribution period.

The Bank sees favourable growth opportunities for RWM in FY2024 with global central banks easing restrictive monetary policies, which is expected to drive both equities and fixed income higher while leading to a reduction in deposit rates. RWM's expansion of its product suite spanning from Bancassurance to new unit trust / private equity funds is positioned to capitalise on these opportunities to sustain its growth trajectory in FY2025.

Management Discussion & Analysis

ISLAMIC BANKING

Hong Leong Islamic Bank Berhad (“HLISB”) remains as a strong growth driver to HLB, with a 13% y-o-y increase in profit before zakat and taxation, reaching RM639.6 million in FY2024. HLISB improved profitability was driven by a double-digit expansion of gross financing and a 46% y-o-y increase in non-financing income, which rose to RM43.5 million. HLISB’s gross financing portfolio increased by 11% y-o-y to RM45.7 billion, supported by strong performance across retail, SME and corporate segments.

HLISB’s Personal Financial Services-i (“PFS-i”) delivered a 25% y-o-y increase in PBT, driven by an 11% growth in the retail financing portfolio and an 87% improvement in credit costs. The retail asset expansion was supported by strong growth in property financing (8% y-o-y), personal financing (11% y-o-y) and auto financing (23% y-o-y). On the deposit front, retail deposits increased by 10% y-o-y, with individual deposits rising by 17% y-o-y to RM20.6 billion, constituting 41% of HLISB’s total customer deposit base.

Similar to the Bank, HLISB has also expanded its reach in Islamic wealth management and has seen stellar results, with a 291% increase in total income compared to the previous year, primarily due to the strong performance of Islamic structured products. HLISB’s commitment to sustainable finance has also shown impressive results, with HLISB’s total outstanding green vehicle stands at RM1.2 billion.

HLISB’s Business and Corporate Banking-i (“BCB-I”) exhibited a 50% y-o-y uptick in PBT from higher business volume and greater contribution from both funded and fee-based activities. BCB-i also expanded strongly by 11.4% y-o-y in financing driven by the HLISB’s efforts in the SME segment through targeted outreach and strategic partnerships with HLB. HLISB’s trade finance business also achieved a healthy growth, with trade financing assets increasing by 19% y-o-y and fee and commission income from trade activities rising by 27% y-o-y.

Additionally, HLISB remains committed to advancing Value-based Intermediation (“VBI”) framework by focusing on the impact of Islamic banking towards the 3P of Prosperity, People and Planet whilst also ensuring that returns for shareholders remain a priority with Shariah propositions embedded. To this end, HLISB has embedded VBI principles into its business strategy and operations, as showcase by our product development efforts and active monitoring of our initiatives in accordance to the 3P.

Moving forward, HLISB will focus on expanding its customer base and developing new products in line with its mission to bridge and broaden access to Islamic financial services for both individuals and business communities.

Additionally, HLISB is committed to support SMEs in the Halal sector, with the introduction of Bizhalal offerings and the signing of an MOU with the Halal Development Corporation (“HDC”) to collaborate in advancing the Halal industry ecosystem.

OVERSEAS BANKING OPERATIONS

HLB’s associate, Bank of Chengdu (“BOCD”), continues its robust business growth and remains a key contributor to the Bank earnings with a profit contribution of RM1.6 billion in FY2024, increasing by 25% y-o-y from last year. This positive performance from our associate was driven by sustained growth in targeted market segments, maintaining good asset quality and partly by HLB’s increased shareholding in BOCD following the early conversion of convertible bonds in 2023.

Looking ahead, BOCD is envisage to become the “first-choice bank” for enterprises and residents in the Sichuan region. It plans to focus on industry research, wealth management, consumer loans, financial markets, and branches outside Chengdu city as its “five major capacity enhancement directions.” Additionally, BOCD aims to build a quality lending portfolio that aligns with market demand and key growth areas, further solidifying its market position.

Regionally, Hong Leong Bank Vietnam (“HLBVN”) registered an improvement in PBT increasing by 13% y-o-y to RM27 million in FY2024 on the back of total income growth of 13% y-o-y and positive jaws. HLBVN continues to prioritise investments in channels and product solutions to better serve its customers. Meanwhile, Hong Leong Bank Cambodia’s (“HLBCAM”) loan book remained steady at RM2.2 billion, with total assets reaching approximately RM3.2 billion as of June 2024. Deposits expanded to RM2.3 billion, supported by CASA growth and new product structuring. HLBCAM is focused on strengthening its services for high-net-worth and emerging affluent segments with personalized banking solutions and interactive customer engagement programs.

For HLB’s overseas branches, Hong Leong Bank Singapore (“HLBS”) exhibited stronger performance in FY2024 with operating profit increasing to RM109 million (vs FY2023: RM86 million) and total income of RM263 million (vs FY2023: RM223 million). HLBS’s loan book expanded by 2.7% y-o-y reaching RM9.6 billion from its strategic transformation into a more comprehensive financial services provider focusing on SME and business owners. On the other hand, Hong Leong Bank Hong Kong (“HLBHK”) was impacted by a tough operating landscape amidst Hong Kong’s lacklustre economy. However, HLBHK is proud to have maintained a zero-default record in its loan books and hence, avoided any calls against the Government’s SME Financing Guarantee Scheme. To bolster its performance, HLBHK plans to leverage HLB’s extensive network in Malaysia, Singapore, and other Southeast Asian countries to drive further business growth.

Management Discussion & Analysis

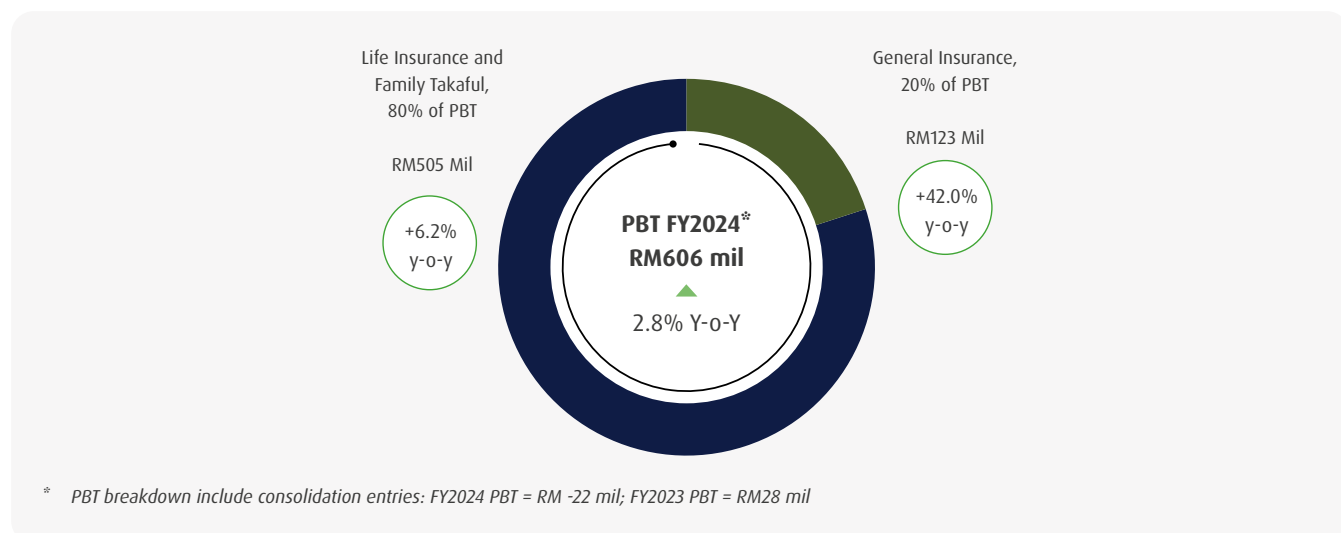


INSURANCE/TAKAFUL FINANCIAL & OPERATIONAL REVIEW

HLFG's 100%-owned subsidiary, HLA Holdings Sdn Bhd ("HLAH") is the insurance holding company of our insurance division. HLAH holds:

- 70% equity interest in life insurance company Hong Leong Assurance Berhad ("HLA");
- 65% equity interest in Family Takaful operator Hong Leong MSIG Takaful Berhad ("HLMT");
- 100% equity interest in Hong Kong general insurance company Hong Leong Insurance (Asia) Limited ("HLIA");
- 100% equity interest in Singapore general insurance company HL Assurance Pte. Ltd. ("HLAS"); and
- 30% equity interest in general insurance company MSIG Insurance (Malaysia) Bhd ("MSIG" or "associate").

PBT (RM'Million)	FY2023	FY2024	Change % (YoY)
Life Insurance	492	493	0.4%
Family Takaful	(16)	12	>100%
Overseas General Insurance	7	21	>100%
Profits from associate	79	102	28.6%
PBT*	590	606	2.8%
PAT	482	511	5.9%



HLAH PAT achieved a record high PAT of RM511 million in FY2024, higher by 5.9% y-o-y driven by stronger investment income as well as higher share of profits from its associate. With a PBT of RM606 million, HLAH accounts for 10% of the Group's PBT.

The life insurance and family takaful segment saw an improved PBT of 6.2% y-o-y, reaching RM505 million. It remains the main PBT contributor of HLAH, representing 80% of HLAH's FY2024 PBT. Meanwhile, the general insurance business expanded robustly, with PBT surging by 42% y-o-y to RM123 million and accounts for 20% to HLAH's PBT. This growth was fuelled by continued growth from overseas operations and strong contributions from our associate.

Beginning 1 July 2023, our insurance companies have adopted MFRS 17 'Insurance Contract' which establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts, superseding MFRS 4. Consequently, the financial statements for FY2024 marked the first financial statement prepared under MFRS 17 for the Group.

Management Discussion & Analysis

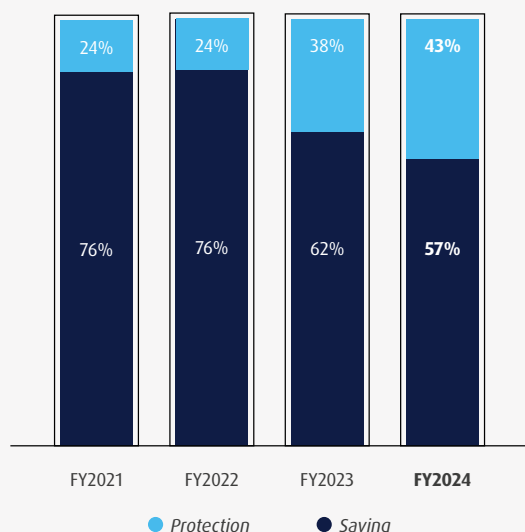
LIFE INSURANCE

HLA delivered a stable PBT and PAT of RM493 million and RM398 million in FY2024, as net insurance service results was impacted by higher medical claims, but was offset by strong net investment performance. Nevertheless, HLA's profit contribution remains largest within our insurance division, comprising more than 80% of total HLAH PBT.

Gross premiums remained at the RM3.1 billion mark for the year with new business regular premium achieving RM531 million or flat year on year. In FY2024, HLA has achieved a more balanced protection to savings mix of 43% : 57% as compared to last year of 38% : 62% in line with HLA's strategic shift towards protection-focused plans and will endeavour to maintain an appropriate mix.

On a MFRS 17 basis, HLA Contractual Service Margin ("CSM") declined 3.3% y-o-y to RM1.7 billion from prudence in economic and non-economic factors resulting from higher medical assumptions in line with increasing medical claim environment and inclusion of time value of options and guarantees. This was partially offset by medical repricing activities and HLA added RM243 million in new business and released RM163 million in CSM to the income statement.

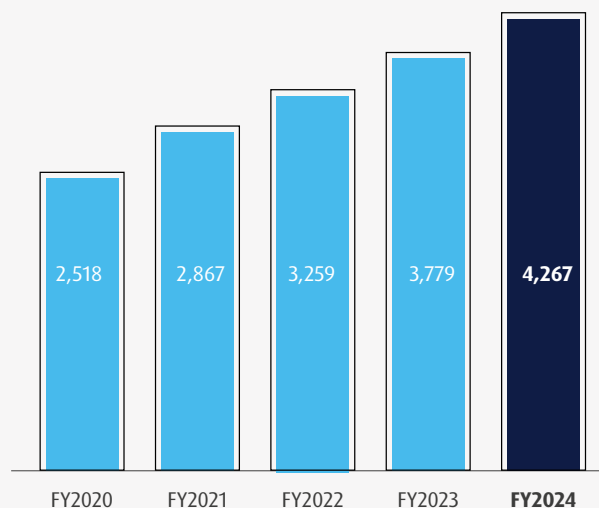
HLA Protection & Saving Premium Mix



HLA's new business regular premiums ("NBRP") and new business embedded value ("NBEV") was flat y-o-y amounted to RM531 million and RM171 million respectively. During the financial year, HLA made progress to capture the high-net worth ("HNW") customer segment through a series of tailored protection-focused products, which recorded a 35.0% growth in new business.

HLA Embedded Value

RM'Million



Meanwhile, HLA's embedded value ("EV") improved to RM4.3 billion or 12.9% y-o-y in FY2024 underpinned by underwriting of profitable new business and improvement in investment performance during the financial year.

On the distribution front, agency channel accounts for more than 75% of total gross premiums contribution in FY2024. As such, we are committed to improve the productivity of our agency force, and increase our agent recruitment efforts in a bid to build a stronger sales force. Additionally, bancassurance ("banca") which contributes 20% of HLA's gross premiums, is not only a key growth driver for our insurance arm but also for our commercial bank. To that end, we have realigned our banca salesforce previously under HLA to HLB to facilitate a more single-minded and effective sales force during the financial year.

In terms of cost management, HLA's management expense ratio was 6.0% in FY2024, amongst the lowest in the industry, reflecting its continuing efforts in manage operating cost prudently whilst reinvesting into its digitisation efforts to improve operations and drive sales opportunities. One such digital initiative is in automation, which has led to shorter sales processing turnaround time and enhanced underwriting decision-making accuracy.

Additionally, HLA has been recognised with the coveted awards for Domestic Life Insurer of the Year - Malaysia in the Insurance Asia Awards 2024 and Best Life Insurance Company - Malaysia by Global Business Outlook Awards 2024. These awards truly reflected HLA's steadfast dedication to innovative insurance solutions, comprehensive coverage, and multi-channel distribution, which are the catalysts in delivering excellent customer experience.

Management Discussion & Analysis

FAMILY TAKAFUL

HLMT, our Family Takaful business, contributed positively to the Group in FY2024, achieving a PBT of RM12 million, driven by higher investment income. However, gross contributions declined by 4% y-o-y to RM625 million due to lower single premium credit-related insurance.



During the financial year, HLMT expanded its distribution channels and strengthened its affinity and banca partnership, especially with Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") and Sabah Credit & Perbadanan Usahawan Nasional Berhad. HLMT has also bolstered its agency force to over 7,500 agents that saw agency channel accounting for 31% of HLMT's gross premiums in FY2024 from 23% last year.

During the financial year, HLMT has partnered with the Malaysian Football League (MFL) for the 2024/2025 season to elevate its brand visibility. This partnership allows HLMT to leverage MFL's Muslim-centric audience for its Takaful coverage offerings and enhance its ability to recruit top talent. In addition, HLMT was conferred with various accolades including Value Based Intermediation for Takaful Award (TH Khairat-Tabung Haji) at the Malaysia Takaful Association Star Awards 2024 and Best Takaful Operator in Southeast Asia 2023 at the International Business Magazine Awards 2023. This further solidifies HLMT's position as one of the leading family takaful organisation in Malaysia.

Moving forward, HLMT will focus its efforts to grow its distribution channels and aims to secure new distribution partnership to further extend its customer reach in the upcoming financial year onwards.

OVERSEAS GENERAL INSURANCE

HLAH's overseas general insurance companies, HLAS in Singapore and HLIA in Hong Kong, operate with a digital-led and data-driven business model, focusing on online distribution channels.

In FY2024, our Singapore operations under HLAS has more than doubled their PBT to RM11 million and continue their impressive gross premium growth momentum, which increased by 29% y-o-y. The growth of HLAS was primarily fuelled by stronger digital acquisition through a robust search engine optimization strategy, strategic affinity partnerships, increased cross-selling, and the strategic recruitment of top-tier agents. Moving forward, HLAS will continue its journey to become an all-encompassing embedded insurer, integrating insurance into the purchase of products or services offered by our partners for coverage in travel, personal insurance, cyber, and housing.

In Hong Kong, HLIA delivered resounding financial performance in FY2024, with PBT growing fivefold to RM10 million and gross premiums increasing by 23% y-o-y, driven primarily by higher personal lines business, particularly travel insurance. Moving forward, HLIA aims to continue growing its personal lines customer base by leveraging affinity partnerships and improving the productivity of direct marketing through digital platforms.

OUR ASSOCIATE, MSIG

MSIG Insurance (Malaysia), our general insurance associate, delivered a robust profit contribution of RM102 million to HLAH, a 28.6% y-o-y increase from RM79 million. This was driven by higher investment income, which offset lower insurance service results. MSIG also saw notable growth in its digital business segment, particularly through online and alternative distribution channels, coupled with increased distribution of travel insurance.



Moving forward, MSIG will continue to create new and innovative products that meet emerging needs and requirements, whilst keeping abreast with technology to ensure that solutions and applications are continually upgraded to ease business transactions.

Management Discussion & Analysis



INVESTMENT BANKING AND ASSET MANAGEMENT FINANCIAL & OPERATIONAL REVIEW

RM'Million	FY2023	FY2024	Change % (YoY)
Stockbroking	29	51	72.9%
Investment Banking	13	21	58.1%
Asset Management	10	20	94.4%
Others	9	30	>100%
PBT	61	122	98.4%
PAT	50	98	96.3%

HLCB is an investment holding company for our investment banking, stockbroking, and asset management business. HLCB's key operating subsidiary companies are

- 100%-owned Hong Leong Investment Bank Berhad ("HLIB"),
- 100%-owned Hong Leong Asset Management Bhd ("HLAM") and HLAM's 100%-owned Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM").

In FY2024, HLCB staged a strong rebound in financial performance attaining a PBT growth of 98% y-o-y to RM122 million, while PAT climbed 96% y-o-y to RM98 million. The improved performance was contributed by all of the operating entities and higher returns of HLCB's equity investment. Accordingly, HLCB declared a single-tier final dividend of 22.0 sen per share amounting to dividends payable of RM54.3 million for FY2024.

In terms of capital adequacy, HLCB's key operating subsidiary, HLIB, remains well-capitalised with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 35.8%, 35.8% and 45.2% respectively as at 30 June 2024, comfortably exceeding BNM's minimum requirements. In addition, HLIB's liquidity profile remained strong, with a Liquidity Coverage Ratio of 129.4% as of June 30, 2024, ensuring its preparedness to manage potential market volatility effectively.

INVESTMENT BANKING

HLIB's investment banking business delivered a robust financial performance in FY2024, with revenue increasing by 20% y-o-y to RM64 million and PBT growing by 58% y-o-y to RM21 million. These improved results were driven by the strong performance of both the Debt and Equity Market teams.

The Debt Markets division continued its positive momentum in FY2024, achieving a 53% growth in revenue to RM21 million, despite a subdued domestic debt capital market. This improvement was due to a higher completion rate of mandated deals, totalling RM6.8 billion in FY2024, which doubled the division's arranger and placement income compared to the previous year. Additionally, HLIB has garnered strong market recognition for its advisory work in the ESG/sustainability space, completing five ESG/sustainability-related financing transactions worth RM1.8 billion in FY2024. Notably, this includes Malaysia's and the world's first Climate Bond Initiatives ("CBI") certified solar power Sukuk. Similarly, the Equity Markets division delivered a robust revenue growth of 71% y-o-y to RM21 million, from the successful completion of more equity-related deals.

During the financial year, HLIB has received multiple accolades particularly for its work in the ESG/sustainability space, including Best Green Securitisation, Best in Sustainable Finance, and Best Deals by Country by The Asset Triple A, as well as Best Sustainable Finance Deal (Market Winner) and Best Islamic Finance Deal (Highly Commended) by Finance Asia.

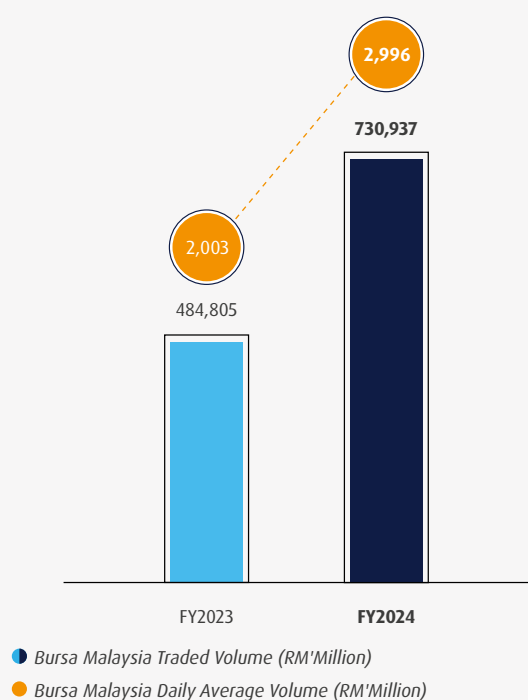
Management Discussion & Analysis

For Treasury & Markets division, FY2024 presented challenges from declining net interest margin due to elevated funding costs, a trend observed across the industry. This has resulted in total revenue declining by 23% y-o-y but was partially cushioned by trading income improving by 47% y-o-y on the back of commendable trading performance, as the team capitalised on market volatility by actively pursuing trading opportunities.

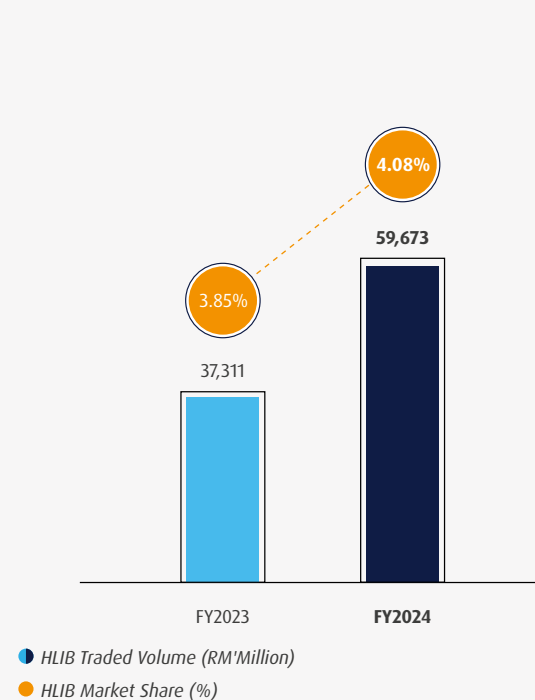
Looking ahead, the Debt Markets and Equity Markets divisions shall continue to enhance their competitive edge in structuring and distribution capabilities to build on HLIB's competitiveness in pursuing high-value deals and increasing market share. Additionally, HLIB shall build on the success of its advisory work in the ESG financing space and seek further opportunities to assist clients in their sustainability journey. For Treasury & Markets, it shall leverage its strong trading performance and aims to capitalise on market opportunities amid interest rates easing conditions.

STOCKBROKING

Bursa Malaysia Traded Volume



HLIB Traded Volume and Market Share



HLIB's Stockbroking business delivered a strong financial performance in FY2024, with revenue increasing by 28% y-o-y to RM116.0 million and PBT growing by 73% y-o-y to RM51 million. This commendable performance was largely driven by 47% y-o-y improvement in net brokerage income to RM65.6 million on the back of HLIB's successful execution of strategies to capitalize on vibrant market conditions, with Bursa Malaysia's total traded value surging by over 50% y-o-y to RM731 billion. Overall, HLIB's market share during the financial year rose by 0.23% to 4.08%, primarily due to more investments by institutional client segment who were responding to the Malaysian government's push for greater domestic investment.

However, retail foreign shares volume declined to RM3.4 billion from RM4.1 billion in the previous year, attributable to heightened competition. HLIB will continue to enhance our digital trading platform access to more foreign markets and has included the Australian stock exchange, expanding the list of tradeable foreign stock exchanges to eight (8) markets. Furthermore, HLIB's Futures and Equity Derivatives segments showed strong growth, with revenue increasing 63% and 26% respectively.

Management Discussion & Analysis

The Stockbroking business is consistently focused on expanding its reach and accessibility to a wider range of customers through outreach programs, including:

Market Outreach	Client Acquisitions
Bursa Malaysia – HLIB Stratum Focus Series 17th Edition on Semiconductors: Light at The End of The Tunnel? • Collaboration with Bursa Malaysia hosting the 17th conference, offering insights into the global semiconductor industry. • The keynote address was delivered by Senator Tengku Datuk Seri Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry (MITI).	Hong Leong Bank Berhad’s Referral Campaign • The campaign aims to reach a bigger audience of potential investor in promoting accessibility to financial product offered by Stockbroking division. • More than 400 new accounts opened over the period of 6 months.
Market Outlook Talks and Roadshows • HLIB had hosted a number of online webinars and physical roadshows throughout FY2024 with the goal to enhance the public’s overall financial understanding. Up to 11 investment and market outlook webinars and roadshows conducted with more than 700 participants.	Women’s Choice Campaign 2024 • To further improve on the accessibility of financial products and promote financial literacy for female investor.

HLIB has also forged a strategic partnership with Shopee, making HLIB the first bank in Malaysia to offer stockbroking services via an online shopping platform, simplifying the investment journey for Malaysians. In terms of product innovation, HLIB launched Flexi-Trade, a hybrid feature combining cash and collateralized shares for increased trading limits at lower brokerage rates.

Moving forward, the team will focus on growing market share and expanding the customer base by continuing to expand its suite of solutions and leveraging technology to deliver seamless client experiences. This is exemplified by preparations to further expand foreign market access by adding the Japanese market and extending digital account opening to Shariah products to enhance accessibility for customers.

Similar to the rest of the Group, HLIB sees the affluent and SME segments as key growth and diversification areas. In addition, we are also expanding our trading hub footprint across the nation to provide greater accessibility to a broader client base.

ASSET MANAGEMENT

Our asset management arm, operated under HLAM and its subsidiary HLISAM, delivered resounding growth in FY2024, with PBT increasing by 94% y-o-y to RM20 million. This was mainly driven by performance fees earned from managing private mandates for corporate clients.

The commendable performance was achieved despite AUM being flat y-o-y to RM10.1 billion as of 30 June 2024, impacted by redemptions in Fixed Income and Money Market funds. This was partially offset by HLAM and HLISAM range of Equity funds AUM that increased 14% y-o-y, which now stands at RM4.2 billion. Additionally, we have also strengthened our private mandate AUM, which rose 28% y-o-y to RM1.1 billion as of 30 June 2024.

On the Islamic Asset Management front, AUM surged 69% y-o-y to RM1.8 billion driven by the robust performance of our Fixed Income funds that saw increasing demand for our Islamic investment products. This led us to introduce three Private Retirement Scheme (PRS) funds in December 2023 on the back of Shariah-compliant investment products gaining wider acceptance as preferred investment schemes.

Management Discussion & Analysis

Both of our flagship shariah funds, Hong Leong Dana Makmur and Hong Leong Dana Maa'rof, has continued to deliver impressive returns of 126% and 78% over a 10 years period respectively. The two funds have also continued its award-winning performance, earning eight individual awards at the LSEG (formerly Refinitiv) Lipper Fund Awards Malaysia 2024.

Moving forward, HLAM, together with HLISAM are focused on growing their AUM by expanding its distribution channels. This encompasses growing their agency force, expanding their bank and non-bank third-party IUTA network, and establishing digital distribution channels, most recently with IFAST, a leading portal covering unit trust and PRS. In parallel, HLAM will also continue to offer bespoke solutions in pursuit of more private mandate deals and expand its offerings by launching global products to meet growing demand for international diversification.

SUSTAINABILITY

With sustainability as a core pillar, HLFG actively drives and aligns its ESG efforts across the Group. This aligns with the operating companies' endeavours to create a positive impact for stakeholders, communities, and the environment.



In FY2024, HLFG and its key operating companies set a consistent short-term target to reduce Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions by 15% to 25% by 2026. This is part of the Group's overall commitment to achieving net-zero emissions by 2050, in line with the national target, reaffirming its long-term dedication to making a positive impact. Further highlights and details of our sustainability achievements are outlined in our Sustainability Statement.

The Group's consistent efforts towards sustainability has been recognised with an improved FTSE4GOOD Bursa Malaysia scoring to 3.6 in 2024 from 2.9 last year. Additionally, HLFG and all its public-listed operating companies, HLB and HLCB, have also retained their status as constituents of the FTSE4GOOD Bursa Malaysia (F4GBM) Index in FY2024.

OUTLOOK

For the new financial year, the global economic growth is expected to moderate, supported by lower inflation forecast amid gradual easing of interest rates by major central banks. However, growth could be constrained by several persistent headwinds including prolonged geopolitical risks and faster than anticipated pace of slowdown in major economies.

Domestically, Malaysia's economy is expected to remain favourable, with growth projected to close at 5% in 2024 supported primarily by private consumption, supportive income measures, higher foreign investments and external trade rebound albeit with downside risk arising from macroeconomic headwinds and its spillover effects on our economy. Overall, HLFG and our operating companies are well positioned to capitalise on the opportunities presented by the growing economy.

Looking ahead, the Group enters the new financial year with cautious optimism in delivering improved financial performance. Guided by our strategic priorities, the Group is steadfastly committed to grow our targeted segments, expanding our suite of products and delivering customer-centric solutions. The Group shall maintain our discipline approach to cost management with specifically targeted investment into technology and talents across the Group.

ACKNOWLEDGEMENT

We extend our deepest gratitude to the Board of Directors for their invaluable support and guidance. We also thank the management and staff across the HLFG Group for their dedication and commitment.

Our sincere appreciation goes to the regulators, government authorities, shareholders, customers, and business partners, as well as the communities we serve, for their continued trust and confidence in Hong Leong Financial Group.

FURTHER INFORMATION

For further information on our subsidiary companies, please refer to:

- HLB's FY2024 MD&A in their FY2024 annual report at www.hlb.com.my or www.bursamalaysia.com;
- HLAH and HLA's financial statements at www.hla.com.my; and
- HLCB's FY2024 MD&A in their FY2024 annual report at www.hlcap.com.my or www.bursamalaysia.com.

Sustainability Statement

ABOUT THIS STATEMENT

The Hong Leong Financial Group Berhad (“HLFG” or “the Group”) Sustainability Statement for financial year ended 30 June 2024 (“FY2024”) provides stakeholders with detailed information on our approach to managing sustainability across the Group, outlining our ongoing strategies and initiatives to address environmental, social and governance (“ESG”) considerations within our business and operations. The statement also provides updates on the sustainability performance of our operating entities, highlighting the progress made to ensure our businesses across the Group deliver enduring positive outcomes for all stakeholders.



REPORTING PERIOD, SCOPE AND BOUNDARIES

All information disclosed in this statement covers the financial year 1 July 2023 to 30 June 2024, unless otherwise stated. It covers our activities in our key operating companies within the Group’s entities, covering the following core businesses:

- Hong Leong Bank Berhad (“HLB”) – Commercial and Islamic banking
- HLA Holdings Sdn. Bhd.* (“HLAH”) – Life insurance and family takaful
- Hong Leong Capital Berhad (“HLCB”) – Investment banking and fund management

* The information disclosed relates to Highlights & Achievements of 2024, Climate Metrics & Targets and Addressing the Emission Imperative. The remaining information pertains to Hong Leong Assurance Berhad (“HLA”).

STANDARDS AND GUIDELINES

This sustainability statement has been prepared with reference to the following regulations, standards, and guidelines:

- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements on Enhanced Sustainability Reporting
- Securities Commission’s Malaysian Code of Corporate Governance (“MCCG”)
- Global Reporting Initiative (“GRI”) Universal Standards 2021
- United Nations Sustainable Development Goals (“UN SDGs”)

- Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations by the Financial Stability Board (“FSB”)
- Bank Negara Malaysia’s (“BNM”) Task Force on Climate-Related Financial Disclosures (“TCFD”) Application Guide for Malaysian Financial Institutions (“FI”)
- BNM Policy Document Climate Risk Management and Scenario Analysis (“CRMSA”)

* For the Bursa Malaysia ESG Platform: Sustainability Performance Table, refer to Appendix I on pages 106 to 107.

* For the TCFD-Aligned Index, refer to Appendix II on page 108.

* For the GRI Content Index, refer to Appendix III on pages 109 to 110.

EXTERNAL ASSURANCE

The contents of this report have been reviewed and assured by SIRIM QAS International Sdn. Bhd. The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements (“ISAE”) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide.

The assurance process involves verification of 17 material matters as presented in the Sustainability Statement within HLFG’s sustainability pillars.

The Statement of Assurance is shown on Appendix IV on pages 111 to 113.

Sustainability Statement

FY2024 SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS

The Group has made significant progress in driving sustainability across our business practices and operations, highlighted by the following achievements over the past financial year.



ROAD TO NET ZERO

In FY2024, HLFG established a Group-wide Net Zero by 2050 commitment and set short-term targets for all key operating companies to reduce emissions with a 15% to 25% reduction of Scope 1 & 2 GHG emissions by FY2026. HLFG and its key operating companies are on track in meeting their short-term target, depicted below by the Group's performance in GHG scope 1 and scope 2 reduction since baseline of FY2019.

HLFG

28% reduction

HLB

29% reduction

HLA

24% reduction

HLCB

15% reduction

HLFG		
Established Group Sustainability Committee aimed at embedding sustainability into long-term strategy and operations across HLFG	HLFG (entity) achieved scope 1 and scope 2 GHG reduction of 28%	More than 50% female representation in our Board of Directors

HLB	
Increased outstanding green car loans to RM1.2 billion of outstanding green car loans to date for battery electric vehicles ("BEV"), hybrid electric vehicles ("HEV") and plug-in hybrid electric vehicles ("PHEV")	Set up a dedicated Sustainability Department to drive ESG progress and champion HLB's sustainability agenda
Raised total portfolio of Green Mortgage & Affordable Property Financing to RM14.6 billion, equivalent to 14.4% of entire mortgage portfolio	Expanded Scope 3 emissions reporting to include financed emissions, disclosing 2 out of the 7 asset classes (i.e. auto loans and mortgage) during FY2024
Cumulatively delivered RM3.5 billion financing for renewable energy projects, earning the Runner Up Special Award for Renewable Energy Financing by a Domestic Bank at the National Energy Awards 2023	

HLAH	
Increased user growth for HLA360° +30% in online transactions +12% in new registered users	Waste To Cash Campaign recycled over 113.5KG of waste
Continued to enhance ESG consideration for all investments, as regulatory frameworks evolve	Raised RM21,000 in cash donations supporting at least 70 women in underprivileged communities

Sustainability Statement

HLCB		
 Grew green bonds and sukuk holdings by 120% to RM165 million, supporting investments in renewable energy and public transportation	 Established a new Sustainability Risk Unit, and introduced a qualitative climate-related Risk Appetite Statement ("RAS")	 468 employees attended various sustainability training programmes

KEY RATINGS



FTSE4Good

Our FTSE4Good rating improved from **2.8** in FY2023 to **3.6** in FY2024

- The Group achieved improved results across all three ESG pillars and placed in the top half of all companies evaluated within the banking sector.
- HLFG, HLB and HLCB continue to be listed as constituents of FTSE4Good Bursa Malaysia Index, attaining scores higher than the banking sector average. This is a testament of the Group's efforts in advancing sustainability across all facets of business.

ESG AWARDS AND RECOGNITION DURING FY2024

HONG LEONG BANK BERHAD

HLB received four notable awards recognising their robust ESG performance and initiatives.

- Runner Up Special Award for Renewable Energy Financing by a Domestic Bank | National Energy Awards 2023
- Bank of the Year – ESG Leadership Award | Sustainability & CSR Malaysia Awards 2023
- Best Sustainability Disclosure & Reporting and Best Corporate Governance Framework Awards | Global Good Governance Awards 2023
- Financial Services Sector Gold Award | The Edge Malaysia ESG Awards 2023

HONG LEONG ASSURANCE BERHAD¹

HLA has attained significant milestones as a leading domestic life insurer with recognition in delivering innovative solutions.

- Domestic Life Insurer of the Year – Malaysia | Insurance Asia Awards 2024
- Best Life Insurance Company – Malaysia | Global Business Outlook Awards 2024
- Insurtech – Life Insurance | Malaysia Technology Excellence Awards 2023

HONG LEONG CAPITAL BERHAD

HLCB was recognised with 10 awards within the green debt/sustainable financing and M&A space. Key awards include:

- Best Green Securitisation | Sustainable Finance Awards 2024
- Best Sustainable Finance Deal (Market Winner) | FinanceAsia Achievement Awards 2023
- Best ASEAN Green GRI Sukuk of the Year | ESG Green Finance Awards 2023) by ALPHA Southeast Asia
- Social Impact, SRI, ESG (Honourable Mention) | IFN Deals of the Year 2023

¹ Awards span across 2023 and 2024.

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY FRAMEWORK



The Group's sustainability framework features five sustainability pillars that form the foundation for evaluating, monitoring and developing sustainability efforts across our key operating companies. These pillars guide us in embedding ESG considerations into our overall business practices, strengthening and building resilience across key aspects as well as enhancing the value and outcomes we generate for stakeholders and the communities in which we operate.

Environmental Management	Socially Responsible Business	Community Investment	Digital at the Core	Workforce Readiness
Integrating environmental considerations into our business decisions, reducing resource consumption and progressing initiatives that contribute to environmental and climate resilience.	Conducting business with integrity and accountability, upholding ethical standards and ensuring compliance to promote responsible practices across our operations.	Making meaningful contributions to local communities through strategic partnerships and initiatives that promote inclusivity and address social and environmental challenges.	Leveraging digital technologies to transform business operations and deliver innovative solutions that enhance end-to-end customer experiences.	Upskilling our employees with the necessary ESG skills and competencies to propel our sustainability ambitions in a rapidly evolving business landscape.

These pillars are further categorised into our 17 material sustainability topics described under the Materiality section, facilitating clear and transparent sustainability disclosures to keep stakeholders updated on our progress.

Leveraging this framework, we are able to spur united and collective actions across our operating companies, empowering efforts to cohesively integrate ESG principles into their lending practices, provision of financial services and products, and investment frameworks. This is in line with our commitment to deliver sustainable value to all stakeholders and create positive impact within the communities in which we operate.

To support our Group-wide workforce in achieving these goals, we will continue to invest heavily in technological innovation and transformation, ensure a robust ESG risk management framework, and provide capacity-building training to equip our workforce with the competence and agility to navigate present and future challenges.

Sustainability Statement

OUR NET ZERO AMBITION

The Group remains steadfast in its commitment to drive climate action and build resilience alongside our stakeholders. To this end, HLFGB and key operating companies aim to achieve net zero emissions by 2050 in support of national and global climate targets, including the Twelfth Malaysia Plan (“12MP”) and National Energy Transition Roadmap (“NETR”).

KEY FOCUS AREAS

Our net zero ambition establishes key focus areas for long-term decarbonisation with an emphasis on expanding carbon reduction efforts and developing net zero pathways. These include:

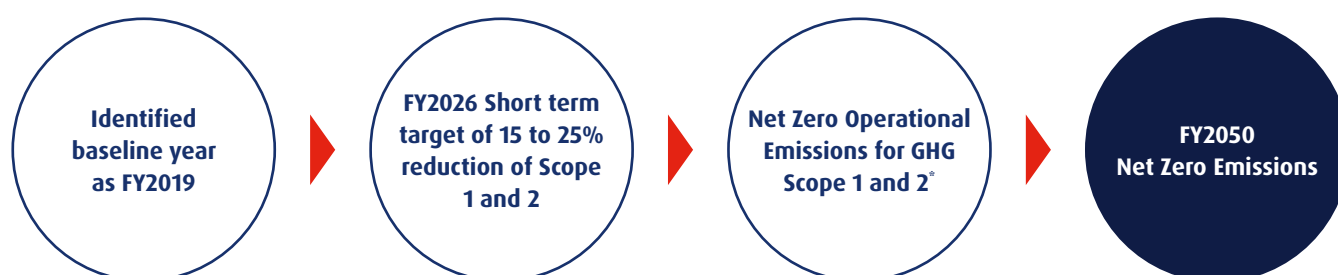
Understanding our baseline emissions, composition and emission drivers

Enhancing operational efficiencies and adopting low-carbon practices within our operations

Setting achievable and meaningful targets, and tracking progress

Implementing climate mitigation and transition plans

OUR PATH TO NET ZERO



* HLB has demonstrated further commitment on going net zero for Scope 1 and 2 by 2030. Other operating entities are actively evaluating their own potential net zero pathways.

The Group has set a target of achieving a 15% to 25% reduction of GHG Scope 1 and 2 emissions by FY2026, using FY2019 as baseline year. This target has been applied across the Group to ensure consistent and steady progress towards our Net Zero by 2050 ambition.

For FY2024, HLFGB and all operating companies are **on-track** to meet the short-term target of a

15% TO 25%

reduction of GHG Scope 1 and 2 emissions by FY2026.

Since FY2019 as baseline, HLFGB and its operating companies have significantly reduced Scope 1 and 2 operational emissions, and are on track to meet our short-term targets by FY2026.

CLIMATE DISCLOSURES

This sustainability statement acts as a Board-approved disclosure policy, and has been integrated with TCFD-aligned climate-related disclosures guided by the principles of transparency and accountability.

Our Sustainability governance structure to manage climate-related risks and opportunities is on pages 43 to 44.

The ESG risk considerations that our operating companies have embedded into their financial products and services are described on pages 72 to 75.

Our risk management framework that guides our identification, assessment and monitoring of sustainability risks across the Group is detailed on pages 47 to 53 and 66 to 69.

Our Scope 1, 2 and 3 emissions, and progress towards our emission goals, are disclosed on pages 60 to 62.

Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE

OUR CORPORATE GOVERNANCE STRUCTURE

Sustainability at HLFG is spearheaded by robust corporate governance that provides clear leadership towards achieving our sustainability ambitions. Our Board sets the tone from the top in maintaining oversight of the overall development and execution of our sustainability strategies, and is supported by the Board Audit and Risk Management Committee ("BARMC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Group Board Information and Technology Committee ("GBITC"). Our corporate governance structure, as well as the roles and responsibilities of these committees, are outlined below:

BOARD OF DIRECTORS

Establishes a sound governance structure for the implementation of sustainability efforts and practices in business operations, to ensure that sustainability is embedded in business strategies.

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE ("BARMC")

Comprising members of the Board, the BARMC oversees the implementation of the governance and internal control frameworks as well as policies by management, ensuring effective risk management. All material governance, internal controls and sustainability or climate-risk related matters are reported to the BARMC, and they, in turn, update the Board.

NOMINATION COMMITTEE ("NC")*

Assists the Board with appointments, composition, performance assessments and skills evaluations for the Board, senior management and company secretary. This includes setting criteria for appointments, reviewing appointments and removals, assessing Board composition and effectiveness, evaluating the BARMC's performance, managing senior management succession planning and evaluations, and ensuring ongoing Board training.

REMUNERATION COMMITTEE ("RC")*

Supports the Board and reviews the structure and guidelines for remuneration concerning Directors, Chief Executive Officer ("CEO"), senior management officers, and material risk-takers; evaluates Executive Directors' and the CEO's remuneration packages for Board approval; and assesses remuneration packages of key senior officers and other material risk-takers for Board approval.

GROUP BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("GBITC")

Jointly supports the Boards of HLFG, Hong Leong Investment Bank Berhad ("HLIB"), HLA and Hong Leong MSIG Takaful Berhad ("HLMT") to oversee technology and cyber security issues, foster discussions to harmonise digital development practices, ensure robust risk assessments for important technology applications, and oversee management's compliance with BNM Risk Management in Technology ("RMiT") Policy.

* The NC and RC of HLFG have been combined into a single committee named as Nomination and Remuneration Committee with effect from 1 August 2024.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Over the past year, the Group has strengthened its sustainability governance structure to enhance our ability in providing strategic guidance and oversight on sustainability matters to our operating companies.

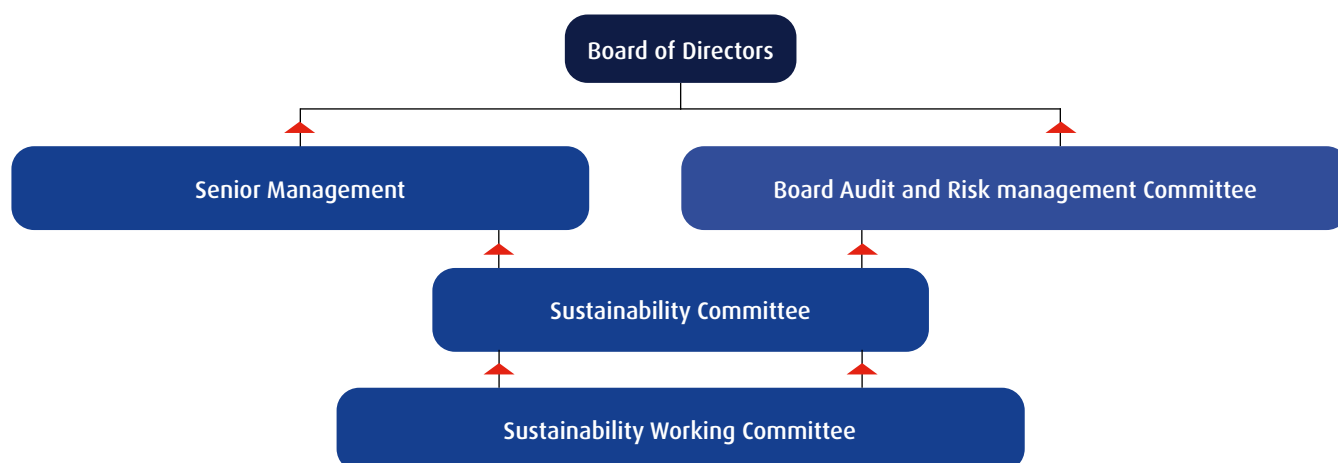
Our Board sets the tone from the top and bears overall responsibility for promoting sustainable growth and financial soundness of the Group, ensuring appropriate ESG considerations are integrated into our business strategies. In discharging its ESG-related duties, the Board is supported by the BARMC and senior management, who both play vital roles as conduits between our newly formed Group Sustainability Committee ("SC") and the Board.

Sustainability Statement

Established in July 2023, the SC consists of four senior management personnel: our Group Chief Financial Officer, Group Chief Risk Officer, General Counsel and Chief Compliance Officer and Group Company Secretary. Leveraging their combined, diverse experiences, the SC oversees the implementation, effectiveness and progress of sustainability-related initiatives undertaken by the Group and its operating companies.

While our operating companies are primarily responsible for managing their respective ESG initiatives, HLFG plays a crucial role in providing strategic direction and leadership to oversee and monitor efforts in addressing Group-wide material sustainability matters. To this end, the SC conducts regular intra-Group engagements with all operating companies, leveraging this platform to gather progress updates and promote consistency in the adoption of sustainability strategies and best practices.

The SC also supports Group-wide oversight of ESG risks and mitigation plans, assisting the BARMC in assessing and evaluating sustainability or climate-related risks and opportunities arising, while ensuring our practices align with international standards, such as TCFD, GRI and ISSB, and remain compliant with regulatory requirements set by BNM, Securities Commission Malaysia and Bursa Malaysia.



Sustainability Governance Body	Roles and Responsibilities
Board of Directors ("Board")	Establishes an effective governance structure for implementing sustainability efforts and practices within business operations, ensuring that sustainability is integrated into business strategies.
Board Audit and Risk Management Committee ("BARMC")	- Comprises members of the Board, and oversees the Group's sustainability and internal control frameworks. - Ensures ESG factors are integrated into risk management policies. - Receives regular updates on sustainability and climate-related risks, keeping the Board informed through quarterly reports.
Senior Management	- Senior management acts as the main enabler of the Group's sustainability strategies, supporting the BARMC in overseeing the strategic direction for sustainability. - This includes evaluating sustainability progress, ensuring transparent sustainability reporting, and guiding the effective implementation of ESG risk management and mitigation plans.
Sustainability Committee ("SC")	- Spearheads the Group's strategic direction for sustainability, regularly receiving updates from all operating companies, and providing advice and guidance to ensure consistency in approach and strategies. - The SC monitors the Group's regulatory compliance, reviews policies and frameworks, sets targets and goals for sustainability initiatives, and reviews the Group's Sustainability Statement before recommending BARMC endorsement and Board approval for publication.
Sustainability Working Committee ("SWC")	- Acts as the sustainability working group to facilitate Group-wide discussions in driving the Group's sustainability best practices, capacity building and sustainability efforts. - Comprising sustainability leads and representatives from HLFG and the operating companies who are empowered to steer and execute sustainability and ESG initiatives within their respective SC.

Sustainability Statement

Sustainability and climate-related topics discussed during FY2024

- Quarterly risk monitoring on selected sustainability and climate risk indicators
- Implementation status of BNM's Climate Risk Management and Scenario Analysis ("CRMSA")
- Application and updated classification of BNM's Climate Change and Principle-based Taxonomy ("CCPT")
- CCPT reporting across relevant portfolios
- NGFS climate scenarios
- BNM's Climate Risk Stress Testing ("CRST") Methodology Paper
- Reporting of sustainable and green financing performance targets and progress to date
- Updates on regulatory developments
- Updates on sustainability and climate-related disclosures standards

BOARD SKILLS MATRIX

The Group constantly strives to operate as a team of individuals with diverse skill sets, strengths and expertise that contribute to achieving our strategic ESG priorities, ensuring its sustained success in the long run. The table below depicts the key skills and expertise of our Board of Directors for HLFGB.

Skills & Experience	Number of Directors
Banking/Financial Services	5
Technology	6
Leadership	6
Corporate Governance, Risk Management/ Compliance and/or Sustainability	7
Financial Acumen	6
International Business Experience	6

ESG CAPACITY BUILDING

HLFG is committed to fostering a culture of continuous learning and development in ESG matters. Directors across the Group regularly participate in trainings encompassing a wide range of topics such as corporate governance, finance, legal, risk management, information technology, cyber security, sustainability, internal controls, and regulatory compliance. This proactive approach enables them to remain at the forefront of industry developments and ensures the ongoing refinement of our ESG integration strategies.

In line with statutory requirements, all existing directors will complete the Bursa Malaysia Mandatory Accreditation Programme Part II: Leading in Impact ("MAP Part II") course on sustainability governance. As at 30 June 2024, 5 out of 7 of Board of Directors have completed the MAP Part II accreditation.

Furthermore, to underscore our dedication to driving sustainability progress, ESG considerations are now an integral part of the Board Annual Assessment for all operating companies under the Group. This exemplifies HLFGB's proactive approach to embedding sustainability as a core part of our governance and decision-making processes.

ESG RISK GOVERNANCE

The Group's ESG risk management governance structure promotes active involvement from all parties to ensure a uniform view of ESG risk across the organisation. This aligns with the Group's Sustainability Risk Governance Framework, which in turn aligns with the Group's overall Risk Management Framework. It also ensures accountability and facilitates an appropriate level of independence and segregation of duties among all parties involved.

All operating companies across the Group have incorporated ESG and sustainability risk factors into their operations to promote positive effects on the environment and the communities in which they operate. This involves a structured approach to identifying, evaluating, quantifying, monitoring, mitigating and reporting ESG risks, including policies and action plans to manage the following risks:



Acknowledging the critical need for financial institutions to expedite efforts in managing climate-related risks, all our operating companies have made progress towards meeting evolving regulatory expectations and implementing long-term mitigation strategies. The Group has set a baseline of climate-related goals and metrics, and have announced a Group-wide goal to achieve net zero by 2050.

Read more on our approach to ESG risk management on pages 47 to 53 of this report.

Sustainability Statement

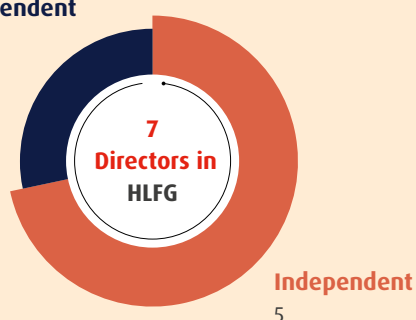
BOARD INDEPENDENCE AND DIVERSITY

Our commitment to maintaining a diverse Board aligns with our emphasis on diversity and inclusivity at every level of our organisation. The Group's Board currently features 57% female representation, while all of our directors are nominated and appointed fairly, without discrimination based on gender, race or religion. This Group-wide commitment is supported by our operating companies, with HLB, HLAH and HLCB having established their respective Board Diversity Policies.

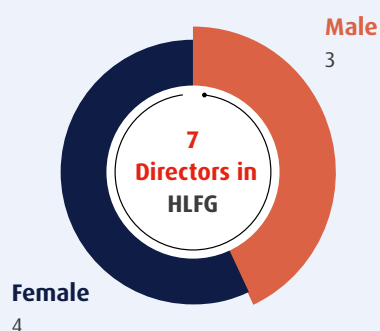
Board Independence in FY2024

Non-Independent

2



Board Gender Diversity in FY2024



Board Diversity Across our Operating Entities

Board Independence in FY2024

Non-Independent

3



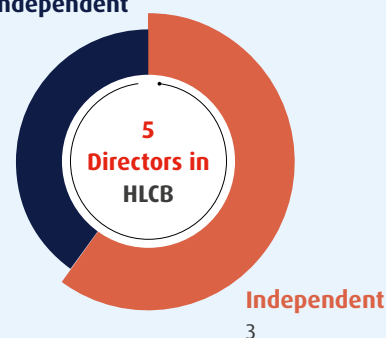
Non-Independent

3



Non-Independent

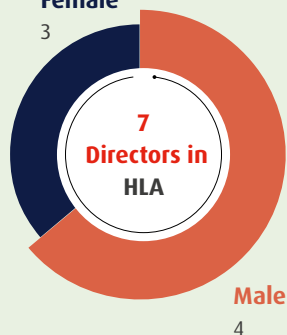
2



Board Gender Diversity in FY2024

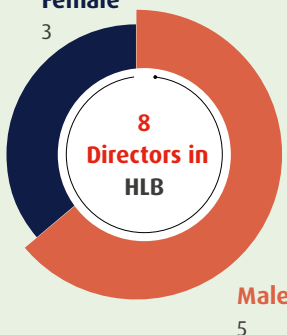
Female

3



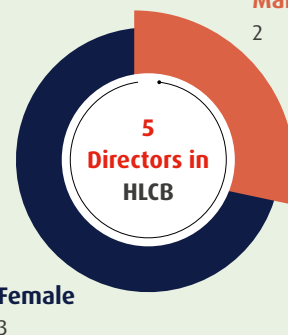
Female

3



Male

2



Sustainability Statement

SOUND RISK MANAGEMENT & COMPLIANCE

INTEGRATING SUSTAINABILITY WITHIN RISK MANAGEMENT

Risk management is integral to the Group's overall strategy, fostering trust and providing safeguards to shareholders and customers. We are focused on building operational excellence and implementing robust controls to ensure scalable growth in response to the increasingly complex business environment. Recognising the direct and indirect impacts of climate change on our business, we have implemented a robust risk management structure that balances ESG risk mitigation with growth. We continue to strengthen our ESG risk management by integrating more sustainability and climate considerations within our risk management framework.

Established Sustainability Risk Appetite Statement ("RAS") on key financing portfolios, reinforcing focus on managing environmental risks².

Completed portfolio-level analysis based on ESG due diligence assessments, assessing climate-related risks to identify our high risk sectors and clients³.

Expanded our Internal Capital Adequacy Assessment Process ("ICAAP") and Stress Test scenarios to include strategic ESG and climate-related risk assessments⁴.

Enhanced sustainability and climate risk monitoring reports to Board and management.

A robust governance structure has been established across our Board, Board Committees and management teams to uphold robust risk management across the Group (see 'Sustainability Governance' on page 43 for more details). The BARMC oversees and monitors issues related to the Group's risks, including capital adequacy, credit risk, market risk, liquidity risk, operational risk, technology and cyber risk, compliance risk and ESG risk, amongst others. Group-wide policies, alongside the policies of our operational companies, have been established to guide the process of identifying, assessing, monitoring and managing risks and uncertainties as the Group pursues sustainability objectives. Our risk management framework incorporates strict protocols and procedures to ensure that employee conduct across the Group aligns with practices that minimise exposure to risk.



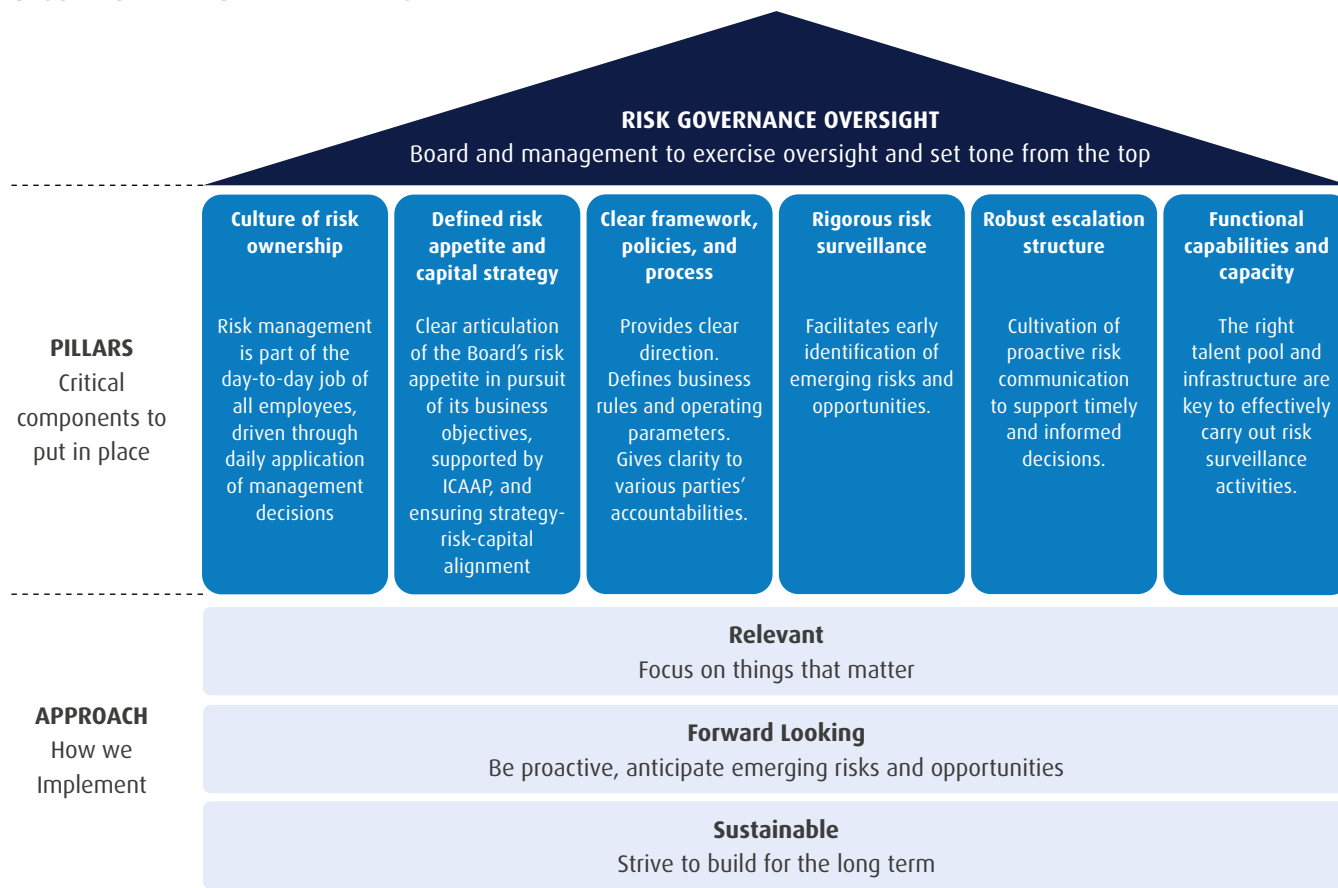
² Established by our operating companies.

³ Conducted by our operating companies. Refer to ESG Risk Assessment for more details.

⁴ Refer to Scenario Analysis section for more details.

Sustainability Statement

GROUP RISK MANAGEMENT FRAMEWORK



GROUP RISK OVERSIGHT STRUCTURE



Notes:

a. GCF refers to Group control Functions.

b. IGRMC refers to Intra-Group Risk Management Committee.

c. IGHCC refers to Intra-Group Head of Compliance Committee.

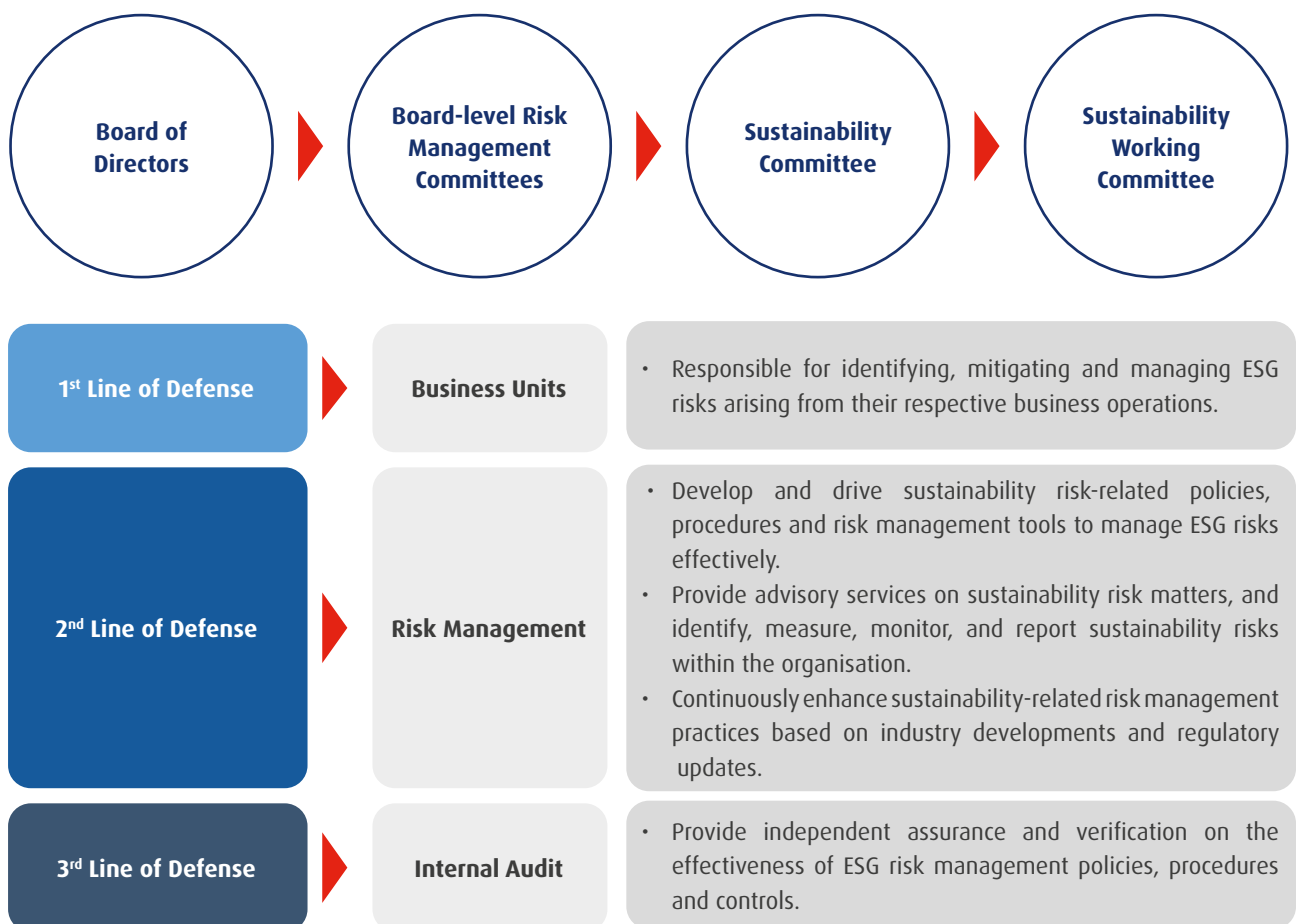
Sustainability Statement

DRIVING ROBUST ESG RISK MANAGEMENT

(1) Strengthening risk governance

Our operating companies employ a structured risk management approach that leverages the Three Lines of Defense (“3LOD”) model to address and mitigate exposures to sustainability and ESG risks. The model harnesses the collective effort of business units, risk management and audit functions working closely to ensure our mitigation strategies and controls effectively manage our risk exposures and that our products, services and practices remain aligned to our sustainability objectives.

Stewardship within each of our Operating Companies



(2) Enhancing ESG risk assessment

To accelerate climate action, we are dedicated to supporting the climate journeys of our customers towards a just and fair transition to low carbon and sustainable practices. Across our operating companies, we have integrated ESG considerations into our core business practices. This includes ESG-integrated credit evaluation frameworks, internal ESG scorecards and enhanced investment research processes to ensure robust risk management and support our clients’ sustainability journeys.

Sustainability Statement

HONG LEONG BANK BERHAD

HLB's Business & Corporate Banking ("BCB") ESG Policy and Assessment Framework⁵

HLB has integrated ESG considerations into its credit evaluation framework for corporate, commercial and SME customers. The framework guides customers in high-risk Environmental & Social ("E&S") sectors toward sustainable business practices, aligning with national and global ESG standards such as Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF") sectorial guides and International Finance Corporation ("IFC") Performance Standards. The assessment encompasses (i) general exclusion screening; (ii) sector/sub-sector screening; and (iii) customer due diligence.

Stakeholder engagement initiatives, including knowledge-sharing with Account Relationship Managers ("ARMs") and Credit Risk Managers as well as ongoing sustainability dialogues, further enhance ESG awareness and risk considerations across the Bank's operations.

HONG LEONG ASSURANCE BERHAD

HLA's Investment Department's ESG Policy

HLA has integrated ESG considerations into their investment process and is supplemented further by an internal ESG scorecard. This serves to identify and classify investee companies based on their E&S risk scoring. ESG analysis is conducted annually alongside the credit review, or more frequently if material ESG-related risks arise, prompting the investment team to take necessary actions.

The Employee Benefits Department, which provides group term life, group hospitalisation & surgical, and other coverage solutions for corporate clients, has adopted ESG considerations. This serves to identify and classify existing clients based on their E&S risk scoring, in line with BNM's CCPT Guidelines.

HONG LEONG CAPITAL BERHAD

HLCB's Core Credit Risk Policy⁶

HLCB has incorporated ESG assessment for lending, underwriting and bond investments to mitigate ESG risks in accordance with BNM's CCPT Guidelines. This assessment evaluates client risk profiles and sustainability objectives, including environmental impact and climate mitigation measures. The Policy identifies sensitive sectors with high E&S risk, requiring clients to undergo enhanced due diligence ("EDD") screening.

Hong Leong Investment Bank Berhad ("HLIB") and Hong Leong Asset Bhd ("HLAM") have augmented their investment research processes to disclose and report on ESG metrics of investee companies. This expanded ESG research empowers portfolio and fund managers to make informed decisions. This includes in-depth ESG assessments for a vast majority of FBMKLCI companies and comprehensive trend analysis for stocks under coverage.

⁵ For additional information, refer to [HLB Sustainability Report FY2024](#).

⁶ For additional information, refer to [HLCB Annual Report FY2024](#).

Sustainability Statement

(3) Climate Risk Management

We recognise climate change as a systemic risk and its profound impact on our operations, customers and business strategy. Through microeconomic and macroeconomic transmission channels, we are increasingly exposed to climate change that arise from physical and transition risk drivers, and its subsequent impact to the Group's performance. These risks carry financial and non-financial impacts on our business and portfolio exposures. Physical and transitions risks are defined as below.

Physical and Transition Risks

Physical risk refers to economic costs and financial losses arising from severe changing climate.

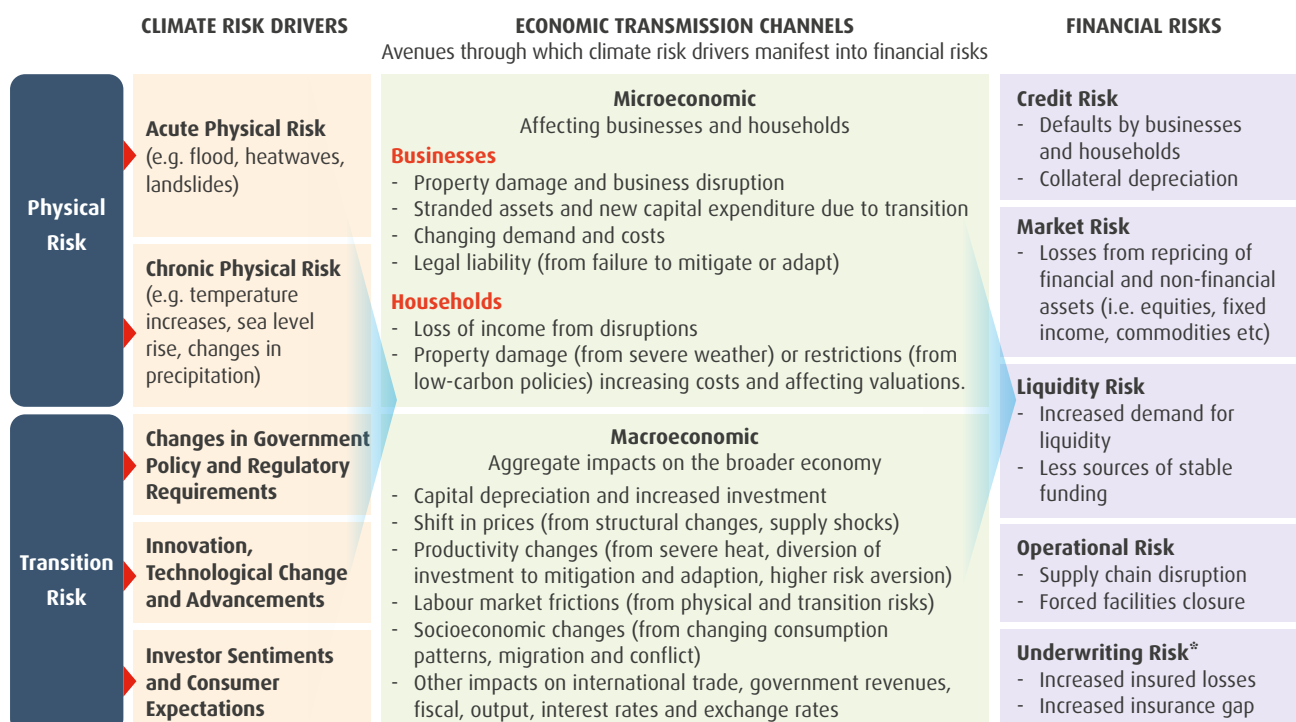
Acute physical risk drivers include extreme climate change-related weather events (or extreme weather events) such as heatwaves, landslides, floods, wildfires and storms.

Chronic physical risk drivers include longer-term gradual shifts in climate such as rising sea levels and temperatures, changes in precipitation levels and extreme weather variability.

Transition risk refers to risks associated with adjustments towards a low-carbon economy. These drivers include climate-related changes in public sector (generally government) policies, legislation and regulation, changes in technology, and shifts in market and customer sentiments. Transition risks may be influenced by physical risks.

Embedded within the Group's risk management framework, our climate risk management covers the core areas and capabilities we employ to identify, assess and manage the impacts of climate risk drivers that may manifest across the Group.

Governance on climate-related risks is consistent with our existing governance framework and is further outlined in the Sustainability Governance and Risk Management sections above. Similarly, we leverage our 3LOD model as aforementioned to steer the identification, assessment and management of climate risks. Supporting the process is the risk classification system exhibited below, illustrating how climate risk drivers give rise to potential risks that impact our clients and operations.

Transmission of Climate-Related Risks into Potential Risks to the Group⁷

^{*} Mainly applies to insurance business.

⁷ Adapted from NGFS and aligned to operating companies.

Sustainability Statement

We continue to evaluate the materiality and impact of transition, physical, and liability risks across our diverse client portfolios among the operating entities, ensuring our risk management strategies remain robust and aligned with evolving ESG considerations.

POTENTIAL CLIMATE-RELATED RISKS AND ITS IMPACT UNDER HLB

HLB categorises climate-related risks in 5-year intervals, mirroring the Paris Agreement's Nationally Determined Contribution ("NDC") communication cycle. This timeframe also aligns with the typical repayment maturity of our loan and financing portfolios, which span across 4 to 15 years, depending on the product.

Category	Risk Type	Examples	Impact to HLB	Time Horizon
Transition Risk	Credit Risk	Damage to physical assets of customers from climate hazards	- Reduced business profitability that may increase credit risk of obligors - Reduced borrower's ability to repay that may lead to potential default	ST MT LT
	Liquidity Risk	- Rising liquidity issues from customers' inability to meet obligations - Disruption to Bank's cash flow	- Reduced cash inflow due to customer's ability to service debt - Large withdrawal of deposits as CapEx allocated for low-carbon assets or repairs to damaged facilities - Reduced liquid asset value due to Market-to-Market ("MTM") losses from investments held	ST MT LT
	Market Risk	Decline in value of securities and assets	- Increased volatility or abrupt decline in climate-incompatible securities held - Repricing of assets that may lead to decreased revenue	ST MT LT
	Policy & Legal Risk	Enhanced reporting obligations	- Increased operating costs for regulatory compliance - Increased costs due to penalties from damaging acts	ST MT LT
Physical Risk	Operational Risk	- Inadequate or failed internal processes that may affect HLB's physical assets - Supply chain management	- Forced office closure due to damaged physical assets - Infrastructure damage which may lead to supply chain disruption	ST MT LT
	Technology Risk	Costs to transition to low emissions technology	- Increased cost for R&D in new technologies - Costs and write-offs for stranded assets - Capital investments in new technologies	ST MT LT
	Reputational Risk	Shifts in investor and consumer preferences	Reduced revenue from lower demand for products and services that do not meet consumers' expectations	ST MT LT
	Strategic Risk	Inability to transition from brown to green financing portfolios, thus, losing competitive advantage	Decreased market share and profitability	MT LT
	Enterprise-wide Risk	Inadequate capital to buffer against climate-related risks and losses	Inadequate capital for climate-related risks events which may result in financial and non-financial losses e.g. loss of investor and consumer sentiments	MT LT

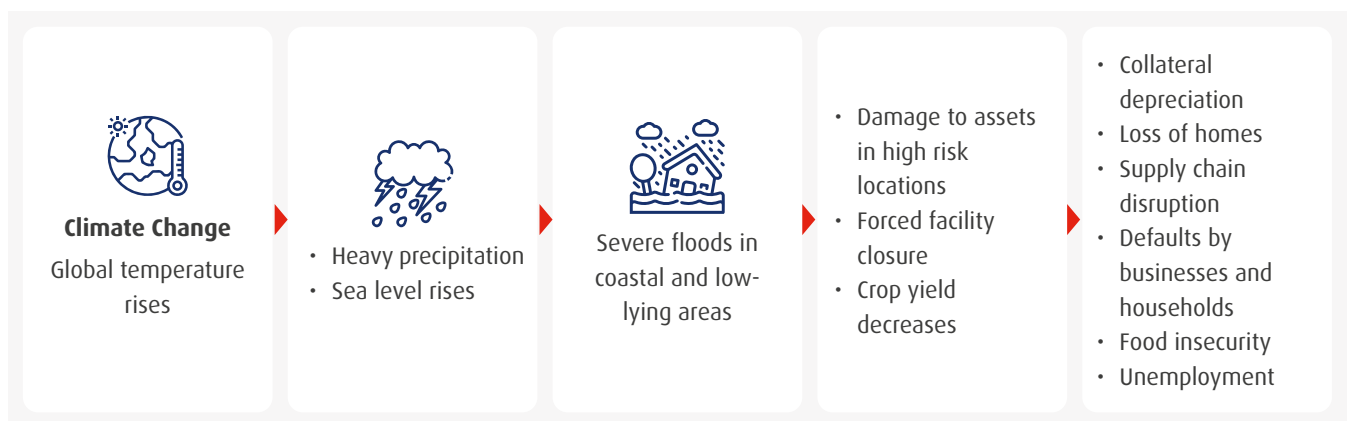
Sustainability Statement

SCENARIO ANALYSIS

At HLFG, we recognise the importance of climate scenario analysis ("CSA") as a vital tool to assess climate-related risks and opportunities. We leverage CSA to examine the climate impact on our portfolio risks and exposures, thereby allowing us to make strategic decisions and set more granular climate targets to enhance climate resilience altogether.

In developing climate scenarios, our operating companies consider reference scenarios published by global bodies such as the Network for Greening the Financial System ("NGFS"), Intergovernmental Panel on Climate Change ("IPCC") and International Energy Agency ("IEA") to measure potential financial and socioeconomic impact arising from physical and transition risks. Please refer to the 'Building Climate Resilience' section for further elaboration.

Simulating the impact of climate change on HLB's loan and financing portfolio



COLLECTIVE CLIMATE ACTION BY THE GROUP

The Group has taken significant steps to ensure all operating companies advance climate actions within their respective risk management frameworks, highlighted by the implementation of a Group-wide Net Zero by 2050 ambition and relevant short-term targets during FY2024.

Moving forward, the BARMC will closely monitor the efforts of operating companies in meeting the evolving requirements of Bank Negara Malaysia's ("BNM") Task Force on Climate-Related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions ("FI"), BNM's Climate Risk Management and Scenario Analysis ("CRMSA"), and other relevant regulatory guidelines related to climate action.

In line with the proposed establishment of the National Sustainability Reporting Framework ("NSRF") and other ongoing efforts to enhance sustainability reporting in Malaysia, we anticipate further expansion of climate-related disclosure requirements and increased clarity on the implementation of ISSB's IFRS S1 and IFRS S2 standards.

To this end, we have significantly expanded the scope of climate risk monitoring addressed by the SC during their updates to the BARMC. These include, but is not limited to, the following:

The ongoing performance of operating companies in meeting their internal GHG emissions and energy consumption targets

The status of internal climate risk management and mitigation programmes

The current global temperature status relative to the Paris Agreement target.

More details on the climate risk management progress made by our operating companies can be found in the 'Building Climate Resilience' topic on page 66 of this report.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial to identify and understand the diverse perspectives and priorities of those affected by our operations. This enables us to make informed decisions that balance the needs of our stakeholders and the environment. By fostering open communication and collaboration, we build trust, strengthen relationships and ensure our ESG initiatives create long-term shared value for all.

Stakeholder	Engagement Channel	Areas of Interest	Section
Employees	- Daily operational meetings and monthly huddles - Performance management - Whistleblowing channels - Corporate communications - Training and development	- Effective communication of strategies and targets - Professional development training and opportunities - Risk and Compliance Culture - Job security - Benefits and well-being - Clear and transparent management	Workforce Readiness, Pages 95 to 105 Socially Responsible Business Pages 70 to 79
Investors	- Annual Report and Sustainability Statement Disclosures - Announcements - Financial reports - General Meetings - Whistleblowing channels - Briefings - Meetings	- Responsible and proactive corporate and ESG governance - Consistent and transparent updates on financial and operational performance - Regulatory compliance	Investor Relations, Corporate website
Regulators and Authorities	- Interactions during day-to-day operations - Audits - Meetings - Circulars - Reports	- Compliance and enforcement of evolving regulations - Responsible corporate governance practices - Ethical leadership and business conduct	Good Governance & Ethical Business Conduct, Pages 70 to 72
Clients	- Interactions during day-to-day operations - Social media - Corporate communications - Corporate events/workshops	- Progressive enhancement of customer experiences - Providing trusted advice and delivering value-added products and services - Data privacy and cybersecurity - Ethical business conduct and responsible financial products - Sustainability and ESG journeys	Digital at the Core, Pages 85 to 94 Fair Treatment of Financial Consumers, Page 76
Community	- Interactions during day-to-day operations - Digital communication through social media - Roadshows and events - Corporate communications - Corporate social responsibility events	- Responsible business conduct that safeguards and supports the community - Transparency in communication - Community investment into outreach initiatives - Products and initiatives that drive financial inclusion and literacy	Community Investment, Pages 80 to 84
Vendors and Suppliers	- Engagements during the procurement or tender process - Due diligence reviews (for outsourced service providers) - Proof of Concept ("PoC") engagements	- Fair procurement practices - Transparent tender processes - Ethical and responsible business conduct	Sustainable Supply Chain, Pages 77 to 78 Good Governance & Ethical Business Conduct, Pages 70 to 72

Sustainability Statement

Stakeholder	Engagement Channel	Areas of Interest	Section
Analysts and Media	• Social media posts and digital communication • Corporate website announcements • Releases and media announcements	• Transparency, clarity and completeness in communication of ongoing performance • Communication of strategies and prospects	Investor Relations, Corporate website
Associations	• Interactions during meetings and corporate events • Online correspondences	• Industry stewardship efforts and support • Regulatory compliance	Good Governance & Ethical Business Conduct, Pages 70 to 72

MATERIALITY

Engaging with our stakeholders allows us to prioritise the key sustainability issues where we can achieve the greatest impact. These material matters provide fundamental guidance for identifying and managing emerging sustainability risks and opportunities, prioritising our resource allocation and delivering enduring value to both our organisation and society.

We conducted a comprehensive formal review and assessment of our material matters in FY2023. Following an internal review in FY2024, it was affirmed that the identified material topics in FY2023 remain pertinent to our operations and are in alignment with the interests and concerns of our stakeholders.

Our Materiality Determination Approach

01 TOPIC IDENTIFICATION	02 STAKEHOLDER ENGAGEMENT	03 PRIORITISATION & VALIDATION
Identify key sustainability topics by conducting a comprehensive review of ESG standards and industry trends, supported by a robust understanding of our value chain.	Gather insights and perspectives from both internal and external stakeholders of our operating companies, such as the Board, senior management, employees, regulators, investors, customers, media, vendors, suppliers and the community through online surveys and engagements. Leveraging both internal and external feedback, we are able to thoroughly evaluate the importance and relevance of each material topic.	Analyse the collected inputs to develop our Materiality Matrix, which is then validated by Senior Management.

Our materiality assessment process has enabled us to precisely gauge how sustainability issues affect our Group's performance alongside the broader consequences of our operating companies' activities on the community and environment.

From this assessment, we have identified 17 topics that are material to our operations, which have been tabled in the materiality matrix and further explained in the following section.

Sustainability Statement

MATERIAL SUSTAINABILITY TOPICS

Environmental Management

- 1 Managing Our Operational Environmental Footprint
- 2 Building Climate Resilience

Socially Responsible Business

- 3 Good Governance & Ethical Business Conduct
- 4 Sound Risk Management & Compliance
- 5 ESG Integration into Financial Products
- 6 Fair Treatment of Financial Consumers
- 7 Sustainable Supply Chain
- 8 Human & Labour Rights

Community Investment

- 9 Supporting Social Enterprises and Communities
- 10 Financial Inclusion & Literacy

Digital at the Core

- 11 Digitalisation & Innovation
- 12 Customer Experience
- 13 Privacy, Data Protection & Cybersecurity

Workforce Readiness

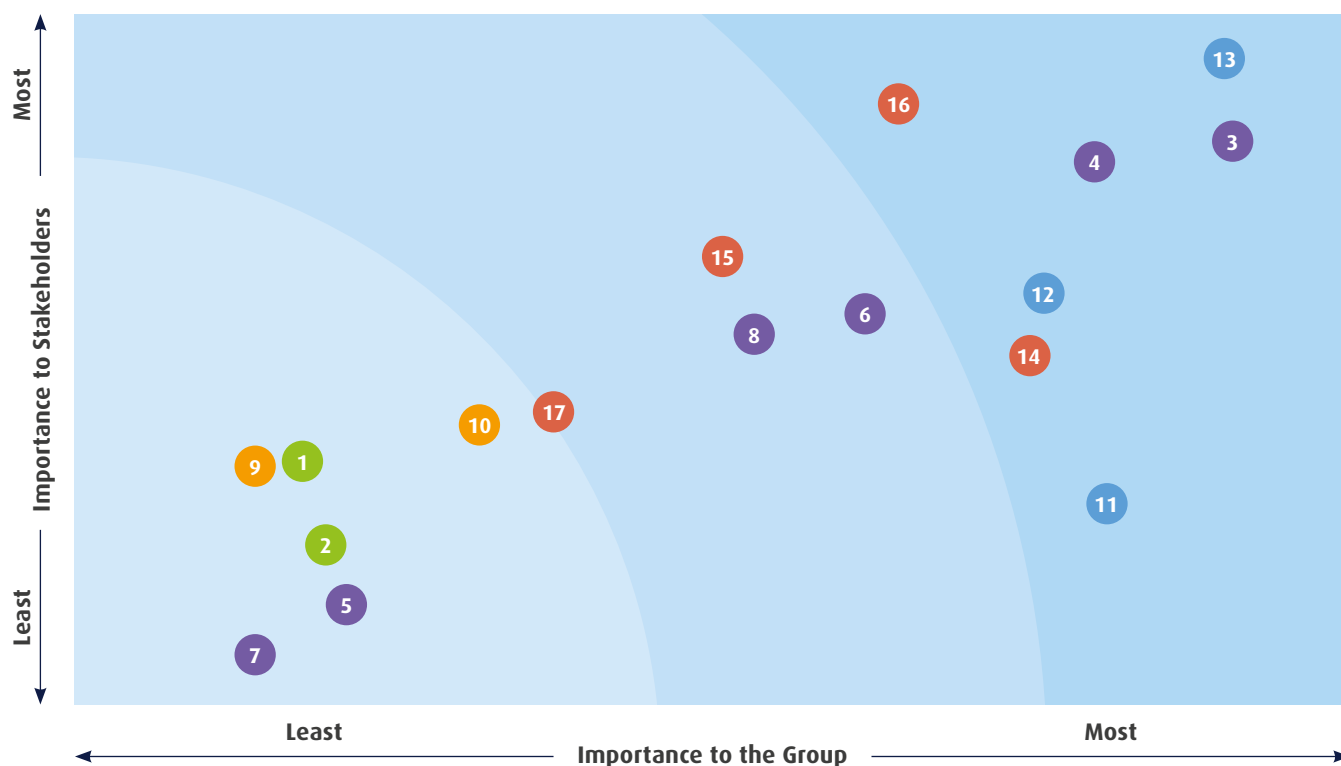
- 14 Talent Attraction, Development & Retention
- 15 Diverse and Inclusive Workforce
- 16 Creating a Fair and Nurturing Workplace
- 17 Fostering a Sustainability-Driven Culture

Contributing to the UN SDGs

We are committed to the global sustainable development agenda and have aligned our material topics with the United Nations Sustainable Development Goals ("UN SDGs"), recognising their pivotal role in shaping global sustainability efforts. This alignment amplifies our impact and inspires the Group to actively contribute to a sustainable future.

Legend ● Environmental Management ● Socially Responsible Business ● Community Investment ● Digital at the Core ● Workforce Readiness

MATERIALITY MATRIX



Sustainability Statement

Pillar 1: Environmental Management

Material Matters	UN SDG Contribution	Description
Managing Our Operational Environmental Footprint	   	Responsibly optimising resource use and efficiency to manage the environmental impact of our operations, with a particular focus on energy management, paper consumption, water use and greenhouse gas (“GHG”) emissions.
Building Climate Resilience		Integrating climate-related risks into our risk management and operational framework to support the transition to a low-carbon economy, including reducing exposure to high-risk sectors and promoting low-carbon solutions.

Pillar 2: Socially Responsible Business

Material Matters	UN SDG Contribution	Description
Good Governance & Ethical Business Conduct		Conducting our business and operations with professionalism, adhering to the highest standards of ethics, integrity, transparency and accountability to maintain stakeholders’ trust in the organisation.
Sound Risk Management & Compliance	   	Upholding a strong compliance culture throughout the organisation to ensure adherence to applicable laws, regulations, and standards, as well as preventing financial crimes including money laundering, terrorism financing, fraud, corruption, and bribery. Adopting a systematic and comprehensive risk management approach in identifying and mitigating emerging risks to our business activities by investing in people, technology, policies, and processes.
ESG Integration into Financial Products		Integrating ESG factors into the products and services of our operating companies including - the issuance of green and sustainable finance (HLB and HLCB); and - applying ESG principles in investment practices (HLCB and HLA).
Fair Treatment of Financial Consumers		Ensuring fair treatment of customers across our operations by prioritising their financial needs and risk appetite while providing transparent, accurate and comprehensive information about our products and services.
Sustainable Supply Chain		Upholding sustainability procurement principles throughout the supply chain with robust supplier policies, assessments and engagement practices, while also promoting supplier diversity to include local businesses.
Human & Labour Rights		Implementing policies to ensure the protection and respect of human rights throughout our value chain and business operations, including the prevention of human rights violations.

Sustainability Statement

Pillar 3: Community Investment

Material Matters	UN SDG Contribution	Description
Supporting Social Enterprises and Communities	  	Forming partnerships with social enterprises for community empowerment programmes to create long-term social impact for underserved communities within the regions where we operate.
Financial Inclusion & Literacy		Empowering individuals and businesses to enhance their financial well-being by promoting financial literacy and facilitating the accessibility of affordable financial services to all segments of society.

Pillar 4: Digital at the Core

Material Matters	UN SDG Contribution	Description
Digitalisation & Innovation		Utilising advanced data analytics and digital systems to create innovative products that meet customer needs, enhance operational efficiency to boost productivity, and simultaneously improve the accessibility of our products.
Customer Experience		Instilling a customer-centric culture across the organisation and implementing initiatives to improve the end-to-end customer experience and satisfaction, leading to increased customer retention rates.
Privacy, Data Protection & Cybersecurity		Protecting employees' and customers' data from unauthorised access, cyber attacks and other threats by responsibly collecting, handling, storing and safeguarding personal and proprietary information.

Pillar 5: Workforce Readiness

Material Matters	UN SDG Contribution	Description
Talent Attraction, Development & Retention		Building a sustainable, high-quality talent pipeline and cultivating a growth mindset among employees to ensure their adaptability in the constantly evolving business and technological environment.
Diverse and Inclusive Workforce		Fostering a diverse and inclusive workplace where all employees are treated equally and without discrimination, thereby encouraging productivity and innovation.
Creating a Fair and Nurturing Workplace		Creating a fair and supportive work environment that prioritises employee health and safety through effective policies, processes and labour standards.
Fostering a Sustainability-Driven Culture		Developing a corporate culture that embraces and promotes sustainable practices, values and behaviours across the organisation, including encouraging employee volunteerism.

For additional information on HLB's material sustainability topics, refer to the [HLB SR2024](#).

For additional information on HLCB's material sustainability topics, refer to the [HLCB SS2024](#).

Sustainability Statement

MEMBERSHIPS & ASSOCIATIONS

Our operating companies actively participate in numerous organisations and associations, utilising their memberships to shape discussions and promote collaboration on important sustainability issues within their industries and the larger business community.

HONG LEONG BANK BERHAD

- The Association of Banks in Malaysia ("ABM")
- Asian Institute of Chartered Bankers ("AICB")
- Payments Networks Malaysia Sdn Bhd ("PayNet")
- Islamic Banking and Finance Institute Malaysia Sdn Bhd ("IBFIM")
- Ombudsman for Financial Services ("OFS")
- Cagamas Holdings Berhad ("Cagamas")
- The Association of Islamic Banking Institutions Malaysia ("AIBIM")
- Financial Planning Association of Malaysia ("FPAM")
- Financial Industry Collective Outreach ("FINCO")
- Partnership for Carbon Accounting Financials ("PCAF")
- The Malaysian Business Angel Network ("MBAN")
- Syarikat Jaminan Kredit Perumahan Berhad ("SJKP")
- Federation of Investment Managers Malaysia ("FIMM")

HONG LEONG ASSURANCE BERHAD

- Malaysian Insurance Institute ("MII")
- Life Insurance Association of Malaysia ("LIAM")
- Financial Planning Association of Malaysia ("FPAM")
- Financial Industry Collective Outreach ("FINCO")
- Ombudsman for Financial Services ("OFS")
- Malaysian Financial Planning Council ("MFPC")

HONG LEONG CAPITAL BERHAD

- Federation of Investment Managers Malaysia ("FIMM")
- Member of Malaysian Investment Banking Association ("MIBA")
- Association of Stockbroking Companies Malaysia ("ASCM")
- Malaysian Futures Brokers Association ("MFBA")
- Institutional Investors Council Malaysia ("IICM")
- Malaysian Association of Asset Managers ("MAAM")
- Financial Industry Collective Outreach ("FINCO")

Sustainability Statement



PILLAR 1 : ENVIRONMENTAL MANAGEMENT



Managing Our Operational Environmental Footprint



Building Climate Resilience



MANAGING OUR ENVIRONMENTAL FOOTPRINT

WHY IT MATTERS

As a Financial Group, we are cognisant of our role in the transition to a low-carbon economy, both through our own emissions reduction and via the projects and corporate customers to which we provide funding. However, the interconnected nature of our business also presents significant climate-related risks – physical, transitional and liability-related – which we must consider and address thoroughly in order to minimise negative impacts on our business and stakeholders.

OUR APPROACH

NAVIGATING OUR DECARBONISATION JOURNEY

As a Group, we have established our base year emissions as FY2019 to pave our decarbonisation journey, and developed short-term and long-term targets to spur our sustainability agenda. We continue to deepen our understanding on various, plausible climate pathways to net zero and emission drivers to our carbon footprint. Carbon emissions serve as one of our key climate metrics to measure the effects and impact to climate change. Taking on a multifaceted approach, we focus on minimising negative environmental impact.

We are working towards enhancing how we address climate-related risks and opportunities while improving data quality and expanding the boundaries of our climate disclosures to align further with TCFD Recommendations. These efforts have become even more critical following our commitment to achieving Net Zero by 2050, with short-term targets to reduce Scope 1 and Scope 2 emissions by 15% to 25% by FY2026.

In line with this, we are making inroads to enhance carbon disclosures across Scopes 1, 2 and 3 as we actively pursue emission reduction initiatives where possible. Our greenhouse gas (“GHG”) emissions measurement and reporting remain in adherence to the GHG Protocol, the IPCC Guidelines for National Greenhouse Gas Inventories, and other relevant local emissions factors where applicable.

In our journey to net zero, the Group considers a 4-lever approach to prioritise and scale decarbonisation efforts.

4-LEVER APPROACH

Lever 1

Avoid through low-to-no carbon design

Lever 2

Reduce through energy and operational efficiency

Lever 3

Replace through green and sustainable alternatives

Lever 4

Compensate or Neutralise through offsets such as renewable energy certificates (“RECs”) and carbon credits

Sustainability Statement



MANAGING OUR ENVIRONMENTAL FOOTPRINT

OUR OPERATIONAL CARBON FOOTPRINT

The largest drivers of our operational GHG footprint are the energy we use for our buildings i.e. head and regional offices, data centres and branches (e.g. electricity, heating and cooling). The Group's key emission categories include:

Scope 1	Direct emissions from fuel combustion in buildings and company-owned vehicles (i.e. stationary and mobile combustion, and fugitive emissions).
Scope 2	Indirect emissions from purchased electricity, accounting for the largest share on our overall footprint, as well as purchased cooling.
Scope 3	Category 6 Business Travel, Category 7 Employee Commuting, Category 13 Downstream Leased Assets* and Category 15 Investment*.

* For HLB only.

EXPANDING SCOPE 3 REPORTING ON FINANCED EMISSIONS - CATEGORY 15 (INVESTMENT)

HLB has expanded its reporting on Scope 3 financed emissions across seven asset classes, with disclosures for Auto Loans and Mortgages included in its FY2024 Sustainability Report. The financed emissions are disclosed based on the Partnership of Carbon Accounting Financials ("PCAF") methodology, the Bank being a signatory of PCAF. FY2024 forms the baseline of the Bank's financed emissions portfolio.

HLA and HLCB are also in the midst of expanding their respective Scope 3 financed emissions reporting.

Financed Emissions Portfolio under HLB		
Identified Asset Class	Status	Financed Emissions (tCO ₂ e)
Mortgages	Calculated and disclosed	1,024,827
Auto Loans	Calculated and disclosed	655,715

Notes: Limitations to customer data availability. Calculations are based on best data estimates as a proxy to determine absolute financed emissions. HLB will strive to improve its data collection process to obtain more accurate estimates.



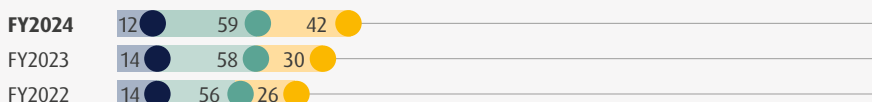
Sustainability Statement



MANAGING OUR ENVIRONMENTAL FOOTPRINT

Group Emissions (tCO₂e)

● Scope 1 ● Scope 2 ● Scope 3

HLFG¹Total GHG Emissions²

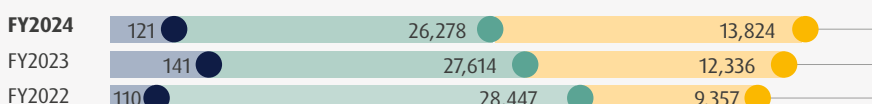
112

102

95

Scope 1 & 2

28% ↓
from FY2019
baseline

HLB¹Total GHG Emissions²

40,223

40,091

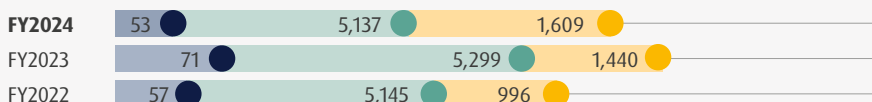
37,914

Scope 1 & 2

29% ↓
from FY2019
baseline

Notes:

- Scope 1 and 3 GHG emissions for Malaysia for FY2019 until FY2023 were restated as company vehicles were incorrectly calculated as Scope 3 while one non-company vehicle was incorrectly calculated as Scope 1, which has since been rectified.
- HLB has broadened its emissions disclosures in FY2024 to encompass operational and business travel emissions, as well as employee commuting emissions, from its regional branches in Hong Kong, Singapore, Cambodia and Vietnam.
- HLB's Scope 1 and Scope 2 reduction data from FY2019 refers to only Malaysia operations.

HLAH¹Total GHG Emissions²

6,798

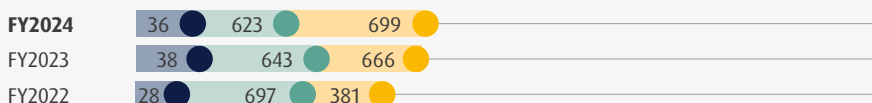
6,811

6,197

Scope 1 & 2

24% ↓
from FY2019
baseline

Notes: HLAH's GHG emissions encompass HLA and HLMT premises across Malaysia, including their headquarters and branches.

HLCB¹Total GHG Emissions²

1,359

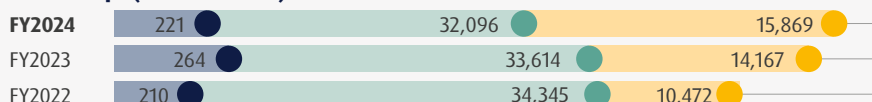
1,347

1,106

Scope 1 & 2

15% ↓
from FY2019
baseline

Notes: HLCB's Scope 2 boundary covers emissions from purchased electricity in Menara Hong Leong, Plaza Zurich and seven branches across Malaysia.

The Group¹ (Consolidated)Total GHG Emissions²

48,187

48,045

45,027

Scope 1 & 2

27% ↓
from FY2019
baseline

Notes:

- To avoid double counting, Scope 3: Category 13 (Downstream Leased Assets) only consists of emissions from non-HLFG associated tenants at MHL.

Overall Notes for Group Emissions:

¹ Across the Group, GHG emission numbers from FY2019 until FY2023 were recalculated using updated emission factors and global warming potential (GWP).

² Due to rounding, some totals may not correspond with the sum of the separate figures.

Sustainability Statement

ENERGY CONSUMPTION

The Group and its operating companies take proactive measures to integrate resource efficiency into operations, and have implemented a variety of Energy Efficiency & Conservation ("EE&C") measures to drive energy savings in day-to-day business operations. We have also expanded our energy data inventory to provide us with deeper understanding of operational energy consumption across the Group.

HLB's EE&C measures continued to deliver results in FY2024 with its Malaysian operation's energy consumption reducing by 24% from baseline and by 5% during the year.

Simultaneously, we are seizing opportunities to increase our utilisation of renewable energy within our energy mix, with HLB and HLA having installed rooftop solar panels at PJ City tower to enhance their energy consumption mix.

Energy Saving Initiatives by our Operating Companies

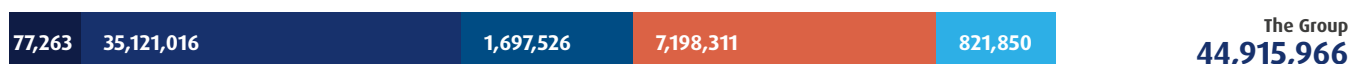
HLB	- Installed solar panels on the rooftop of PJ City Tower A. - Upgrading chillers to optimise energy consumption. - Installing energy-efficient air conditioning units. - Retrofitting LED lights in branches.
HLA	- Installed solar panels on the rooftop of PJ City Tower B and Bukit Mertajam. - Adopting technologies and processes to improve energy efficiency and reduce energy wastage. - Transitioning company vehicles to EVs, hybrids or more fuel-efficient alternatives. - Utilised 202,966 kWh of solar energy during FY2024, and sold 24,205 kWh.
HLCB	- Moderating air-conditioning use within business premises. - Upgrading to LED tubes in Plaza Zurich.



ANNUAL ENERGY CONSUMPTION (kWh)

● HLFH ● HLB (Malaysian Operations) ● HLB (Regional Operations) ● HLA ● HLCB

FY2024



FY2023



FY2022



Restated for HLA.

* FY2022 and FY2023 restated to include all branches. Previous reported data only covered PJ City (Tower B).

Sustainability Statement



MANAGING OUR ENVIRONMENTAL FOOTPRINT

WATER CONSUMPTION

The Group is dedicated to reducing and optimising water usage throughout its operations, without compromising the safety, comfort and reliability of the Group's workforce and operations. Our ongoing efforts include closely monitoring water consumption metrics and implementing responsible water management practices. Additionally, we are exploring opportunities to adopt water-saving measures, such as HLA's consideration of rainwater harvesting systems.

The rise in water consumption during FY2024 was due to a major cleaning exercise on our water tanks at the basement, Level 3 and rooftop of Hong Leong Tower, which incurred a high water use footprint. For PJ City (Tower A), the main reason for the increase in water usage was a faulty water meter, which led to water usage not being recorded accurately.



ANNUAL WATER CONSUMPTION (M³)

● HLFG ● HLB ● HLA ● HLCB

FY2024



FY2023



FY2022



Restated for HLB and HLA

* FY2022 and FY2023 restated for HLB to include all branches. Figures for branches are based on best estimation basis. Previous reported data only covered Hong Leong Tower and PJ City (Tower A). HLB is working towards enhancing calculation for water consumption for all HLB branches in Malaysia.

** FY2022 and FY2023 restated for HLA to include Menara Raja Laut and Wisma Hong Leong. Previous reported data only covered PJ City (Tower B). Expansion of reporting in FY2024 to include all branches.

PAPER CONSUMPTION

The Group recognises the importance of reducing paper usage, given its significant role in the operations of financial institutions. By streamlining operations and adopting digital innovations, we aim to minimise paper consumption. Our operating companies are increasingly using e-policies, statements, receipts, and reports to decrease the need for printed copies. These efforts are intended to lower the total paper usage across our operations, yielding benefits such as reduced operating costs, faster and more convenient communication, and an improved environmental footprint.

Additionally, HLB and HLA have implemented recycling programmes to maximise paper recycling. In FY2024, HLB recycled 19,069 kg of paper at their Hong Leong Tower and PJ City Tower A buildings, marking a 7.8% increase from the previous year, while HLA recycled 1,521 kg of paper. Meanwhile, HLCB commenced a recycling bin project in February 2024, which also contributed to greater recycling of paper waste.

Sustainability Statement



ANNUAL PAPER CONSUMPTION (KG)

FY2024

● HLFG ● HLB ● HLA ● HLCB



FY2023



FY2022



Restated for HLB

* FY2022 and FY2023 restated for HLB in kilograms (kg) from reams. HLB's Paper Consumption covers only Malaysian operations and is tracked through Total Office Paper Purchased (in reams).

** Expansion of reporting boundary in FY2024 for HLA to include paper consumption of all branches. FY2023 and FY2022 only covers paper consumption for PJ City (Tower B).

WASTE MANAGEMENT

The Group is collectively collaborating to seek solutions for enhancing our collection on waste data. We are seeking to streamline our definition and categorisation of waste data across the Group. With a strong emphasis on recycling, we aim to recycle the vast majority of all paper, plastic and metal waste we produce, with a growing focus on recycling e-waste as well.

HONG LEONG BANK BERHAD

Guided by its Environmental Policy on Energy, Water and Waste Management, HLB has continued to undertake responsible recycling of waste across its operations, resulting in 19.14 tonnes of waste diverted from disposal over the past financial year.

Type of Waste	Amount Recycled in FY2024 (tonnes)
Paper	19.06
Plastic and Cans	0.08

* As wet waste tracking only commenced in March 2024, this total covers the period of March 2024 to June 2024 only.

HLB has also commenced the monthly calculation of wet waste (waste to disposal) across Hong Leong Tower and PJ City (Tower A), and will continue to track this metric in order to deliver a stronger basis for year-on-year comparison in future.

Waste diverted to disposal in FY2024 (tonnes)*

Hong Leong Tower

11.294

PJ City (Tower A)

7.451

HONG LEONG ASSURANCE BERHAD

Supported by concerted recycling efforts, HLA diverted a total of 3.483 tonnes of waste from disposal during FY2024.

Type of Waste	E-waste	Paper	Plastics	Metals	Carton
Amount Recycled in FY2024 (tonnes)	0.72	1.52	0.05	0.02	1.18

HONG LEONG CAPITAL BERHAD

In FY2024, HLCB expanded its waste management initiatives by launching the Recycling Bin project, enabling employees to proactively contribute to responsible waste practices. HLCB has also engaged HP to provide e-waste recycling services to ensure the proper collection, recycling and disposal of e-waste, particularly toners and cartridges.

In FY2024, HLCB successfully recycled 100% of its electronic waste, amounting to 147.5 KG (0.1475 TONNES)

Sustainability Statement



BUILDING CLIMATE RESILIENCE

WHY IT MATTERS

Recognising the risks and opportunities of climate change, we are mitigating climate-related risks by working towards enhancing our management of climate-related risks and opportunities, as well as improving our climate-related disclosures leveraging guidance from BNM's Task Force on Climate-related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions, in line with Bursa Malaysia's Sustainability Reporting Guide and in compliance with BNM's Climate Risk Management and Scenario Analysis ("CRMSA") and Climate Change and Principle-based Taxonomy ("CCPT").

OUR APPROACH

Guided by our Group-wide Net Zero by 2050 commitment, our operating companies are strengthening their climate risk management practices, this being embedded within their respective risk management frameworks. This covers the development of climate risk management tools and capabilities, guiding policies to manage climate-related risks, climate-related disclosures and the implementation progress in fulfilling the CRMSA, CRST and CCPT requirements among the operating companies. These areas, along with active climate conversations and engagements, serve to drive unified climate action and resilience across the Group.

BUILDING AND REFINING OUR SUITE OF CLIMATE RISK MANAGEMENT TOOLS

Climate risk tool and assessment	Description	Reference
Climate scenario analysis ("CSA")	• Physical risk scenario analysis. Our operating companies apply the Centennial (1-in-100 year) Flood Risk Map modelled from DID's⁸ flood data for acute physical risk scenario analysis. • Transition risk scenario analysis. Our operating companies apply the three NGFS Scenarios⁹ to assess potential transition risk impacts to their respective portfolios, as follows: - Orderly Scenario (Net Zero 2050) assumes early, stringent climate policies and green technology breakthroughs, limiting global warming to 1.5°C. - Disorderly Scenario (Divergent Net Zero 2050) assumes diverging paths in policy implementation and solutions across sectors and countries, limiting global warming to 1.5°C. - Hot House World Scenario (NDCs) assumes pledged targets under the Paris Agreement are met but policy measures remain inadequate, leading to a 2.6°C. rise in temperatures.	IPCC, NGFS (Sept. 2022), BNM CRST Methodology Paper (Feb. 2024) ("CRST MP")
Flood risk map	• Covers the flood risk assessment of our operations based on sea level rise and flood risk area.	Climate data from DID, NAHRIM ⁸ , Climate Central etc.
ESG Due Diligence	• Acts as a climate risk screening tool to determine our high E&S sectors and clients. • Refer to ESG Risk Assessment section for further details.	BNM CCPT
Vendor Due Diligence	• Acts as a vendor assessment tool to evaluate against the E&S criteria as part of the procurement process. • Refer to Sustainable Supply Chain section for further details.	
Risk dashboard	• Covers the reporting of sustainability and climate metrics as well as tracking and progress of performance targets.	

⁸ DID denotes Department of Irrigation and Drainage, NAHRIM denotes National Water Research Institute of Malaysia.

⁹ NGFS scenarios assume availability of Carbon Dioxide Removal ("CDR") technologies as a key driver.

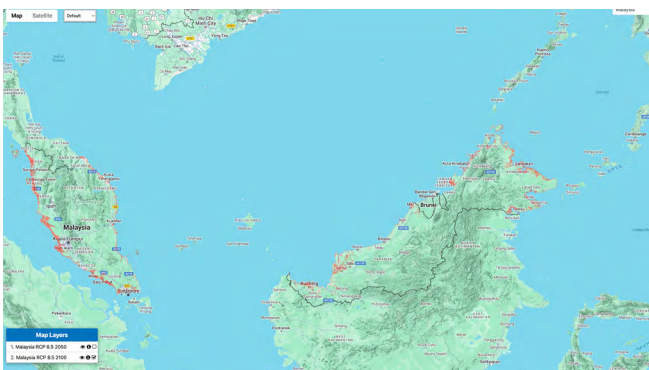
Sustainability Statement

ADVANCING THE GROUP'S CAPABILITIES IN CLIMATE SCENARIO ANALYSIS AND STRESS TESTING

Climate scenario analysis ("CSA") and stress testing are key tools among our operating companies to assess climate-related risks and opportunities, and meet evolving regulatory expectations. A substantial portion of the Group's credit risk exposure arise from HLB's loan asset portfolio with climate change potentially having material impact on the creditworthiness of customers and existing credit conditions.

To date, our operating companies have conducted physical risk analyses to determine the proportion of its operations (i.e. offices and branches) that are vulnerable to flooding. Notably, HLB has developed a CSA model using climate data from government agencies such as DID and NAHRIM to project flood inundation levels. For a 1-in-100-year flood event (i.e. centennial flooding), the Bank has further performed geotagging of its Business and Corporate Banking ("BCB") and Personal Financial Services ("PFS") assets located across Malaysia to identify assets at risk. HLB is currently enhancing its flood map to increase the granularity of climate analysis and align with the CRST requirements. This extends to:

- Augmenting the quantification of financial risks and impact to portfolios
- Integrating appropriate macroeconomic variables ("MEVs") and parameters into climate models
- Extending flood risk assessment based on 1-in-200-year flood event (in reference to IPCC Representative Concentration Pathway ("RCP") 8.5 scenario).

Coastal Flooding Risk Map under RCP 8.5 in year 2100 by NAHRIM

Since FY2022, the Bank has also conducted CSA exercise to assess higher E&S risk corporate customers using the Herfindahl-Hirschmann Index ("HHI") to quantify ESG concentration risk. This assessment informs stress test parameters and assumptions for additional provisions under our regulatory stress testing. These CSA exercises are essential for managing climate-related financial risks within our broader risk management framework.

Highlights on ongoing climate-risk related initiatives and progress described below:

Enhancing climate-related risk capabilities

- **CRMSA Progress:** With the ongoing implementation roadmaps, our operating companies have made substantial progress in meeting the CRMSA requirements.
- **Physical risk assessment:** HLB, HLCB and HLA have performed asset location and mapping, and assessed their respective exposure of operations to flood risks.
- **ESG due diligence:** HLB, HLCB and HLA have also conducted portfolio-level analysis based on the CCPT requirements and incorporated enhancements based on the standardised CCPT IG Due Diligence Questions ("DDQ").
- **Climate scenario analysis:** HLB has adopted NGFS scenarios and acute physical risk scenario within its stress testing exercise whilst HLCB and HLA are in the midst of integrating climate scenarios within their stress testing practices.
- **Capacity building:** Scenario Analysis workshops, involving all relevant departments within HLA, were conducted by an external consultant on 20 and 27 September 2023.



Sustainability Statement



BUILDING CLIMATE RESILIENCE

Strengthening climate strategy and governance

- **Strategy and governance:** HLA has established its Sustainability Committee to assist the Board in overseeing sustainability and climate risk matters. Additionally, HLCB has established a Sustainability Risk Unit (“SRU”) within the Risk Management Department, and implemented its Board Policy on Sustainability Risk in October 2023.
- **Risk appetite statement (“RAS”):** HLB and HLA have incorporated climate-related RAS since FY2023 with HLCB establishing its qualitative climate-related RAS in July 2023.
 - **HLB:** Quantitative RAS approved in July 2023.
 - **HLA:** Qualitative RAS approved in October 2023.
 - **HLCB:** Qualitative RAS approved in July 2023.

Galvanising climate action

- **Remuneration-linked performance:** HLB has incorporated ESG considerations within its performance indicators with selected senior management’s performance linked to sustainability and climate-related targets and strategy. Similarly, key result areas (“KRAs”) of HLB’s SC and SWC members are linked to sustainability and climate-related non-financial performance targets.

Raising internal competencies

- **Industry participation:** HLB, HLCB and HLA continue to actively participate in industry implementation groups (with representatives appointed for BNM JC3 and CCPT Implementation Groups) to address climate-related gaps, whilst keeping abreast of sustainability and climate-related risks.

Engaging the community

- **Knowledge-sharing:** Since its inception in FY2021, HLB has organised 11 Sustainability Roundtables to date, promoting ESG awareness and driving change through open, expert-led dialogues. In May 2024, the Bank launched its inaugural HLB ESG Readiness Programme in collaboration with PwC and Thoughts in Gear, designed to equip customers with valuable ESG insights, transition strategies and disclosure best practices.
- **Green transition:** HLCB increased efforts to encourage clients to adopt strong internal ESG policies and practices that meet industry standards, while supporting clients in establishing their sustainability frameworks.
- **Responsible investment practices:** In FY2024, HLAM supported and participated in the Southeast Asia Climate Investment Summit (“SEACIS”) 2024, a pivotal event aimed at tackling climate change and advocating for responsible investment practices throughout Southeast Asia.

Driving carbon offsets

- **Mangrove restoration project:** HLB has collaborated with the Malaysian Nature Society to plant 50,000 mangrove trees in Kuala Selangor, facilitating the potential removal of more than 1,200 tCO₂e from the atmosphere over the next 20 years.
- **Renewable energy certificates (“RECs”):** HLB has secured two year’s worth of Bursa Carbon Exchange RECs, which have been earmarked for future redemption as an option to offset the Bank’s Scope 2 emissions.

Sustainability Statement

HONG LEONG BANK BERHAD

Climate Risk Management Analysis Initiatives

- Adopting HLB's Sustainable Finance Framework ("SFF") that will act as a guideline to determine the eligibility criteria and use of proceeds for sustainable finance products or instruments issued by the Bank.
- Expanding climate risk management capabilities through expansion of climate models.

HONG LEONG ASSURANCE BERHAD

Initiatives for Reduction of Scope 1 and 2 Emissions

HLA is undertaking holistic initiatives to reduce its Scope 1 and Scope 2 emissions, including by:

- Adopting technologies and processes to improve energy efficiency within its premises, such as
 - upgrading to LED lights;
 - enhancing chiller efficiency; and
 - switching off appliances and electronics at night.
- Transitioning company vehicles to EVs, hybrids or more fuel-efficient alternatives.
- Exploring the feasibility of utilising solar energy across all HLA-owned buildings, with solar panels thus far installed at Bukit Mertajam and PJ City (Tower B).
- Inspecting equipment and monitoring lighting efficiency.

HONG LEONG CAPITAL BERHAD

Climate Risk Management Analysis Initiatives

- Evaluating how climate risk drivers transition into financial risks and their impact on HLCB.
- Refining data collection and metrics, while developing tools for tracking and measuring climate risk.
- Quantifying climate risks by December 2024, with FY2024 as the baseline.
- Enhancing Risk Reports with climate-related risk analysis.
- Establishing a quantitative climate-related RAS by December 2024.
- Defining climate-related indicators, limits, and thresholds across various metrics by December 2024.
- Developing and analysing the impact of climate-related scenarios based on globally recognised sources.

Sustainability Statement



PILLAR 2 : SOCIALLY RESPONSIBLE BUSINESS



Good Governance & Ethical Business Conduct



Sound Risk Management & Compliance



ESG Integration into Financial Products



Fair Treatment of Financial Consumers



Sustainable Supply Chain



Human & Labour Rights



GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

WHY IT MATTERS

Upholding ethics and integrity is essential to our reputation, consumer trust and risk management. By promoting professionalism, prohibiting all forms of bribery and corruption, and supporting whistleblowing, we lay the groundwork for sustainable growth. The Group remains dedicated to responsible business practices, backed by strong internal controls and risk management, to ensure lasting value and trusted partnerships with all stakeholders.

OUR APPROACH

UPHOLDING INTEGRITY AND COMPLIANCE

HLFG is dedicated to maintaining the highest standards of ethics and integrity in business conduct, which is essential for the sustainability of our businesses and maintaining stakeholder loyalty. We have implemented a comprehensive set of policies, procedures and controls to guide employee behaviour and prevent unlawful activities such as money laundering, terrorism financing, bribery and corruption.

To ensure consistent high standards across all business dealings, we have established a Group Compliance Framework, overseen by the BARMC, to monitor regulatory compliance. This framework aims to build a strong compliance culture, helping employees understand their responsibilities and manage compliance risks while adhering to evolving legal and regulatory requirements.

THE GROUP'S CODE OF CONDUCT & ETHICS

Our Group-wide Code of Conduct and Ethics¹⁰ ("Code") defines the standards of professional conduct and ethics required of all our employees, subsidiaries, associate companies as well as third-party service providers, including but not limited to vendors, suppliers and contractors. Bearing the Code, HLFG and its operating companies are committed to a high standard of professionalism and ethics in the conduct of our business and professional activities. We require all employees to perform their annual attestation in adherence to the Code.

¹⁰ For more details, refer to the Code available on our [site](#).

Sustainability Statement



GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

The Code is pillared on 7 key principles as outlined below:

7 Principles to the Group's Code of Conduct & Ethics

Principle 1: Competence

Ensuring our employees possess and maintain the skills and knowledge needed to perform their roles in accordance with the standards required by the Group to meet its legal, compliance and regulatory obligations.

Principle 2: Compliance

Ensuring our employees fully understand and comply with all applicable laws, regulations and statutory requirements.

Principle 3: Integrity

Upholding high standards of business conduct and strict anti-corruption stance, while maintaining integrity of the Group's information, assets, property and finances, and encouraging the reporting of non-compliance.

Principle 4: Consumer Protection

Guidelines for acting responsibly and transparently in our business practices, treating all colleagues, stakeholders, customers and business partners with respect and considering the impact of decisions and actions on them.

Principle 5: Confidentiality

Stringent rules to protect confidential information and prevent misuse of information, alongside guidelines for appropriate corporate communication authorisation and social media utilisation.

Principle 6: Objectivity

Rules and controls to mitigate conflicts of interest, misuse of position and acceptance of gifts or entertainment, ensuring no bias or undue influence impacts our employees' decisions and judgments.

Principle 7: Work Environment

Sets forth our commitments to ensure a safe, diverse and inclusive workplace with zero tolerance for any form of discrimination, harassment (including sexual harassment) or intimidation, while ensuring our business practices are mindful, socially responsible and sustainable.

ROBUST GROUP-WIDE POLICIES

To promote good corporate governance, all operating companies have enacted key compliance policies to ensure responsible business conduct. Additionally, we have established channels for reporting actual or suspected cases of non-compliance.

Our Operating
Companies' Primary
Policies Governing
Business Conduct



Code of Conduct and Ethics



Anti-Bribery and Corruption ("ABC") Policy



Personal Data Protection Policy



Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions ("AML, CFT, CPF & TFS")



Whistleblowing Policy

Sustainability Statement



GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

TRAINING AND ENGAGEMENT

Our operating companies actively engage and train employees on anti-corruption guidelines, ensuring that our workforce remains fully aware of our zero-tolerance stance against unethical behaviour.

FY2024 PERFORMANCE DATA

Across the Group and its key operating companies, 99% of all employees received anti-corruption training during FY2024. There were zero incidents related to corruption reported during the year.

Anti-Corruption	C1(a),(b),(c)				
	HLFG	HLB	HLA	HLCB	Group Consolidated
Percentage of employees who received anti-corruption training	89%	100%	90%	89%	99%
Percentage of operations assessed for corruption risk	100%	100%	100%	100%	100%
Confirmed or reported incidents of corruption	0	0	0	0	0



ESG INTEGRATION INTO FINANCIAL PRODUCTS

WHY IT MATTERS

Tackling climate change is a global imperative. As a financial group whose banking operations span across regional markets with investments across local and global capital markets, it is critical for us to drive climate action and deliver meaningful impact by integrating ESG standards within our products and practices. By doing so, we are able to support a just, orderly and equitable transition to more sustainable business and operating models for both the Group and our customers.

OUR APPROACH

ESG considerations have become increasingly rooted in the way we innovate, deliver and communicate our products and services. Guided by the principles of ESG, sustainability, value-based-intermediation ("VBI"), and Sustainable and Responsible Investment ("SRI"), our operating companies strive to deliver green and sustainable solutions whilst supporting climate mitigation and adaptation journeys of customers. The ESG Due Diligence covered in the Risk Management section further supports this.

At HLFG, we are dedicated to enhancing our capabilities and assisting our operating companies in their shift towards sustainable and inclusive growth. Our Sustainability Committee will play a key role in overseeing the performance of all operating companies in greening their portfolios, ensuring alignment with BNM's Climate Change and Principle-based Taxonomy ("CCPT") framework and contributing to the promotion of inclusive and sustainable finance within Malaysia.

Sustainability Statement



ESG INTEGRATION INTO FINANCIAL PRODUCTS

SUPPORTING SUSTAINABLE TRANSITIONS THROUGH PRODUCT AND SERVICES

Supporting the nation's transition to a low-carbon economy, our operating companies have expanded their respective financing and investment portfolios to deliver more climate-focused solutions as illustrated below.

The Group's ESG Products and Services

Green Financing	ESG/Sustainability Financing	Solar Plus Financing
	Green Mortgage and Affordable Property Financing	Green Car Financing
Sustainable and Responsible Investing	Green Securities: Green Bond/Green Debt Financing	
	Private Retirement Scheme* ("PRS")	
	Global ESG Funds*	
ESG Investment Research	ESG Research Snapshot	

* Includes conventional and Shariah-compliant products

(1) Supporting renewable energy uptake through HLB and HLCB

Renewable energy ("RE") financing under HLB and HLIB supports businesses in their transition to cleaner energy sources including solar, hydro power and bioenergy. Having set a 5-year RM500 million target in RE financing in 2019, HLB has exceeded this target and approved RM3.5 billion in RE financing as of end-FY2024. This achievement highlights our contribution in support of our customers' decarbonisation efforts and the 31% RE of installed capacity target set within the NETR by 2030. HLB's efforts were recognised with the Runner Up Special Award for Renewable Energy Financing by a Domestic Bank at the National Energy Awards 2023.

In FY2024, HLB has cumulatively approved RE financing up to

**RM3.52
BILLION**

Successfully completed

RM1.78 BILLION

in advisory works for ESG/Sustainability financing in FY2024

On the capital markets front, HLCB's advisory works in ESG/Sustainability financing has garnered much traction. In FY2024, HLIB completed five ESG/sustainability related financing transactions with total issuances of RM1.78 billion, which also included the issuance of a Climate Bonds Initiatives-qualified solar power Sukuk, marking the deal as the first issuance of its kind in Malaysia and the world.

FY2024, HLCB increased its investments in Bakun Hydro's sukuk from

**RM25 TO
RM40 MILLION**

With ongoing efforts to grow HLCB's ESG-linked portfolios, the operating company continues to expand investments in green bonds, particularly in the green energy sector. Notably through HLIB, HLCB increased its investment in Bakun Hydro Power Generation Sdn. Bhd's. ("Bakun Hydro") sukuk from RM25 million to RM40 million. The sukuk is linked to Southeast Asia's largest hydropower plant.

Sustainability Statement



ESG INTEGRATION INTO FINANCIAL PRODUCTS

(2) Mobilising green bonds through HLB and HLCB

Adequate funding for green and sustainable projects is necessary to propel Malaysia to reach its sustainability goals. HLB has had active market participation in green bond issuance/deals and green debt financing since the launch of its Green Bond Framework in FY2022. This has led to the issuance of landmark bonds by Cagamas Berhad to fund green housing (i.e. RM300 million¹¹), and Exio Logistics Sdn. Bhd to fund a green building-certified logistics hub (i.e. RM350 million) in FY2024.

In May 2024, HLIB undertook a similar route to release its own Green Bond Framework. The Green Bond Frameworks under HLB and HLIB are developed in accordance with the ASEAN Green Bond Standards (“ASEAN GBS”) issued by the ASEAN Capital Markets Forum and the Green Bond Principles (“GBP”) issued by the International Capital Market Association (“ICMA”) – as validated by RAM.

On 13 June 2024, HLIB issued RM100 million nominal value of green subordinated notes out of its RM1.0 billion Tier-2 Multi-Currency Sub-Notes programme.

Over the past year, HLB's Green Bond portfolio has grown in outstanding balance from RM1.5 billion in FY2023 to over

RM2.5 BILLION
in FY2024.

HLCB has increased its green bonds and sukuk by

>2X TO RM165 MILLION
as at end-June 2024.

GREEN BOND ISSUANCE as of June 30, 2024 for HLB and HLIB

Issuer	Amount Issued* (RM'Million)	Issue Date	Maturity Date	Rating	Type
HLB	900 ¹¹	2022-04-29	Perpetual	A1 (RAM)	Green
HLIB	100	2024-06-13	2034-06-13	AA1 (RAM)	Green

* nominal value

¹¹ HLIB as Principal Adviser.

Notes: The table above includes bonds issued from and after April 2022, under HLB's Green Bond Framework, and from and after May 2024, under HLIB's Green Bond Framework.

GREEN BOND PORTFOLIO as of June 30, 2024 for HLB

Eligible Assets/Projects	FY2023	FY2024	YoY Growth (%)
	Outstanding Balance (RM'Million)	Outstanding Balance (RM'Million)	
Renewable Energy	261.1	430.6	64.9
Green Building	863.0	1,267	46.8
Sustainable Transportation	412.8	796.3	92.9
TOTAL	1,536.9	2,493.9	

Notes: Eligible Assets/Projects include the five categories of Renewable Energy, Energy Efficiency, Green Building, Waste Management and Sustainable Transportation. For expected impact of funded Eligible Assets/Projects, refer to HLB Sustainability Report FY2024.

Sustainability Statement

(3) Driving Electric Vehicle (“EV”) Adoption

Supporting our transition to Net Zero, HLB’s Green Car Financing initiative aims to increase access to financing for battery electric vehicles (“BEV”), hybrid electric vehicles (“HEV”), and plug-in hybrid electric vehicles (“PHEV”). Besides offering competitive financing rates, HLB has built strong partnerships with EV manufacturers and distributors, and actively educates potential customers on the benefits of switching to EVs.

HLB’s outstanding green car loans

RM1.2 BILLION

to date, surpassing the FY2024 target of

RM960 MILLION.

(4) Empowering Green Developments

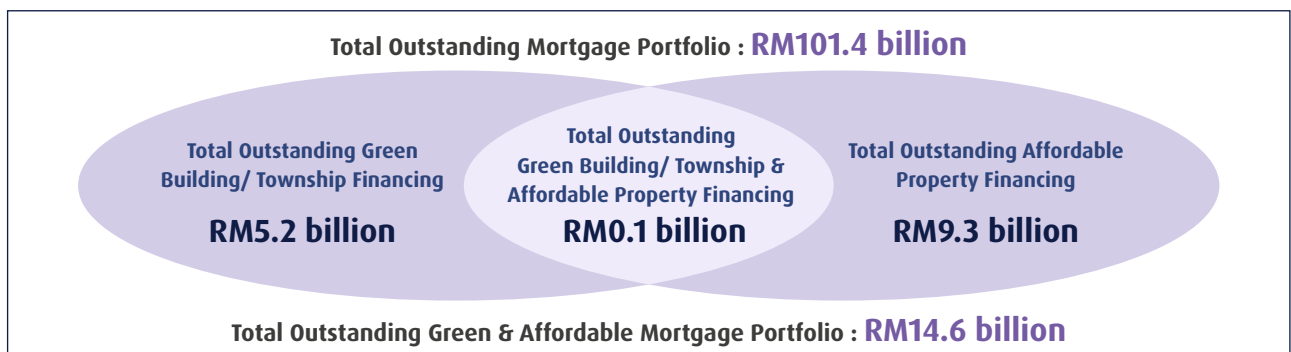
Guided by its Developer End Financing Policy, HLB is steadily growing the proportion of green buildings, green townships, and affordable properties within its mortgage portfolio with a target of RM14.4 billion in total outstanding. The Policy underscores the Bank’s commitment in supporting property developers to undertake projects that emphasise environmental and social value creation. HLB encourages developers to integrate ESG considerations by offering financing packages and expediting approvals for those with low ESG risk profiles. The Bank also assists developers who fall short of the Green Developer benchmark to improve their ESG risk profiles.

In FY2024, we assessed approximately 900 projects under the ESG Assessment for green buildings/ townships, applying the green building criteria as outlined within the Policy. To date, the Bank has successfully financed RM14.6 billion, equivalent to 14.4% of its RM101.4 billion mortgage portfolio.

As at end-FY2024,
green and affordable
developments
represent

14.4%

of HLB’s entire
mortgage portfolio.

**(5) Promoting Sustainable and Responsible Investing Among Investors**

HLCB, through its asset management arm, HLAM, manages global ESG funds and PRS funds as follows:

Hong Leong Global ESG Fund
("HLGESGF")

Hong Leong Global Shariah ESG
Fund ("HLGESGF")

7 Private Retirement Schemes
("PRS")

In FY2024, HLCB increased its green bond and sukuk holdings by

120% TO RM165 MILLION,

with ESG Research Snapshot developed for 96% of KLCI constituents under our coverage.

HLGESGF and HLGESGF funds are catered to ESG-conscious investors, enabling investments into a globally diversified portfolio of sustainable companies. To promote HLGESGF, HLAM launched a 4-month digital marketing campaign. Both funds have received favourable response from clients and recorded 100% AUM growth in FY2024. In efforts to bolster sustainable investing practices, HLCB’s stockbroking has also strengthened its ESG research capabilities by including ESG Research Snapshots for the majority of FBMKLCI stocks under coverage.

Sustainability Statement



FAIR TREATMENT OF FINANCIAL CONSUMERS

WHY IT MATTERS

Our commitment to fair dealing is at the core of our business practices, ensuring that we maintain trust and transparency with our customers. By prioritising integrity and ethics within our customer services and interactions, we not only build long-term satisfaction and loyalty but also foster a responsible financial ecosystem that strengthens our reputation as a trusted financial institution.

OUR APPROACH

We are committed to acting in the best interest of the Group and our customers. We adopt a two-prong approach to consistently uphold fair treatment standards and practices across our operating companies based on the core principles under BNM's Fair Treatment of Financial Consumers ("FTFC") Policy Document¹². We ensure transparency, responsible and professional conduct when engaging with customers.

(1) Practising a customer-centric culture

Customer success forms part of the Group's DNA. Through our consumer-centric approach, we reinforce our corporate culture to consistently meet our customers' financial and protection needs. We embed ourselves within our customers' financial journey end-to-end, delivering a full suite of financial services, seamlessly integrated across digital and physical channels. Across the Group, we continue to leverage customer insights and analytics, and strengthen customer relationships with the provision of value-added services and personalised banking solutions.

(2) Preserving trust through fair dealing practices

In our pursuit of sustainable practices, the Group emphasises fair dealing as a core aspect of our business operations. We aim to build unwavering consumer confidence, lasting loyalty and customer stickiness for our continued growth. Guided by our Code and commitment to regulatory compliance, we have the necessary policies and guidelines in place to govern the integrity and quality of our products and services as well as manage conduct risk among our employees. Employees in operating companies undergo mandatory FTFC training during onboarding and are expected to emulate our fair dealing principles. The Group is also dedicated to offering equitable products tailored to meet consumer needs through responsible marketing practices. Our endeavours in fair dealing are outlined within the guiding policies below.

Our Operating Companies' Primary Policies Ensuring Consumer Protection



Code of Conduct and Ethics



Product Transparency and Disclosure Policy



Client Charter



Product Risk Approval Policy



Complaint Handling Procedures

(3) Regulating capital market and distribution activities

More closely for HLCB, employees engaged in regulated activities are required to hold a Capital Markets Services Representative's Licence ("CMSRL") from SC Malaysia. Additionally, our UTCs and PRCs involved in the marketing and distribution of unit trusts and PRS funds respectively are required to be registered with the Federation of Investment Managers Malaysia ("FIMM").

(4) Empowering our agency force

At HLA, our agents play a crucial role as trusted and dedicated partners to our customers. We strive to achieve operational excellence with our agents, ensuring customers' well-being are protected and insured whilst providing superior service at all times. In November 2023, HLA honoured its 1,058 top leaders and agents at its Annual Awards Presentation ("AAP") 2023 in their contribution to uphold HLA as one of the leading domestic life insurer in Malaysia. In FY2024, HLA achieved solid performance with RM3.1 billion in total gross premium.

¹² In March 2024, BNM updated its FTFC Policy to include fair treatment of vulnerable customers.

Sustainability Statement



SUSTAINABLE SUPPLY CHAIN

WHY IT MATTERS

Recognising the importance of transparency, ethics, and fairness in our procurement process and business conduct, we have enacted stringent policies to support a fair, transparent and ESG-centric procurement framework. By practising responsible sourcing, enhancing supplier oversight and supporting local vendors, we advance our sustainability objectives while ensuring long-term value for our stakeholders and the communities in which we operate.

OUR APPROACH

PRACTICING RESPONSIBLE PROCUREMENT

The Group and its operating companies are committed to ensuring transparency and fairness in our procurement process with the aim of promoting environmental and social stewardship across our supply chain. Aligning with the Group's Anti-Bribery and Corruption ("ABC") Policy, we expect suppliers and vendors to adhere to our zero tolerance stance against bribery and corruption. To ensure supplier integrity, we conduct due diligence, including background checks and document verification, before entering into formal relationships with vendors and periodically thereafter.

SUPPLIER ESG ASSESSMENTS

To enhance oversight of suppliers' ESG practices, HLFG, HLB, and HLCB have integrated ESG considerations into supplier and vendor selections for their procurement and outsourcing processes, while HLA plans to implement similar initiatives.



PRESERVING ETHICAL CONDUCT

In alignment with the Group's Anti-Bribery and Corruption ("ABC") Policy, we expect suppliers and vendors to comply with our zero-tolerance stance against bribery and corruption. We conduct due diligence, including background checks and document verification, before establishing formal relationships with vendors and periodically thereafter to ensure supplier integrity.



SUPPORTING LOCAL PROCUREMENT

Engaging local suppliers is crucial to our ethical procurement policies, fostering a vibrant local business environment while ensuring a reliable and sustainable supply chain. Overseas suppliers may nevertheless be engaged for services unavailable locally.

Sustainability Statement



SUSTAINABLE SUPPLY CHAIN

At HLFGB and our operating entities, we adhere to our Procurement/Tender policy principles and procedures, which ensures proper governance and fair procurement, including due diligence, conflict of interest management, and approval requirements. These policies and procedures are regularly updated to reflect the latest guidelines on procurement and outsourcing processes.

Following the introduction of HLB's Vendor Sustainability Self-Assessment element into the policy in FY2021, the Bank has expanded this assessment to include all 99 Tier 1 vendors in FY2024 from the initial pilot assessment of 39 Tier 1 vendors. In FY2024, **71% of our Tier 1 vendors scored Best in Class**, up from 61.5% in the pilot assessment.

In July 2023, HLIB revised its Procurement Management Policy to incorporate stringent assessments of supplier management practices and policy adoption in areas such as **environmental performance, AML, CFT, CPF & TFS, human rights, cybersecurity and personal data protection**.

FY2024 PERFORMANCE DATA

Supply Chain Management					C7(a)
	HLFG	HLB	HLA	HLCB	Group Consolidated
Percentage of Suppliers That Are Based Locally	97%	91%	96.7%	94.0%	96%
Percentage of Total Spend on Local Suppliers	99.8%	94.6%	95.4%	90%	94.3%



Sustainability Statement



HUMAN & LABOUR RIGHTS

WHY IT MATTERS

Our Group policies and those of our operating companies emphasise our dedication to protecting and respecting human rights throughout our value chain and business operations.

OUR APPROACH

UPHOLDING RIGHTS AND EQUAL OPPORTUNITY

Adhering to the principles set forth by the United Nations Global Compact, we acknowledge our responsibility to uphold human and labour rights. Guided by a Group-wide Code of Conduct and Ethics (see 'Good Governance & Ethical Business Conduct' on page 70 for more details), alongside relevant policies implemented by our operating companies and their subsidiaries, we are resolute in treating all employees with the utmost respect and ensuring equal opportunities for their professional advancement.

Diversity, inclusion, and anti-harassment principles are integral to our operating companies' Code of Conduct and Ethics. Across the Group, we embrace individuals from diverse backgrounds and origins. Discrimination of any form, whether based on race, nationality, citizenship status, religion, age, gender, pregnancy, marital status, or physical disability, is strictly prohibited.

We recognise the importance of diversity in leadership and have adopted a Board Diversity Policy to enhance the collective skills, perspectives and strengths of the Board. The Board will set appropriate diversity targets, including gender balance, and will take necessary measures to meet these targets as needed. In doing so, the Board aims to maintain diversity in line with SC's Malaysian Code on Corporate Governance.

PRESERVING RESPECTFUL WORKPLACES

We are committed to fostering a respectful and safe environment, where all employees, customers, and business partners are treated with dignity and equality. Harassment or any form of inappropriate conduct, including unwelcome jokes, threats, physical contact, derogatory comments, teasing, bullying, intimidation, or any offensive or abusive language or actions, is not tolerated at all times.

We expect our supply chain to adhere to similarly high standards, and undertake oversight of their management of issues related to human rights, such as discrimination, harassment and equal opportunity. The Group and its operating companies have included ESG criteria in the assessments of new suppliers, with periodic checks undertaken thereafter to monitor ongoing compliance.

In FY2024, there were

ZERO grievances or incidents reported related to harassment, bullying or discrimination.

ZERO record of human rights violation across the Group.



Sustainability Statement



PILLAR 3 : COMMUNITY INVESTMENT



Supporting Social Enterprises and Communities



Financial Inclusion & Literacy



SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

WHY IT MATTERS

We are dedicated to creating shared value for all stakeholders, including the broader communities where we operate. Across the Group, we are enhancing our community engagement to make meaningful environmental and social contributions, notably through support for socially responsible enterprises and environmental conservation efforts. By leveraging our resources to empower communities, we enhance our reputation while fostering progress towards sustainable development goals.

OUR APPROACH

AMPLIFYING OUTCOMES THROUGH COLLECTIVE ACTION

Our operating companies choose their strategic partners for community outreach with care, focusing on those with strong social and environmental goals. This approach enables us to work with organisations that align with our values, enhancing the positive impact we can achieve together. Our employees are crucial to these efforts, actively engaging in the Group's initiatives to support local communities throughout the year.

HLFG's Community Engagement



Supporting the Underprivileged

Throughout the year, the Group launched several initiatives to assist underprivileged communities. These included a Chinese New Year KFC Meals Donation as part of the HLB-HLFG Employee CSR Program, a HLB-HLFG Pre-Loved Denim Clothes & Books Donation Drive organised in collaboration with social enterprises SURI and FINCO, and a CSR Soup Kitchen Initiative, where staff volunteered to support those in need.



Tree Planting and Hiking Trail Maintenance

14 volunteers from HLF took part in trail maintenance to encourage local community use of the Pulau trail as a hiking destination, promoting appreciation for urban biodiversity and conservation. This environmental initiative aims to raise awareness of the importance of reducing carbon emissions and preserving the environment for future generations' enjoyment.

Sustainability Statement



SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

HLB's Community Engagement

HLB Jumpstart

The HLB Jumpstart programme assists early-stage Malaysian startups and entrepreneurs focused on creating sustainable solutions, promoting innovation and addressing environmental issues. Currently, the programme supports seven social enterprises:

SURI: A fashion company that repurposes denim and provides opportunities for single mothers from underprivileged communities.

Green Hero: An online platform that sells surplus food at reasonable prices, reducing food waste and offering underprivileged communities access to affordable, nutritious food.

Coffee for Good: Trains and employs underserved youth as skilled coffee baristas, breaking down barriers to opportunities in the F&B industry.

The Asli Co: Trains mothers from indigenous communities in Malaysia to produce and sell modern handicrafts, enabling them to support their children's education.

Benak Raya: Develops rice-based products to preserve traditional Simanggang rice farming in Sarawak, uplifting the local Ibanese community.

Primus Wellness: Produces and sells herbal products while creating entrepreneurial and job opportunities for underprivileged and financially vulnerable communities.

Refiller Mobile: Provides home delivery for household goods via a zero-waste mobile store, reducing single-use plastic and promoting circularity.

In FY2024, the HLB CSR team organised the HLB Jumpstart 3.0 workshop, which included participation from the supported social enterprises and one NGO. The workshop provided upskilling and knowledge in areas such as Microsoft Excel, ESG, digital marketing and social media branding.

Employee Volunteerism

Through the HLB Employee CSR Programme, the Bank's employees invest their time and resources to support welfare homes nationwide during festive seasons, such as Chinese New Year, Hari Raya and Deepavali, and take part in various other volunteering efforts. In FY2024, employees contributed a total of 3,091 volunteer hours across various activities under the programme's five pillars: Environment, Food Security, Festive (Community), Financial Literacy and Social Enterprise.

In total, HLB invested

RM476,600 in local communities

during FY2024, collectively creating value in the lives of

9,013 direct beneficiaries and

1,535 indirect beneficiaries

HLA's Community Engagement

Run For A Better Tomorrow

With over 1,800 participants, HLA's charity run has raised RM30,000 for ROSE Foundation alongside Hong Leong MSIG Takaful and Hong Leong Foundation.

This run serves as a platform to bring the community together and create awareness to the public on the importance of living a healthy and active lifestyle for a sustainable future. Held in conjunction with the insurer's 50th Anniversary, runners came together to raise awareness in nurturing a culture of sustainability and quality of life cultivating ESG practices within the community.

HLA Denim & Books Donation Drive

In support of Hong Leong Bank's Denim & Book Drive, HLA staff donated 20 pairs of denim jeans to be upcycled by Suri Lifestyle, a social enterprise that empowers underprivileged single mothers. They also contributed 120 reading materials, including academic books, novels, and magazines, to students at SK Methodist Pelabuhan Klang as part of FINCO's education initiatives.

Raising Funds for the Underprivileged

HLA management and staff raised over RM12,000 in cash donations from 24 June to 5 July 2024 on behalf of Yayasan Food Bank Malaysia. This donation supported at least 100 underprivileged families in Malaysia who are currently facing economic hardships.

During FY2024, HLA contributed

RM21,000

to community projects, impacting 70 women in underprivileged communities

Sustainability Statement



SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

HLCB's Community Engagement

Supporting Local SMEs

Supporting local SMEs is a core emphasis of HLCB's community support initiatives, with deserving local enterprises engaged to provide goods and services during festive celebrations.

- For the Chinese New Year celebration in February 2024, 550 succulents worth RM4,505 were sourced from Little Eden Succulents, a local business that donates a portion of its annual profit to charitable organisations.
- Deliccia, a social enterprise employing urban poor housewives and single mothers, was engaged to cater the internal CNY celebration at a cost of RM5,736.
- During the FY2024 Raya celebration, HLCB engaged Seven Tea One, a non-profit that employs differently abled teens, urban housewives and single mothers, investing RM6,720 for their catering services.

Donation Drives

HLCB organised three donation drives during FY2024:

- In collaboration with HLB, 67 pieces of denim and 99 books were collected via a donation drive held in February 2024 to support underprivileged mothers and provide educational resources to underprivileged children and youth.
- Leveraging a Ramadan donation drive amongst HLAM and HLISAM staff, HLCB donated RM1,650 worth of breaking fast meals for 300 people to the PERTIWI Soup Kitchen charity for the homeless.
- Via a New Year's donation drive for two old folks' homes, the Pertubuhan Kebajikan Pusat Jagaan Sri Mesra at Ampang received a donation of RM1,500 in cash and RM300 in food and essential items, while Pusat Jagaan Siti Nor Aini at Kajang received a donation of RM1,500 in cash, alongside food and essential items, including a freezer.

FY2024 PERFORMANCE DATA

Community Empowerment					
	HLFG	HLB	HLA	HLCB	Group Consolidated
Total amount invested into community projects (RM)	910	476,600	21,000	24,725	523,235

Ramadan Dates Distribution

To support underprivileged and essential communities during Ramadan, HLCB distributed dates to suraus and old folks' homes from 17 to 28 March 2024. An investment of RM1,584 facilitated this initiative, reaching seven suraus and two old folks' homes.



Well Project 2024 Program

This project aimed to support the construction of a well to provide clean water to communities in Tanzania and Malawi, helping to uplift these underprivileged communities. A total of RM1,230 was raised by staff and HLAM collectively during May and June 2024, with a QR Code provided to staff to encourage convenient donations.

HLCB invested a total

RM24,725

in community programmes and initiatives during FY2024, impacting

30 BENEFICIARIES

Sustainability Statement



FINANCIAL INCLUSION & LITERACY

WHY IT MATTERS

As an integrated financial services group, we remain committed to deliver inclusive financial solutions, driven by technology and digitalisation. By placing emphasis on targeted financial inclusion and literacy initiatives, we aim to reduce inequalities and support national goals to bridge the financial rural-urban gap, contributing to long-term economic resilience for the nation.

HONG LEONG BANK BERHAD

DuitSmart Financial Literacy Workshops

Leveraging their DuitSmart platform launched in FY2021 to empower Malaysians with greater financial acumen, HLB conducted 73 DuitSmart workshops at primary and secondary schools, universities and community centres during FY2024, impacting nearly 8,000 beneficiaries. The Bank also organised a HLB DuitSmart Month to promote the platform, leading to the acquisition of 580 new bank customers.



HLB Jump Start – Micro Business

In the previous financial year, HLIB launched the HLB Jumpstart - Micro Business programme to provide financing for individuals with limited or no credit history, as well as aspiring entrepreneurs with low credit scores, giving underserved individuals the chance to start their own businesses.

Since HLB Jumpstart - Micro Business launched in 2022, we have onboarded **20 businesses** through MADCash and **22** through AlfieTech, disbursing over **RM100,000** in microloans

Talking ATMS

Aligned with the Bank's dedication to provide inclusive financial services, HLB pioneered talking automated teller machines ("ATMs") in Malaysia for the visually impaired community. These innovative ATMs feature braille keypads and headphone sockets, offering accessible banking with instructions in English, Malay or Mandarin.

As of FY2024, the network of HLB Talking ATMs comprises **17 machines** across West and East Malaysia.

HLB Pocket Connect for the Younger Generation

The Pocket Connect digital app is equipped with tools and functionalities that enhance financial literacy and skills for people aged under 18, encouraging parents to instil healthy financial habits in their children from an early age. During the year, the Bank recorded 36,801 HLB Pocket Connect sign-ups, issued 62,384 HLB/HLIB Junior Debit Cards and opened 99,368 new HLB 3-in-1 Junior Accounts.

Sustainability Statement



FINANCIAL INCLUSION & LITERACY

HONG LEONG ASSURANCE BERHAD

Cashless Facility for Outpatient Treatment

Driven by their customer-first vision, HLA has enhanced their customer experience by introducing a cashless facility for customers seeking outpatient treatments. In upgrading the previous reimbursement method, HLA provides a seamless payment experience at panel hospitals and eases the financial burden on policyholders. The move has also reduced documentation requirements during admission and claims, while enabling policyholders to conveniently track the status of their guarantee letter via the HLA360° application.

HONG LEONG CAPITAL BERHAD

Offering Opportunities for Sustainable Investment

Following the launch of Hong Leong Global ESG Fund ("HLGESGF") in FY2022, HLCB introduced its first Shariah-compliant ESG fund in FY2023, the Hong Leong Global Shariah ESG Fund ("HLGSESGF"). Providing medium to long-term capital growth through investment in a globally diversified portfolio of companies that adhere to ESG criteria, these funds enable our sustainability conscious customers to expand their portfolio in tandem with their commitments.

Expanding Access to Retirement Schemes

The Hong Leong Private Retirement Scheme ("PRS") was introduced in December 2022 to enhance accessibility to retirement fund solutions. Building on this, HLCB launched three new funds under its PRS to cater to customers seeking Islamic regulated solutions - the Hong Leong PRS Islamic Growth Fund, Hong Leong PRS Islamic Moderate Fund and Hong Leong PRS Islamic Conservative Fund.



Empowering Female Investors

HLAM organised an International Women's Day Campaign in FY2024 to promote retirement savings and investment among women, including the use of their EPF funds. With the goal of empowering women financially by enhancing their knowledge, skills and confidence to make informed investment decisions and achieve their financial objectives, the campaign attracted 34 participants and achieved net investment sales of RM354,700.

Enabling Shariah-compliant Trading

To promote an inclusive investment experience, HLeBroking's trading platform was upgraded to allow clients to trade in Shariah-compliant stocks. Clients with Shariah accounts can exclusively purchase stocks that comply with Shariah principles.

Sustainability Statement



PILLAR 4 : DIGITAL AT THE CORE



Digitalisation & Innovation



Customer Experience



Privacy, Data Protection & Cybersecurity



DIGITALISATION & INNOVATION

WHY IT MATTERS

In today's modern landscape, customers across our operating companies increasingly expect seamless and convenient banking experiences that offer accessibility anytime, anywhere. In line with our vision to be an integrated financial services group that consistently meets our customers' needs, innovation and the adoption of technological advancements remain pivotal in delivering our full suite of financial products. At the same time, we recognised the cybersecurity and data privacy risks inherent within the digital landscape and invested in maintaining robust safeguards across our operations.

OUR APPROACH

DELIVERING INNOVATIVE AND PERSONALISED DIGITAL SOLUTIONS

HONG LEONG BANK BERHAD

HLB remains at the forefront of the digital banking landscape, advancing Malaysia's cashless society goals through innovative digital branches and solutions that harness new technology to enhance customer user journeys and experiences.

FY2024 Initiatives to Enhance Digital Functionality



▶ Apply@HLB & HLB Wallet

Malaysia's first fully digital onboarding experience was enhanced with e-Know Your Customer ("eKYC") functionality for sole proprietors and a Pay&Save feature to simplify banking.



▶ HLB Connect Online

This one-stop digital banking platform introduced new mortgage and transaction services, backed by advanced security protocols. Key enhancements to safety features included the rollout of AppAuthorise and HLB Connect Code, which replaced SMS TAC for banking transfers and security settings respectively.

FY2024 Achievements

More than 27,200
new HLB Wallet accounts registered.

FY2024 Achievements

RM108.5 billion in retail transaction value
for retail internet banking

Sustainability Statement



DIGITALISATION & INNOVATION

HONG LEONG BANK BERHAD



▶ HLB Connect App

The mobile app, offering full banking functionality, was updated with a new interface featuring an easy-to-view dashboard summary and improved navigation, while enabling seamless digital application of product offerings through the app.

FY2024 Achievements

HLB Connect App

20%

increase in active users year-on-year.

Total number of users
Approx. **2.6 million**



▶ HLB ConnectFirst and Digital Onboarding for Businesses

A digital banking solution for businesses, it now features the e-Know Your Business ("eKYB") function for new account openings.

FY2024 Achievements

HLB ConnectFirst

11%

growth in active users year-on-year.

>100,000 companies
on HLB's corporate internet banking platform

Pioneering Cashless Ecosystems

- **HLB@Kampung programme:** HLB is transforming rural and hard-to-reach areas in Malaysia into cashless villages by providing local businesses with digital payment tools. This includes making Sekinchan Malaysia's first cashless kampung and initiating digital transformation in Bagan Nakhoda Omar, Sabak Bernam through the Program e-Duit Desa. A total of 71 projects have been launched as at the end of FY2024.

FY2024 Achievements

Opened more than **9,900 accounts** with a total of **RM39.9 million** in account balances

FY2024 Achievements

71 projects initiated, with **27 active projects**, an increase of **237.5%** from FY2023

- **HLB@School programme:** HLB is equipping schools with digital solutions to foster cashless ecosystems and teach good money habits to young students.

FY2024 Achievements

Opened more than
34,900
HLB Junior Accounts

FY2024 Achievements

Onboarded **26** new cashless schools, bringing the total to **95** and marking a **38%** increase compared to FY2023

FY2024 Achievements

Provided more than
1,900
167 school merchants

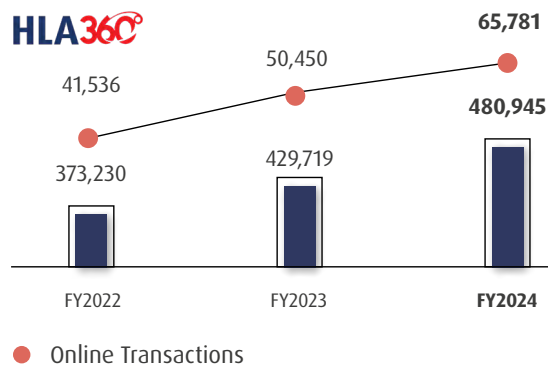
Sustainability Statement

HONG LEONG ASSURANCE BERHAD

HLA continues to leverage digital technology to improve customers' ability to make purchases and payments seamlessly via digital platforms, while consistently enhancing its digital solutions to boost efficiency and provide a more seamless customer experience.

HLA360°

HLA's online customer portal offers customers convenient instant access to their policy information and e-medical card, as well as enabling them to perform self-service online transactions. Supported by ongoing efforts to enhance functionality and user experience, HLA360° has continued to record steady growth in registered users and online transactions.



Growth rate from FY2023 to FY2024:

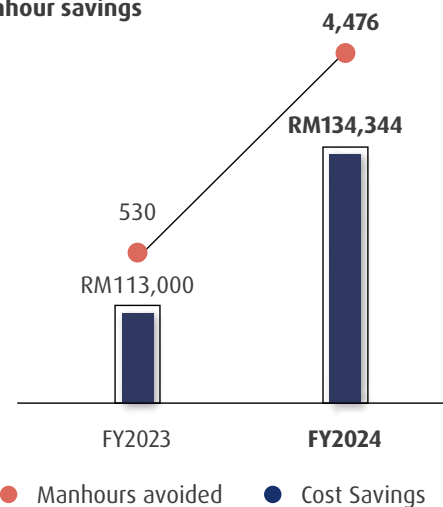


ADOPTING ROBOTIC PROCESS AUTOMATION ("RPA")

HLA has expanded its use of robotic process automation to create digitalised processes that not only enhance customer experience but also increase efficiency, accuracy of information and cost savings. Key initiatives this year include automation of manual processes involving credit card standing instruction payments.

>700%

manhour savings



EXPANDING DIGITAL TRAINING

To support its modernisation and digitalisation goals, HLA has focused on equipping its employees with the skills to fully utilise modern technology, automation and data analytics. Highlights from the past year include:

An additional
39 employees have been
trained in RPA and Lean Six
Sigma.



HLA launched a new Tableau Data Champion Program to enhance employees' understanding of data analytics, data visualisation and building tableau dashboards, underscoring its aspiration to harness self-service analytics and become a data-driven organisation. In FY2024, **102** employees completed beginner training, with Intermediate and Advanced training planned for FY2025. So far, five dashboards have been created by data champions following the programme, leading to an estimated annual saving of **552** manhours.



Sustainability Statement



DIGITALISATION & INNOVATION

HONG LEONG CAPITAL BERHAD

HLCB has continued to prioritise digital transformation and innovation, focusing on enhancing service accessibility, promoting financial inclusion within the investment community and improving productivity and system efficiency across its operations.

Digital Portals with Advanced Functionality

 HLeBroking Digital Platforms	 Direct Market Access ("DMA") Trading	 HLAM's Online Transaction Platform
- Offers clients a seamless trading experience via both website and mobile application. - Key features include digital onboarding through eKYC, streamlined trading processes and quicker turnaround times, such as instant trading post-fund deposits. - Recently upgraded in March 2024 to allow existing clients to apply for a foreign shares trading facility.	- Launched in July 2020, HLCB's Direct Market Access ("DMA") electronic trading solution enables real-time investment order execution at reduced costs. - The DMA system was upgraded in FY2024 to incorporate algorithmic trading capabilities, expanding the range of trading options available to clients.	- Enhances client investment experience with increased flexibility and accessibility through the HL iSmart Invest and EPF i-Invest modules. - HL iSmart Invest offers a cash investment module for easy investment in a variety of funds. - EPF i-Invest allows EPF members to invest in HLAM's EPF-approved funds via the EPF's Members Investment Scheme.

A ROBUST NEW AGENCY SYSTEM

Launched in May 2024, AgencyPRO, HLAM's new agency system, enables digital onboarding for new Unit Trust Consultant ("UTC")/ Private Retirement Scheme Consultant ("PRC") members and provides easy access to consolidated client information, including e-business cards for networking. The system also features a library module with customisable profiles, unique QR codes and seamless sharing modes alongside a training module to explore its full functionality.

DIGITALISATION OF PROCESSES

- HLCB's Information Technology ("IT") Department established a data warehouse system in June 2023, centralising integrated data from various sources.
- Completed the digitalisation of Central Depository System ("CDS") forms in July 2024, enabling convenient and timely e-submissions to Bursa Malaysia.
- HLAM is in the process of transitioning all critical client updates, including statements, dividend vouchers, reports and transaction slips, to electronic communication.

Sustainability Statement



CUSTOMER EXPERIENCE

WHY IT MATTERS

Across the Group, we consistently reinforce consumer relationships by fostering meaningful connections and offering value-added solutions. Through proactive engagement, we gain valuable insights into their financial needs and accessibility concerns, allowing all our operating companies to develop tailored solutions that address specific requirements. This leads to improved customer satisfaction, bolstering loyalty and safeguarding the long-term prospects of the Group.

HONG LEONG BANK BERHAD

CUSTOMER EXPERIENCE LAB

HLB has continued to utilise its Customer Experience (“CX”) Lab to gain deeper insights into customer needs and respond to their evolving expectations. The CX Lab combines the expertise of internal teams and external specialists, including leading technology companies, FinTech firms, start-ups and academic institutions. Through workshops and engagement sessions, the lab gathers insights and leverages technology to enhance customer experiences, products and services. Between January 2021 and June 2024, the CX Lab has facilitated 72,971 customer engagements.

IMPROVING CUSTOMER SATISFACTION

Through its Voice of Customer (“VOC”) platform, HLB received 386,831 feedback submissions during FY2024, reflecting high customer satisfaction scores across various metrics as shown below.

HLB FY2024 Customer Satisfaction Scores		
4.53 out of 5 for ‘Customers Calling Contact Centre’	4.57 out of 5 for ‘Customers Visiting Branch’	4.39 out of 5 for ‘Internet Banking Users’
4.63 out of 5 for ‘Mobile Banking Users’	4.46 out of 5 for ‘SST Users’	4.58 out of 5 for ‘HLB Pop-up’

HLB has facilitated
26,519 **customer**
engagements via its community platform, HLB Designed
by You (“DBY”).

HLB successfully engaged
>7,300 **prospects**
and facilitated
> 2,800 **financial**
advisory sessions through its HLB Pop-up initiative
launched in high-traffic areas.

Sustainability Statement



CUSTOMER EXPERIENCE

HONG LEONG ASSURANCE BERHAD

DRIVING INCREASED CUSTOMER SATISFACTION

Since mid-FY2023, HLA has focused on enhancing customer satisfaction across its three main touchpoints. By conducting surveys with telephone, email and walk-in customers regarding the quality of customer service, HLA has been able to track its Net Promoter Score ("NPS") across these areas and implement initiatives that have led to notable improvements.

NPS scores

Promoters

+18.5% YoY

Detractors

-78.2% YoY

HONG LEONG CAPITAL BERHAD

HLIB MIGRATION TO THE NEW HLB E-COMMERCE PAYMENT PLATFORM

HLIB has integrated the new HLB e-Commerce Payment Platform and this has enabled clients to perform large-sum transfers of up to RM1 million from their HLB account to HLIB's collection account. The platform migration allows for instant receipt creation in clients' trust accounts with the immediate update on increasing relevant trading limits. This builds upon intra-Group synergies to deliver integrated financial services while further encouraging clients to bank with HLB through CASA account opening.

CLIENT EDUCATION AND ENGAGEMENT INITIATIVES

Key highlights of HLCB's client education and engagement initiatives during FY2024 include:

Conducted 11 investment and market outlook webinars and roadshows with **over 700 participants**

Collaborated with Bursa Malaysia to hold **3 sessions of the Bursa-HLIB Stratum Focus Mini Conference** for clients during FY2024

Published over **1,445 educational resources and research reports**, providing clients with valuable investment and wealth planning knowledge

Participated in **InvestSmart® Fest 2023**, a key industry investor education initiative organised by the Securities Commission Malaysia, held at KLCC from 17-19 November 2023

Set up booths at the **Bursa Marketplace Fair** in Kota Kinabalu and the SC's **InvestSmart®@Johor** 2024 event, both held in May 2024

Sustainability Statement



PRIVACY, DATA PROTECTION AND CYBER SECURITY

WHY IT MATTERS

As our customers shift towards digital platforms and online financial services, robust cyber security systems and controls are crucial to prevent authorised access, data breaches, financial losses and fraud. The proliferation of cyber attacks such as phishing scams and malware attacks has become commonplace, leaving enormous amounts of data vulnerable to theft. By ensuring responsible data handling, and strengthening our security and resiliency in critical infrastructures, we effectively safeguard our operations, and customers' data and interests.

OUR APPROACH

Data privacy and cyber security are top priorities of the Group. The Group's holistic approach focuses on multi-layered security implementations aimed at safeguarding the integrity of our systems and customer information, complemented by comprehensive internal controls and cyber security and fraud/ scam awareness and education.

We manage technology and cyber risks as part of the overall risk management strategy, effected through HLF's Technology Risk Management Policy, Cyber Resilience Policy and Personal Data Protection Policy. The Group has institutionalised the Group Board Information and Technology Committee ("GBITC"), which supports the Boards of our operating companies¹³ in overseeing technology and cyber security related matters.



The GBITC promotes consistency in practices and policies across HLF, fostering trust in the Group, building robust practices and cultivating strong cyber security awareness throughout the organisation. As custodians of our customers' assets and personal data, we continue to enhance our vigilance and cyber security capabilities in response to cyber threats.

FY2024 GBITC Agenda Highlights

Digital, technology and cyber security disruptions and trends

Strategy and technology roadmaps

Technology project pipeline and updates

Security initiatives, enhancements and cyber awareness

Technology and cyber risk reports

Regulatory compliance and technology guidelines such as cloud and digital assets

¹³ GBITC supports the Boards of HLF, HLIB, HLA and HLMT.

Sustainability Statement



PRIVACY, DATA PROTECTION AND CYBER SECURITY

HONG LEONG BANK BERHAD

Board Committee and Policies

- The Board Information and Technology Committee (“BITC”) supports the Boards of HLB and HLISB in managing and overseeing technology and cybersecurity issues, safeguarding customer data and upholding the integrity of its banking infrastructure.
- Implemented Board policies on Technology Risk Management, Cyber Resilience, Data Management and Data Protection & Customer Secrecy.

Protocols and Proactive Security Measures

- Continual enhancement of multi-layered security protocols across digital applications, while implementing proactive cybersecurity updates to prevent internet and mobile banking fraud.
- Most recent security updates include implementing a “one mobile device per customer” policy, incorporating an emergency lock feature to prevent transactions and setting cooling-off periods for mobile app binding, transaction limit increases and changes to customer information
- A dedicated Security Alert and Scam Prevention section on the corporate website, as well as a 24/7 contact centre for customers.

FY2024 Training and Awareness Initiatives

- Mandatory e-learning on cyber security and cyber risk management, requiring employees to pass an assessment with a minimum score of 80%.
- Organised Cyber Leaders Training to deliver practical training for managers to guide their teams in managing, responding to and reporting potential cyber attacks
- Published a series of cyber comics to promote cyber security best practices throughout the organisation
- Conducted monthly phishing simulation exercises to improve cyber awareness among employees



HLB recorded **ZERO** substantiated complaints concerning breaches of customer privacy or losses of customer data.



Sustainability Statement

HONG LEONG ASSURANCE BERHAD

Governance and Policies

- The Group Board Information and Technology Committee (“GBITC”) supports the Board of HLA to manage and oversee technology and cybersecurity issues, safeguard customer data and uphold the integrity of its digital infrastructure.
- A Technology Risk Management Policy has been instituted to address risks arising from failures or breaches of IT systems and applications, alongside a Cyber Resilience Policy, Cloud Computing Adoption Policy and IT Security Operations Policy.



FY2024 Training and Awareness Initiatives

- Cyber comics on various topics such as identifying phishing emails, data privacy, locking laptops when away and being aware of your surroundings.
- Materials on the effective use of generative AI tools
- Monthly phishing simulations and emerging cyber threat newsletters
- Awareness on cleaning desks and proper safety protocols when using public Wi-Fi
- Awareness emails on the “Boss Scam”, a phishing, smishing or phone call scam used by hackers to impersonate bosses or executives
- Focus highlights on privacy, data protection and cyber security during employee orientation



HLA recorded **ZERO** instances of data breaches and cyber intrusions, with no identified leaks, theft or losses of customer data.

Business Continuity Management (“BCM”)

HLA’s BCM policy and procedures were set in place to ensure a consistent approach and provide guidance for emergency response, detailing areas such as:

- BCM strategies to be undertaken by critical business functions
- Disruption responses, maximum tolerable downtime and recovery time objectives
- Business continuity plan (“BCP”) and recovery strategies.



Sustainability Statement



PRIVACY, DATA PROTECTION AND CYBER SECURITY

HONG LEONG CAPITAL BERHAD

Governance and Compliance

- The Group Board Information and Technology Committee (“GBITC”) supports the Board of HLIB to manage and oversee technology and cybersecurity issues, safeguard customer data and uphold the integrity of its investment banking infrastructure.
- Compliance and vigilance are guided through robust policies and guidelines aligned with the regulations of the Financial Services Act 2013 (“FSA”), Capital Markets and Services Act 2007 (“CMSA”), and Personal Data Protection Act 2010 (“PDPA”), while following guidelines prescribed by BNM, SC and Bursa Malaysia.

Controls and Measures

- Internal restrictions, antivirus and firewall measures and data integrity monitoring tools
- Mechanisms to enhance remote cybersecurity for employees working from home
- Systems and applications that are consistently updated and enhanced in line with the latest developments, alongside regular assessments to identify and address cybersecurity gaps
- Planned exercises simulating real-life cybersecurity scenarios to evaluate the ability to detect and respond to threats effectively
- Tipping Point Intrusion Prevention System implemented, safeguarding computer systems from vulnerability attacks and web application vulnerabilities

FY2024 Training and Awareness Initiatives

- Cybersecurity Threat Modelling briefing
- Gamification of learning on malware, mobile security and phishing through videos and crossword puzzles
- Educational materials on cybersecurity awareness disseminated via email, alongside instructions and assessments on password security
- Bi-weekly cybersecurity awareness pop-up slide appears upon staff login on PC or laptop
- Red Team Exercise: an attack simulation designed to measure the Group’s ability to withstand real life threats
- Cyber Drill Exercise to simulate cyberattacks, information security incidents and disruptions

HLCB recorded **ZERO** instances of data breaches and cyber intrusions, with no identified leaks, theft or losses of customer data.

FY2024 PERFORMANCE DATA

Data Privacy and Security

C8(a)

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data*

Year	HLFG	HLB	HLCB	HLA	Group Consolidated
FY2022	0	0	0	0	0
FY2023	0	0	0	0	0
FY2024	0	0	0	0	0

Notes:

* Substantiated complaints refer to written statements by regulatory or similar official body addressed to the company that identifies breaches of customer privacy, or a complaint lodged with the company that has been recognised as legitimate by the company

Sustainability Statement



PILLAR 5 : WORKFORCE READINESS



Talent Attraction, Development & Retention



Creating a Fair and Nurturing Workplace



Diverse and Inclusive Workforce



Fostering a Sustainability-Driven Culture



TALENT ATTRACTION, DEVELOPMENT & RETENTION

WHY IT MATTERS

Establishing a thriving and competent workforce is vital to gaining a competitive edge in the financial industry. Through targeted recruitment strategies and comprehensive programmes that foster growth, development and job satisfaction, we aim to attract and retain top-quality talent with the skills and qualities to drive our business forward. We also emphasise talent identification and succession planning, building a continuous pipeline of future leaders to support our long-term ambitions.

OUR APPROACH

COHESIVE TALENT DEVELOPMENT

Across the Group, we have implemented a learning framework designed to offer a well-rounded approach to employee development, enhancing knowledge, experience and skills across various domains. By adopting the 70-20-10 Talent Development Model, we ensure a consistent and comprehensive approach to training, incorporating peer and mentor learning alongside extensive development programmes. Our focus spans leadership, soft skills, and both functional and technical abilities, and we strive to ensure our learning programmes are made accessible to all employees.

Adopting the 70-20-10 Talent Development Model

70%
On-the-Job Learning

On-the-job learning is facilitated through job rotations, internal projects and stretch assignments.

20%
Learning from Others

Learning from others is promoted through focus groups, mentoring, networking, external conferences and workshops.

10%
Formal Training

Formal training is provided through structured programmes and courses.

Sustainability Statement



TALENT ATTRACTION, DEVELOPMENT & RETENTION

HONG LEONG BANK BERHAD

- **Employees Onboarding Programme**

New HLB employees are required to complete a virtual onboarding programme within 60 days of their start date. This structured programme covers our internal policies and processes, sustainability efforts and ethical banking fundamentals (through the Ethics in Banking course by the Asian Banking School) in order to build a strong understanding of our values and standards.

Over the past five years

More than **6500** new employees have taken part in our new hire induction, with **1,666** employees participating in FY2024

More than **5,900** employees have attended the Introduction to Sustainability and Brand Promise training sessions, including **1,812** employees in FY2024

More than **1,200** employees have completed the Asian Banking School's Introduction to Ethics in Banking course, with **249** employees completing the course in FY2024

- **Accreditation Programme**

Employees are given the opportunity to undertake accreditations relevant to their career paths, empowering them to become experts in their field. Programmes currently offered include the Chartered Bankers Programme, the Islamic Finance Qualification and AICB Certification in Risk, Audit, Compliance, Credit and AML/CFT.

- **Digital Learning Platform**

In FY2024, HLB launched Go1, a fully digital learning platform designed to provide employees with 'anytime, anywhere' access to training resources and promote a continuous learning mindset. Go1 offers access to over 80,000 modules from more than 200 content providers and is fully integrated within HLB@Workday, the bank's internal people and performance management platform. A total of 4,885 employees completed voluntary e-learning courses on HLB@Workday during FY2024.

- **Building Talent Pipelines**

HLB provides structured internships and training through its Internship, Graduate Trainee, and Protégé Programmes, aiming to recruit diverse and capable young talent to support its long-term goals. This effort is further bolstered by in-person engagement at key university campuses to identify and connect with potential new hires.

- **Talent Review and Succession Planning**

HLB offers employees numerous opportunities for both lateral and vertical career growth by frequently advertising internal job openings and providing diverse career pathways within the Bank. This is complemented by the HLB Leaders Programme, which develops potential future leaders through customised development plans and cross-functional collaborative opportunities. In FY2024, 997 employees transitioned to new roles or received promotions, representing a 13% increase in the number of vacancies filled internally.

In FY2024, HLB recorded **626,972** training hours bank-wide, with 77 average training hours per employee.



Sustainability Statement

HONG LEONG ASSURANCE BERHAD

**• Training Programmes**

Several training sessions were held during FY2024 for various employee categories. This included 'The Art of Communication' for executive-level employees, and two talks for both managers and executives titled 'Problem Solving & Decision Making' and 'EQ for Personal and Interpersonal Level of Leadership Effectiveness'. Further to this, ten modules of underwriting and claims training was rolled out for selected staff, including New Business, Policy Administration Department, Claims, Customer Service and Branch staff.

• HLA L.I.V.E Hour

Recognising the importance of building strong working relationships among colleagues across business units, HLA conducts the L.I.V.E Hour to engage employees to Learn, Interact, Value-add, and be Energised. During FY2024, sessions covered mental health, parental talk, personal finances and benefits of insurance.

• Employee Engagement

In FY2024, a variety of activities were organised to strengthen employees' bonds with each other and give back to society, namely:

• HLA employees Wellness Day

The wellness day was organised with a theme emphasising health and wellness, with activities such as free basic health screening provided by Columbia Asia.

• Blood Donation Drives

HLA also actively organised blood donation drives for employees, supporting these events on site at our PJ City premise. These drives are helmed by Pusat Darah Negara as well as external organisations such as the LIAM Nationwide Blood Donation.

• Annual Dinner

The HLA Annual Dinner and Dance in November 2023 celebrated the 50th anniversary of the organisation, and in order to commemorate this milestone, all employees were gifted custom-made glass food containers in order to cultivate the culture of bringing personal containers for takeaways and reducing food packaging waste.

• Mother's Day Celebration Event

HLA organises thematic celebration events that offer a variety of health-related events for employees. The latest Mother's Day Celebration was organised in conjunction with external foundations and health service providers, and included:

- Talks on cervical cancer awareness
- Health screening by Health Lane Family Pharmacy
- Free food sampling and low-calorie oatsome meal replacement packages

• Employee Insurance Showcase

Insurance showcases were conducted throughout the year, sharing details on exclusive employee discounts for HLA products.

During FY2024, HLA provided **5,784** hours of training to employees, averaging 9 training hours per employee.



Sustainability Statement



TALENT ATTRACTION, DEVELOPMENT & RETENTION

HONG LEONG CAPITAL BERHAD

- **High Potential (“HiPo”) Programme**

HLCB continues to leverage on its HiPo Programme to identify and nurture promising employees and nurture a robust talent pipeline. Via this initiative, candidates are identified, assessed and supported through their professional development using the 70-20-10 model to meet desired goals. As of FY2024, 55 high performers have been identified and 27 potential successors for critical roles.

- **Continuing Professional Education (“CPE”)**

HLCB provides support to licensed employees in fulfilling their mandatory Continuing Professional Education (“CPE”) requirements, sponsoring their annual attendance at recognised CPE programmes provided by relevant authorities.

- **HLIB’s Management Associate and Graduate Trainee Programmes**

HLIB’s Management Associate (“MA”) programme is designed to attract and develop future talent pipelines. This two-year programme offers participants hands-on experience across various departments, allowing management to determine where their skills fit best.

In partnership with the Securities Commission Malaysia, HLIB has additionally launched a six-month Graduate Trainee programme to nurture graduate talent in the capital market industry. A total of 14 trainees have successfully completed the programme, with 8 transitioning to executive positions within HLCB as of FY2024.

- **HLAM’s Agent Training Series**

In July 2023, HLAM launched a training series designed to enhance agents’ sales credibility and ability to build customer trust while reinforcing their responsibilities and compliance. The comprehensive training covers all aspects of their roles, and also featured talks on ongoing industry developments, risk management and responsible business conduct.

HLCB delivered a total of **4,234** training sessions, to employees throughout FY2024, with an average of 22.6 hours per employee.



FY2024 PERFORMANCE DATA

Training and Development

	HLFG	HLB	HLA	HLCB	Group Consolidated
Total Training Hours	953	626,972	5,784	12,546	646,255
Average Training Hours per Employee	21	77	9	23	73

Notes:

HLA’s lower average training hours are attributable to the insurance sector having lower mandatory training modules by regulatory bodies in comparison to banking. In addition, HLA’s team-building initiatives comprise managerial-level and above employees only.

Sustainability Statement



DIVERSE & INCLUSIVE WORKFORCE

WHY IT MATTERS

Diversity and inclusion (“D&I”) is a foundational pillar of our culture and crucial to maintaining our reputation as a progressive and sustainable organisation. Our meritocratic approach to D&I in all our HR practices – spanning recruitment, remuneration and development – ensures that we provide equal opportunities for all employees to realise their career aspirations, thus boosting our human capital and driving greater levels of employee satisfaction and retention.

OUR APPROACH

Our Code of Conduct and Ethics stipulates that all employees – regardless of their demographics, age or background – should be treated equally and be free from discrimination at all times. This forms the foundation of our deeply-held commitment to D&I, informing the efforts elaborated on below.

SUPPORTING GENDER DIVERSITY

We robustly promote gender diversity in the Group and its operating companies, across leadership teams and all employee levels, seeking to build a well-balanced workforce and provide a welcoming and comfortable workplace environment for all employees.

Female employees comprise **63%**
of the Group’s total workforce.



Employees by Gender

■ Male ■ Female

HLFG

FY2024	16	30	46
FY2023	14	31	45
FY2022	14	26	40

HLB

FY2024	2,948	5,238	8,186
FY2023	3,014	5,193	8,207
FY2022	2,981	5,027	8,008

HLA

FY2024	231	415	646
FY2023	243	481	724
FY2022	222	506	728

* Restated for FY2022 and FY2023

HLCB

FY2024	261	294	555
FY2023	258	306	564
FY2022	246	299	545

Sustainability Statement

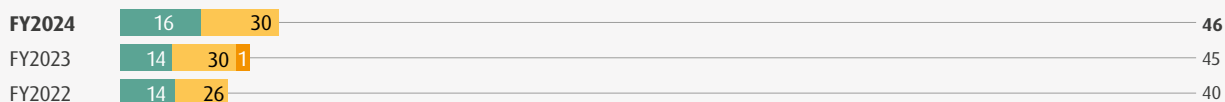


DIVERSE & INCLUSIVE WORKFORCE

Employees by Contract Type

■ Permanent - Male ■ Non-Permanent - Male
■ Permanent - Female ■ Non-Permanent - Female

HLFG



HLB

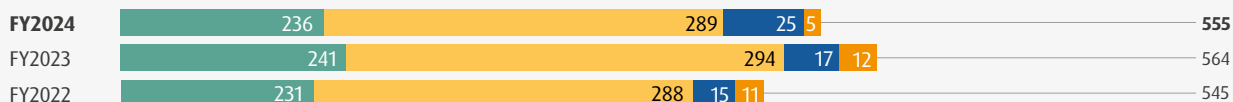


HLA



* Restated for FY2022 and FY2023

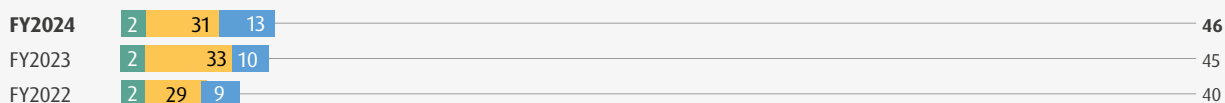
HLCB



Employees by Age Group

■ < 30 years old ■ 30 – 50 years old ■ > 50 years old

HLFG



HLB

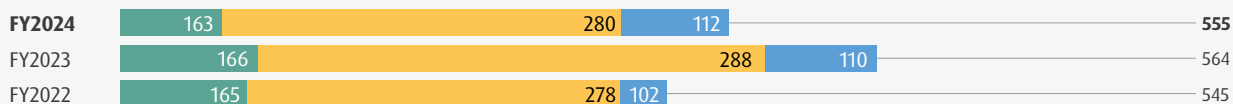


HLA



* Restated for FY2022 and FY2023

HLCB



Sustainability Statement

Employees by Category

HLFG

	Assistant	Executive	Manager	Senior Manager	Total
FY2024	5	7	23	11	46
FY2023	5	9	22	9	45
FY2022	5	8	18	9	40

HLB

	Assistant	Executive	Manager	Senior Manager	Total
FY2024	1,360	4,554	2,019	253	8,186
FY2023	1,407	4,516	2,033	251	8,207
FY2022	1,449	4,260	2,040	259	8,008

HLA

	Assistant	Executive	Manager	Senior Manager	Total
FY2024	19	338	238	51	646
FY2023*	18	444	214	48	724
FY2022*	19	463	203	43	728

* Restated for FY2022 and FY2023

HLCB

	Assistant	Executive	Manager	Senior Manager	Total
FY2024	13	286	230	26	555
FY2023	19	291	226	28	564
FY2022		319	190	36	545

* Prior to FY2023, the Executive category included Senior Executives and Assistants



Sustainability Statement



CREATING A FAIR AND NURTURING WORKPLACE

WHY IT MATTERS

Employees form the foundation of our success, and looking after their well-being, health and safety is not just our duty as a responsible employer but also a key driver of productivity, satisfaction and value creation. Across the Group, we develop initiatives to holistically safeguard and support their physical, mental and social well-being, ensuring regulatory compliance while empowering our employees to contribute their best towards achieving the Group's objectives.

OUR APPROACH

PROVIDING SAFE AND SUSTAINABLE WORKPLACES

It is our fundamental responsibility to provide a safe and healthy working environment for our employees. Developed in compliance with the Occupational Health and Safety Act ("OSH Act") 1994, our operating companies, HLB and HLCB, have established Occupational Safety and Health Standard Operating Procedures ("OSHA SOP") to guide them in managing their OSH risks.

The OSH Committees of HLB and HLCB, comprising management and employee-representatives, oversee the implementation of OSH-related practices across our operations. In accordance with their OSHA SOP, the designated inspection team also conducts periodic risk assessments to identify, assess, and control safety risks and hazards at the workplace.

In FY2024, there were

ZERO
INCIDENTS

reported related to workplace safety violations.



EMPLOYEE WELL-BEING, HEALTH & SAFETY

HONG LEONG BANK BERHAD

In FY2024, we recorded

ZERO FINES or
NON-MONETARY
SANCTIONS for workplace safety violations

- In September 2022, HLB expanded its OSH training program to include a mandatory e-learning module for all employees. In FY2024, 9,274 employees successfully completed their mandatory e-learning OSH module.

HONG LEONG ASSURANCE BERHAD

- In FY2024, HLA conducted HI – Hazard Identification, RA – Risk Assessment and RC – Risk Control ("HIRARC") training for its branches in Northern Malaysia to support the identification, assessment and implementation of controls for potential safety and health hazards or risks stemming from the workplace or its operations. A total of 8 hours of training was provided to 11 employees.

Sustainability Statement



EMPLOYEE WELL-BEING, HEALTH & SAFETY

HONG LEONG CAPITAL BERHAD

- HLCB is continuously evolving its policies and practices to address emerging health, safety and wellbeing concerns, while taking a proactive approach in identifying and addressing health and safety risks.
- Regular fire drills are conducted to ensure employees' safety in the event of an evacuation. Two such drills were conducted in FY2024, at Menara HLX and Menara Hong Leong, with a total of 170 employees participating.

FY2024 PERFORMANCE DATA

Health and Safety	C5(a), (b), (c)				
	HLFG	HLB	HLA	HLCB	Group Consolidated
Number of work-related fatalities	0	0	0	0	0
Lost time incident rate ("LTIR")	0	0.025	0	0	0.025
Substantiated incidents of workplace safety violations*	0	0	0	0	0

* Substantiated incidents refer to written statements by regulatory or similar official bodies addressed to the company that identifies violations of workplace safety violations, or a complaint lodged with the company that has been recognised as legitimate by the company



FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

WHY IT MATTERS

The Group recognises the significance of fostering ESG knowledge and capabilities in our employees to drive our sustainability agenda and amplify value for stakeholders. By inculcating a sustainability mindset and encouraging employee involvement in community-driven activities, we empower them to be champions of our ESG mission, amplifying positive change for the natural environment and the communities we serve while equipping our workforce with the agility to navigate future challenges.

OUR APPROACH

ENHANCING INTERNAL ESG COMPETENCIES

To highlight the growing importance of sustainability in today's business environment, our operating companies have embedded ESG considerations into their policies and SOPs. In addition, they are actively developing structured ESG training programmes to enhance competencies and enable employees to effectively incorporate sustainability principles into their respective roles.

To encourage collective action towards our sustainability commitments and Net Zero ambition, we are increasingly incorporating ESG performance and the development of sustainability initiatives into the scorecards of employees and senior management, ensuring everyone across the Group shares responsibility for advancing progress.

Sustainability Statement



FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

HONG LEONG BANK BERHAD

- **Mandatory Sustainability Training**

All HLB employees, including new hires, are required to complete an annual mandatory e-Learning course titled "Introduction to Sustainability". In FY2024, the Sustainability Department facilitated 1,691 employees in finishing this course. Additionally, HLB has maintained its partnership with WWF's Asia Sustainable Finance Initiative ("ASFI") Academy to build specific competencies that connect sustainability and finance.

MORE THAN 5,000

employees completed the WWF's ASFI module during FY2024.

- **Sustainability Month**

HLB organised its annual HLB Sustainability Month in November 2023, raising awareness and training employees on ESG issues through a variety of channels, including webinars, workshops, posters and social media. A total of 371 employees participated in four webinars and a presentation on social enterprises, while infographics were released periodically throughout the month on topics such as our sustainability initiatives and climate action.

- **Expert Engagement Series**

HLB conducts annual expert engagement sessions for senior management, featuring discussions on current topics in the evolving sustainability landscape. Two sessions were held during FY2024, with the first on green buildings and the second on the challenges and opportunities of developing a credible Net Zero strategy.



HONG LEONG ASSURANCE BERHAD

- **HLA's ESG and Climate Risk Induction Training (Jan-June 2024)**

HLA trained 69 new hires on ESG and climate risks, including climate-related regulatory requirements, the transmission of climate risks to existing risks, and HLA's approach to sustainability.

- **Quarterly ESG and Climate Risk Briefings by The Risk Management and Compliance Committee ("RMCC")**

RMCC provided ongoing support in managing ESG and climate risks through virtual briefings and quarterly dissemination of reading materials. In FY2024, a virtual briefing was held on 25 October 2023, followed by the distribution of key materials on climate risk drivers, opportunities, and ESG risks.

As of FY2024, **15** employees have participated in ESG capacity training.

- **HLA e-Waste Collection Drive**

HLA has helmed a year-long e-Waste Collection Drive for FY2024, diverting 716 kg of electronic waste from landfills. Staff donated desktops, laptops, smartphones, printers, and household electrical items, diverting precious metals and toxic metals from landfills. HLA also partnered with e-waste recycle organizations EARTH and Karun Hijau to support underprivileged children by providing them with restored e-waste for educational purposes. Employees concurrently received education on proper e-waste disposal to create greater awareness.



HONG LEONG ASSURANCE BERHAD

- **Fabric Recycling Talk & Collection Drive**

HLA partnered with Kloth Cares for a fabric recycling initiative, starting with a talk by Ms. Luv'en-ya David that engaged 30 HLA staff on sustainable fashion and the importance of keeping fabric out of landfills. Following the talk, HLA launched a fabric collection drive, gathering 230 kg of clothing from staff. The collected fabric supports Kloth Cares' Woman Up Programme, which empowers women from marginalised communities to create merchandise from the donations.

- **Sustainability Month**

HLA organised a sustainability month in June 2024 in conjunction with World Environment Day. To raise awareness on sustainability, HLA launched the Saving Our Planet Saves Us and Live Greener with HLA campaigns.

HONG LEONG CAPITAL BERHAD

- **ESG Awareness and Development**

HLCB has collaborated with Asian Banking School to introduce a comprehensive ESG awareness-training programme titled 'Sustainability Transformation: Driving Positive Change Through Personal Actions and Commitment to ESG'.

During FY2024, 12 ESG-related awareness and development programmes were conducted with **353** employees.

- **ESG Certification**

As of June 2024, HLIB has successfully certified two ESG analysts, one of whom has also achieved the CFA UK Certificate in Climate and Investing.

- **Capacity Building**

HLIB and HLAM have actively moved to strengthen the ESG advisory and financing capabilities of staff by encouraging their attendance to ESG related seminars, conferences and workshops. As at the end of FY2024, HLIB staff members had attended 20 events, while HLAM employees had participated in a total of 16 events.



Appendix I:

Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	210.00	264.00	221.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	34,345.00	33,614.00	32,096.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	10,472.00	14,167.00	15,869.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	48,284.84	46,778.57	44,915.97
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	234.398000	271.552000	317.467000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	37.90
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	18.99	19.38	22.11
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	18.80
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	93.80	94.30
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Managerial Under 30	Percentage	0.00	0.30	0.00
Senior Managerial Between 30-50	Percentage	61.10	60.30	59.80
Senior Managerial Above 50	Percentage	38.90	39.40	40.20
Managerial Under 30	Percentage	2.40	3.10	2.40
Managerial Between 30-50	Percentage	81.90	80.50	80.40
Managerial Above 50	Percentage	15.70	16.40	17.20
Supervisory Under 30	Percentage	40.50	45.30	43.70
Supervisory Between 30-50	Percentage	54.80	50.10	51.20
Supervisory Above 50	Percentage	4.70	4.60	5.10
Non-supervisory Under 30	Percentage	0.50	0.30	0.10
Non-supervisory Between 30-50	Percentage	82.20	81.00	77.00
Non-supervisory Above 50	Percentage	17.30	18.60	22.90
Gender Group by Employee Category				
Senior Managerial Male	Percentage	57.90	59.10	58.40
Senior Managerial Female	Percentage	42.10	40.90	41.60
Managerial Male	Percentage	42.30	41.30	40.90
Managerial Female	Percentage	57.70	58.70	59.10
Supervisory Male	Percentage	34.10	34.30	33.80
Supervisory Female	Percentage	65.90	65.70	66.20
Non-supervisory Male	Percentage	34.20	34.20	34.10
Non-supervisory Female	Percentage	65.80	65.80	65.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	43.00	43.00	43.00
Female	Percentage	57.00	57.00	57.00
Under 30	Percentage	43.00	14.00	14.00
Between 30-50	Percentage	43.00	71.00	71.00
Above 50	Percentage	14.00	14.00	14.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Supervisory	Hours	530,624	496,381	572,421
Non-Supervisory	Hours	81,011	166,484	73,833
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.80	1.70	1.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Managerial	Number	40	49	57
Managerial	Number	454	461	430
Supervisory	Number	1,274	1,572	1,342
Non-Supervisory	Number	68	47	50
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Appendix I: Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	-	502,695.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	9,420
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.03	0.06	0.03
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	8,498	9,488
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Supervisory	Percentage	-	85.30	99.20
Non-supervisory	Percentage	-	97.10	97.60
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Internal assurance External assurance No assurance

(*) Restated

Notes:

- ¹ HLB only commenced the tracking of wet waste in March 2024, total waste generated is only available for FY2024, with this figure encompassing data collected for waste directed to disposal during the time period of March 2024 to June 2024 only.
- ² HLB tracking plastic and can waste in FY2024 with an improved methodology that they can plan to continue moving forward. Hence, the data presented for FY2024 includes paper, plastic and can waste, whereas the data presented for FY2022 and FY2023 includes only paper waste.
- ³ Across the Group, HR Department received zero reports on fatalities and LTIR from FY2022-FY2024. We are in the midst of developing trackers for internal record keeping purposes.
- ⁴ HLCB anti-corruption training is scheduled based on calendar year which may result in lower than actual % of employees trained in the financial year.
- ⁵ HLCB and HLA full corruption risk assessments are conducted biennially based on company policy. For financial years without a full corruption risk assessment, we conduct a Risk & Control Self-Assessment ("RCSA").

Appendix II: TCFD-Aligned Index

TCFD Recommendations	TCFD Requirement	Page Number	References
Governance			
G1 (Basic)	Board Oversight of Sustainability and Climate-related Matters	pg. 43-45	Our Sustainability Governance
G2 (Basic)	Sustainability Governance Structure including Climate-related Matters at the Management Level	pg. 43-45	Our Sustainability Governance
G3 (Basic)	Sustainability and Climate-related Board Credentials	pg. 45	Board Skills Matrix
G4 (Basic)	Sustainability and Climate-related Training	pg. 45	ESG Capacity Building
G5 (Basic)	Sustainability and Climate-related Discussions in Board Meetings	pg. 45	Our Sustainability Governance
G6 (Basic)	Sustainability/Climate-linked Remuneration	pg. 68	Building Climate Resilience
G7 (Stretch)	Separate Committee on Sustainability and Climate-related Matters	pg. 43-44	Our Sustainability Governance
Strategy			
S1 (Basic)	Identification of Climate-related Risks and Opportunities	pg. 42 pg. 51-52 pg. 60 pg. 72-75	Our Net Zero Ambition Climate Risk Management Managing Our Operational Environmental Footprint ESG Integration into Financial Products
S2 (Basic)	Impact of Climate-related Risks and Opportunities	pg. 51-54 pg. 66-67 pg. 73-75	Climate Risk Management Scenario Analysis ESG Integration into Financial Products
S3 (Basic)	Strategy and Risk Appetite on Climate-related Risks and Sustainability Measures	pg. 51-53 pg. 66-69	Climate Risk Management Building Climate Resilience
S4 (Stretch)	Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	pg. 66-69	Building Climate Resilience, Climate Scenario Analysis
Risk Management			
R1 (Basic)	Process for Identifying and Assessing Climate-related Risks	pg. 51-53	Climate Risk Management
R2 (Basic)	Process for Managing Climate-related Risks	pg. 43-45 pg. 47-50	Our Sustainability Governance Sound Risk Management
R3 (Basic)	Process for Integrating I. Process for Identifying and Assessing Climate-related Risks and II. Process for Managing Climate-related Risks into Overall Risk Management	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R4 (Stretch)	Process for Identifying and Assessing Climate-related Risks	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R5 (Stretch)	Process for Managing Climate-related Risks	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R6 (Stretch)	Process for Integrating I. Process for Identifying and Assessing Climate-related Risks and II. Process for Managing Climate-related Risks into Overall Risk Management	pg. 66-69 pg. 73-75	Building Climate Resilience ESG Integration into Financial Products
Metrics & Targets			
M1 (Basic)	Key Climate-Related Metrics	pg. 60-65 pg. 73-75	Managing Our Operational Environmental Footprint ESG Integration into Financial Products
M2 (Basic)	Key Climate-Related Targets	pg. 42 pg. 60	Our Net Zero Ambition Managing Our Operational Environmental Footprint
M3 (Stretch)	Key Climate-Related Metrics	pg. 60-65	Managing Our Operational Environmental Footprint

Appendix III: GRI Content Index

GRI STANDARDS CONTENT INDEX

Statement of use	Hong Leong Financial Group Berhad has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standards	Disclosures	Page Number
GRI 2: General Disclosures 2021		
GRI 2-1	Organisational details	2
GRI 2-2	Entities included in the organisation's sustainability reporting	38
GRI 2-3	Reporting period, frequency and contact point	38
GRI 2-4	Restatements of information	Restatements of previous years' data are noted accordingly
GRI 2-5	External assurance	111-113
GRI 2-6	Activities, value chain and other business relationships	2
GRI 2-7	Employees	99-101
GRI 2-8	Workers who are not employees	100
GRI 2-9	Governance structure and composition	43-44, 46
GRI 2-10	Nomination and selection of the highest governance body	45-46
GRI 2-11	Chair of the highest governance body	43
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	43-44
GRI 2-13	Delegation of responsibility for managing impacts	43-44
GRI 2-14	Role of the highest governance body in sustainability reporting	44
GRI 2-15	Conflicts of interest	122-123
GRI 2-16	Communication of critical concerns	70-71
GRI 2-17	Collective knowledge of the highest governance body	45
GRI 2-18	Evaluation of the performance of the highest governance body	44
GRI 2-19	Remuneration policies	130-135
GRI 2-20	Process to determine remuneration	130-135
GRI 2-22	Statement on sustainable development strategy	16-21
GRI 2-23	Policy commitments	Policy references are stated accordingly
GRI 2-24	Embedding policy commitments	Policy references are stated accordingly
GRI 2-25	Processes to remediate negative impacts	70-71, 79
GRI 2-26	Mechanisms for seeking advice and raising concerns	70-71, 79
GRI 2-27	Compliance with laws and regulations	No significant instance of non-compliance during the period
GRI 2-28	Membership associations	59
GRI 2-29	Approach to stakeholder engagement	54-55
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	55
GRI 3-2	List of material topics	56
GRI 3-3	Management of material topics	57-58
GRI 201: Economic Performance 2016		
GRI 201-1	Direct economic value generated and distributed	3-7
GRI 201-2	Financial implications and other risks and opportunities due to climate change	51-53, 60-69, 73-75
GRI 203: Indirect Economic Impacts 2016		
GRI 203-1	Infrastructure investments and services supported	73-75, 80-90
GRI 203-2	Significant indirect economic impacts	80-90

Appendix III: GRI Content Index

GRI Standards	Disclosures	Page Number
GRI 204: Procurement Practices		
GRI 204-1	Proportion of spending on local suppliers	77-78
GRI 205: Anti-corruption 2016		
GRI 205-1	Operations assessed for risks related to corruption	70-72
GRI 205-2	Communication and training about anti-corruption policies and procedures	70-72
GRI 205-3	Confirmed incidents of corruption and actions taken	70-72
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organisation	63
GRI 302-4	Reduction in energy consumption	63
GRI 303: Water and Effluents 2018		
GRI 303-1	Interactions with water as a shared resource	64
GRI 303-5	Water consumption	64
GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	62
GRI 305-2	Energy indirect (Scope 2) GHG emissions	62
GRI 305-3	Other indirect (Scope 3) GHG emissions	62
GRI 305-5	Reduction of GHG emission	62
GRI 306: Waste 2020		
GRI 306-1	Waste generation and significant waste-related impacts	65
GRI 306-2	Management of significant waste-related impacts	65
GRI 306-3	Waste generated	65
GRI 306-4	Waste diverted from disposal	65
GRI 306-5	Waste diverted to disposal	65
GRI 308: Supplier Environmental Assessment 2016		
GRI 308-1	New suppliers that were screened using environmental criteria	78
GRI 403: Occupational Health and Safety 2018		
GRI 403-1	Occupational health and safety management system	102-103
GRI 403-5	Worker training on occupational health and safety	102-103
GRI 403-9	Work-related injuries	102-103
GRI 404: Training and Education 2016		
GRI 404-1	Average hours of training per year per employee	96-98
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	95-98, 103-105
GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Diversity of governance bodies and employees	46, 99-100
GRI 406: Non-discrimination 2016		
GRI 406-1	Incidents of discrimination and corrective actions taken	74
GRI 413: Local Communities 2016		
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	80-84
GRI 414: Supplier Social Assessment 2016		
GRI 414-1	New suppliers that were screened using social criteria	78
GRI 417: Marketing and Labelling 2016		
GRI 417-1	Requirements for product and service information and labeling	76
GRI 418: Customer Privacy 2016		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	91-94

Appendix IV: SIRIM Independent Assurance Statement



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Hong Leong Financial Group Berhad (hereafter referred to as HLFG) to perform an independent verification and provide assurance of HLFG Sustainability Statement FY2024. The main objective of the verification process is to provide assurance to HLFG and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) as listed below, within the assurance scope which is included in HLFG Sustainability Statement FY2024. The content disclosed in this Sustainability Statement includes key operating companies within HLFG's entities: Hong Leong Bank Berhad, HLA Holdings Sdn. Bhd., and Hong Leong Capital Berhad. However, it is to note that this assurance statement excludes all information reported for Hong Leong Bank Berhad.

The management of HLFG was responsible for the preparation of the Sustainability Statement FY2024. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the HLFG Sustainability Statement and the Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of 17 material matters as presented in the Sustainability Statement within HLFG sustainability pillars as follows i.e., Environmental Management, Socially Responsible Business, Community Investment, Digital at the Core, and Workforce Readiness. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International in September 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of the work did not involve verification of other information reported in HLFG's Annual Report 2024.
- The head office at Hong Leong Tower, Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of HLFG's entities, operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Appendix IV: SIRIM Independent Assurance Statement

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of HLFGB relating to the accuracy of some of the information contained in the statement. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by HLFGB. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in HLFGB Sustainability Statement FY2024, is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement;
- The Sustainability Statement FY2024 provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Financial Group Berhad.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Nur Ruzaini Ab Razak	:	Team Member

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 9 September 2024

Statement Approved by:



Ts. MD ADHA BIN RAHMAT

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd

Date: 13 September 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (12 September 2024).

Appendix IV: SIRIM Independent Assurance Statement

Appendix 1 The subject matter covered in this assessment are tabulated below.	CLASSIFICATION OF DATA			
	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
OUR APPROACH TO SUSTAINABILITY				
Our Sustainability Framework				
Our Net Zero Carbon				
Our Sustainability Governance				
Sound Risk Management & Compliance				
Stakeholder Engagement				
Materiality				
ENVIRONMENTAL MANAGEMENT				
Managing Our Environmental Footprint				
↳ Our Operational Carbon Footprint	Prepared by third party			
Building Climate Resilience				
SOCIALLY RESPONSIBLE BUSINESS				
Good Governance & Ethical Business Conduct				
Fair Treatment of Financial Consumers				
Sustainable Supply Chain				
Human & Labour Rights				
↳ Grievances or incidents reported related to harassment, bullying or discrimination.				
COMMUNITY INVESTMENT				
Supporting Social Enterprises & Communities				
Financial Inclusion & Literacy				
DIGITAL AT THE CORE				
Digitalisation & Innovation				
Customer Experience				
Privacy, Data Protection and Cyber Security				
WORKFORCE READINESS				
Talent Attraction, Development & Retention				
Diverse & Inclusive Workforce				
Creating A Fair and Nurturing Workplace				
↳ Incidents reported related to workplace safety violations.				
Employee Well-Being, Health & Safety				
Fostering A Sustainability-Driven Culture				

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (12 September 2024).

Note 2:

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.

HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

Corporate Information

DIRECTORS

Tan Sri Quek Leng Chan (Chairman)

Tan Kong Khoon (President & Chief Executive Officer)

Leong Ket Ti

Raja Noorma binti Raja Othman

Chong Chye Neo

Ho Heng Chuan

Emily Kok

GROUP COMPANY SECRETARY

Jack Lee Tiong Jie
MAICSA 7060133
SSM PC No. 202008001704

AUDITORS

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146)
Chartered Accountants
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 25, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2088 8818
Fax : 03-2088 8990
Email : hlsrs@hongleong.com

REGISTERED OFFICE

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2080 9888
Fax : 03-2080 9801
Email : cosec-hlfg@hongleong.com.my

WEBSITE

www.hlfg.com.my

Board of Directors' Profile

TAN SRI QUEK LENG CHAN

Chairman/
Non-Executive/Non-Independent

Malaysian | 81 | Male

YBhg Tan Sri Quek Leng Chan is qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

YBhg Tan Sri Quek is the Chairman of Hong Leong Financial Group Berhad ("HLFG") and was appointed to the Board of Directors ("Board") of HLFG on 6 September 1968.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, a public company; Chairman of Hong Leong Bank Berhad ("HLB"), a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"); and Chairman of Hong Leong Assurance Berhad ("HLA"), a public company. He is also the Chairman of the Council of Members of Hong Leong Bank Vietnam Limited ("HLBVN").

TAN KONG KHOON

President &
Chief Executive Officer/Non-Independent

Singaporean | 67 | Male

Mr Tan Kong Khoon holds a Bachelor of Business Administration degree from Bishop's University, Canada and is an alumnus of the Harvard Business School Advanced Management Program. He is a Chartered Banker of the Asian Institute of Chartered Bankers.

Mr Tan is the President & Chief Executive Officer of HLFG. He was the Group Managing Director/ Chief Executive Officer of HLB from 1 July 2013 to 4 February 2016. Prior to joining HLB, Mr Tan was the Group Executive, Consumer Banking Group of DBS Bank Ltd ("DBS") from 1 December 2010 to 15 April 2013 where he led and managed strategy formulation and execution for consumer banking globally across the DBS Group.

Mr Tan began his banking career with DBS in 1981. Since then, he has successfully built consumer banking franchises across multiple markets in Asia for Citibank, Standard Chartered Bank and ANZ Bank.

From March 2007 to December 2009, Mr Tan was the President and Chief Executive Officer of Bank of Ayudhya, the fifth largest financial group in Thailand listed on the Thailand Stock Exchange. The group businesses included commercial and investment banking, life and non-life insurance, stockbroking, asset management and consumer finance subsidiaries.

Mr Tan was appointed to the Board of HLFG on 5 February 2016.

Mr Tan is the Chairman of Hong Leong Capital Berhad ("HLCB") and a Director of HLB, both companies listed on the Main Market of Bursa Securities; and a Director of HLA and Hong Leong Investment Bank Berhad ("HLIB"), both public companies. He is also the Chairman of Hong Leong Bank (Cambodia) PLC and Chief Controller on the Board of Controllers of HLBVN.

Board of Directors' Profile

LEONG KET TI**Non-Executive Director/
Independent**

Malaysian | 61 | Female

Ms Leong Ket Ti graduated from University of Cambridge, England with a Bachelor of Arts (Hons) Cantab and holds a Degree in Economics.

Ms Leong has 28 years of experience in the banking industry, having been with JPMorgan Chase Bank Berhad ("JPMorgan") from February 1990 to January 2018 where she held various senior positions, the last being the Executive Director ("ED"), Malaysia Country Credit Officer from 2011 to 2018. As the ED, Malaysia Country Credit Officer of JPMorgan, she was responsible for a diverse portfolio of over 300 obligors across all businesses and industries. She also had a strong oversight role on regulatory issues and worked closely with the business/ product partners in developing solutions to meet clients' needs.

Prior to her position as ED, Malaysia Country Credit Office, Ms Leong was Vice President/ ED, Leveraged Finance, Regional Client Credit Management of JPMorgan from 2005 to 2010 where she worked with their Investment Bank and Debt Capital Markets teams to structure and underwrite financing transactions.

From 2002 to 2005, Ms Leong served as Vice President & General Manager of JPMorgan Chase at Labuan, and from 2001 to 2002, she was the Vice President of Corporate Banking of JPMorgan Malaysia.

Ms Leong was appointed to the Board of HLFG on 8 March 2019 and is a member of the Board Audit and Risk Management Committee ("BARMC") of HLFG.

Ms Leong is also a Director of HLCB, a company listed on the Main Market of Bursa Securities.

**RAJA NOORMA BINTI
RAJA OTHMAN****Non-Executive Director/
Independent**

Malaysian | 65 | Female

YM Raja Noorma binti Raja Othman holds a Bachelor of Business Administration degree from Ohio University, United States of America under a twinning programme with MARA Institute of Technology. She attended the Global Leadership Development Program at Harvard Business School in 2008 organised by International Centre for Leadership in Finance (ICLIF) Malaysia. She is a member of the Malaysian Institute of Accountants.

YM Raja Noorma has more than 30 years of experience in banking, asset management and the corporate sector. Prior to her retirement in December 2018, she was the Head of London Branch of CIMB Bank Berhad from 2015 to 2018. She was a Director of Group Asset Management ("GAM") in CIMB Investment Bank Berhad ("CIMB IB") from 2007 to 2015 overseeing the entire Asset Management businesses of CIMB Group. During her term as Director of GAM in CIMB IB, she was also the Chief Executive Officer of CIMB-Mapletree Management Sdn Bhd, an adviser to a privately held real estate fund.

Prior to joining CIMB Group, she was the Vice-President of Investment Banking at JPMorgan, a position she held for over 5 years. She was attached to JPMorgan's offices in Hong Kong, Singapore and Malaysia as industry and client coverage banker. She had served Telekom Malaysia Berhad, a public listed corporation for about 10 years where the last post held was as Head of Corporate Finance. While in Telekom Malaysia Berhad, she was a Board member of several of their overseas ventures.

YM Raja Noorma was appointed to the Board of HLFG on 10 May 2019. She is the Chairman of the Nomination and Remuneration Committee ("NRC") of HLFG, which was established on 1 August 2024 following the merger of the Nomination Committee and the Remuneration Committee of HLFG. She is also a member of the Group Board Information and Technology Committee ("GBITC") of HLFG.

YM Raja Noorma is a Director of YTL Corporation Berhad, a company listed on the Main Market of Bursa Securities. She also sits on the Board of other public corporations, namely HLIB and as-Salihin Trustee Berhad. She is an Independent Investment Committee Member of Mapletree Australia Commercial Private Trust (MASCOT), a Singapore based private equity real estate fund and a member of the Investment Panel of the Employees Provident Fund.

Board of Directors' Profile

CHONG CHYE NEO

Non-Executive Director/
Independent

Malaysian | 61 | Female

Ms Chong Chye Neo holds a Bachelor of Science (Hons) in Computer Science from Universiti Sains Malaysia. She had also completed several Executive Education programmes at Harvard Business School.

Ms Chong retired as Managing Director/Chief Executive Officer ("MD/CEO") of IBM Malaysia Sdn Bhd ("IBM Malaysia") in December 2018 after 30 years of service and holds the distinction of being the first woman to helm the company in its then 55-year history in Malaysia. As MD/CEO, she was responsible for the overall management of IBM Malaysia and Brunei, and was a Director of IBM Global Delivery Centre (M) Sdn Bhd and Kenexa Technologies Sdn Bhd. In IBM, she held senior leadership roles that spanned across multiple disciplines of technical, sales, intellectual property development, business and strategy development, and roles which gave her in-depth experience working in multiple countries across ASEAN and Asia Pacific.

In 2016, Ms Chong was recognised with the "CEO Champion Award" by Talentcorp. In November 2017, she was appointed to Talent Compact 4.0, a national advisory panel in response to the impact of Industry Revolution 4.0 and its implication to the future of work. In April 2018, she was recognised by the Malaysian Business publication as one of Malaysia's 25 Women of Influence. She channeled her passion for talent development by contributing as a mentor and as a speaker in multiple programmes by ICDM, LeadWomen, 30% Club and LeanIN Malaysia. She was a judge for UN Women Empowerment Principles Award (Malaysia) in 2021 and 2022; and the much coveted Kincentric's Employer of the Year awards (Malaysia) in 2020, 2021 and 2022. She regularly spoke in forums on topics ranging from the latest in Digital Disruptions to Leadership in the Digital Era and Developing Women Leaders, and taught classes on Risk Management in Information Technology for Directors under Asia School of Business.

Ms Chong was appointed to the Board of HLFG on 28 November 2019. She is the Chairman of the GBITC and a member of the BARMC of HLFG.

Ms Chong currently also serves as an Independent Non-Executive Director of KLCC Property Holdings Berhad, a company listed on the Main Market of Bursa Securities; and as an Independent Non-Executive Director of QSR Brands (M) Holdings Bhd, a public company. She is also a Director of KLCC REIT Management Sdn Bhd, the Manager of KLCC Real Estate Investment Trust which is listed on the Main Market of Bursa Securities.

HO HENG CHUAN

Non-Executive Director/
Independent

Malaysian | 67 | Male

Mr Ho Heng Chuan is a member of the Malaysian Institute of Certified Public Accountants (MICPA).

Mr Ho commenced his career with Messrs KPMG in 1976 as an auditor, before moving on to the banking industry where his career spanned over 39 years. He has held senior positions in AmMerchant Bank Berhad (now known as AmInvestment Bank Berhad) from 1980 to June 1998, Macquarie Bank Ltd from July 1998 to 2000 and Citi in Malaysia from 2000 to June 2020.

Mr Ho served in various capacities in Citi, initially as ED, Head of Corporate Finance and later as Managing Director overseeing Banking for Malaysia where he was responsible for the global banking business covering multinational companies, financial institutions, top tier local corporations and government linked companies. His last position in Citi was as Vice Chairman, Banking.

Mr Ho was appointed to the Board of HLFG on 15 October 2020. He is the Chairman of the BARMC and a member of the NRC of HLFG.

Mr Ho is also an Independent Non-Executive Director of Genting Malaysia Berhad, a company listed on the Main Market of Bursa Securities and a Senior Advisor with the East Asia & Pacific practice at Dentons Global Advisors/ Albright Stonebridge Group.

Board of Directors' Profile

EMILY KOK**Non-Executive Director/
Independent**

Malaysian | 57 | Female

Ms Emily Kok holds a Master of Enterprise Innovation & Entrepreneurial Studies from Swinburne University of Technology, Australia and a Bachelor of Science (Hons) in Mathematical and Information Sciences from La Trobe University, Australia. She had also attended various C-suites executive programmes in INSEAD, IMD (Lausanne, Switzerland) and Harvard Business School. Ms Emily is a Fellow of the Institute of Corporate Directors Malaysia and a member of the Chartered Institute of Management Accountants and Institute of Certified Sustainability Practitioners. She is a Chartered Global Management Accountant and a sustainability reporting specialist.

Ms Emily comes from a diverse background of venture capital, private equity, management and entrepreneurship. A visionary entrepreneur, she has co-founded several businesses including Rentwise Sdn Bhd, Malaysia's only homegrown, privately held independent lessor specialising in operating leases of information technology ("IT") equipment to the corporate sector. She was the Chief Executive Officer and Chairman of Rentwise Sdn Bhd from 2004 to 2011. Other businesses Ms Emily has co-founded are in the IT, financial services and fast-moving consumer goods space.

In 2012, Ms Emily took on the position of ED at Prima Gading Sdn Bhd, the parent company of ICAN College, and was the Chief Executive Officer of ICAN College from 2017 to 2019. She is currently a member of the Board of Governors of ICAN College. She has also taken on several Board roles previously.

Ms Emily has more than 20 years' experience in direct investment, a significant part of that with 3i Group plc as Vice President for the Asia Pacific region from 1998 to 2003, where she was part of the pioneering team in establishing 3i's investment presence in Asia. Her portfolio ranged from new technology to brick and mortar in both business-to-business and business-to-consumer verticals.

Ms Emily was appointed to the Board of HLFG on 26 April 2022. She is a member of the NRC of HLFG.

Notes:**1. Family Relationship with Director and/or Major Shareholder**

None of the Directors has any family relationship with any other Director and/or major shareholder of HLFG.

2. Conflict of Interest / Potential Conflict of Interest

None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with HLFG or its subsidiaries.

3. Conviction of Offences

None of the Directors has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

4. Attendance of Directors

Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview, Risk Management & Internal Control Statement in the Annual Report.

Key Senior Management of the Group

TEH TIONG KHIM

Group Chief Financial Officer of
Hong Leong Financial Group Berhad ("HLFG")

Malaysian | 51 | Male

Mr Teh Tiong Khim is a Chartered Accountant, Fellow of CPA Australia and holds a Master of Business Administration from University of Strathclyde, Scotland.

Mr Teh joined HLFG on 1 December 2020 as the Group Chief Financial Officer.

Mr Teh has over 28 years of diverse experience in senior finance roles across global business services, global information technology ("IT") services and a public listed company. His career trajectory has taken him through large multinational organisations with exposure to different industries including banking, fast-moving consumer goods and IT.

Prior to joining HLFG, Mr Teh was the Chief Financial Officer of Standard Chartered Global Business Services ("SCGBS") Malaysia. In SCGBS, he was tasked to support Standard Chartered Global Head of SCGBS in executing financial strategy and he played a key role in developing various finance and commercial initiatives for the SCGBS network of organisations. From 2007 to 2016, Mr Teh had been with British American Tobacco Group where he held various senior finance positions in their global IT organisation and finance shared services, the last being the Regional Head of Record to Report for Asia Pacific.

KEVIN LAM SAI YOKE

Group Managing Director/Chief Executive Officer of
Hong Leong Bank Berhad ("HLB"),
a subsidiary of HLFG

Singaporean | 55 | Male

Mr Kevin Lam Sai Yoke holds an undergraduate degree in Business Administration from the National University of Singapore and is an alumnus of the Asian Financial Leadership Program.

Mr Kevin Lam was appointed as the Group Managing Director and Chief Executive Officer of HLB on 1 July 2023. He is a member of both the Credit Supervisory Committee and Executive Committee of HLB. Mr Kevin Lam is also a Council Member of The Association of Banks in Malaysia (ABM), a Council Member of The Asian Institute of Chartered Bankers ("AICB"), and a member of the Visa Asia Pacific Senior Client Council.

Mr Kevin Lam possesses over 30 years of experience in the financial landscape, having assumed various key senior leadership roles covering 5 key markets in Southeast Asia, namely Singapore, Malaysia, Indonesia, Thailand, and Vietnam. He has a broad range of experiences in strategic planning, business management, marketing, product development, sales and distribution, banking infrastructure development, digital and technology innovation. He has been instrumental in leading financial institutions with cross-functional and cross-cultural backgrounds to build long-term franchises.

Prior to joining HLB, Mr Kevin Lam served as the Head of TMRW Group Digital Banking of United Overseas Bank Limited ("UOB") for its key regional markets based in Singapore. He has a decade-long experience in various ASEAN markets, including Jakarta, where he was the President Director of UOB Indonesia, and in Kuala Lumpur, where he headed Personal Financial Services at UOB Malaysia and later served as its Deputy Chief Executive Officer, overseeing its Wholesale Banking business and Technology and Operations.

He also headed consumer banking loans, sales and distribution in Singapore with UOB, after spending time with various international banks and technology firms based in Singapore, Hong Kong and the USA.

Mr Kevin Lam is a Director of Hong Leong Islamic Bank Berhad, a public company.

Key Senior Management of the Group

LEE JIM LENG

Group Managing Director/Chief Executive Officer of
Hong Leong Investment Bank Berhad ("HLIB"),
a subsidiary of HLFG

Malaysian | 61 | Female

Ms Lee Jim Leng obtained a Bachelor of Business Administration degree in 1984 from the Acadia University, Canada and a Master of Business Administration in 1987 from the Dalhousie University, Canada.

Ms Lee joined HLIB on 24 November 2009 and is presently the Group Managing Director/Chief Executive Officer of HLIB.

Ms Lee has more than 20 years of experience in the financial industry, specialising mainly in investment banking. Prior to joining HLIB, she was the Managing Director of a local investment bank where she was responsible for the overall development of the bank's investment business in Malaysia. From 1999 to 2007, she was attached to a Singapore based regional bank and was tasked to spearhead their investment banking division in Malaysia and the ASEAN region.

Ms Lee is a Director of Hong Leong Capital Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and the Chairman of Hong Leong Asset Management Bhd, a public company. She is also the Council Chairman of the Malaysian Investment Banking Association (MIBA), and a Board member of Asian Banking School Sdn Bhd and AICB.

LOH GUAT LAN

Group Managing Director/Chief Executive Officer of
Hong Leong Assurance Berhad ("HLA"),
a subsidiary of HLFG

Malaysian | 59 | Female

Ms Loh Guat Lan holds a Bachelor of Science in Human Development and is a Fellow Member of Life Management Institute (FLMI) and Life Office Management Association (LOMA) as well as Associate, Customer Service. She is also a Certified Financial Planner (CFP) and Registered Financial Planner (RFP).

Ms Loh has extensive experience in the insurance industry, including agency management, branch management, agency development and training. She was previously the Chief Operating Officer (Life Division) of HLA and was subsequently appointed as the Group Managing Director/Chief Executive Officer of HLA on 1 September 2009. Prior to joining HLA, she was in the employment of American International Assurance Company Limited where her last position was Vice President & Senior Director of Agency (Malaysia).

Ms Loh is the Chairman of HL Assurance Pte Ltd and a Director of MSIG Insurance (Malaysia) Bhd, Hong Leong MSIG Takaful Berhad, HLA Holdings Sdn Bhd, Hong Leong Insurance (Asia) Limited, L.I.A.M. Holding Sdn Bhd and L.I.A.M. Property Sdn Bhd. She is also a Committee Member of the Life Insurance Association of Malaysia (LIAM). She was a Director of The Malaysian Insurance Institute and was a Board Member of Financial Industry Collective Outreach (FINCO).

Notes:

- 1. Family Relationship with Director and/or Major Shareholder**
None of the Key Senior Management has any family relationship with any Director and/or major shareholder of HLFG.
- 2. Conflict of Interest / Potential Conflict of Interest**
None of the Key Senior Management has any conflict of interest or potential conflict of interest, including any interest in any competing business with HLFG or its subsidiaries.
- 3. Conviction of Offences**
None of the Key Senior Management has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

Board Audit and Risk Management Committee Report

CONSTITUTION

The Board Audit Committee of Hong Leong Financial Group Berhad ("HLFG" or the "Company") had been established since 23 March 1994 and had been re-designated as the Board Audit and Risk Management Committee ("BARMC") on 29 August 2001.

COMPOSITION

MR HO HENG CHUAN

(Chairman, Independent Non-Executive Director)

MS LEONG KET TI

(Independent Non-Executive Director)

MS CHONG CHYE NEO

(Independent Non-Executive Director)

SECRETARY

The Secretary(ies) to the BARMC are the Company Secretary(ies) of the Company.

TERMS OF REFERENCE

The terms of reference of the BARMC are published on the Company's website at www.hlfg.com.my.

AUTHORITY

The BARMC is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of senior management, and all employees are directed to co-operate with any request made by the BARMC, including but not limited to providing the BARMC with sufficient support and resources required to investigate any matter within the mandates of the BARMC.

The BARMC is authorised by the Board to obtain independent legal or other professional advice as it considers necessary.

MEETINGS

The BARMC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the interim financial reports and annual financial statements are held prior to such interim financial reports and annual financial statements being presented to the Board for approval.

The Group Chief Financial Officer, Group Chief Risk Officer, Chief Internal Auditor, General Counsel and Chief Compliance Officer, employees and external auditors are invited to attend the BARMC meetings, whenever required. At least twice a year, the BARMC will have separate sessions with the external auditors without the presence of the management.

The BARMC will also engage privately with the General Counsel and Chief Compliance Officer, Chief Internal Auditor and Group Chief Risk Officer at least once a year to provide the opportunity for the General Counsel and Chief Compliance Officer, Chief Internal Auditor and Group Chief Risk Officer to discuss issues faced by compliance, internal audit and risk management functions. The BARMC Chairman maintains regular engagements with the General Counsel and Chief Compliance Officer, Chief Internal Auditor and Group Chief Risk Officer.

Issues raised, discussions, deliberations, decisions and conclusions made at the BARMC meetings are recorded in the minutes of the BARMC meetings. A BARMC member who has, directly or indirectly, an interest in a material transaction or material arrangement or conflict of interest situation shall not be present at the BARMC meeting when the material transaction or material arrangement or conflict of interest situation is being deliberated by the BARMC.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and majority of the members present must be independent directors.

After each BARMC meeting, the BARMC shall report and update the Board on significant issues and concerns discussed during the BARMC meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The BARMC carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2024 ("FY2024"), seven (7) BARMC meetings were held and the attendance of the BARMC members were as follows:

Member	Attendance
Mr Ho Heng Chuan	7/7
Ms Leong Ket Ti	7/7
Ms Chong Chye Neo	7/7

Board Audit and Risk Management Committee Report

HOW THE BARMC DISCHARGES ITS RESPONSIBILITIES

Financial Reporting

The BARMC reviewed the interim financial reports and annual financial statements of the Company and of the Group focusing particularly on:

- (i) any significant changes in accounting policies and practices;
- (ii) significant matters highlighted including financial reporting issues, material judgements made by management, material and unusual events or transactions, and how these matters are addressed;
- (iii) material adjustments arising from the audit;
- (iv) the going concern assumptions; and
- (v) compliance with accounting standards and other legal requirements.

The legal and regulatory environment was monitored and consideration given to changes in law, regulation, accounting policies and practices including the Auditor Reporting Standards – ISA 701 on key audit matters and the disclosure requirements under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”).

External Audit

The external auditors of the Group for the FY2024 is PricewaterhouseCoopers PLT (“PwC”). The BARMC discussed and reviewed with the external auditors, before the audit commenced for the financial year:

- (i) the audit plan and timetable for the financial audit of the Group including the focus areas and approach to the current financial year’s audit and any significant issues that can be foreseen, either as a result of the past year’s experience or due to new accounting standards or other changes in statutory or listing requirements; and
- (ii) the methodology and timetable of the Statement on Risk Management and Internal Control.

The BARMC reviewed the report and audit findings of the external auditors and considered management’s responses to the external auditors’ audit findings and investigations. The BARMC also had two (2) separate sessions with the external auditors without the presence of the Executive Director and management where matters discussed included key reservations noted by the external auditors during the course of their audit; whilst the BARMC Chairman maintained regular contact with the audit partner throughout the year.

The BARMC reviewed the external audit fees and their scope of services. The fees payable to PwC for the FY2024 amounted to RM6,687,974, of which RM592,270 was payable in respect of non-audit services. Non-audit services accounted for 8.9% of the total fees payable. The BARMC assessed the objectivity and

independence of the external auditors prior to the appointment of the external auditors for ad-hoc non-audit services.

The BARMC also evaluated the performance of PwC in the following areas in relation to their re-appointment as auditors for the FY2024 and considered PwC to be independent:

- (a) level of knowledge, capabilities, experience and quality of previous work;
- (b) level of engagement with the BARMC;
- (c) ability to provide constructive observations, implications and recommendations in areas which require improvements;
- (d) adequacy in audit coverage, effectiveness in planning and conduct of audit;
- (e) ability to perform the audit work within the agreed time frame;
- (f) non-audit services rendered by PwC does not impede independence;
- (g) ability to demonstrate unbiased stance when interpreting the standards/policies adopted by HLFGB; and
- (h) risk of familiarity threat to ensure that the independence and objectivity of PwC was not compromised.

PwC, in accordance with professional ethical standards, have provided the BARMC with confirmation of their independence for the duration of the FY2024 and the measures used to control the quality of their work.

The BARMC has therefore recommended to the Board that PwC be re-appointed as the auditors. Resolution concerning the re-appointment of PwC will be proposed to shareholders at the 2024 Annual General Meeting.

Related Party Transactions and Conflict of Interest

The BARMC conducted quarterly review of the recurrent related party transactions (“RRPT”) entered into by the Group to ensure that such transactions are undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public.

The Group had put in place the procedures and processes to monitor, track and identify the RRPT as well as to ensure that the RRPT are conducted on commercial terms consistent with the Group’s usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable.

The BARMC reviewed the said procedures and processes on an annual basis and as and when required, to ensure that the said procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner, and are sufficient to ensure that the RRPT will be carried out on commercial terms consistent with the Group’s usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.

Board Audit and Risk Management Committee Report

The BARMC assisted the Board in reviewing and monitoring all conflict of interest and potential conflict of interest situations within the Company. In this regard, the BARMC reviewed and endorsed for the Board's approval the revised Conflict of Interest Policy of the Company, which was amended to broaden its scope to cover indirect financial interests, non-financial interests, and any competing interests, to ensure that actual and potential conflicts of interest are identified and managed effectively in line with the MMLR of Bursa.

There were no conflicts of interest and potential conflicts of interest reported in FY2024, other than related party transactions and RRPT.

Internal Audit

The BARMC reviewed the adequacy of internal audit scope, internal audit plan and resources of the various internal audit functions within the respective business units under the Group.

During the financial year, BARMC noted that the various internal audit functions in the Group had effectively carried out internal audits to their respective business entities, and reviewed the updates on the audits performed on the financial holding company, banking business, investment banking/ stockbroking/ fund management/ unit trust businesses and insurance/ takaful business as set out in the Internal Audit Function section of this report.

The review of BARMC on the audit findings and recommendations had focused on the adequacy and integrity of internal control systems, business and compliance audits on the respective business units. The management's responses to internal audit's findings were also presented for the BARMC's consideration. The BARMC also reviewed at every BARMC meeting the status update of management's corrective action plans for the resolution of internal audit findings and recommendations. Recommendations were made by BARMC to ensure that the root causes raised by internal audit functions in their audit reports were effectively resolved and that any outstanding audit findings be tracked for timely resolution.

Risk Management and Internal Control System

The BARMC has reviewed reports on risk management for the purpose of overseeing and reporting to the Board, on the proper functioning of Risk Management as part of its responsibilities to assess and manage risks and uncertainties that could inhibit the Group's ability to achieve its business objectives. These reports cover, among others, global and regional economic developments, risk headwinds, capital adequacy, credit risk, market risk, liquidity risk, operational risk, environment, social and governance (ESG) risk and technology risk.

The BARMC has also reviewed management's implementation of group-wide risk management initiatives, including the review of group-wide policies and risk appetite statements for Board's approval. In the FY2024, as part of the annual review

process, the BARMC reviewed the key changes made to the Group policies on Risk Management, Credit Risk, Internal Capital Adequacy Assessment Process ("ICAAP"), Liquidity Management, Operational Risk Management, Technology Risk Management and Cyber Resilience. The changes to these policies were regulatory driven, administrative and/or editorial updates. In addition, the BARMC reviewed processes put in place to manage significant risks encountered by the Group as well as the adequacy and effectiveness of internal controls and risk management process. Subsequent to the Recovery Plan, the recovery planning process has been integrated within the Group's overall risk appetite and risk management framework with review and endorsement from the BARMC.

The BARMC also reviewed Group-wide risk resources and Business Continuity Management reports on staff deployment statistics across the Group.

The BARMC was also apprised on the Group's initiatives on integrating sustainability into its business and operations, and the Group's response to the Bank Negara Malaysia ("BNM")'s Policy Document on Climate Risk Management and Scenario Analysis (CRMSA) and Climate Change Principle-based Taxonomy (CCPT). The BARMC has also reviewed the progress of managing and mitigating climate-related risks and ensure that the Group's best practices are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD).

Compliance

The BARMC reviewed and discussed reports on compliance for the purpose of reporting to the Board on its oversight of the management of compliance risks within the Group. These reports relate to matters concerning compliance with regulatory requirements, compliance risk management, compliance initiatives and Group compliance alignment activities, including:

- (i) new, revised or updated regulations affecting the Group;
- (ii) significant non-compliance incidences in the Group, including anti-bribery and corruption ("ABC") non-compliance incidences;
- (iii) development, review, alignment and implementation of Group-wide compliance policies;
- (iv) compliance risk assessment and management of key compliance risks affecting the Group;
- (v) material compliance review findings in the Group;
- (vi) assessment of effectiveness of the overall management of Group compliance risks;
- (vii) implementation of anti-money laundering ("AML"), counter-financing of terrorism ("CFT") and counter proliferation financing ("CPF") programme in Group licensed entities;

Board Audit and Risk Management Committee Report

(viii) implementation, alignment, monitoring and assessment on effectiveness of ABC programmes within the Group, which includes reinforcing Board and top management commitment against bribery and corruption, review and enhancement of ABC control measures, monitoring of ABC implementation activities, and implementation of ABC training and communication activities; and

(ix) significant compliance issues which require deliberation by the BARMC and the Board.

The BARMC also reviewed and considered the proposed compliance objectives, strategies, plans, governance framework and policies for adoption and implementation within the Group, to ensure that Group affairs are carried out with effective compliance risk management and in full compliance with the relevant laws and regulations. In FY2024, as part of the annual review of policies, the BARMC also reviewed changes made to Group policies on compliance, governing documents, ABC, whistleblowing, personal data protection, and AML, CFT, CPF and targeted financial sanctions ("TFS").

Whistleblowing

The BARMC provided oversight on the implementation and effectiveness of the Company's Whistleblowing Policy and Standard Operating Procedures ("Whistleblowing Policy and Procedures"), which set out an avenue and the process for directors and employees of the Company and any (legal or natural) person, including those providing services to, or having a business relationship with the Company, to raise any concerns about any improper conduct, or wrongful act that involves the Company, confidentially through a dedicated whistleblowing channel to the BARMC Chairman. In FY2024, the BARMC had reviewed the Whistleblowing Policy and Procedures of the Company to ensure the whistleblowing procedures and communication plans in relation thereto remain effective.

INTERNAL AUDIT FUNCTION

The various internal audit functions within the Group entities ("internal audit functions") employ a risk-based assessment approach in auditing the Group business and operational activities. The high-risk activities are given due attention and audited on a more regular basis while the rest are prioritised to the potential risk exposure and impact. The internal audit functions are guided by their respective Internal Audit Charter ("Charter") and Internal Audit Standard Operating Procedures ("IA SOP") which are in line with BNM's Guidelines on Internal Audit Function of Licensed Institutions and the International Standards for the Professional Practice of Internal Auditing. In FY2024, as part of the annual review process, the internal audit functions had reviewed their respective Charters for changes and had tabled them to their respective board audit committees for endorsement; and subsequently to their respective Boards, for approval. The IA SOP was also reviewed for changes and tabled to the respective board audit committees for their approval.

During the FY2024, the following internal audits/ reviews were carried out:

- Financial Holding Company: audits on finance, company secretarial, legal, compliance, risk management, information technology, ABC process and sustainability statement review.
- Banking: audits on personal financial services, business corporate banking, branch operations and global markets businesses, group operations, group functions, group information and technology, branches including thematic audits on branch operations, investigations and other assignments as directed. Where applicable, all audits will include coverage on compliance with Shariah requirements on Islamic banking business.
- Investment Banking/ Stockbroking/ Fund Management/ Unit Trust: audits on operations involving investment banking, treasury & markets, stockbroking, branches, fund management (both conventional and Islamic), unit trust and Private Retirement Scheme business activities; information technology general controls, application systems and project management; regulatory compliance such as AML/CFT and TFS, cash balance of payment, liquidity coverage ratio, leverage ratio, net stable funding ratio, ABC process and management of customer information and permitted disclosures; business support functions such as risk management, compliance, finance, legal, sustainability; and other assignments as required by regulatory bodies.
- Insurance: product development, investment, data centre operations, information technology, ABC process, compliance function, sustainability reporting, group business product pricing, reinsurance, actuarial liability valuation, related party transactions, e-payment reporting, product set-up review, procurement, business continuity and disaster recovery, replacement of life insurance policies, claim operations, ICAAP, branches and regulatory compliance such as AML/CFT and TFS.
- Takaful: management of customer information process, claims process, ABC process, ICAAP, product development process, group pricing process, branches, information technology; and regulatory compliance such as AML/CFT and TFS, Shariah Function, replacement of takaful certificates and electronic payment incentive framework.

The cost incurred for the various internal audit functions within the Group for the FY2024 was RM21.016 million.

This BARMC Report is made in accordance with the resolution of the Board.

Corporate Governance Overview, Risk Management & Internal Control Statement

“Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value while taking into account the interest of other stakeholders.”

~ Finance Committee on Corporate Governance

The Board of Directors (“Board”) is pleased to present this statement with an overview of the corporate governance (“CG”) practices of the Group which supports the three key principles of the Malaysian Code on Corporate Governance (“MCCG”) 2021, namely board leadership and effectiveness; effective audit and risk management; and integrity in corporate reporting and meaningful relationship with stakeholders.

The CG Report 2024 of the Company in relation to this statement is published on the Company’s website, www.hlfq.com.my (“the Company’s Website”).

The Board also reviewed the manner in which the Bank Negara Malaysia (“BNM”) policy document on Corporate Governance (“BNM CG Policy”) is applied in the Group, where applicable, as set out below.

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference (“TOR”) to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Company’s Website. The Board Charter was last reviewed by the Board in July 2024. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as

financial results, investments and divestments, acquisitions and disposals, and major capital expenditure and such other responsibilities that are required as specified in the guidelines and circulars issued by BNM from time to time.

The day-to-day business of the Company is managed by the President & Chief Executive Officer (“CEO”) who is assisted by the management team. The CEO and his management team are accountable to the Board for the performance of the Company. In addition, the Board has established Board Committees which operate within clearly defined TOR primarily to support the Board in the execution of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit and Risk Management Committee (“BARMC”). The Nomination and Remuneration Committee (“NRC”) is delegated the authority to, inter alia, assess and review Board, Board Committees and CEO appointments and re-appointments and oversee management succession planning. Although the Board has granted such authority to the Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of the Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the CEO. This division of responsibilities between the Chairman and the CEO ensures an appropriate balance of roles, responsibilities and accountability.

Corporate Governance Overview, Risk Management & Internal Control Statement

A. ROLES AND RESPONSIBILITIES OF THE BOARD (continued)

The Chairman leads the Board and ensures its smooth and effective functioning.

The CEO is responsible for formulating the vision and recommending policies and the strategic direction of the Group as well as to monitor progress on implementation of Key Performance Areas ("KPA's") and strategic developments.

The CEO's main responsibility is to work with the operating managers to develop strategic business plans and to set out the KPA's for the operating managers as well as to focus on creating value through deployment of the assets in the Group and to seek optimal use of the capital resources available to him.

Independent Non-Executive Directors ("INEDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of INEDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Board is responsible to promote sustainability through appropriate environmental, social and governance ("ESG") considerations in the Company's business strategies. The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement in this Annual Report.

The Board observes the new Code of Ethics for Directors established by the Company in July 2024, which is published on the Company's Website. In addition, the Company also has a Code of Conduct and Ethics for Employees that sets out sound principles and standards of good practice which are to be observed by the employees. A Whistleblowing Policy has also been established by the Company and the said policy is published on the Company's Website. It provides a structured channel for all employees of the Company and any other persons providing services to, or having a business relationship with the Company, to raise genuine concerns about any improper conduct or wrongful acts involving the Company.

B. BOARD COMPOSITION

The Board currently comprises seven (7) Directors. The seven (7) Directors are made up of one (1) Executive Director and six (6) Non-Executive Directors, of whom five (5) are independent. The profiles of the members of the Board are set out in this Annual Report.

The Company is guided by the BNM CG Policy and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") in determining its board composition. The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation. The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company. Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. The Board currently has seven (7) Directors, of whom four (4) are women directors. The Board will work towards maintaining diversity on the Board in line with the MCGG.

Based on the review of the Board composition in July 2024, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the discharge of its duties.

(A) BARMC

The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year and explanation on how the BARMC had met its responsibilities are set out in the BARMC Report in this Annual Report.

The BARMC's functions and responsibilities are set out in the TOR which is published on the Company's Website.

(B) NRC

The Nomination Committee ("NC") and Remuneration Committee ("RC") had been combined into a single committee named as "NRC" with effect from 1 August 2024 and the members are as follows:

- YM Raja Noorma binti Raja Othman (Chairman)
- Mr Ho Heng Chuan
- Ms Emily Kok

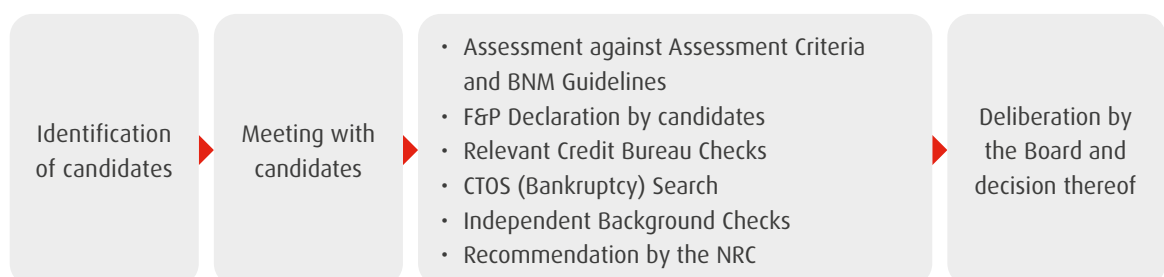
The NRC's functions and responsibilities are set out in the TOR which is published on the Company's Website.

NOMINATION RESPONSIBILITIES

The Company has in place a Fit and Proper ("F&P") Policy for Directors and CEO as a guide for the process and procedure for assessment of inter alia, (i) new appointments and re-appointments of Chairman, Directors and CEO, (ii) appointment of Board Committee members, and (iii) annual F&P assessment of Chairman, Directors and CEO, and the criteria and guidelines used for such assessments. Upon the approval of the Board, an application on the prescribed forms will be submitted to BNM for approval in respect of new appointments and re-appointments.

(i) New Appointments

The nomination, assessment and approval process for new appointments is as follows:



Corporate Governance Overview, Risk Management & Internal Control Statement

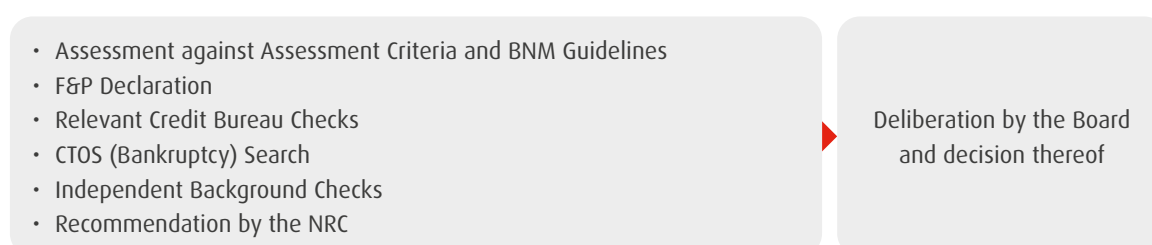
C. BOARD COMMITTEES (continued)**(B) NRC (continued)****(i) New Appointments (continued)**

In assessing the candidates for Board appointments, the NRC will take into account, inter alia, the strategic and effective fit of the candidates for the Board, the overall desired composition and required mix of expertise and experience of the Board as a whole and having regard to the candidates' attributes, qualifications, management, leadership, business experience and their F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant BNM Guidelines. The Company will also conduct independent background checks to verify the information disclosed in the F&P Declarations. The Company has taken steps to build and maintain a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with director databases in its search for suitable Board candidates.

In the case of CEO, the NRC will take into account the candidate's knowledge and experience in the industry, market and segment. The NRC will also consider the candidate's F&P Declaration in line with the standards required under the relevant BNM Guidelines.

(ii) Re-Appointments

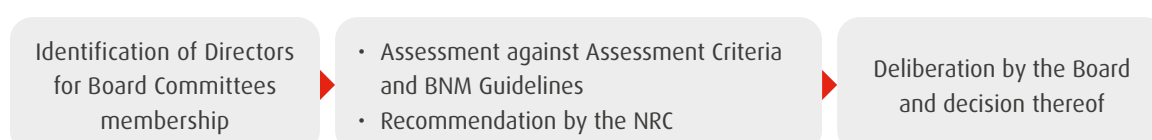
The assessment and approval process for re-appointments is as follows:



For re-appointments, the Chairman, Directors and CEO will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations and commitment, and for independent directors, their independence. The NRC will also consider the results of the Annual Board Assessment (as defined below), their contributions during the term of office, attendance at Board meetings, F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant BNM Guidelines and for Independent Directors, their continued independence. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

(iii) Board Committees Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committees Appointments") is as follows:

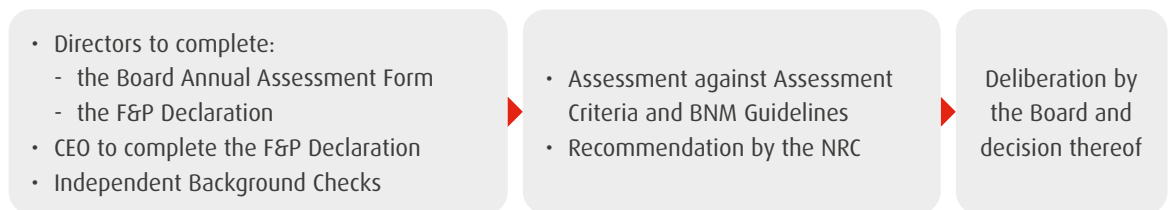


The assessment for Board Committees Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)**(B) NRC (continued)****(iv) Annual F&P Assessment**

The annual F&P assessment process is as follows:



A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director on an annual basis ("Annual Board Assessment") in conjunction with the annual F&P assessment of Chairman, Directors and CEO pursuant to the BNM Guidelines. Directors are required to complete the F&P Declaration in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant BNM Guidelines. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

The NRC will deliberate the results of the Annual Board Assessment and submit its recommendation to the Board for consideration and approval. For newly appointed Directors, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one year of service.

Assessment criteria for Board as a whole include, inter alia, the effectiveness of the Board composition in terms of size and structure vis-a-vis the complexity, size, scope and operations of the Company; the core skills, competencies and experience of the Directors; and the Board's integrity, competency, responsibilities and performance. The assessment criteria for Board Committees include the effectiveness of the respective Board Committees' composition in terms of mix of skills, knowledge and experience to carry out their respective roles and responsibilities in accordance with the Board Committees' TOR and the contribution of the Board Committee members. Each individual Director is assessed on, inter alia, the effectiveness of his/her competency, expertise and contributions. The skills, experience, soundness of judgment as well as contributions towards the development of business strategies and direction of the Company and analytical skills to the decision-making process are also taken into consideration.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)

(B) NRC (continued)

REMUNERATION RESPONSIBILITIES

The Group's remuneration scheme for Executive Directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them.

The NRC, in assessing and reviewing the remuneration packages of Executive Directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices. INEDs of the Company are paid fixed annual director fees, Board Committee fees and meeting allowance for each Board and Board Committee meeting attended. The remuneration of INEDs is recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM"), and payable in cash to INEDs upon approval of the shareholders of the Company.

The detailed remuneration of each Director during the financial year ended 30 June 2024 ("FY2024") is as set out in Note 40 of the Audited Financial Statements in this Annual Report.

Remuneration

The remuneration strategy of Hong Leong Financial Group ("HLFG") supports and promotes a high performance culture to deliver HLFG's Vision to be an integrated financial services group that consistently meets its customers' needs. It also forms a key part of our Employer Value Proposition with strong values, high integrity, clear sense of responsibility, high ethical standards and the right behaviour.

The remuneration framework provides a balanced approach between fixed and variable components that is measured using a robust and rigorous performance management process which incorporates meritocracy in performance, HLFG values, and key behaviours in accordance to our Code of Conduct and Ethics for Employees, risk and compliance management as part of the key performance indicators for remuneration decisions.

The remuneration framework also reinforces a strong internal governance on performance and remuneration of control functions, which are measured and assessed independently from business units/ functions they support to avoid any conflict of interests. The framework stipulates that for effective segregation, control function employees will be appraised principally based on achievement of their control objectives.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)**(B) NRC (continued)****Remuneration Process**

The remuneration process includes strict adherence to regulatory requirements and active oversight by the Board where the remuneration of the CEO, Senior Officers and other material risk takers are reviewed and approved by the NRC and Board annually. "Senior Officers" in this context refers to management staff who have primary and significant responsibility for the management and performance of significant business activities of the Company and any person who assumes primary or significant responsibility for key control functions of the Company. "Other material risk taker" refers to an officer who is not a member of Senior Officers of the Company and who can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile.

The Board maintains and regularly reviews a list of officers who fall within the definition of "Senior Officers" and "other material risk takers". For the FY2024, there were no "other material risk takers" identified for the Company.

Role of BARMC in remuneration matters

BARMC is tasked to review Management's implementation of the remuneration system on whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the NRC. During the FY2024, there was no incentive scheme implemented in the Company.

Measurement of Performance

HLFG's performance is determined in accordance with key measures on profitability, cost, capital, shareholders' return, medium-to long-term strategic initiatives, as well as risk, audit and compliance positions.

For each employee, performance is tracked through Key Result Areas ("KRAs"). It focuses on the achievement of key objectives which are aligned to value creation for our shareholders, HLFG values and compliance with laws and regulations. Employee performance is assessed through the performance management framework which is based on 67% of KRAs and 33% of Key Behaviours such as job knowledge, customer focused and continuous process improvement.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)

(B) NRC (continued)

Pay Mix Delivery and its Purpose

The overall Total Compensation generally includes base pay, fixed cash allowances, performance based variable pay, long term incentives, benefits and other employee programmes.

1. Fixed Pay (base pay and fixed cash allowances)

Fixed pay is delivered at an appropriate level taking into account skills, experience, responsibilities, competencies and performance; ensuring its competitiveness vis-à-vis comparable institutions for attraction and retention purposes.

2. Performance-based variable pay

Performance-linked variable pay in the form of bonuses is paid out at the end of the financial year subject to HLF's performance and in recognition of individual performance and key achievements during the year. It focuses on the achievement of key objectives which are aligned to value creation for our shareholders and multiple stakeholders. A robust key performance indicators setting process that incorporates risk management as part of the scorecards are also in place to ensure excessive risk taking behaviours of staff are minimised and sufficient control mechanisms are in place. Variable bonus awards for the CEO, Senior Officers and other material risk takers and in excess of certain thresholds will be deferred over a period of time.

3. Long term incentives

HLFG also recognises and rewards individuals for their contributions towards HLF's long-term business achievements (both in qualitative and quantitative measures) through a combination of cash and non-cash (i.e. shares or share-linked instruments) elements that are subject to partial deferment over a period of time (typically over a few years) with built-in clawback mechanism.

The clawback mechanism for performance based variable pay and long term incentives ("Variable Pay") can be triggered when there are non-compliances to regulations and policies and where Management deemed necessary due to achievements of performance targets that are not sustainable. Clawbacks are typically (and not limited to) applied in the case of Gross Misconduct, Misstatements, Material Risks and/or Malfeasance of Fraud. The Variable Pay increases along with the individual's level of accountability. By subjecting an adequate portion of the variable remuneration package to forfeiture, it takes into account potential financial risks that may crystallize over a period of time, reinforces HLF's corporate and risk culture in promoting prudent risk taking behaviours.

4. Employee Benefits and Development Programmes

Employee benefits (e.g. health screening, medical, leave passage) are used to foster employee value proposition and wellness to ensure the overall well-being of our employees while employee development programmes (e.g. development opportunities) are used to upgrade the employee skills and competencies. These are being reviewed annually to ensure HLF remains competitive in the industry and that the employees are well taken care of.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)**(B) NRC (continued)****CEO, Senior Officers and Other Material Risk Takers Remuneration**

The remuneration of the CEO, Senior Officers and other material risk takers of the Company for FY2024 is shown in the tables below:

i) CEO

NAME	CATEGORY	CASH (RM)	SHARES (RM)	TOTAL (RM)
Tan Kong Khoon	Fixed remuneration awarded for FY2024	3,720,000	-	3,720,000
	Variable remuneration awarded for FY2024			
	1) Non-deferred	5,856,000	-	5,856,000
	2) Deferred	2,934,000	-	2,934,000

ii) Senior Officers and Other Material Risk Takers (including CEO)

CEO and Senior Officers	No. of officers received	Total value of remuneration awarded for FY2024		Total amount of Outstanding deferred remuneration as at 30.6.2024 (RM)	Total amount of Outstanding deferred remuneration paid out (vested) in FY2024 (RM)
		Unrestricted (RM)	Deferred (RM)		
Fixed Remuneration					
Cash-based	4	5,911,200	-	-	-
Shares and share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Variable Remuneration					
Cash-based	4	6,775,200	3,054,550	3,054,550	2,592,740
Shares and share-linked instruments	1	-	-	-	2,295,989*
Other	-	-	-	-	-

Note:

* The value of share is based on the valuation used for MFRS 2 Accounting.

There are no other material risk takers identified for FY2024.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)

(B) NRC (continued)

The NRC meets at least two (2) times in each financial year and additional meetings may be called at any time as and when necessary.

There was no NRC meeting held during the FY2024 as the NRC was established after the close of the FY2024. During the FY2024, three (3) NC meetings and three (3) RC meetings were held, and all NC members and RC members attended the respective meetings.

Prior to being disbanded on 1 August 2024, the NC and RC carried out the following activities in the discharge of their duties in accordance with their TOR during the FY2024:

(i) NC

- Carried out the Annual Board Assessment and was satisfied that the Board as a whole, Board Committees and individual Directors have continued to effectively discharge their duties and responsibilities in accordance with their respective TORs, and that the current Board composition in terms of Board balance, size and mix of skills is appropriate and effective for the discharge of its functions. The NC took cognisance of the merits of Board diversity including women participation on the Board, in adding value to the Company. The NC will continue to work towards maintaining diversity on the Board in line with the MCCG;
- Considered and assessed the position of Independent Directors of the Company and was satisfied that the Independent Directors met the regulatory requirements for Independent Directors;
- Reviewed the F&P Declarations by Directors and Company Secretary in line with the BNM policy document on F&P Criteria and was satisfied that the Directors and Company Secretary met the requirements as set out in BNM policy document on F&P Criteria;
- Reviewed the terms of office and performance of the BARMC and each of its members in accordance with the TOR of BARMC and was of the view that the BARMC and each of its members had carried out their duties in accordance with the BARMC TOR for the periods under review;
- Reviewed the re-appointment of Directors in accordance with the F&P Policy for Directors and CEO, BNM CG Policy and MMLR and recommended to the Board for consideration and approval;
- Considered the re-election of Directors who are due for retirement at the AGM pursuant to the Constitution of the Company;
- Reviewed the Board Policy on Succession Planning for the Board and recommended to the Board for consideration and approval;
- Considered the roles and responsibilities of the NC and RC in light of the TOR, regulatory requirements and best practices; and
- Reviewed the talent inventory of senior management of the Group.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)**(B) NRC (continued)****(ii) RC**

- Considered the Proposed Bonus and Annual Increment of the Senior Officers of the Company and recommended to the Board for consideration and approval;
- Reviewed the Remuneration Policy and recommended to the Board for consideration and approval; and
- Reviewed the Proposed Bonus and Annual Increment as well as the payment of Deferred Bonus of the President & CEO of the Company and recommended to the Board for consideration and approval.

(C) GROUP BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("GBITC")

The GBITC was established on 29 July 2020 to jointly support the Boards of Hong Leong Financial Group Berhad, Hong Leong Investment Bank Berhad ("HLIB"), Hong Leong Assurance Berhad ("HLA") and Hong Leong MSIG Takaful Berhad ("HLMT") (collectively "HLFG Group of Companies") in discharging the following responsibilities:

1. Oversee technology and cyber security related matters.
2. Ensure that risks assessments undertaken in relation to material technology applications are robust and comprehensive.
3. Ensure that management meets the expectations on technology and cyber security risk management as set out in BNM's policy document on Risk Management in Technology ("BNM RMIT Policy").
4. Facilitate discussions amongst entities of the development in digital trends, to rationalise practices and policies and where possible, to seek consistent practices across entities.

The composition of the GBITC comprises representatives from HLFG Group of Companies as follows:

- Ms Chong Chye Neo (Chairman)
- YM Raja Noorma binti Raja Othman
- YBhg Dato' Ng Wan Peng
- YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah

The GBITC's functions and responsibilities are set out in the TOR which is published on the Company's Website.

During the FY2024, four (4) GBITC meetings were held and the attendance of the GBITC members were as follows:

Member	Attendance
Ms Chong Chye Neo	4/4
YM Raja Noorma binti Raja Othman	4/4
YBhg Dato' Ng Wan Peng	4/4
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	4/4

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (continued)

(C) GROUP BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("GBITC") (continued)

In discharging its duties in accordance with its TOR, the GBITC carried out the following activities during the FY2024:

- Reviewed the information technology ("IT") strategy and monitored the progress against management plans;
- Deliberated on digital trends in the financial services industry and their potential implications and applications within the Group;
- Exchanged thoughts on the Group's digital strategy and reviewed the Group's adoption of emerging technologies;
- Shared knowledge and experience on technology related matters with subject matter experts from the various group entities;
- Reviewed the Group's major application systems which includes progress of new projects and the review of the use and replacement of end of life systems;
- Reviewed the production incidents and trends;
- Reviewed the Business Continuity Management of the Group, including downtime of critical systems and disaster recovery plans;
- Reviewed the cyber security posture and key security initiatives;
- Reviewed the results of the Vulnerability Assessment, the Network Resiliency Assessment and the cyber drill exercises of the Group;
- Reviewed the state of compliance and progress updates on action items in relation to the BNM RMiT Policy;
- Reviewed the Group's risk appetite statement and assessed the IT policies encompassing technology risk management, cyber resilience, IT security operations and cloud computing; and

- Shared topics of interest gained from the external training programme(s) with management and deliberated on their implications to the Group's digitalization strategy.

D. INDEPENDENCE

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an Independent Director should not exceed a cumulative term of 9 years and upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. It further states that in the event the Board wishes to retain an Independent Director who has served a cumulative term of 9 years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The tenure of all the Independent Directors on the Board of the Company does not exceed 9 years. The Independent Directors have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the Independent Directors have continued to bring independent and objective judgment to Board deliberations and decision making.

The Company has in place a policy in relation to the tenure for Independent Directors of the Company ("Tenure Policy") under the F&P Policy for Directors and CEO. Pursuant to the Tenure Policy, the tenure of an Independent Director shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Company. Upon completion of the 9 years, an Independent Director shall retire on the expiry date of his or her term of office approved by BNM.

E. COMMITMENT

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR of Bursa, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointments.

Corporate Governance Overview, Risk Management & Internal Control Statement

E. COMMITMENT (continued)

This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 75% of Board meetings held in each financial year pursuant to the BNM CG Policy.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports since 2015. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of a qualified and competent Company Secretary to facilitate the discharge of their duties effectively. The Company Secretary is qualified to act under Section 235 of the Companies Act 2016. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flow amongst the Board, Board Committees and senior management. All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman or the CEO of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board.

The Board met six (6) times for the FY2024 with timely notices of issues to be discussed. Details of attendance of each director are as follows:

Director	Attendance
YBhg Tan Sri Quek Leng Chan	6/6
Mr Tan Kong Khoon	6/6
Ms Leong Ket Ti	6/6
YM Raja Noorma binti Raja Othman	6/6
Ms Chong Chye Neo	6/6
Mr Ho Heng Chuan	6/6
Ms Emily Kok	6/6

The Company recognises the importance of continuous professional development and training for its directors.

The Company is guided by a Directors' Training Policy under the Board Charter, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Company's business, governance process, roles and responsibilities as Director of the Company. The CPD encompasses areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") Part I. In line with the amendments to the MMLR of Bursa in relation to sustainability training for Directors, the Directors of the Company will complete the MAP Part II within the prescribed timeframe.

Corporate Governance Overview, Risk Management & Internal Control Statement

E. COMMITMENT (continued)

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its Directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a Director vis-à-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of Directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management, IT, cyber security, sustainability, internal control and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During the FY2024, the Directors received regular briefings and updates on the Group's businesses, strategies, operations, risk management and compliance, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. In-house programmes were also organised for the Directors and senior management of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During the FY2024, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Amanie Advisors – Amanie Islamic Investment Forum 2024 - Shariah Investing: New Theme for New Era
- American Institute of Certified Public Accountants ("AICPA") & Chartered Institute of Management Accountants ("CIMA") – FinTech, Technology Commercialisation and Challenges of Digital Transformation
- AICPA & CIMA – Post 2024 National Budget Discussion Forum
- AICPA & CIMA – Robotic Automation Process in Management Accounting
- Asia School of Business ("ASB") – Board's Role in Value Creation
- ASB – ESG and Islamic Finance: Implications for Boards and Corporate Governance
- ASB – Learning@Work: Human Learning in the Age of Machine Learning
- ASB – Managing Culture to Prevent Misconduct
- ASB – Understanding Liquidity Risk Management in Banking
- As-Salihin Trustee Berhad – Anti-Money Laundering ("AML"), Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA")
- Bank of Singapore – Levelling Up Cooperation via Johor-Singapore Special Economic Zone
- BNM – BNM Sasana Symposium:
 - (i) Addressing medical inflation - A-whole-of-nation approach;
 - (ii) Ringgit, Bonds and Equity Market;
 - (iii) Diversifying funding sources in the economy;
 - (iv) Structural reforms - Making it a reality for Malaysia;
 - (v) Micro, Small and Medium Enterprises (MSME) Growth: Supporting the backbone of Malaysia's economy; and
 - (vi) Roles of finance in implementing structural reform.
- BNM – Engagement session with Chairpersons and CEOs of banking institutions and associations together with the release of annual report, economic & monetary review and second half financial stability review for 2023
- BNM – Engagement session to share key insights derived from the assessment of Financial Institution's gap analysis and implementation plan of the climate risk management and scenario analysis document
- BNM – JC3 Journey to Zero Conference 2023
- Bursa Malaysia – Advocacy Session for Directors and CEOs of Main Market Listed Issuers
- Bursa Malaysia – Bursa 2023 Market Intermediaries and Advocacy Programmes: Governance and Risk Management
- Bursa Malaysia – Bursa 2023 Market Intermediaries and Advocacy Programmes: Understanding Cybersecurity
- Bursa Malaysia & Climate Governance Malaysia – Chairperson Masterclass Series 2023: Session 6 - Managing Scope 3 Emissions
- Climate Governance Malaysia – Chairperson Masterclass Series: Session 4 - Leadership Navigation: Carbon Pricing

Corporate Governance Overview, Risk Management & Internal Control Statement

E. COMMITMENT (continued)

- Climate Governance Malaysia – Chairperson Masterclass Series: Session 6 - Reporting under the Task Force on Climate-Related Financial Disclosures (TCFD) Framework
- Climate Governance Malaysia – Director Masterclass Series 1: Boardroom Dynamics in Climate Talks
- Climate Governance Malaysia – Director Masterclass Series 2: What Directors Must Know about Recent Developments in Climate Science
- Deutsche Bank Malaysia Berhad – Mid-year Chief Investment Officer Outlook
- Employees Provident Fund (“EPF”) – EPF Private Markets Summit 2024
- EPF – International Social Wellbeing Conference 2024: Ageing and Longevity, Towards a Meaningful Retirement
- EPF – International Social Wellbeing Conference 2023: Changing the Game, Building the World We Want
- EPF – Leadership Talk Series - Charting the path with Data and Artificial Intelligence (“AI”) Platform
- EPF – The legal and fiduciary responsibilities of Corporate Directors and Senior Management
- Hong Leong Bank Berhad (“HLB”) – Extraordinary sales leadership (ESL) 2.0 training for Regional Community General Managers
- HLB – Revisiting Section 17A of Malaysian Anti-Corruption Commission (MACC) Act 2009 on Corporate Liability Provision - Developing a robust anti bribery & corruption framework as lines of defence
- Hong Leong Capital Berhad (HLCB) Group – AML, Countering Financing of Terrorism (“CFT”) and Targeted Financial Sanctions (“TFS”): Adopt, Evolve, Transform Towards an Effective Compliance
- HSBC Bank – Asia Pacific Outlook
- Iclif Leadership and Governance Centre (ICLIF) – Structural Reforms - Making it a reality for Malaysia
- INSEAD Corporate Governance Centre (ICGC) in collaboration with Eric Salmon & Partners – Board Nomination and Remuneration Committees – Trends and Outlook
- Institute of Certified Sustainability Practitioners (ICSP) – Performance Measurement of Corporate Social Responsibility (CSR) using Social Return on Investment (SROI)
- Institute of Corporate Directors Malaysia (“ICDM”) – Being Sued as an INED - A Personal Journey
- ICDM – MAP Part II on Sustainability for Directors: Leading for Impact
- ICDM – Power Talk Series:
 - (i) Climate Change and Carbon Footprint: Getting the Right Financial Risk & Reporting Perspective; and
 - (ii) Generative AI - An Opportunity or Risk?
- Institute of Enterprise Risk Practitioners – Managing Non-Financial Risks as a driver for organisational performance
- J.P. Morgan Chase Bank – South-east Asia Investment Strategy
- Khazanah Nasional Berhad – Khazanah Megatrends Forum 2023
- Malaysian Association of Public Advocacy for Nature (MAPAN) – Open Forum: ESG & Sustainability (Panel Member)
- Malaysian Institute of Accountants (MIA) – Introduction to ESG and Sustainable Finance
- Mapletree – Regional Outlook Forum 2024
- McKinsey & Company/HLB – Leadership Expert Engagement Workshop - Getting The Net Zero Pathway Right
- Mizuho Bank – Asia Pacific Market Updates
- PricewaterhouseCoopers (PwC) – Asia Pacific Workforce Hopes and Fears Survey 2023 - Is your workforce reinvention ready?
- Principal Financial Group – 2023 Principal Asia Pacific (APAC) Summit
- Securities Industry Development Corporation (SIDC) – Cybersecurity & Data Privacy: The Fight Against Financial Crime
- The Institute of Internal Auditors (IIA) – AML/CFT (AMLA): AML Key Considerations
- YTL Corporation Bhd – YTL Leads Conference 2023

F. ACCOUNTABILITY AND AUDIT

The Company has put in place a framework of processes whereby Board committees provide oversight on critical processes of the Company’s reporting of financial statements, in order to ensure that accountability and audit are integral components of the said processes.

I FINANCIAL REPORTING

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

Corporate Governance Overview, Risk Management & Internal Control Statement

F. ACCOUNTABILITY AND AUDIT (continued)**II RISK MANAGEMENT AND INTERNAL CONTROL**

The Board has overall responsibility for maintaining a system of internal controls which covers financial and operational controls and risk management. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The BARMC is delegated with the responsibility to provide oversight on the Company's management of critical risks that the Group faces, and to review the effectiveness of internal controls implemented in the Company.

The Statement on Risk Management and Internal Control as detailed under Section I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

III RELATIONSHIP WITH AUDITORS

The appointment of external auditors is recommended by the BARMC, which also reviews the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. In this regard, an annual assessment is conducted by the BARMC to evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the re-appointment of the external auditors.

The Company also has a Policy on the Use of External Auditors for Non-Audit Services to govern the professional relationship with the external auditors in relation to non-audit services. Assessment will be conducted by the BARMC for non-audit services to ensure that the provision of non-audit services does not interfere with the exercise of independent judgment of the external auditors.

During the financial year under review, the external auditors met with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

The external auditors meet with the BARMC members at least twice a year without the presence of management.

G. DISCLOSURE

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR of Bursa, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Company's Website after release to Bursa.

H. SHAREHOLDERS**I DIALOGUE BETWEEN COMPANIES AND INVESTORS**

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company's Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's Website for information such as the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/ briefings, financial information and investor relations. The minutes of the AGM are published on the Company's Website.

The Board has identified Mr Ho Heng Chuan, the Chairman of the BARMC, as the Independent Non-Executive Director of the Board to whom concerns may be conveyed, and who would bring the same to the attention of the Board.

In addition, shareholders and investors can have a channel of communication with the Group Chief Financial Officer to direct queries and provide feedback to the Group.

Queries may be conveyed to the Group Chief Financial Officer at:

Tel No : 03-2080 9888

Fax No : 03-2080 9800

E-mail address : cfo-hlfg@hongleong.com.my

Corporate Governance Overview, Risk Management & Internal Control Statement

H. SHAREHOLDERS (continued)

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa, all resolutions tabled at the last AGM held on 31 October 2023 were put to a vote by way of a poll and the voting results were announced at the meeting and through Bursa. The Company had adopted electronic voting for the conduct of poll on all resolutions at the AGM and provided e-lodgement channel for shareholders to lodge form of proxy electronically to the Company.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

I INTRODUCTION

The Board recognises that the practice of good governance is an important mandate. The Board has established the BARMC to support the Board in ensuring that the Group maintains a sound system of internal controls and risk management practices that foster strong governance within the Group. The processes for assessments of risks and controls are regularly reviewed in accordance with the guidelines on the 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'.

II THE RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibilities for the risk management and internal control environment of the Group and for reviewing its adequacy, integrity and effectiveness in safeguarding shareholders' and customers' interests and the Group's assets. The risk management and internal control framework is designed to manage, rather than to eliminate, risks to achieving goals and objectives of the Group, and therefore only provide reasonable assurance and not absolute assurance, against material misstatement or loss.

The system of risk management and internal control instituted throughout the Group is updated periodically to align with the dynamic changes in the business environment as well as any process improvement initiatives undertaken. The Board confirms that its Management team responsibly implements the policies and standard operating procedures ("SOP") on risk management and governance to ensure adequacy of internal controls.

III RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The organisational structure of the Group clearly defines the lines of accountability and responsibility. On-going risk assessments and evaluations are an integral part of the Group's strategic planning cycle and are responsive to the business environment and opportunities. The Risk Management and Compliance functions have implemented an enterprise-wide risk management framework to inculcate continuous risk and regulatory compliance awareness, and the understanding of procedures and controls, thus improving the overall control environment.

A) RISK MANAGEMENT

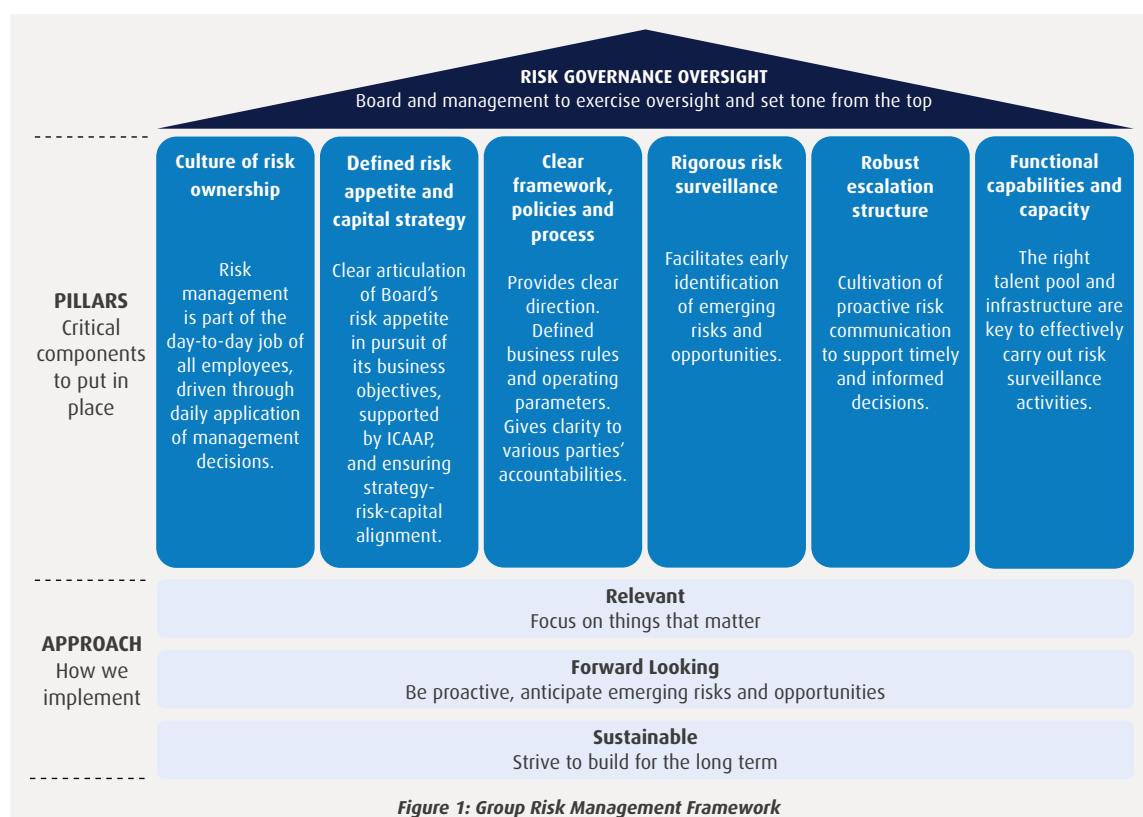
Managing risks is an integral part of the Group's overall business strategy. It involves a process of identifying, assessing and managing risks and uncertainties as the Group pursues strategic objectives.

Risk governance oversight is underpinned by the core pillars of risk culture, appetite, policies, surveillance, escalation and capacity. Above all, the approaches need to be relevant, forward looking and sustainable.

Corporate Governance Overview, Risk Management & Internal Control Statement

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)**III RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (continued)****A) RISK MANAGEMENT (continued)**

The Group's risk management framework incorporates the components depicted in the diagram below:



In addition, the risk management framework is effected through an organisational construct and escalation structure as depicted below:



Notes:

a. GCF refers to Group control Functions.

b. IGRMC refers to Intra-Group Risk Management Committee.

c. IGHCC refers to Intra-Group Heads of Compliance Committee.

Figure 2: Group Risk Oversight Structure

Corporate Governance Overview, Risk Management & Internal Control Statement

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)**III RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (continued)****A) RISK MANAGEMENT (continued)**

The Board has the overall responsibility to ensure there is proper oversight of the management of risks within the Group. The Board oversees strategy, group-wide risk assessments and management, and approves group-wide risk policies. The Risk Management function monitors, consolidates and reports the Group's overall Credit, Market, Liquidity, Operational, IT and Climate Risks. These risks are presented to BARMC regularly. The BARMC deliberates and evaluates the risk reports and provides updates to the Board, and where appropriate, make necessary recommendations to the Board.

The Risk Management Framework established by the Board is to assist it in:

- identifying the significant risks faced by the Group in the operating environment, as well as evaluating the impact of such risks;
- developing and approving risk mitigation measures to manage these risks; and
- monitoring the effectiveness of such measures and to develop, approve and monitor any corrective actions as may be deemed necessary.

These processes have been in place throughout the FY2024 and have continued up to the date this statement was approved.

The Board has entrusted the BARMC with the responsibility to oversee the implementation of the Risk Management Framework of the Group.

The Risk Management function administers the Risk Management Framework by working with various risk management functions within the Group. These functions' primary responsibilities are to:

- periodically evaluate all identified risks for their relevance in the operating environment and inclusion in the Risk Management Framework;
- oversee and monitor the implementation of appropriate systems and controls to manage these risks;
- assess the adequacy of existing action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- regularly report to the BARMC on the state of internal controls and the efficacy of management of risks throughout the Group.

B) COMPLIANCE

The Compliance function ensures material Compliance Risks from business activities are effectively managed in compliance with regulatory requirements and do not undermine the safety and soundness of the Group. This involves identifying, assessing, monitoring and managing compliance risks of the Group, and facilitating compliance with regulatory requirements and internal policies. The compliance framework and fundamental compliance principles of the Group, including governance framework and reporting structure, are set out in the Group Compliance Policy.

The Board, through the BARMC, validate the objectives, strategies, plans, governance framework and policies to manage compliance risks, ensuring they are consistent with regulatory obligations and that compliance risks are adequately addressed through the implementation of internal controls.

Regulatory updates and changes affecting the Group are communicated by the Compliance function to internal stakeholders for implementation and reported to the BARMC. All material compliance breaches and non-compliances are brought to the attention of the BARMC and they are kept informed of the causes and the remedial measures taken.

Corporate Governance Overview, Risk Management & Internal Control Statement

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

III RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (continued)

B) COMPLIANCE (continued)

To support effective internal controls and in ensuring compliance with relevant laws and regulations, the Compliance function has also put in place key compliance policies such as the Group Compliance Policy, Group Anti-Bribery and Corruption Policy, Group Whistleblowing Policy, Group AML, CFT, Countering Proliferation Financing and TFS Policy and Group Personal Data Protection Policy. All policies are reviewed on an annual basis or sooner as and when required to reflect current practices or changes to applicable legal or regulatory requirements.

C) INTERNAL AUDIT

The Internal Audit function provides assurance regarding the adequacy and integrity of the system of internal controls. Internal Audit operates independently of the activities and operations of other operational and control functions within the Group. This function works with various internal audit functions within the Group to undertake periodic and systematic reviews of internal control systems and the review of compliance with the regulations, policies, and control procedures of the Group. Internal audit findings, recommendations and management responses are brought to the attention of the respective board audit and/or risk committees within the Group and the status of corrective actions will be monitored for timely resolution. The function is guided by its Audit Charter and Internal Audit SOP. Kindly refer to the section on Internal Audit Function in the BARMC Report for more details on the audit activities that were carried out during the financial year.

IV MANAGEMENT AND DECISION-MAKING PROCESSES

The Board has incorporated the Risk Management Framework as an integral component in the management and decision-making process of the Group.

The vision and mission statements of the Group form the basis of business plans and budgets. The key strategies to achieve these business plans and budgets are approved by the Board. The management performs periodic review to monitor the performance of all operating units against the business plans and budgets. The budget is monitored and major variances are followed-up by the management. These are then reported to the Board on a quarterly basis.

The Company's financial and accounting system records business performances and produces periodic consolidated financial reports, including quarterly financial statements that allows management to monitor the financial performance of the Group. The public release of quarterly financial statements of the Group will only be made after being reviewed by the BARMC and approved by the Board.

The Group has a well-defined organisational structure with clearly defined authorities, accountability and segregation of duties. The respective heads of the operating subsidiaries of the Group operate their respective units within the policies, functional, financial and operating reporting standards and control procedures developed by the Group. Such reporting standards and control procedures are supplemented by operating procedures developed by the operating units to suit the regulatory and business environment, in which they operate.

Corporate Governance Overview, Risk Management & Internal Control Statement

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

IV MANAGEMENT AND DECISION-MAKING PROCESSES (continued)

The Group has identified the following principal risks on its operations, including but not limited to credit risk, market risk, liquidity risk, operational risk, technology and cyber risk, compliance risk and ESG risk. Risk management policies to guide operating subsidiaries of the Group have been established and these policies are reviewed annually to incorporate regulatory driven, administrative and/or editorial updates. Each operating unit has a number of functional departments and/or units that will be responsible for managing and monitoring risks through limits, procedures and oversight. Where feasible and necessary, relevant group resources are focused to manage and monitor common risks on an integrated and Group-wide basis, using common tools, procedures and control systems as appropriate.

V ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the President & CEO, Group Chief Financial Officer, Group Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Based on the outcome of these reviews as well as the assurance it has received from management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this report.

VI REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

J. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR of Bursa require the Directors to prepare a statement explaining the board of directors' responsibility for preparing the annual audited financial statements and the Companies Act 2016 requires the directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2024, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance Overview, Risk Management and Internal Control is made in accordance with the resolution of the Board.

Directors' Report

for the financial year ended 30 June 2024

The Directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of services to its subsidiaries to enhance group value.

The Hong Leong Financial Group (the Company and its subsidiaries) is a diversified financial group whose businesses provide a broad range of financial products and services to consumer, corporate and institutional customers.

The principal activities of the significant subsidiaries consist of commercial banking business, Islamic banking services, insurance and family takaful business, investment banking, futures and stockbroking and asset management business as disclosed in Note 11 to the financial statements.

There have been no significant changes in the principal activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit after taxation:		
- Owners of the parent	3,197,662	946,048
- Non-controlling interests	1,589,508	-
	4,787,170	946,048

DIVIDENDS

The dividends on ordinary shares paid by the Company since the previous financial year ended 30 June 2023 were as follows:

- A single-tier final dividend of 32.0 sen per share, approximately amounting to RM364,222,000 in respect of the financial year ended 30 June 2023, was paid on 23 November 2023.
- A single-tier interim dividend of 18.0 sen per share, approximately amounting to RM204,903,000 in respect of the financial year ended 30 June 2024, was paid on 27 March 2024.

The Directors have declared a single-tier final dividend of 36.0 sen per share in respect of the financial year ended 30 June 2024. The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2025.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 54 to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Significant events subsequent to the financial year are disclosed in Note 55 to the financial statements.

Directors' Report

for the financial year ended 30 June 2024

CREDIT RATING

On 28 June 2024, RAM Rating Services Berhad has reaffirmed AA₁/Stable/P1 corporate credit ratings (CCRs) to Hong Leong Financial Group Berhad (the Company or the Group). All the long-term ratings have a stable outlook.

Details of the ratings are as follows:

	Rating Classification
Corporate Credit Ratings	AA ₁ /Stable/P1
Multi-Currency Senior Notes, Tier-2 Subordinated Notes and Additional Tier-1 Capital Securities Programme of up to RM25.0 billion*	
i. Senior Notes	AA ₁ /Stable
ii. Tier-2 Subordinated Notes	AA ₂ /Stable
iii. Additional Tier-1 Capital Securities	A ₁ /Stable
Commercial Papers Programme of up to RM3.0 billion*	P1

* combined limit of RM25.0 billion

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

CORPORATE GOVERNANCE

The corporate governance disclosures are set out in the Corporate Governance Overview, Risk Management and Internal Control Statement.

DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Quek Leng Chan	(Chairman, Non-Executive Non-Independent)
Tan Kong Khoon	(President & Chief Executive Officer, Non-Independent)
Leong Ket Ti	(Independent Non-Executive Director)
Raja Noorma binti Raja Othman	(Independent Non-Executive Director)
Chong Chye Neo	(Independent Non-Executive Director)
Ho Heng Chuan	(Independent Non-Executive Director)
Emily Kok	(Independent Non-Executive Director)

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS (continued)

The Directors of the Company's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Alan Hamzah Sendut	Lee Jim Leng
Ang Beng Kuan	Liew Chin Chong
Au Chee Ming	Lim Tau Kien
Chan Lap Yuen	(Retired on 30 June 2024)
(Resigned with effect from 20 October 2023)	Loh Guat Lan
Chee Fei Meng	Malkiat Singh @ Malkit Singh Maan a/l Delbara Singh
Cheong Soo Ching	Mark Nelligan
Chew Seong Aun	Martin Giles Manen
(Resigned with effect from 15 May 2024)	Masayuki Takahashi
Chow Siu Ling, Shirley	(Resigned with effect from 17 July 2023)
(Appointed with effect from 20 October 2023)	Matthew Nicholas Rendall
Chue Kwok Yan	Mitsuru Yasuda
(Appointed with effect from 15 July 2024)	(Appointed with effect from 17 July 2023)
Dato' Abdul Majit bin Ahmad Khan	Mohd Faizal bin Ali
Dato' Bakarudin bin Ishak	(Ceased with effect from 3 August 2023)*
Dato' Ng Wan Peng	Muhammad Awi Goo @ Goo Kim Hooi
Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	Musa bin Mahmood
Dato' Siow Kim Lun @ Siow Kim Lin	Noor Aini binte Shaik Awab
(Retired on 30 June 2024)	Norhayati binti Abu Bakar
Datuk Dr Md Hamzah bin Md Kassim	(Ceased with effect from 3 August 2023)*
Datuk Manharlal a/l Ratilal	Peter Ho Kok Wai
Datuk Syed Izuan bin Syed Kamarulbahrin	Quek Kon Sean
(Appointed with effect from 12 August 2024)	Rowina Ghazali Seth
Duong Duc Hung	Shalet Marian
Fa'izah binti Mohamed Amin	Sharan Kaur a/p Jaswant Singh
(Resigned with effect from 15 July 2024)	Sim Hong Kee
Foo Ai Li	Stella Lo Sze Man
(Appointed with effect from 1 August 2024)	Tai Siew Moi
Gan Siok Loon	Tan Chan Yien
Han Chin May	Tan Khee Meng
Hoo See Kheng	Tang Hong Cheong
(Resigned with effect from 30 June 2024)	Teh Tiong Khim
Jacelyn Khoo June Lee	(Appointed with effect from 21 March 2024)
John Hing Vong	Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Khoo Teng Kar	Wong Kwok Tim
(Ceased with effect from 29 May 2024)*	Wong Mun Heng
Koid Swee Lian	(Ceased with effect from 29 May 2024)*
Kwek Leng Hai	Yong Yoong Fa
Lam Sai Yoke	(Retired on 23 November 2023)
(Appointed with effect from 1 November 2023)	Zulkiflee bin Hashim
Lau Souk Huan	
Lau Yew Sun	
Lawrence Peh Yeow Beng	

* Cessation as a Director arising from voluntary dissolution of company.

Details of subsidiaries are set out in Note 11 to the financial statements.

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016, the Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or preference shares and/or loan stocks and/or options over ordinary shares of the Company and/or its related corporations during the financial year are as follows:

	Directors' direct interests			
	Number of ordinary shares/ preference shares/ *ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **ordinary shares issued or to be issued arising from conversion of redeemable convertible unsecured loan stocks/ ***nominal value in Ringgit Malaysia of Additional Tier 1 capital securities/ perpetual subordinated sukuk wakalah/ ****nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at 01.07.2023	Acquired	Sold	As at 30.06.2024
Interests of Tan Sri Quek Leng Chan in :				
Hong Leong Company (Malaysia) Berhad	390,000	-	-	390,000
Hong Leong Financial Group Berhad	5,438,664	-	-	5,438,664
Interests of Tan Kong Khoo in:				
Hong Leong Financial Group Berhad	125,122*	-	(125,122) ^{*(7)}	-
	250,246	125,122 ⁽⁷⁾	-	375,368

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' INTERESTS (continued)

	Directors' direct interests			
	Number of ordinary shares/ preference shares/ *ordinary shares issued or to be issued or acquired or to be received arising from the vesting of share grant/ **ordinary shares issued or to be issued arising from conversion of redeemable convertible unsecured loan stocks/ ***nominal value in Ringgit Malaysia of Additional Tier 1 capital securities/ perpetual subordinated sukuk wakalah/ ****nominal value in Ringgit Malaysia of Tier 2 subordinated notes/ subordinated sukuk murabahah			
	As at	Acquired	Sold	As at
	01.07.2023			30.06.2024
Interests of Tan Sri Quek Leng Chan in:				
Hong Leong Company (Malaysia) Berhad	7,651,455 ⁽¹⁾	-	-	7,651,455 ⁽¹⁾
Hong Leong Financial Group Berhad	894,714,726 ⁽¹⁾	-	-	894,714,726 ⁽¹⁾
Hong Leong Capital Berhad	173,805,058	-	-	173,805,058
Hong Leong Bank Berhad	1,346,027,209	-	-	1,346,027,209
	400,000,000 ^{***}	-	(400,000,000) ^{***}	-
	1,100,000,000 ^{****}	70,000,000 ^{****}	(1,000,000,000) ^{****}	170,000,000 ^{****}
Hong Leong MSIG Takaful Berhad	130,000,000	-	-	130,000,000
Hong Leong Assurance Berhad	140,000,000	-	-	140,000,000
Hong Leong Islamic Bank Berhad	400,000,000 ^{***}	-	(400,000,000) ^{***}	-
	400,000,000 ^{****}	400,000,000 ^{****}	(400,000,000) ^{****}	400,000,000 ^{****}
Hong Leong Industries Berhad	242,721,470 ⁽¹⁾	323,066 ⁽¹⁾⁽⁶⁾	(214,788) ⁽²⁾	242,829,748 ⁽¹⁾
	-	82,000 ^{*(1)}	(54,666) ^{*(1)(7)}	27,334 ^{*(1)}
Hong Leong Yamaha Motor Sdn Bhd	17,352,872	-	-	17,352,872
Malaysian Pacific Industries Berhad	116,188,525	1,800	(17,257) ⁽³⁾	116,173,068
Carter Resources Sdn Bhd	5,640,607	-	-	5,640,607
Carsem (M) Sdn Bhd	84,000,000	-	-	84,000,000
	22,400 ⁽⁴⁾	-	-	22,400 ⁽⁴⁾
Hume Cement Industries Berhad	352,701,658 ⁽¹⁾	193,042,572 ⁽¹⁾⁽⁵⁾	(13,701,838) ⁽¹⁾⁽²⁾	532,042,392 ⁽¹⁾
	193,023,175 ^{***(1)}	184,763,288 ^{**}	(377,786,463) ^{***(1)}	-
Southern Steel Berhad	417,246,046	-	-	417,246,046
Southern Pipe Industry (Malaysia) Sdn Bhd	125,524,473	-	-	125,524,473

Notes:

- (1) Inclusive of interest pursuant to Section 59(11)(c) of the Companies Act 2016 in shares held by family member
- (2) Inclusive of transfer of free ordinary shares to the grant holder upon vesting
- (3) Transfer of free ordinary shares to the grant holders upon vesting
- (4) Redeemable Preference Shares
- (5) Inclusive of new ordinary shares acquired arising from the conversion of redeemable convertible unsecured loan stocks
- (6) Inclusive of vesting of share grant
- (7) Vesting of share grant

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company received or became entitled to receive any benefit (other than the benefits shown under Directors' Remuneration in Note 40 to the financial statements, included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for YBhg Tan Sri Quek Leng Chan. YBhg Tan Sri Quek Leng Chan may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisition and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or for the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or for construction, development, leases, tenancy, licensing, dealership and distributorship; and/or for the provision of treasury functions, advances in the conduct of normal trading, banking, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

EXECUTIVE SHARE SCHEME 2022 ("ESS 2022")

The Company had on 28 April 2022 established the ESS 2022, which comprises an Executive Share Option Scheme ("ESOS") and an Executive Share Grant Scheme ("ESGS") for the eligible executives and/or Directors of the Company and its subsidiaries ("Group") (such executives and Directors, "Eligible Executives"). The ESS 2022 shall be in force until terminated by the Board of Directors of the Company.

The ESS 2022 would enable the Company to align the long-term interests of Eligible Executives with those of the shareholders of the Company, as well as to motivate and reward them.

STATUS ON ESOS

There were no options granted under the ESS 2022 of the Company during the financial year ended 30 June 2024 and since the commencement of the ESS 2022.

STATUS ON ESGS

There were no grants granted under the ESS 2022 of the Company during the financial year ended 30 June 2024 and since the commencement of the ESS 2022.

However, a total of 156,402 grants granted under the Executive Share Scheme established by the Company in 2013 ("ESS 2013"), including 125,122 grants granted to the Directors and Chief Executives of the Group, were transferred to the ESS 2022 upon expiry of the ESS 2013 on 11 March 2023 and were administered under the ESS 2022. As at 30 June 2024, all the 156,402 grants had been vested to the Eligible Executives.

Directors' Report

for the financial year ended 30 June 2024

EXECUTIVE SHARE SCHEME 2022 ("ESS 2022") (continued)

STATUS ON ESGS (continued)

A trust has been set up for the ESS and it is administered by an appointed trustee. This trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust. In accordance with MFRS 132, the shares purchased for the benefit of the ESS holdings are recorded as "Treasury Shares for ESS" in the shareholders' equity on the statements of financial position. The cost of operating the ESS is charged to the statements of income.

For further details on the ESS 2022, refer to Note 53 on equity compensation benefits.

SHARE CAPITAL

During the financial year, there was no issuance of new ordinary shares.

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(a) As at the end of the financial year

- (i) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and had satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing; and
 - to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (ii) In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

(b) From the end of the financial year to the date of this report

- (i) The Directors are not aware of any circumstances:
 - which would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and the Company, inadequate to any substantial extent;
 - which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

for the financial year ended 30 June 2024

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(b) From the end of the financial year to the date of this report (continued)

(ii) In the opinion of the Directors:

- the results of the operations of the Group and of the Company for the financial year ended 30 June 2024 are unlikely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and
- no contingent or other liability of any company in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

(c) As at the date of this report

- (i) There are no charges on the assets of the Group and the Company which had arisen since the end of the financial year to secure the liabilities of any other person.
- (ii) There are no contingent liabilities which had arisen since the end of the financial year.
- (iii) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DISCLOSURE OF SHARIAH ADVISORY COMMITTEE

The Group's Islamic banking and takaful business activities are subject to compliance with Shariah governance guided by the Shariah Committee consisting of 5 members, appointed by the Board of Directors of Hong Leong Islamic Bank Berhad and Hong Leong MSIG Takaful Berhad, and approved by Bank Negara Malaysia.

The primary role of the Shariah Advisory Committee is mainly advising on matters relating to the business operations and products of the Group and providing support by attending regular meetings with the Group to ensure that they are in conformity with Shariah principles.

ULTIMATE HOLDING COMPANY

The ultimate holding company is Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia.

SUBSIDIARIES

Details of subsidiary companies are set out in Note 11 to the financial statements.

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Company and its subsidiaries for the financial year are as follows:

	The Group RM'000	The Company RM'000
<u>Directors of the Company</u>		
Director fees	1,118	814
Directors' other emoluments	12,341	12,274
<u>Directors of the Company's Subsidiaries</u>		
Director fees	5,126	-
Directors' other emoluments	15,802	-

There was no amount paid to or receivable by any third party for services provided by Directors of the Company and its subsidiaries.

Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the Group was RM10 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the Group was RM85,500 and the apportioned amount of the said premium paid by the Company was RM4,275.

Details of Directors' remuneration are set out in Note 40 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM6,688,000 and RM274,000 respectively.

Details of auditors' remuneration are set out in Note 37 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 September 2024.

TAN KONG KHOON

Director

Kuala Lumpur
20 September 2024

HO HENG CHUAN

Director

Statements of Financial Position

as at 30 June 2024

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Cash and short-term funds	2	7,548,161	9,848,432	8,993	65,246
Deposits and placements with banks and other financial institutions	3	1,652,027	1,079,574	129,360	67,860
Securities purchased under resale agreements		297,315	-	-	-
Financial assets at fair value through profit or loss	4	31,824,070	31,893,892	371,937	-
Financial investments at fair value through other comprehensive income	5	43,142,054	35,724,785	-	-
Financial investments at amortised cost	6	32,457,440	32,332,303	-	-
Derivative financial instruments	21	1,389,900	2,235,614	-	-
Loans, advances and financing	7	193,613,380	180,312,667	-	-
Clients' and brokers' balances	8	236,831	140,476	-	-
Other assets	9	4,752,476	2,679,675	2,637	2,250
Statutory deposits with Central Banks	10	3,275,743	3,449,270	-	-
Tax recoverable		8,576	4,907	-	464
Investment in subsidiary companies	11	-	-	17,054,109	18,558,876
Investment in associated companies	12	10,889,153	10,073,527	-	-
Deferred tax assets	24	-	-	221	203
Property and equipment	13	1,145,889	1,214,879	4,504	5,341
Right-of-use assets	14	177,995	189,340	2,195	3,135
Investment properties	15	471,630	471,630	-	-
Goodwill arising on consolidation	16	2,410,644	2,410,644	-	-
Intangible assets	17	386,458	387,918	69	137
Insurance/reinsurance contract assets	28	525,721	436,839	-	-
Total assets		336,205,463	314,886,372	17,574,025	18,703,512

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Financial Position

as at 30 June 2024

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Liabilities					
Deposits from customers	18	220,075,326	211,467,443	-	-
Investment accounts of customers	19	2,166,534	2,250,513	-	-
Deposits and placements of banks and other financial institutions	20	14,178,774	12,452,060	-	-
Obligations on securities sold under repurchase agreements		9,823,649	7,399,583	-	-
Bills and acceptances payable		282,547	211,431	-	-
Derivative financial instruments	21	1,833,231	2,447,431	-	-
Clients' and brokers' balances		233,891	145,393	-	-
Other liabilities	22	8,911,178	7,991,398	15,122	14,775
Lease liabilities	23	181,312	192,011	2,408	3,353
Recourse obligations on loans/financing sold to Cagamas Berhad		3,277,003	2,972,220	-	-
Provision for taxation		202,818	58,141	252	-
Deferred tax liabilities	24	361,224	9,575	-	-
Borrowings	25	751,862	201,936	201,991	201,919
Subordinated obligations	26	2,205,168	2,206,650	-	1,101,859
Multi-currency Additional Tier 1 capital securities	27	1,718,671	1,719,630	-	404,851
Insurance/reinsurance contract liabilities	28	25,633,476	22,955,206	-	-
Total liabilities		291,836,664	274,680,621	219,773	1,726,757
Equity attributable to owners of the parent					
Share capital	29	2,267,008	2,267,008	2,267,008	2,267,008
Reserves	30	28,053,839	25,167,963	15,259,038	14,884,472
Treasury shares for ESS	31	(230,177)	(233,108)	(171,794)	(174,725)
		30,090,670	27,201,863	17,354,252	16,976,755
Non-controlling interests		14,278,129	13,003,888	-	-
Total equity		44,368,799	40,205,751	17,354,252	16,976,755
Total equity and liabilities		336,205,463	314,886,372	17,574,025	18,703,512
Commitments and contingencies	44	323,287,166	269,008,810	-	-

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Income

for the financial year ended 30 June 2024

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Interest income	32	8,881,152	7,549,032	66,397	100,780
Interest income for financial assets at fair value through profit or loss	33	161,285	214,224	-	-
Interest expense	34	(5,119,897)	(3,976,540)	(67,431)	(108,870)
Net interest income/(expense)		3,922,540	3,786,716	(1,034)	(8,090)
Income from Islamic banking business	35	985,948	963,368	-	-
		4,908,488	4,750,084	(1,034)	(8,090)
Non-interest income	36	1,742,204	1,726,482	979,221	896,975
		6,650,692	6,476,566	978,187	888,885
Overhead expenses	37	(2,609,383)	(2,479,234)	(33,231)	(32,309)
Operating profit before allowances		4,041,309	3,997,332	944,956	856,576
Write-back of/(allowance for) impairment losses on loans, advances and financing and other losses	38	114,428	(115,208)	-	-
(Allowance for)/write-back of impairment losses on other assets	39	(1,189)	304	2,261	1,514
Operating profit after allowances		4,154,548	3,882,428	947,217	858,090
Share of results of associated companies	12	1,691,023	1,368,852	-	-
Profit before taxation		5,845,571	5,251,280	947,217	858,090
Taxation	41	(1,058,401)	(919,180)	(1,169)	(208)
Net profit for the financial year		4,787,170	4,332,100	946,048	857,882
Attributable to:					
Owners of the parent		3,197,662	2,880,853	946,048	857,882
Non-controlling interests		1,589,508	1,451,247	-	-
		4,787,170	4,332,100	946,048	857,882
Earnings per share attributable to equity holders of the Company (sen)					
- Basic/diluted	42	281.9	254.0	83.1	75.4

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Comprehensive Income

for the financial year ended 30 June 2024

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Net profit for the financial year		4,787,170	4,332,100	946,048	857,882
Other comprehensive income/(loss):					
Items that will not be reclassified to profit or loss:					
Equity instruments at fair value through other comprehensive income					
- Net fair value changes		19,147	14,264	-	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		10,012	81,305	-	-
Share of other comprehensive income/(loss) of associated companies		103,436	(11,933)	-	-
Net fair value changes in cash flow hedge		-	362	-	-
Debt instruments at fair value through other comprehensive income					
- Net fair value changes	56	335,650	426,539	-	-
- Changes in expected credit losses	56	1,078	294	-	-
Income tax relating to components of other comprehensive income	56	(71,691)	(93,151)	-	-
Other comprehensive income for the financial year, net of tax		397,632	417,680	-	-
Total comprehensive income for the financial year, net of tax		5,184,802	4,749,780	946,048	857,882
Attributable to:					
Owners of the parent		3,459,280	3,163,262	946,048	857,882
Non-controlling interests		1,725,522	1,586,518	-	-
		5,184,802	4,749,780	946,048	857,882

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

The Group	Note	Attributable to owners 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
As 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	59	-	-	-	834	-	-	409,317	-	410,151	165,966	576,117
Restated		2,267,008	1,016,490	(318,005)	214,148	35,502	967,332	23,252,496	(233,108)	27,201,863	13,003,888	40,205,751
Comprehensive income												
Net profit for the financial year		-	-	-	-	-	-	3,197,662	-	3,197,662	1,589,508	4,787,170
Currency translation differences		-	-	-	-	-	7,523	-	-	7,523	2,489	10,012
Share of other comprehensive income/(loss) of associated companies		-	-	67,939	(303)	-	-	-	-	67,636	35,800	103,436
Financial investments measured at fair value through other comprehensive income												
- Equity instruments		-	-	12,537	-	-	-	-	-	12,537	6,610	19,147
- Net fair value changes		-	-	173,213	-	-	-	-	-	173,213	90,746	263,959
- Debt instruments		-	-	709	-	-	-	-	-	709	369	1,078
- Net fair value changes		-	-	173,213	-	-	-	-	-	173,213	90,746	263,959
- Changes in expected credit losses		-	-	709	-	-	-	-	-	709	369	1,078
Total comprehensive income/(loss)		-	-	254,398	(303)	-	7,523	3,197,662	-	3,459,280	1,725,522	5,184,802

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

The Group	Note	Attributable to owners 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
Transaction with owners												
Transfer to retained profits		-	-	9,694	(20)	-	-	(9,674)	-	-	-	-
Transfer to regulatory reserve		-	260,327	-	-	-	-	(260,327)	-	-	-	-
Allocation of other reserves to non-controlling interests		-	-	-	-	-	-	(8,988)	-	(8,988)	8,988	-
Dividends paid:												
- final dividend for the financial year ended 30 June 2023	43	-	-	-	-	-	-	(364,222)	-	(364,222)	-	(364,222)
- interim dividend for the financial year ended 30 June 2024	43	-	-	-	-	-	-	(204,903)	-	(204,903)	-	(204,903)
Non-controlling interests share of dividend		-	-	-	-	-	-	-	-	(466,361)	(466,361)	-
Non-controlling interests share of subsidiary's treasury shares		-	-	-	-	-	-	-	-	-	6,092	6,092
Options charge arising from executive share scheme		-	-	-	-	574	-	-	-	574	-	574
Exercise of executive share scheme		-	-	-	-	(18,617)	-	11,639	2,931	(4,047)	-	(4,047)
Options write-back arising from executive share scheme lapsed		-	-	-	-	11,113	-	-	-	11,113	-	11,113
Total transaction with owners		-	260,327	9,694	(20)	(6,930)	-	(836,475)	2,931	(570,473)	(451,281)	(1,021,754)
As at 30 June 2024		2,267,008	1,276,817	(53,913)	213,825	28,572	974,855	25,613,683	(230,177)	30,090,670	14,278,129	44,368,799

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

		Attributable to owners of the parent											
		Share capital RM'000	Regulatory reserve* RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	Total equity RM'000
The Group	Note												
As at 1 July 2022		2,267,008	666,534	(541,311)	(185)	213,314	60,866	907,614	20,937,790	(236,039)	24,275,591	11,714,133	35,989,724
Effects of adopting MFRS 17	59	-	-	-	-	1,634	-	-	319,767	-	321,401	131,035	452,436
Restated		2,267,008	666,534	(541,311)	(185)	214,948	60,866	907,614	21,257,557	(236,039)	24,596,992	11,845,168	36,442,160
Comprehensive income													
Net profit for the financial year		-	-	-	-	-	-	-	2,880,853	-	2,880,853	1,451,247	4,332,100
Currency translation differences		-	-	-	-	-	-	59,718	-	-	59,718	21,587	81,305
Share of other comprehensive loss of associated companies		-	-	(5,944)	-	(800)	-	-	-	-	(6,744)	(5,189)	(11,933)
Financial investments measured at fair value through other comprehensive income													
- Equity instruments													
- Net fair value changes		-	-	9,344	-	-	-	-	-	-	9,344	4,920	14,264
- Debt instruments													
- Net fair value changes		-	-	219,713	-	-	-	-	-	-	219,713	113,758	333,471
- Changes in expected credit losses		-	-	193	-	-	-	-	-	-	193	101	294
Net fair value changes in cash flow hedge		-	-	-	185	-	-	-	-	-	185	94	279
Total comprehensive income/(loss)		-	-	223,306	185	(800)	-	59,718	2,880,853	-	3,163,262	1,586,518	4,749,780

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

The Group	Note	Attributable to owners of the parent											
		Share capital RM'000	Regulatory reserve ^a RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Other reserves RM'000	Share options reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Treasury shares for ESS RM'000	Total shareholders' equity RM'000	Non-controlling interests RM'000	Total equity RM'000
Transaction with owners													
Transfer to regulatory reserve		-	349,956	-	-	-	-	-	(349,956)	-	-	-	-
Allocation of other reserves to non-controlling interests		-	-	-	-	-	-	-	999	-	999	(999)	-
Dividends paid:													
- final dividend for the financial year ended 30 June 2022	43	-	-	-	-	-	-	-	(352,792)	-	(352,792)	-	(352,792)
- interim dividend for the financial year ended 30 June 2023	43	-	-	-	-	-	-	-	(193,493)	-	(193,493)	-	(193,493)
Non-controlling interests share of dividend		-	-	-	-	-	-	-	-	-	(431,723)	(431,723)	(431,723)
Non-controlling interests share of subsidiary's treasury shares		-	-	-	-	-	-	-	-	-	4,924	4,924	4,924
Options charge arising from executive share scheme		-	-	-	-	-	(10,144)	-	-	-	(10,144)	-	(10,144)
Exercise of executive share scheme		-	-	-	-	-	(15,220)	-	9,328	2,931	(2,961)	-	(2,961)
Total transaction with owners		-	349,956	-	-	-	(25,364)	-	(885,914)	2,931	(558,391)	(427,798)	(986,189)
As at 30 June 2023		2,267,008	1,016,490	(318,005)	-	214,148	35,502	967,332	23,252,496	(233,108)	27,201,863	13,003,888	40,205,751

* Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM1,262,793,000 (2023: RM1,005,245,000) in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing and the banking subsidiary company in Vietnam with the State Bank of Vietnam of RM14,024,000 (2023: RM11,245,000).

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

The Company	Note	← Non-distributable		→ Distributable			Total equity RM'000
		Share capital RM'000	Other capital reserve RM'000	Share options reserve RM'000	Treasury shares for ESS RM'000	Retained profits RM'000	
As at 1 July 2023		2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755
Net profit for the financial year		-	-	-	-	946,048	946,048
Dividends paid							
- final dividend for the financial year ended 30 June 2023	43	-	-	-	-	(364,222)	(364,222)
- interim dividend for the financial year ended 30 June 2024	43	-	-	-	-	(204,903)	(204,903)
Options charge arising from executive share scheme		-	-	574	-	-	574
Exercise of executive share scheme		-	-	(2,870)	2,931	(61)	-
As at 30 June 2024		2,267,008	254,991	-	(171,794)	15,004,047	17,354,252
As at 1 July 2022							
Net profit for the financial year		2,267,008	254,991	2,685	(177,656)	14,315,649	16,662,677
Dividends paid		-	-	-	-	857,882	857,882
- final dividend for the financial year ended 30 June 2022	43	-	-	-	-	(352,792)	(352,792)
- interim dividend for the financial year ended 30 June 2023	43	-	-	-	-	(193,493)	(193,493)
Options charge arising from executive share scheme		-	-	2,481	-	-	2,481
Exercise of executive share scheme		-	-	(2,870)	2,931	(61)	-
As at 30 June 2023		2,267,008	254,991	2,296	(174,725)	14,627,185	16,976,755

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group	
	2024 RM'000	Restated 2023 RM'000
Cash flows from operating activities		
Profit before taxation	5,845,571	5,251,280
Adjustments for:		
Depreciation of property and equipment	109,546	119,241
Depreciation of right-of-use assets	48,169	48,014
Amortisation of intangible assets	72,961	61,996
Intangible assets written off	-	2,607
Property and equipment written off	213	1,182
Net gain on disposal of property and equipment	(8,741)	(387)
Net realised gains from disposal of financial assets at fair value through profit or loss	(79,392)	(94,925)
Net realised gain from disposal of financial investments at fair value through other comprehensive income	(24,637)	(38,769)
Net realised gain from redemption of financial investments at amortised cost	(186)	-
Net realised loss arising from derivative financial instruments	20,556	21,619
Net unrealised gain on revaluation of financial assets at fair value through profit or loss and derivative financial instruments	(99,682)	(137,528)
Net realised gain on fair value changes arising from fair value hedges	(10,018)	(7,371)
Net gain arising from fair value hedges	(585)	(1,169)
Allowances for/(write-back of) impairment losses on financial investments and other financial assets	1,189	(304)
Allowances for impairment losses on loans, advances and financing and other losses	154,364	342,954
Impaired loans, advances and financing written off	24,475	29,519
Interest expense on borrowings	11,945	8,221
Interest expense on subordinated obligations	91,573	94,788
Interest expense on Multi-currency Additional Tier 1 capital securities	78,332	81,755
Interest expense on recourse obligations on loans/financing sold to Cagamas Berhad	125,329	77,410
Interest expense on lease liabilities	12,716	8,708
Interest income from financial assets at fair value through profit or loss	(161,285)	(214,224)
Interest income from financial investments at fair value through other comprehensive income	(1,465,866)	(919,899)
Interest income from financial investments at amortised cost	(736,683)	(702,552)
Dividend income from financial assets at fair value through profit or loss	(71,954)	(90,215)
Dividend income from financial investments at fair value through other comprehensive income	(435)	(2,175)
Share option expenses	11,687	(10,144)
Surplus transferred from life insurance business	(402,937)	(313,298)
Share of results of associated companies	(1,691,023)	(1,368,852)
	(3,990,369)	(3,003,798)
Operating profit before working capital changes	1,855,202	2,247,482

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group	
	2024 RM'000	Restated 2023 RM'000
Decrease/(increase) in operating assets		
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	210,458	250,411
Securities purchased under resale agreements	(297,315)	-
Financial assets at fair value through profit or loss	436,918	(2,088,178)
Loans, advances and financing	(13,474,111)	(13,809,839)
Derivative financial instruments	539,395	(544,012)
Clients' and brokers' balances	(96,355)	175,800
Other assets	(1,593,281)	(1,082,606)
Statutory deposits with Central Banks	173,527	(2,928,620)
Increase/(decrease) in operating liabilities		
Deposits from customers	8,866,849	14,397,573
Investment accounts of customers	(83,979)	(417,895)
Deposits and placements of banks and other financial institutions	1,726,714	4,222,575
Obligations on securities sold under repurchase agreements	2,424,066	3,428,279
Derivative financial instruments	(613,177)	682,731
Bills and acceptances payable	71,116	(29,929)
Other liabilities	1,109,221	(192,838)
Clients' and brokers' balances	88,498	(161,508)
Insurance/reinsurance contract	3,007,208	2,362,064
	2,495,752	4,264,008
Cash generated from operating activities	4,350,954	6,511,490
Income tax paid	(715,666)	(1,113,205)
Interest received	7,837	2,858
	(707,829)	(1,110,347)
Net cash generated from operating activities	3,643,125	5,401,143
Cash flows from investing activities		
Net purchases of financial investments at fair value through other comprehensive income	(7,105,964)	(7,885,535)
Net (purchases)/disposal of financial investments at amortised cost	(124,950)	1,276,607
Interest received on financial investments at fair value through other comprehensive income	1,465,866	919,899
Interest received on financial investments at amortised cost	736,683	702,552
Dividends received on financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income	72,389	92,391
Dividends received from associated companies	450,739	39,977
Net proceeds from disposal of property and equipment	9,735	545
Purchase of property and equipment	(93,384)	(147,577)
Purchase of intangible assets	(30,527)	(41,863)
Net cash used in investing activities	(4,619,413)	(5,043,004)

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	Note	The Group	
		2024 RM'000	Restated 2023 RM'000
Cash flows from financing activities			
Interest paid on subordinated obligations		(93,055)	(95,221)
Interest paid on borrowings		(12,051)	(8,216)
Interest paid on Multi-currency Additional Tier 1 capital securities		(79,294)	(81,755)
Interest paid on recourse obligations on loans/financing sold to Cagamas Berhad		(122,738)	(66,196)
Interest paid on lease liabilities		(12,716)	(8,708)
Repayment of revolving credit		-	(100,000)
Repayment of commercial papers		-	(110,000)
Repayment of lease liabilities		(45,309)	(47,392)
Repayment of Multi-currency Additional Tier 1 capital securities		(400,000)	(400,000)
Repayment of subordinated obligations		(1,100,000)	(500,000)
Repayment of senior notes		(95,000)	-
Repayment of recourse obligations on loans/financing sold to Cagamas Berhad		-	(962,930)
Proceeds from subordinated obligations		1,100,000	500,000
Proceeds from senior notes		645,000	-
Proceeds from Multi-currency Additional Tier 1 capital securities		400,000	400,000
Proceeds from recourse obligations on loans/financing sold to Cagamas Berhad		300,000	2,300,000
Dividends paid to			
- owners of the parent		(569,125)	(546,285)
- non-controlling interest		(466,361)	(431,723)
Net cash used in financing activities		(550,649)	(158,426)
Net (decrease)/increase in cash and cash equivalents		(1,526,937)	199,713
Effects of exchange rate changes		9,577	72,064
Cash and cash equivalents at beginning of financial year		10,116,501	9,844,724
Cash and cash equivalents at end of financial year		8,599,141	10,116,501
Analysis of cash and cash equivalents			
Cash and short-term funds	2	7,548,161	9,848,432
Deposits and placements with banks and other financial institutions	3	1,652,027	1,079,574
		9,200,188	10,928,006
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months		(601,047)	(811,505)
		8,599,141	10,116,501

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Company	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit before taxation	947,217	858,090
Adjustments for:		
Depreciation of property and equipment	1,258	1,201
Depreciation of right-of-use assets	940	940
Amortisation of intangible assets	79	75
Gain on disposal of property and equipment	-	(113)
Net realised gain from sales of financial assets at fair value through profit or loss	(80)	-
Unrealised gain arising from financial assets at fair value through profit or loss	(20)	-
Finance costs on lease liabilities	165	213
Writeback of impairment loss on investment in debt instruments issued by subsidiary companies	(2,261)	(1,514)
Interest expense	67,266	108,657
Interest income	(66,397)	(100,780)
Dividend income from financial assets at fair value through profit or loss	(4,787)	-
Dividend income from subsidiary companies	(961,334)	(885,303)
Share option expenses	574	2,481
	(964,597)	(874,143)
Operating loss before working capital changes	(17,380)	(16,053)
Decrease/(increase) in operating assets		
Other assets	(387)	386
Financial assets at fair value through profit or loss	(371,837)	-
Increase/(decrease) in operating liabilities		
Other liabilities	318	(124)
	(371,906)	262
Cash used in operating activities	(389,286)	(15,791)
Income tax paid	(470)	(154)
Interest received	7,837	2,858
	7,367	2,704
Net cash used in operating activities	(381,919)	(13,087)

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	Note	The Company	
		2024 RM'000	2023 RM'000
Cash flows from investing activities			
Dividends received from other investments		4,787	-
Dividends received from subsidiary companies		961,334	885,303
Net proceeds from disposal of property and equipment		-	113
Purchase of property and equipment		(421)	(1,739)
Purchase of intangible assets		(10)	(136)
Proceeds from Multi-currency Additional Tier 1 capital securities		400,000	400,000
Proceeds from subordinated obligations		1,100,000	500,000
Interest received from investment in debt instruments issued by subsidiary companies			
- Multi-currency Additional Tier 1 capital securities		18,932	29,224
- Subordinated obligations		46,657	70,763
Net cash generated from investing activities		2,531,279	1,883,528
Cash flows from financing activities			
Interest paid on borrowings		(7,130)	(8,216)
Interest paid on Multi-currency Additional Tier 1 capital securities		(19,333)	(29,826)
Interest paid on subordinated obligations		(47,430)	(71,882)
Interest paid on lease liabilities		(150)	(199)
Repayment of Multi-currency Additional Tier 1 capital securities		(400,000)	(400,000)
Repayment of subordinated obligations		(1,100,000)	(500,000)
Repayment of revolving credit		-	(100,000)
Repayment of commercial papers		-	(110,000)
Repayment of lease liabilities		(945)	(896)
Dividends paid to shareholders		(569,125)	(546,285)
Net cash used in financing activities		(2,144,113)	(1,767,304)
Net increase in cash and cash equivalents		5,247	103,137
Cash and cash equivalents at beginning of financial year		129,806	26,669
Cash and cash equivalents at end of financial year		135,053	129,806
Analysis of cash and cash equivalents			
Cash and short-term funds	2	8,993	65,246
Deposits and placements with banks and other financial institutions	3	129,360	67,860
		138,353	133,106
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months		(3,300)	(3,300)
		135,053	129,806

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

Analysis of changes in liabilities arising from financing activities as follows:

The Group	Recourse obligations on loans/ financing sold to Cagamas Berhad RM'000	Borrowings RM'000	Subordinated obligations RM'000	Multi-currency Additional Tier 1 capital securities RM'000	Lease liabilities RM'000
As at 1 July 2023	2,972,220	201,936	2,206,650	1,719,630	192,011
Proceeds	300,000	645,000	1,100,000	400,000	-
Repayments	-	(95,000)	(1,100,000)	(400,000)	(45,309)
Interest paid	(122,738)	(12,051)	(93,055)	(79,294)	(12,716)
Accrued interest	125,329	11,945	91,573	78,332	12,716
Other non-cash	2,192	32	-	3	34,610
As at 30 June 2024	3,277,003	751,862	2,205,168	1,718,671	181,312
As at 1 July 2022	1,623,936	411,931	2,207,083	1,715,849	212,599
Proceeds	2,300,000	-	500,000	400,000	-
Repayments	(962,930)	(210,000)	(500,000)	(400,000)	(47,392)
Interest paid	(66,196)	(8,216)	(95,221)	(81,755)	(8,708)
Accrued interest	77,410	8,205	93,961	83,358	8,708
Amortisation	-	16	827	345	-
Other non-cash	-	-	-	1,833	26,804
As at 30 June 2023	2,972,220	201,936	2,206,650	1,719,630	192,011

The accompanying accounting policies and notes form an integral part of these financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

Analysis of changes in liabilities arising from financing activities as follows: (continued)

The Company	Borrowings RM'000	Subordinated obligations RM'000	Multi-currency Additional Tier 1 capital securities RM'000	Lease liabilities RM'000
As at 1 July 2023	201,919	1,101,859	404,851	3,353
Repayments	-	(1,100,000)	(400,000)	(945)
Interest paid	(7,130)	(47,430)	(19,333)	(150)
Accrued interest	7,146	45,227	14,368	150
Amortisation	56	344	114	-
As at 30 June 2024	201,991	-	-	2,408
As at 1 July 2022	411,859	1,601,624	806,431	4,249
Repayments	(210,000)	(500,000)	(400,000)	(896)
Interest paid	(8,216)	(71,882)	(29,826)	(199)
Accrued interest	8,220	71,612	27,992	199
Amortisation	56	505	254	-
As at 30 June 2023	201,919	1,101,859	404,851	3,353

The accompanying accounting policies and notes form an integral part of these financial statements

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The 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 ("HLISB") and Hong Leong MSIG Takaful Berhad ("HLMT") in compliance with Shariah principles. Islamic banking business refers generally to the acceptance of deposits and granting of financing under Shariah principles while takaful business refers generally to underwriting of Islamic insurance under the Shariah principles.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments and revaluation of investment properties).

The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of income and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the management and Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 58.

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2023:

(i) Amendments to MFRS 101 and MFRS Practice Statements 2 "Disclosure of Accounting Policies"

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

(i) Amendments to MFRS 101 and MFRS Practice Statements 2 “Disclosure of Accounting Policies” (continued)

Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(ii) Amendments to MFRS 108 “Definition of Accounting Estimates”

The amendments to MFRS 108, redefined accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

(iii) Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

(iv) Amendments to MFRS 112 “International Tax Reform - Pillar Two Model Rules”

Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) released the Pillar Two model rules (“the Global Anti-Base Erosion Proposal or ‘GloBE’”) to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate, where they will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. It is the ultimate parent entity of the multinational enterprise that is primarily liable for the GloBE top-up tax in its jurisdiction’s territory.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

(iv) Amendments to MFRS 112 “International Tax Reform - Pillar Two Model Rules” (continued)

Deferred tax impact

The Amendments provide a mandatory temporary exception from the MFRS 112 requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. This essentially means affected entities do not need to recognise deferred tax arising from the top-up tax due to the Pillar Two model rules.

Disclosures

The Amendments also introduce targeted disclosure requirements for affected entities, and they require entities to disclose:

- The fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules;
- Their current tax expense (if any) related to the Pillar Two model rules; and
- During the period between the legislation being enacted or substantially and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information that would help users of financial statements to understand an entity’s exposure to Pillar Two model rules arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The Group is within the scope of the OECD Pillar Two model rules, which has been enacted in Malaysia on 29 December 2023, where it is expected to be implemented in 2025. As provided in the amendments to MFRS 112 issued in May 2023, the Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The top-up taxes of the Group (if any) will be paid by the ultimate holding company of the Group, Hong Leong Company (Malaysia) Berhad, which is currently assessing the exposure to the Pillar Two legislation for when it comes into effect.

(v) MFRS 17 “Insurance Contracts” and its amendments

MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

Amendments to MFRS 17 are designed to minimise the risk of disruption to implementation already underway and do not change the fundamental principles of the standard or reduce the usefulness of information for investors.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Company (continued)

- (vi) Amendment to MFRS 17 “Insurance Contracts”: Initial application of MFRS 17 and MFRS 9 - Comparative information

This amendment relates to the classification of comparative information of financial assets on initial application of MFRS 17 (known as “classification overlay”). The objective of the amendment is to provide an optional transition provision to reduce the one-time accounting mismatch on comparative information between insurance contract liabilities and related financial assets.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company do not give rise to any material financial impact to the Group and the Company other than the effects and change in accounting policy arising from the adoption of MFRS 17 disclosed in Note 59.

(b) IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS Accounting Standards, the Group and the Company consider all agenda decisions published by the IFRS Interpretations Committee. Where relevant, the Group and the Company may change its accounting policy to be aligned with the agenda decision.

The IFRIC agenda decisions do not give rise to any material financial impacts to the Group and the Company.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

Financial year beginning on/after 1 July 2024

- (i) Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current” – effective 1 January 2024

There are two amendments to MFRS 101 “Presentation of Financial Statements”:

The first amendments, “Classification of liabilities as current or non-current” clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 “Financial Instruments: Presentation” does not impact the current or non-current classification of the convertible instrument.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

Financial year beginning on/after 1 July 2024 (continued)

- (i) Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current” – effective 1 January 2024 (continued)

The second amendments, “Non-current Liabilities with Covenants” specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024. The amendments shall be applied retrospectively.

- (ii) Amendments to MFRS 16 “Lease Liability in a Sale and Leaseback” – effective 1 January 2024

The amendments specify that the measurement of the lease liability arises in a sale and lease back transaction which satisfies the requirements in MFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

- (iii) Supplier Finance Arrangements – Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – effective 1 January 2024

The amendments require entities to disclose information that would enable users of financial statements to assess the effects of supplier finance arrangements on an entity’s liability, cash flows and exposures to liquidity risk.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

Financial year beginning on/after 1 July 2024 (continued)

(iv) Amendments to MFRS 121 “Lack of Exchangeability” – effective 1 January 2025

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

(v) Amendments to MFRS 9 and MFRS 7 on classification and measurement of financial instruments (“the Amendments”) – effective 1 January 2026

The Amendments clarify the dates of recognition and derecognition of a financial asset and financial liability, specifically:

- financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred; and
- financial liabilities are derecognised at the settlement date (i.e. the date the liability is extinguished or qualifies for derecognition).

The Amendments provide an optional exception which permits an entity to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the following conditions are met:

- The entity does not have the practical ability to withdraw, stop or cancel the payment instruction;
- The entity does not have the practical ability to access the cash; and
- There is no significant settlement risk.

This optional exception does not apply to other payment methods such as cheques.

The Amendments may change the timing when an entity derecognises receivables and payables, compared to the current practice. Entities will need to revise their financial reporting systems and processes to align with these potential changes in timing of derecognition upon adoption of the Amendments.

The Amendments provide guidance on assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion in the following situations:

- when a financial asset has contractual terms that can change the timing or amount of contractual cash flows (e.g. products with interest rate adjustments that link to ESG targets);
- when a financial asset has non-recourse features; and
- for contractually-linked instruments.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

Financial year beginning on/after 1 July 2024 (continued)

- (vi) MFRS 18 - "Presentation and Disclosure in Financial Statements" - effective 1 January 2027

The new MFRS introduces a new structure of profit or loss statement.

- (a) Income and expenses are classified into 3 new main categories:

- (i) Operating category which typically includes results from the main business activities;
- (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
- (iii) Financing category that presents income and expenses from financing liabilities.

- (b) Entities are required to present two new specified subtotals: "Operating profit or loss" and "Profit or loss before financing and income taxes".

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Group and the Company have not early adopted this standard and are in the process of assessing the impact of initial application when it becomes effective.

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.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of income.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses from such remeasurement are recognised in the statements of income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION (continued)

(i) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in the statements of income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquirer only incorporates the acquired entity's results and statements of financial position prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous financial year are also not restated.

Predecessor accounting may lead to a difference between the cost of the transaction and the carrying value of the net assets. The difference is recorded in retained profits.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transfer assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

The Group has consolidated the investment funds that it controls in accordance with MFRS 10 "Consolidated Financial Statements". The third party interest of the funds is recorded as a financial liability in accordance with accounting policy Note F.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION (continued)

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statements of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

Gains and losses of the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statements of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of results of joint venture" in the statements of income.

Unrealised gains on transactions between the Group and its joint venture is eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statements of income where appropriate.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION (continued)

(v) Associated companies

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statements of income, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of results of associated company" in the statements of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statements of income where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the statements of income.

(vi) Loss of joint control or significant influence

When the Group ceases to equity account its joint venture or associate because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

(vii) Investments in subsidiaries, joint venture and associated companies

In the Company's separate financial statements, investment in subsidiaries, joint venture and associated companies are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, joint venture and associated companies, the difference between disposal proceeds and the carrying amount of investments are recognised in the statements of income.

If assets, including a subsidiary, joint venture or associate, are transferred by means of a dividend between entities under common control, the transferee recognises the dividend at the fair value of the investments or assets received. Dividends are to be recognised in statements of income.

Investment in debt instrument issued by subsidiary companies at amortised cost are measured in accordance with Note E.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

C RECOGNITION OF INTEREST/PROFIT INCOME AND INTEREST/PROFIT EXPENSE

Interest and financing income and expense for all interest/profit bearing financial instruments are recognised within interest income and interest expense and income from Islamic banking business in the statements of income using the effective interest/profit method. Interest/profit income from financial assets at fair value through profit or loss is disclosed as separate line item in statements of income.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest and financing income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group and the Company take into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income is calculated by applying the effective interest/profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest/profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

D RECOGNITION OF FEES AND OTHER INCOME

- (i) The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally satisfies its performance obligation and recognises the fee and commission income on the following basis:
 - Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees, credit card related fees and fees on loans, advances and financing. These fees constitute a single performance obligation.
 - For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

- (ii) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiary companies, joint venture, associated companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

D RECOGNITION OF FEES AND OTHER INCOME (continued)

- (iii) Net gain or loss from disposal of financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income are recognised in statements of income upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.
- (iv) Brokerage income is recognised when contracts are executed. Fees that constitute single performance obligation is recognised upon completion of transactions such as rollover fees, nominees services and handling charges.
- (v) Corporate advisory fees are recognised as income after fulfilling each of the performance obligation.
- (vi) Rental income is recognised on an overtime basis.
- (vii) Revenue from insurance business consists of insurance service results and insurance/reinsurance finance income or expenses.

(a) Insurance service results

Insurance service results include insurance revenue and insurance service expenses from insurance contracts issued, and net expense from reinsurance contracts held.

Insurance revenue is recognised based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

Insurance service expenses arising from insurance contracts issued are recognised as they are incurred, and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts.

Net expense from reinsurance contracts held comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance which is recognised as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component.

(b) Insurance/reinsurance investment/finance income or expenses

Insurance/reinsurance finance income and expenses comprise the changes in the carrying amounts of the insurance contracts issued and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

E FINANCIAL ASSETS

(i) Classification

The Group and the Company have applied MFRS 9 and classified its financial assets in the following measurement categories in accordance with MFRS 9 requirements:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes. The Group and the Company do not change the classification of the remaining financial assets held in the business model, but consider the circumstances leading to the model change when assessing newly originated or newly purchased financial assets going forward.

Business model assessment

The Group and the Company conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset’s performance is evaluated and reported to key management personnel.

Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

E FINANCIAL ASSETS (continued)

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statements of income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

(a) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at fair value through profit or loss, are measured at amortised cost using the effective interest method. Interest/profit income from these financial assets is included in interest income and income from Islamic banking business using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statements of income as presented in net realised gain or loss on financial instruments. Impairment losses are presented as separate line item (as per Note 38 and Note 39) in the statements of income.

(b) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the financial assets' cash flows represent SPPI, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest/profit income and foreign exchange gains and losses which are recognised in statements of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statements of income and recognised in net realised gain or loss on financial instruments. Interest/profit income from these financial assets is included in interest income and income from Islamic banking business using the effective interest rate method. Foreign exchange gains and losses are presented in other income (as per Note 36) and impairment losses are presented as separate line item in the statements of income.

(c) Fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The Group and the Company may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in statements of income and presented net within net unrealised gain or loss on revaluation in the period which it arises.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

E FINANCIAL ASSETS (continued)

(iii) Measurement (continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value through profit or loss, except where the management has elected, at initial recognition to irrevocably designate an equity instrument at fair value through other comprehensive income. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statements of income following the derecognition of the investment. Cumulative gain or loss previously recognised in OCI is not subsequently reclassified to statements of income, but is to be transferred to retained profits. Dividends from such investments continue to be recognised in statements of income as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of equity instruments designated as financial assets at fair value through profit or loss are recognised in net unrealised gain or loss on revaluation in the statements of income.

(iv) Reclassification policy

Reclassification of financial assets is required when, and only when, the Group and the Company change their business model for managing the assets. In such cases, the Group and the Company are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instruments that have been designated as at fair value through other comprehensive income even when there is a change in business model. Such designations are irrevocable.

F FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statements of income. Financial liabilities are de-recognised when extinguished.

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities as held-for-trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

The Group has also designated certain structured deposits at fair value through profit or loss as permitted under MFRS 9 "Financial Instruments" as it significantly reduces accounting mismatch that would otherwise arise from measuring the corresponding assets and liabilities of different basis.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

F FINANCIAL LIABILITIES (continued)

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, financial liabilities are remeasured at amortised cost using the effective interest/profit rate.

Financial liabilities measured at amortised cost are deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements, bills and acceptances payable, lease liabilities, other financial liabilities, recourse obligation on loans/financing sold to Cagamas, Senior debts, Tier 2 subordinated bonds and Multi-currency additional Tier 1 capital securities.

G PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of income during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on a straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	Over the remaining period of the lease or 100 years (1%) whichever is shorter
Buildings on leasehold land	Over the remaining period of the lease or 50 years (2%) whichever is shorter
Buildings on freehold land	2%
Office furniture, fittings, equipment and renovations and computer equipment	10% - 33%
Motor vehicles	20% - 25%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Property and equipment are reviewed for indication of impairment at each statements of financial position date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indication of impairment exists, the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in non-interest income.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of such a property at the date of transfer is treated in the same way as a revaluation under MFRS 116 "Property, plant and equipment". Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income in revaluation surplus reserve. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus reserve, with any remaining decrease charged to statements of income.

Leased assets presented under property and equipment and prepaid lease payments are right-of-use assets within the scope of MFRS 16. See Note I for the accounting policies on right-of-use assets.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

H INTANGIBLE ASSETS

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years to 8 years.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of fair value consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the statements of income.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

I LEASES

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company, and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

I LEASES (continued)

ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest/profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, an incremental borrowing rate is used in determining the discount rate which assumes the interest/profit rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest expenses in the statements of income.

Short-term leases and leases of low value assets

The Group and the Company elect to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

J IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statements of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount of non-financial assets (other than goodwill) is recognised in the statements of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

K CURRENT AND DEFERRED INCOME TAXES

The tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in statements of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. The liabilities in relation to tax penalties or its associated interest are included within the taxation liability on the statements of financial position and any associated change within the tax expense in the statements of income as under accrual of prior year tax.

Current income tax expense is determined according to the tax laws enacted or substantively enacted at the end of the reporting period of each jurisdiction in which the Group operates and generates taxable income and includes all taxes based upon the taxable profits.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences of unused tax losses or unused tax credits can be utilised.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

K CURRENT AND DEFERRED INCOME TAXES (continued)

Deferred tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint venture except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates and joint venture. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liabilities is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred income tax related to fair value remeasurement of financial instruments at fair value through other comprehensive income, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statements of income together with the deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

L DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group has elected an accounting policy choice under MFRS 9 to continue to apply the hedge accounting requirements under MFRS 139 on the adoption of MFRS 9 on 1 July 2018.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statements of income. Cash collateral held in relation to derivative transactions are carried at amortised cost.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognise profits immediately.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

L DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designated certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group has applied the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 “Interest Rate Benchmark Reform” until the uncertainty arising from IBOR reform no longer being present:

- When considering the “highly probable” requirement, the Group has assumed that the IBOR interest rate on which the Group’s hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group had recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

The Group has applied the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 “Interest Rate Benchmark Reform - Phase 2”:

- Hedge designation: When the Phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:
 - (i) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
 - (ii) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
 - (iii) amending the description of the hedging instrument.

The Group amends its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 21 to the financial statements.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

L DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

The Group and the Company apply fair value hedge accounting for hedging fixed interest risk on loans, advances and financing and financial assets at FVOCI. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate loans, advances and financing is recognised in statements of income within other operating income. The gain or loss relating to the ineffective portion is recognised in statements of income within net gain or loss on fair value hedges.

For fair value hedge of financial assets designated as FVOCI, any changes in fair value of the hedged financial assets FVOCI are recycled from FVOCI reserves to statements of income, while the changes in fair value of the derivatives that is related to the effective portion of the hedge is recognised in statements of income within other operating income. The ineffective portion of the aforesaid hedging derivatives is recognised in statements of income with net gain or loss on fair value changes of derivatives.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statements of income over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statements of income. Amounts accumulated in equity are recycled to the statements of income in the financial periods in which the hedged item will affect statements of income.

When a hedging instrument expires or is sold or transferred, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statements of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the statements of income.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statements of income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

M CURRENCY TRANSLATIONS

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the statements of income, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences such as equity held at fair value through profit or loss and assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of the statements of financial position;
- income and expenses for each statements of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of statements of comprehensive income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

M CURRENCY TRANSLATIONS (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in statements of comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to statements of income. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statements of income. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to statements of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

N EMPLOYEE BENEFITS

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise a liability and an expense for bonuses. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created constructive obligation.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial periods.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

N EMPLOYEE BENEFITS (continued)

(ii) Defined contribution plans (continued)

The Group and the Company contributes to a national defined contribution plan (the Employee Provident Fund) on a mandatory basis and the amounts contributed to the plan are charged to the statements of income in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share-based compensation

The Company and certain of its subsidiaries operate equity-settled, share-based compensation plans for their employees. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase to share options reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statements of financial position date, the Company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to share options reserve in equity.

A trust has been set up for the Executive Share Scheme ("ESS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's stocks from the open market for the purposes of this trust.

In accordance with MFRS 132 "Financial Instruments: Presentation", the shares purchased for the benefit of the ESS holders are recorded as "Treasury Shares for ESS" in equity on the statements of financial position. The cost of operating the ESS would be charged to the statements of income when incurred in accordance with accounting standards.

When the options are exercised, the Company transfers the Treasury Shares for ESS to the ESS holder. The treasury shares and share options reserve would be adjusted against the retained profits.

When the options are exercised, the Company and certain of its subsidiaries issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

When options are not exercised and lapsed, the share options reserve is transferred to retained earnings.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

0 IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Company first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Company determine the objective evidence of impairment exists, i.e. credit-impaired for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics.

Definition of default and credit-impaired financial assets

At each reporting period, the Group and the Company assess whether financial assets are impaired. Qualitative and quantitative information are used to determine if a financial asset is credit impaired. Nevertheless, a backstop is applied and a financial asset is considered as credit impaired if it is more than 90 days or 3 months past due on its contractual payments.

As part of the assessment of impairment of financial assets under ECL model, the default definition, which is largely align with regulatory reporting purposes, has been applied to three main components, which is a probability of default ("PD") model, a loss given default ("LGD") model and exposure at default ("EAD") model respectively.

Where measurement of ECL is relying on external published sources, in determining if a financial asset is credit-impaired, the Group and the Company will consider factors, such as, but not limited to, rating agencies' assessment of creditworthiness and country's ability to access to capital markets for new debt issuance.

There are two approaches of ECL adopted by the Group and the Company, which are general approach and simplified approach.

(i) Financial assets accounted for at amortised cost, fair value through other comprehensive income and with the exposure arising from loan commitments and financial guarantee contracts - General Approach

ECL will be assessed using an approach which classified financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

(a) Stage 1: 12-months ECL - not credit impaired

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

0 IMPAIRMENT OF FINANCIAL ASSETS (continued)

(i) Financial assets accounted for at amortised cost, fair value through other comprehensive income and with the exposure arising from loan commitments and financial guarantee contracts - General Approach (continued)

Significant increase in credit risk

At each reporting date, the Group and the Company assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group and the Company consider both quantitative and qualitative information and assessments based on the Group's and the Company's historical experience and credit risk assessments, including forward-looking information. A backstop of 30 days or 1 month past due from its contractual payment is applied and a financial asset will still be designated as having significant increase in credit risk regardless if it meets both the quantitative and qualitative assessments.

Measurement of ECL

ECL are measured using three main components, which include PD, LGD and EAD. These components are derived from internally developed statistical models and adjusted to reflect forward-looking information as set out below.

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of a financial instrument, based on conditions that exist at the reporting date and taking into consideration of future economic conditions that affect credit risk. The LGD component represents that expected loss if a default event occurs at a given time, taking into account the mitigating effect of collateral, its expected value when realised and time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with expected drawdown and utilisation of a facility. The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest/profit rate or an approximation thereof.

The measurement of ECL reflects an unbiased and probability-weighted amount that is derived by evaluating a range of possible macroeconomic outcome, the time value of money together with reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Forward-looking information

The Group and the Company have internally developed methodologies for the application of forward-looking macroeconomic ("MEV") which consist of economic indicators and industry statistics in the measurement of ECL. This involves the incorporation of MEV forward-looking into PD estimation, which is determined based on probability-weighted outcome from a range of economic scenarios.

The measurement of ECL incorporates a broad range of forward-looking information as economic inputs, such as but not limited to:

- Gross Domestic Product ("GDP")
- Unemployment Rate
- Consumer Price Index
- House Price Index

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

0 IMPAIRMENT OF FINANCIAL ASSETS (continued)

(i) Financial assets accounted for at amortised cost, fair value through other comprehensive income and with the exposure arising from loan commitments and financial guarantee contracts - General Approach (continued)

Forward-looking information (continued)

The Group and the Company apply three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

- (a) Base case: This represents “most likely outcome” of future economic conditions which are backed by consensus forecast from various sources.
- (b) Best and Worst case: This represent the “upside” and “downside” outcome of future economic conditions by making references to past historical cyclical conditions together with incorporation of best estimates and judgements on an unbiased basis.

Modification of loans/financing

The Group may renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group assess whether or not the new terms are substantially different to the original terms.

The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

If the terms are substantially different, the Group derecognise the original financial asset and recognises a “new” asset at fair value and recalculates a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit-adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

O IMPAIRMENT OF FINANCIAL ASSETS (continued)

(ii) Clients' and brokers' balances and other assets - Simplified Approach

The Group and the Company apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for other receivables. An entity that applies a provision matrix may use historical loss experience on its other receivables and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

P DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OTHER THAN ON A MODIFICATION

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for de-recognition are therefore not met.

Q OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position where there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

R FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued and the liability is initially measured at fair value.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

S FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

T **BILLS AND ACCEPTANCES PAYABLE**

Bills and acceptances payable represent the banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

U **PROVISIONS**

Provisions are recognised by the Group and the Company when all of the following conditions have been met:

- (i) the Group and the Company have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

V **CASH AND CASH EQUIVALENTS**

Cash and short-term funds in the statements of financial position comprise cash balances and deposits with financial institutions and money at call with a maturity of one month or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity of 3 months or less.

W **SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as the collective body of chief operating decision makers.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

X SHARE CAPITAL

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the particular instrument.

(ii) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends

Distributions to shareholders are recognised directly in equity. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(iv) Purchase of own shares

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is adjusted against treasury shares.

Y CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

Z SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements ("reverse repurchase agreements") are securities which the Group had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements ("repurchase agreements") are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

AA EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

AB INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every three years.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

AB INVESTMENT PROPERTIES (continued)

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

AC TRUST ACTIVITIES

The Group acts as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

AD INVESTMENT ACCOUNT

Unrestricted Investment Account-i ("URIA") refers to a type of investment account structured based on a profit sharing (Mudarabah) contract. Mudarabah is a Shariah-compliant contract between Investment Account Holders ("IAH") as capital providers or investor (Rabbul-mal) and the Group's subsidiary, HLISB as the fund manager (Mudarib). Any profit generated from the investment is shared between the IAH and HLISB according to a mutually pre-agreed Profit Sharing Ratio. Financial losses from the investment activities are borne by the IAH except where such losses are due to HLISB misconduct, negligence, or breach of specified terms. The URIA and financing assets funded by the URIA are recorded in HLISB and the Group's financial statement as its liabilities and assets in accordance with MFRS 9. Risk weighted assets funded by the Investment Account are excluded from the calculation of capital ratio of HLISB and the Group.

Restricted Investment Account-i ("RIA") refers to a type of investment account where the IAH, provides a specific investment mandate to the Group such as purpose and/or period for investment. The RIA is based on shariah principle of Wakalah bi Al-Istithmar, an agency contract where the investor authorises the Group's subsidiary, HLISB, as investment agent (Wakil) to manage the customers' investment on their behalf. Profit generated from the investment will be distributed to the IAH during the Profit Distribution Period.

AE FINANCIAL ASSISTANCE SCHEME

Financing under a government scheme is recognised and measured in accordance with MFRS 9 "Financial Instruments", with the benefit at a below market rate measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

The benefits of government schemes that addresses identified costs or expenses incurred by the Group is recognised in the statements of income in the same financial period in accordance with MFRS 120 "Accounting for Government Grants and Disclosure of Government Assistance".

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

AF INSURANCE/REINSURANCE CONTRACTS ASSETS OR LIABILITIES

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

(i) Level of Aggregation

Under MFRS 17, the insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance and into their expected profitability at inception - onerous contracts, contracts with no significant possibility of becoming onerous and any remaining contracts in the cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which further contract may be added. Reinsurance contract are grouped on a similar basis of the underlying insurance contracts.

(ii) Contract boundary

Under MFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive right and obligation that exist during the reporting period in which the insurance subsidiary can compel the policyholder to pay the premiums, or in which the insurance subsidiary has a substantive obligation to provide the policyholder with insurance contract services.

For reinsurance contracts, cash flows are within the boundary if they arise from substantive right and obligation that exist during the reporting period in which the insurance subsidiary is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

(iii) Measurement

MFRS 17 introduces two new measurement models in calculating insurance and reinsurance contract liabilities reflecting a different extent of the overall insurance subsidiary's performance.

The General Measurement Model ("GMM") being the default model is also known as the building block approach. The GMM consists of fulfilment cash flow and the Contractual Service Margin ("CSM"). The fulfilment cash flow refers to risk-adjusted present value of the entity's rights and obligations to the policyholders comprising the estimates of the expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The CSM represents the unearned profit from the in-force contracts that the entity will recognise over the coverage period.

The Premium Allocation Approach ("PAA") is a simplified approach for measurement of the liability of remaining coverage ("LRC") that an entity may choose to use when the PAA provides a measurement which is not materially differs from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

AF INSURANCE/REINSURANCE CONTRACTS ASSETS OR LIABILITIES (continued)

(iii) Measurement (continued)

Under MFRS 17, the insurance contracts issued and reinsurance contracts held by the insurance subsidiary are all eligible to be measured by applying the PAA. Hence, the insurance subsidiary has applied PAA for its insurance and reinsurance contracts.

The measurement principles of the PAA differ from the “earned premium approach” used under MFRS 4 in the following key areas:

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period;
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart;
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (“LIC”) (previously claims outstanding and incurred-but-not-reported (“IBNR”) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the insurance subsidiary’s obligation to pay other incurred insurance expenses;
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

MFRS 17 requires expected losses of the contracts be reflected at the initial recognition in the income statements as a loss component. Any offsetting of onerous groups of contracts with the profitable groups of insurance contracts is not allowed.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or group of insurance contracts within the portfolio.

For contracts which have a coverage period of one year or less, the insurance subsidiary has the option to recognise insurance acquisition cost as incurred and expense them or amortise them over time using a rational approach to allocate to each MFRS 17 group. Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. commissions) are allocated only to the group of contracts. Insurance acquisition cash flows, other than commission, will be amortised over the coverage period of the contracts in line with premiums.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

AF INSURANCE/REINSURANCE CONTRACTS ASSETS OR LIABILITIES (continued)

(iii) Measurement (continued)

Estimates of future cash flows and discount rate

In estimating the future cash flows, the insurance subsidiary incorporates all reasonable and supportable historical data about claims and other experiences, and updated to reflect current expectations of future events.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. This requirement is a significant change from the previous practice, where liabilities for insurance contracts were not discounted.

(iv) Presentation

Insurance revenue

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolio of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statements of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis, therefore balances such as insurance receivables and payables are no longer presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are presented in the same line item as the related portfolio of the contracts.

The insurance subsidiary disaggregates the total amount recognised in the income statements into an insurance service result (comprising insurance revenue and insurance service expense), and insurance finance income or expenses, and these are presented as part of other operating income.

Insurance service results

Insurance service results consist of the insurance revenue and the insurance service expenses. Insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the insurance subsidiary expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Expenses that relate directly to the fulfilment of contracts are recognised in statements of income as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts are presented outside the insurance service results.

Amounts recovered from reinsurers and reinsurance expenses are no longer presented separately, but presented on a net basis as net expenses from reinsurance contracts in the insurance service results. Changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are presented as insurance finance income or expenses.

Notes to the Financial Statements

for the financial year ended 30 June 2024

1 GENERAL INFORMATION

The principal activities of the Company are those of investment holding and provision of services to its subsidiaries to enhance group value.

The Hong Leong Financial Group (the Company and its subsidiaries) is a diversified financial group whose businesses provide a broad range of financial products and services to consumer, corporate and institutional customers.

The principal activities of the subsidiary companies are disclosed in Note 11 to the financial statements. There were no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	2,662,713	2,641,170	14	15
Money at call and deposit placements maturing within one month	4,885,653	7,207,465	8,979	65,231
	7,548,366	9,848,635	8,993	65,246
Less: Expected credit losses	(205)	(203)	-	-
	7,548,161	9,848,432	8,993	65,246

Inclusive in cash and short-term funds of the Group are accounts held in trust for dealer's representative amounting to RM13,914,000 (2023: RM13,893,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Central banks	21,400	14,565	-	-
Licensed banks	1,630,789	1,065,029	129,360	67,860
	1,652,189	1,079,594	129,360	67,860
Less: Expected credit losses	(162)	(20)	-	-
	1,652,027	1,079,574	129,360	67,860

The Company has placed a fixed deposit of RM3,300,000 (2023: RM3,300,000) with a bank for RM100.0 million revolving credit facility. The Company has agreed not to withdraw the fixed deposits during the tenure of the facility. The bank has a right to set-off any sums placed by the Company in the fixed deposit account.

Notes to the Financial Statements

for the financial year ended 30 June 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

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

	The Company	
	2024 RM'000	2023 RM'000
Quoted securities		
Unit trust investments	371,937	-

Note:

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

5 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

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

Included in the debt instruments at FVOCI are securities which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group amounting to RM2,742,628,000 (2023: RM2,918,310,000).

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

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. The expected credit losses is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

Notes to the Financial Statements

for the financial year ended 30 June 2024

5 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (continued)

(a) Debt instruments (continued)

Movements in expected credit losses of debt instruments at FVOCI are as follows:

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	
As 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
As at 30 June 2024	3,275	-	18,442	21,717
As at 1 July 2022	1,981	-	17,407	19,388
New financial assets originated or purchased	999	-	-	999
Financial assets derecognised	(223)	-	-	(223)
Changes due to change in credit risk	(582)	-	-	(582)
Exchange differences	100	-	820	920
As at 30 June 2023	2,275	-	18,227	20,502

(b) Equity instruments

	The Group	
	2024 RM'000	2023 RM'000
Unquoted securities		
Shares in Malaysia	116,797	97,650

Notes to the Financial Statements

for the financial year ended 30 June 2024

5 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (continued)**(b) Equity instruments (continued)**

The Group designated certain investments shown in the following table as equity instruments under FVOCI, which is held for socio-economic purposes or not for trading purposes.

The Group	Fair value RM'000	Dividend income recognised during the financial year RM'000
2024		
Securities:		
RAM Holdings Berhad	6,793	435
Payments Network Malaysia Sdn Bhd	108,229	-
Others	1,775	-
	116,797	435
2023		
Securities:		
RAM Holdings Berhad	6,432	2,175
Payments Network Malaysia Sdn Bhd	89,975	-
Others	1,243	-
	97,650	2,175

Notes to the Financial Statements

for the financial year ended 30 June 2024

6 FINANCIAL INVESTMENTS AT AMORTISED COST

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

Included in the financial investments at amortised cost are securities which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group amounting to RM7,060,071,000 (2023: RM4,478,710,000).

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

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	
As at 1 July 2023	18	-	-	18
Changes due to change in credit risk	(1)	-	-	(1)
Exchange differences	(3)	-	-	(3)
As at 30 June 2024	14	-	-	14
As at 1 July 2022	68	-	-	68
Changes due to change in credit risk	(52)	-	-	(52)
Changes in models/risk parameters	(1)	-	-	(1)
Exchange differences	3	-	-	3
As at 30 June 2023	18	-	-	18

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING

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

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

(a) The maturity structure of loans, advances and financing is as follows:

	The Group	
	2024 RM'000	Restated 2023 RM'000
Maturing within:		
- One year	36,648,484	33,320,625
- Over one year to three years	6,441,038	7,261,457
- Over three years to five years	11,506,456	10,659,367
- Over five years	140,640,612	130,845,420
Gross loans, advances and financing	195,236,590	182,086,869

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING (continued)

(b) The loans, advances and financing are disbursed to the following types of customers:

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

(c) Loans, advances and financing analysed by their interest rate/profit rate sensitivity are as follows:

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING (continued)

(d) Loans, advances and financing analysed by their economic purposes are as follows:

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

(e) Loans, advances and financing analysed by their geographical distribution are as follows:

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING (continued)

(f) Impaired loans, advances and financing analysed by their economic purposes are as follows:

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

(g) Impaired loans, advances and financing analysed by their geographical distribution are as follows:

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING (continued)

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

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	
As 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
Changes in models/risk parameters	(35,058)	(33,942)	-	(69,000)
Modifications to contractual cash flows of financial assets	26	2,039	5	2,070
Amount written off	-	-	(286,664)	(286,664)
Exchange differences	(248)	48	18	(182)
Other movements	-	-	(12,933)	(12,933)
As at 30 June 2024	903,087	341,900	369,011	1,613,998
As at 1 July 2022	977,229	423,913	335,647	1,736,789
Changes in ECL due to transfer within stages	(44,038)	(203,154)	247,192	-
- Transfer to Stage 1	35,350	(35,254)	(96)	-
- Transfer to Stage 2	(76,367)	145,894	(69,527)	-
- Transfer to Stage 3	(3,021)	(313,794)	316,815	-
New financial assets originated	46,539	855	54	47,448
Financial assets derecognised	(15,727)	(30,658)	(25,835)	(72,220)
Changes due to change in credit risk	(5,293)	186,466	172,701	353,874
Changes in models/risk parameters	5,747	2,706	-	8,453
Modifications to contractual cash flows of financial assets	366	1,078	203	1,647
Amount written off	-	-	(306,145)	(306,145)
Exchange differences	1,757	571	(615)	1,713
Other movements	-	-	(12,057)	(12,057)
As at 30 June 2023	966,580	381,777	411,145	1,759,502

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 LOANS, ADVANCES AND FINANCING (continued)

- (i) Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the expected credit losses are as follows:

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	
As at 1 July 2023	174,581,903	6,717,704	1,042,010	182,341,617
Effect of adopting MFRS 17	(254,748)	-	-	(254,748)
Restated	174,327,155	6,717,704	1,042,010	182,086,869
Total transfer within stages	(1,355,278)	857,331	497,947	-
- Transfer to Stage 1	2,228,276	(2,228,562)	286	-
- Transfer to Stage 2	(3,549,558)	4,641,453	(1,091,895)	-
- Transfer to Stage 3	(33,996)	(1,555,560)	1,589,556	-
New financial assets originated	22,762,854	54,496	306	22,817,656
Financial assets derecognised	(9,524,595)	(367,501)	(41,180)	(9,933,276)
Changes due to additional drawdown/partial settlement	1,008,708	(465,547)	(172,155)	371,006
Modifications to contractual cash flows and unwinding of modification impact	63,750	5,605	-	69,355
Amount written off	-	-	(286,172)	(286,172)
Exchange differences	110,402	307	443	111,152
As at 30 June 2024	187,392,996	6,802,395	1,041,199	195,236,590
As at 1 July 2022	151,608,434	16,495,742	819,878	168,924,054
Effect of adopting MFRS 17	(295,960)	-	-	(295,960)
Restated	151,312,474	16,495,742	819,878	168,628,094
Total transfer within stages	8,013,127	(8,720,026)	706,899	-
- Transfer to Stage 1	12,005,919	(12,003,075)	(2,844)	-
- Transfer to Stage 2	(3,928,002)	4,825,923	(897,921)	-
- Transfer to Stage 3	(64,790)	(1,542,874)	1,607,664	-
New financial assets originated	21,151,069	804,365	1,017	21,956,451
Financial assets derecognised	(7,399,320)	(328,706)	(63,207)	(7,791,233)
Changes due to additional drawdown/partial settlement	4,374	(1,568,124)	(116,749)	(1,680,499)
Modifications to contractual cash flows and unwinding of modification impact	63,763	29,870	-	93,633
Amount written off	-	-	(306,460)	(306,460)
Exchange differences	1,181,668	4,583	632	1,186,883
As at 30 June 2023	174,327,155	6,717,704	1,042,010	182,086,869

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 CLIENTS' AND BROKERS' BALANCES

Clients' and brokers' balances represent amount receivable from outstanding purchase contracts in respect of the Group's stockbroking and futures clients and amount due from brokers and contra losses.

	The Group	
	2024 RM'000	Restated 2023 RM'000
Performing accounts	236,351	139,919
Impaired accounts	1,312	1,423
	237,663	141,342
Less: Allowances for bad and doubtful debts		
- Expected credit losses	(832)	(866)
	236,831	140,476

Movements of impaired accounts are as follows:

	The Group	
	2024 RM'000	2023 RM'000
As at 1 July	1,423	2,861
New financial assets originated	76	54
Financial assets derecognised	(158)	(779)
Impaired during the financial year	6,534	15,948
Written-back during the financial year	(6,563)	(16,661)
As at 30 June	1,312	1,423

Movements in expected credit losses for clients' and brokers' balances are as follows:

The Group	Lifetime ECL not credit impaired RM '000	Lifetime ECL credit impaired RM '000	Total ECL RM '000
As at 1 July 2023	9	857	866
New financial assets originated	38	30	68
Financial assets derecognised	(60)	(21)	(81)
Allowance made	61	54	115
Allowance written back	(41)	(95)	(136)
As at 30 June 2024	7	825	832

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 CLIENTS' AND BROKERS' BALANCES (continued)

Movements in expected credit losses for clients' and brokers' balances are as follows: (continued)

The Group	Lifetime ECL not credit impaired RM '000	Lifetime ECL credit impaired RM '000	Total ECL RM '000
As at 1 July 2022	49	949	998
New financial assets originated	38	12	50
Financial assets derecognised	(49)	(11)	(60)
Allowance made	27	240	267
Allowance written back	(56)	(333)	(389)
As at 30 June 2023	9	857	866

9 OTHER ASSETS

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Foreclosed properties		46	46	-	-
Sundry debtors and other prepayments		786,520	338,198	2,637	2,250
Settlement accounts		1,946,768	850,808	-	-
Treasury related receivables		815,332	159,020	-	-
Cash collateral pledged for derivative transactions		848,291	1,086,263	-	-
Fee income receivables net of expected credit losses	(a)	4,091	7,715	-	-
Other receivables		351,428	237,625	-	-
		4,752,476	2,679,675	2,637	2,250

Notes to the Financial Statements

for the financial year ended 30 June 2024

9 OTHER ASSETS (continued)

(a) Movements in expected credit losses for fee income receivables are as follows:

The Group	Lifetime ECL not credit impaired RM '000	Lifetime ECL credit impaired RM '000	Total ECL RM '000
As at 1 July 2023	5	1,380	1,385
New financial assets originated	59	-	59
Financial assets derecognised	(5)	(182)	(187)
Allowance made	5	80	85
As at 30 June 2024	64	1,278	1,342
As at 1 July 2022	6	1,964	1,970
New financial assets originated	4	-	4
Financial assets derecognised	(5)	(168)	(173)
Allowance written back	-	(337)	(337)
Amount written off	-	(551)	(551)
Allowance made	-	472	472
As at 30 June 2023	5	1,380	1,385

10 STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by certain banking subsidiaries with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. A foreign banking subsidiary and a foreign branch of a banking subsidiary also maintained non-interest bearing statutory deposits with their respective central banks in compliance with the respective applicable legislations.

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2024 RM'000	2023 RM'000
Investment in subsidiary companies, at cost		
Unquoted shares	262,980	262,980
Shares quoted in Malaysia	16,804,109	16,804,109
	17,067,089	17,067,089
Investment in debt instrument issued by subsidiary companies, at amortised cost		
Multi-currency Additional Tier 1 capital securities	-	404,862
Subordinated obligations	-	1,102,166
	17,067,089	18,574,117
Less: Allowance for impairment losses	(12,980)	(15,241)
	17,054,109	18,558,876

Movements in the allowance for impairment losses are as follows:

	The Company	
	2024 RM'000	2023 RM'000
As at 1 July	15,241	16,755
Expected credit losses made during the financial year	(2,261)	(1,514)
As at 30 June	12,980	15,241

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(i) Information about principal subsidiaries:

The subsidiary companies of the Company are as follows:

Name of companies	Country of incorporation	Effective percentage of ownership		Principal activities
		2024 %	2023 %	
(a) HLA Holdings Sdn Bhd and its subsidiary companies:	Malaysia	100.0	100.0	Investment holding
(i) Hong Leong Assurance Berhad	Malaysia	70.0	70.0	Life insurance business
- Unincorporated trust for ESS ^{a*}	Malaysia	-	-	Special purpose vehicle for ESS
(ii) Hong Leong Insurance (Asia) Limited*	Hong Kong	100.0	100.0	General insurance business
(iii) Hong Leong MSIG Takaful Berhad	Malaysia	65.0	65.0	Family takaful business
(iv) HL Assurance Pte. Ltd.*	Singapore	100.0	100.0	General insurance business
(v) RC Holdings Sdn Bhd (Note)	Malaysia	-	100.0	Dissolved
(b) Unincorporated trust for ESS ^{a*}	Malaysia	-	-	Special purpose vehicle for ESS
(c) HLFG Principal Investments (L) Limited	Malaysia	100.0	100.0	Investment holding
(d) Hong Leong Capital Berhad and its subsidiary companies:	Malaysia	73.7	73.7	Investment holding
(i) HLG Securities Sdn Bhd	Malaysia	73.7	73.7	In members' voluntary liquidation
(ii) Hong Leong Investment Bank Berhad and its subsidiary companies:	Malaysia	73.7	73.7	Investment banking, stockbroking business, futures broking and related financial services
- SSSB Jaya (1987) Sdn Bhd	Malaysia	-	73.7	Dissolved
- HLIB Nominees (Tempatan) Sdn Bhd	Malaysia	73.7	73.7	Nominee and custodian services for Malaysian clients
- HLIB Nominees (Asing) Sdn Bhd	Malaysia	73.7	73.7	Nominee and custodian services for foreign clients
(iii) HLCB Assets Sdn Bhd	Malaysia	73.7	73.7	Investment activities
(iv) Hong Leong Asset Management Bhd and its subsidiary company:	Malaysia	73.7	73.7	Unit trust management, fund management and sale of unit trusts
- Hong Leong Islamic Asset Management Sdn Bhd	Malaysia	73.7	73.7	Islamic fund management services
(v) Unincorporated trust for ESS ^{a*}	Malaysia	-	-	Special purpose vehicle for ESS purpose
(e) Hong Leong Bank Berhad and its subsidiary companies:	Malaysia	65.5	65.5	All aspects of commercial banking business and provision of related services
(i) Hong Leong Islamic Bank Berhad	Malaysia	65.5	65.5	Islamic banking business and related financial services
(ii) DC Tower Sdn Bhd	Malaysia	65.5	65.5	Property management

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(i) Information about principal subsidiaries: (continued)

The subsidiary companies of the Company are as follows: (continued)

Name of companies	Country of incorporation	Effective percentage of ownership		Principal activities
		2024 %	2023 %	
(e) Hong Leong Bank Berhad and its subsidiary companies: (continued)				
(iii) Hong Leong Bank Vietnam Limited*	Vietnam	65.5	65.5	Commercial banking business
(iv) Hong Leong Bank (Cambodia) PLC*	Cambodia	65.5	65.5	Commercial banking business
(v) HLF Credit (Perak) Bhd and its subsidiary companies:	Malaysia	65.5	65.5	Investment holding
- Gensource Sdn Bhd and its subsidiary company:	Malaysia	65.5	65.5	Investment holding
- Pelita Terang Sdn Bhd	Malaysia	65.5	65.5	Dormant
- Promidah Sdn Bhd*	Malaysia	65.5	65.5	Dormant
- Promizul Sdn Bhd	Malaysia	65.5	65.5	In members' voluntary liquidation
- HLB Realty Sdn Bhd	Malaysia	65.5	65.5	Property investment
(vi) HLB Nominees (Tempatan) Sdn Bhd	Malaysia	65.5	65.5	Agent and nominee for Malaysian clients
(vii) HLB Nominees (Asing) Sdn Bhd	Malaysia	65.5	65.5	Agent and nominee for foreign clients
(viii) HLB Trade Services (Hong Kong) Limited*	Hong Kong	65.5	65.5	Ceased operations
(ix) HLB Principal Investments (L) Limited and its subsidiary company:	Malaysia	65.5	65.5	Investment holding
- Promino Sdn Bhd	Malaysia	65.5	65.5	Holding of pooled motor vehicles for HLB group's usage
(x) Promilia Berhad	Malaysia	65.5	65.5	Holding of motor vehicles for HLB group's usage
(xi) EB Nominees (Tempatan) Sendirian Berhad	Malaysia	65.5	65.5	In members' voluntary liquidation
(xii) EB Realty Sendirian Berhad	Malaysia	65.5	65.5	In members' voluntary liquidation
(xiii) OBB Realty Sdn Bhd	Malaysia	65.5	65.5	Property investment
(xiv) Unincorporated trust for ESS ^{a*}	Malaysia	-	-	Special purpose vehicle for ESS purpose
(f) Hong Leong Income Fund ^a	Malaysia	-	61.1	Unit trust funds
(g) Hong Leong Wholesale Equity Fund 2 ^a	Malaysia	65.5	65.5	Unit trust funds
(h) Hong Leong Value Fund ^a	Malaysia	82.1	78.3	Unit trust funds
(i) Hong Leong Strategic Fund ^a	Malaysia	43.5	39.9	Unit trust funds

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(i) Information about principal subsidiaries: (continued)

The subsidiary companies of the Company are as follows: (continued)

Name of companies	Country of incorporation	Effective percentage of ownership		Principal activities
		2024 %	2023 %	
(j) Hong Leong Dividend Fund ^Ω	Malaysia	53.0	49.3	Unit trust funds
(k) Hong Leong Global ESG Fund ^Ω	Malaysia	79.1	86.2	Unit trust funds
(l) Hong Leong Global Shariah ESG Fund ^Ω	Malaysia	77.1	38.9	Unit trust funds
(m) Hong Leong Asia-Pacific Dividend Fund ^Ω	Malaysia	28.5	-	Unit trust funds
(n) Hong Leong Islamic Income Management Fund ^Ω	Malaysia	46.3	-	Unit trust funds

* Not audited by PricewaterhouseCoopers PLT

Ω Deemed subsidiary companies pursuant to MFRS 10 "Consolidated Financial Statements"

Note:

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

(ii) Details of subsidiary companies that have material non-controlling interests:

Set out below are the Group's subsidiary companies that have material non-controlling interests:

	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2024	2023	2024	Restated 2023	2024	Restated 2023
	%	%	RM'000	RM'000	RM'000	RM'000
Hong Leong Bank Berhad	34.5	34.5	1,448,004	1,316,556	12,873,918	11,721,996
Hong Leong Capital Berhad	26.3	26.3	25,741	13,112	270,041	253,797
Hong Leong Assurance Berhad	30.0	30.0	119,366	119,284	1,062,864	952,497
Individually immaterial subsidiaries with non-controlling interests			(3,603)	2,295	71,306	75,598
			1,589,508	1,451,247	14,278,129	13,003,888

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(ii) Details of subsidiary companies that have material non-controlling interests: (continued)

Summarised financial information for each subsidiary companies that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	Hong Leong Assurance Berhad		Hong Leong Bank Berhad		Hong Leong Capital Berhad	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total assets	28,688,166	26,051,889	297,789,072	279,850,454	5,279,559	4,975,761
Total liabilities	(25,145,287)	(22,876,897)	(260,494,984)	(245,863,802)	(4,252,396)	(4,010,385)
Net assets	3,542,879	3,174,992	37,294,088	33,986,652	1,027,163	965,376
Equity attributable to owners of the Company	(2,480,015)	(2,222,495)	(24,420,170)	(22,264,656)	(757,122)	(711,579)
Non-controlling interests	(1,062,864)	(952,497)	(12,873,918)	(11,721,996)	(270,041)	(253,797)
Revenue	507,711	507,114	5,771,020	5,685,509	269,781	196,326
Profit before taxation	493,363	491,485	5,134,247	4,626,631	121,861	61,428
Taxation	(95,476)	(93,871)	(938,035)	(808,435)	(23,950)	(11,552)
Other comprehensive income	-	-	391,222	380,331	3,960	15,306
Total comprehensive income	397,887	397,614	4,587,434	4,198,527	101,871	65,182
Net cash used in investing activities	(2,689)	(4,398)	(4,750,877)	(5,723,340)	(221,918)	(344,941)
Net cash used in financing activities	(55,095)	(54,979)	(766,947)	(115,882)	(48,988)	(53,588)
Net cash generated from/ (used in) operating activities	319,203	(332,448)	3,640,975	7,622,201	94,622	458,760
Net increase/(decrease) in cash and cash equivalents	261,419	(391,825)	(1,876,849)	1,782,979	(176,284)	60,231
Profit allocated to non-controlling interests of the Group	119,366	119,284	1,448,004	1,316,556	25,741	13,112
Dividends to non-controlling interests of the Group	9,000	9,000	446,824	410,947	10,537	11,776

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2024 RM'000	Restated 2023 RM'000
Quoted shares and unit trust investments	2,282,193	2,405,825
Unquoted shares investments	643,323	643,323
Cumulative share of results, net of dividend received	6,981,192	6,195,570
Equity conversion option	57,932	57,937
Cumulative share of changes in other comprehensive income	84,462	(28,667)
Exchange fluctuation reserve	840,051	799,539
	10,889,153	10,073,527

(a) Information about associated companies

Name of companies	Country of incorporation	Principal activities	The Group Percentage (%) of equity held	
			2024 %	2023 %
Bank of Chengdu Co., Ltd	China	Commercial banking	19.8	19.8
Community CSR Sdn Bhd	Malaysia	Investment holding	20.0	20.0
Sichuan Jincheng Consumer Finance Limited Company	China	Consumer financing	12.0	12.0
MSIG Insurance (Malaysia) Bhd	Malaysia	Insurance	30.0	30.0
Hong Leong Wholesale Bond Fund	Malaysia	Unit trust	47.5	47.8
Hong Leong Dana Maa'rof Fund	Malaysia	Unit trust	9.5	10.2
Hong Leong Islamic Income Management Fund	Malaysia	Unit trust	-	36.9
Hong Leong Asia-Pacific Dividend Fund	Malaysia	Unit trust	-	22.6
Hong Leong Dana AlSafa Fund	Malaysia	Unit trust	-	30.4
Hong Leong Income Fund	Malaysia	Unit trust	8.1	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN ASSOCIATED COMPANIES (continued)

(a) Information about associated companies (continued)

Nature of relationship

(i) Bank of Chengdu Co., Ltd (“BOCD”)

On 25 October 2007, Hong Leong Bank Berhad (“HLB”) entered into a Share Subscription Agreement with BOCD to subscribe for new shares representing 19.99% equity interest of the Enlarged Capital in BOCD. BOCD is a leading commercial bank in Western and Central China with its base in Chengdu, the capital of Sichuan Province. The subscription enables HLB to enter into a strategic alliance with BOCD to tap the promising and growing financial services sector of China. It strengthens and diversifies the earning base of HLB.

On 31 January 2018, BOCD was officially listed on the Shanghai Stock Exchange after completing its initial public offering (“IPO”) of 361 million shares and raised 2.53 billion yuan. Arising from the IPO, the Group’s equity interest of the enlarged capital in BOCD is now reduced to 18% from 20%. BOCD remains an associate by virtue of the representation held on BOCD’s Board of Directors.

In March 2022, HLB subscribed convertible bonds issued by BOCD. In 2023, HLB has fully converted the bonds and the Group’s equity interest in BOCD has been revised to 19.8%.

The market value of BOCD’s shares held by the Group is RM7.43 billion (2023: RM5.94 billion) at RM9.86 (2023: RM7.88) per share as at 30 June 2024.

As at 30 June 2024, the market value of investment in BOCD was below the carrying amount. The Group has performed impairment assessment on the carrying amount of the investment in BOCD, which confirmed that no impairment is required as at 30 June 2024 as the recoverable amount as determined by a value-in-use (“VIU”) calculation was higher than the carrying value. Management believes that any reasonable possible change to the key assumptions applied would not cause the carrying value to exceed its recoverable amount.

The VIU calculation uses discounted cash flows projections based on BOCD management’s best estimates of future earnings taking into account of past performance and BOCD’s expectation of market development. This calculation uses cash flows projections being the amount attributable to the shareholders based on the budget for the financial year ending 2025 with a further projection of 4 years, which was approved by BOCD management. Cash flows beyond the 5 year period are extrapolated using an estimated growth rate of 3.60% (2023: 4.93%) representing the forecasted Gross Domestic Product growth rate of the country.

The discount rate of 11.1% (2023: 13.6%) used in determining the recoverable amount is derived based on a capital asset pricing model calculation, using available market data.

(ii) Community CSR Sdn Bhd (“CCSR”)

In 2011, HLB subscribed to RM50 million Cumulative Redeemable Preference Shares (“CRPS”) in Jana Pendidikan Malaysia Sdn Bhd. For every RM1 million subscription of CRPS, HLB is entitled to subscribe for 1 ordinary share of RM1 each in CCSR. As such, HLB subscribed for 50 CCSR shares of RM1 each for cash at par which represent 20% equity interest of CCSR. In November 2014, HLB subscribed to additional 19,950 CCSR Right Issues of RM1 each.

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN ASSOCIATED COMPANIES (continued)

(a) Information about associated companies (continued)

(iii) Sichuan Jincheng Consumer Finance Limited Company ("JCCFC")

On 1 March 2010, HLB together with BOCD, obtained operation approval from China Banking Regulatory Commission ("CBRC") for JCCFC, a joint venture company that is part of the first batch of approved companies, to start consumer finance operations in Central and Western China. JCCFC focuses primarily in the consumer financing business with HLB having a 49% equity interest and BOCD having a 51% equity interest in JCCFC. This strategic alliance between HLB and BOCD to tap into the promising and growing financial services sector in China further cements the Group's strategic partnership in BOCD and affirms the Group's vision and belief in the huge potential of China.

In March 2017, the Board of Directors of HLB had approved the divestment of 37% of the HLB's stake through non-subscription of the issuance of new share capital by JCCFC and selling down the original share capital held by HLB to new strategic investors through an exercise via Southwest United Equity Exchange. The sale was completed upon obtaining approval from CBRC vide its letter dated 3 September 2018. In 2019, the net gain on divestment of joint venture of RM90,106,000 was recognised in the Group's statements of income.

Post completion of the divestment exercise, the retained interest of 12% was derecognised from the investment in joint venture and classified as investment in associated companies. JCCFC remains an associate by virtue of the representation on JCCFC's Board of Directors.

(iv) MSIG Insurance (Malaysia) Bhd ("MSIG")

On 1 October 2010, HLA Holdings Sdn Bhd ("HLAH") entered into a Strategic Partnership with Mitsui Sumitomo Insurance Company, Limited ("MSIJ") to transfer the Non-Life Business of Hong Leong Assurance Berhad ("HLA") to MSIG Insurance (Malaysia) Bhd ("MSIG"), a subsidiary of MSIJ and one of the largest general insurance in Malaysia, satisfied via the issuance of such number of new shares as shall represent 30% of the ordinary issued and paid-up capital of MSIG.

(v) Unit trust investments

Deemed associated companies pursuant to MFRS 128 "Investments in Associates and Joint Ventures".

CCSR and MSIG are non-listed companies and no quoted market price available for their shares.

The Group deems BOCD and MSIG as material associated companies.

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN ASSOCIATED COMPANIES (continued)

- (b) The summarised financial information below represents amounts shown in the material associated companies financial statements which are accounted for using equity method is as follows:

(i) Bank of Chengdu Co., Ltd

	The Group	
	2024 RM'000	2023 RM'000
Total assets	779,351,056	663,055,407
Total liabilities	(731,221,793)	(619,627,516)
Net assets	48,129,263	43,427,891
Interest income	26,864,943	23,809,371
Interest expense	(15,289,406)	(12,550,167)
Non-interest income	2,820,039	2,460,679
Profit before taxation	9,428,254	8,538,581
Profit after taxation	8,041,574	6,869,924
Total comprehensive income	8,570,044	6,785,363
Dividends paid/declared by the associated company during the financial year	4,066,852	-
Shares of results of associated company (%)	19.8%	19.8%
Shares of results of associated company (RM'000)	1,589,015	1,266,273
Dividends from the associated company (RM'000)	803,503	-

(ii) MSIG Insurance (Malaysia) Bhd

	The Group	
	2024 RM'000	Restated 2023 RM'000
Total assets	5,969,545	6,042,493
Total liabilities	(2,552,705)	(2,668,421)
Net assets	3,416,840	3,374,072
Interest income	49,971	37,263
Non-interest income	374,271	334,106
Profit before taxation	440,644	344,868
Profit after taxation	340,275	264,573
Total comprehensive income	339,265	274,952
Shares of results of associated company (%)	30%	30%
Shares of results of associated company (RM'000)	102,083	79,372
Dividends from the associated company (RM'000)	88,949	69,960

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN ASSOCIATED COMPANIES (continued)

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the material associated companies recognised in the consolidated financial statements:

(i) Bank of Chengdu Co., Ltd

	The Group	
	2024 RM'000	2023 RM'000
Opening net assets as at 1 July	43,427,891	35,241,818
Effect arising from conversion of convertible bonds	-	2,524,428
Profit for the financial year	8,041,574	6,869,924
Other comprehensive income for the financial year	528,470	(84,561)
Dividends paid/declared	(4,066,852)	-
Equity conversion option	(25)	(166,780)
Exchange fluctuation reserve	198,205	(956,938)
Closing net assets as at 30 June	48,129,263	43,427,891
Interest in associated company (%)	19.8%	19.8%
Interest in associated company (RM'000)	9,510,342	8,581,351

(ii) MSIG Insurance (Malaysia) Bhd

	The Group	
	2024 RM'000	Restated 2023 RM'000
Opening net assets as at 1 July	3,374,072	3,332,320
Profit for the financial year	340,275	264,573
Other comprehensive income for the financial year	(1,010)	10,379
Dividends	(296,497)	(233,200)
Closing net assets as at 30 June	3,416,840	3,374,072
Interest in associated company (%)	30%	30%
Interest in associated company (RM'000)	1,025,052	1,012,222

The summarised financial information above represents amount shown in the material associates' financial statements prepared in accordance with MFRSs. The information is based on the financial statements of the associated companies after reflecting adjustments made by the Group when using the equity method, such as fair value adjustments made at the time of acquisition and differences in accounting policies between the Group and the associated companies.

Notes to the Financial Statements

for the financial year ended 30 June 2024

13 PROPERTY AND EQUIPMENT

The Group	Note	Land and building* RM'000	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
As at 1 July 2023		1,041,762	1,112,105	480,428	13,601	91,519	2,739,415
Additions		-	29,844	7,038	418	56,084	93,384
Reclassification to intangible assets	17	-	1,049	2,290	-	(50,451)	(47,112)
Disposals/write-off		(1,674)	(12,034)	(9,652)	(650)	(180)	(24,190)
Exchange fluctuation		873	(520)	(8)	19	(80)	284
As at 30 June 2024		1,040,961	1,130,444	480,096	13,388	96,892	2,761,781
Accumulated depreciation							
As at 1 July 2023		169,356	936,718	410,456	8,006	-	1,524,536
Charge during the financial year		17,324	74,995	20,511	1,824	-	114,654
Disposals/write-off		(1,058)	(11,720)	(9,555)	(650)	-	(22,983)
Exchange fluctuation		246	(537)	(40)	16	-	(315)
As at 30 June 2024		185,868	999,456	421,372	9,196	-	1,615,892
Net book value as at 30 June 2024		855,093	130,988	58,724	4,192	96,892	1,145,889

* Land and building consists of the following:

The Group	Freehold		Long-term leasehold		Short-term leasehold		Total
	land RM'000	building RM'000	land^ RM'000	building RM'000	land^ RM'000	building RM'000	
Cost							
As at 1 July 2023	146,641	585,388	43,885	262,120	1,092	2,636	1,041,762
Disposals	(230)	(675)	-	(769)	-	-	(1,674)
Exchange fluctuation	-	-	-	873	-	-	873
As at 30 June 2024	146,411	584,713	43,885	262,224	1,092	2,636	1,040,961
Accumulated depreciation							
As at 1 July 2023	-	86,542	7,156	73,571	503	1,584	169,356
Charge during the financial year	-	11,687	462	5,106	15	54	17,324
Disposals	-	(633)	-	(425)	-	-	(1,058)
Exchange fluctuation	-	-	-	246	-	-	246
As at 30 June 2024	-	97,596	7,618	78,498	518	1,638	185,868
Net book value as at 30 June 2024	146,411	487,117	36,267	183,726	574	998	855,093

^ These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note I.

Notes to the Financial Statements

for the financial year ended 30 June 2024

13 PROPERTY AND EQUIPMENT (continued)

The Group	Note	Land and building* RM'000	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
As at 1 July 2022		1,027,146	1,183,501	477,445	12,374	90,719	2,791,185
Additions		10,342	32,890	5,151	2,979	96,215	147,577
Reclassification to intangible assets	17	-	7,428	2,014	-	(95,853)	(86,411)
Disposals/write-off		-	(116,405)	(6,396)	(1,948)	(62)	(124,811)
Exchange fluctuation		4,274	4,691	2,214	196	500	11,875
As at 30 June 2023		1,041,762	1,112,105	480,428	13,601	91,519	2,739,415
Accumulated depreciation							
As at 1 July 2022		150,967	965,420	392,725	7,693	-	1,516,805
Charge during the financial year		17,274	82,608	22,136	2,108	-	124,126
Reclassification to intangible assets	17	-	65	-	-	-	65
Disposals/write-off		-	(115,248)	(6,282)	(1,948)	-	(123,478)
Exchange fluctuation		1,115	3,873	1,877	153	-	7,018
As at 30 June 2023		169,356	936,718	410,456	8,006	-	1,524,536
Net book value as at 30 June 2023		872,406	175,387	69,972	5,595	91,519	1,214,879

* Land and building consists of the following:

The Group	Freehold		Long-term leasehold		Short-term leasehold		Total
	land RM'000	building RM'000	land^ RM'000	building RM'000	land^ RM'000	building RM'000	
Cost							
As at 1 July 2022	136,299	585,388	43,885	257,846	1,092	2,636	1,027,146
Additions	10,342	-	-	-	-	-	10,342
Exchange fluctuation	-	-	-	4,274	-	-	4,274
As at 30 June 2023	146,641	585,388	43,885	262,120	1,092	2,636	1,041,762
Accumulated depreciation							
As at 1 July 2022	-	74,853	6,694	67,400	486	1,534	150,967
Charge during the financial year	-	11,689	462	5,056	17	50	17,274
Exchange fluctuation	-	-	-	1,115	-	-	1,115
As at 30 June 2023	-	86,542	7,156	73,571	503	1,584	169,356
Net book value as at 30 June 2023	146,641	498,846	36,729	188,549	589	1,052	872,406

[^] These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note I.

Notes to the Financial Statements

for the financial year ended 30 June 2024

13 PROPERTY AND EQUIPMENT (continued)

The Company	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As at 1 July 2023	1,108	5,579	3,327	10,014
Additions	82	339	-	421
As at 30 June 2024	1,190	5,918	3,327	10,435
Accumulated depreciation				
As at 1 July 2023	1,084	2,614	975	4,673
Charge during the financial year	30	564	664	1,258
As at 30 June 2024	1,114	3,178	1,639	5,931
Net book value as at 30 June 2024	76	2,740	1,688	4,504
Cost				
As at 1 July 2022	1,094	4,523	3,274	8,891
Additions	14	1,057	668	1,739
Disposals	-	(1)	(615)	(616)
As at 30 June 2023	1,108	5,579	3,327	10,014
Accumulated depreciation				
As at 1 July 2022	1,045	2,106	937	4,088
Disposals	-	(1)	(615)	(616)
Charge during the financial year	39	509	653	1,201
As at 30 June 2023	1,084	2,614	975	4,673
Net book value as at 30 June 2023	24	2,965	2,352	5,341

Notes to the Financial Statements

for the financial year ended 30 June 2024

14 RIGHT-OF-USE ASSETS

The Group	Properties RM'000	Office equipment RM'000	Total RM'000
As at 1 July 2023	188,235	1,105	189,340
Additions	33,692	-	33,692
Charge during the financial year	(51,701)	(269)	(51,970)
Modification	13,146	-	13,146
Termination	(1,683)	-	(1,683)
Exchange fluctuation	(4,530)	-	(4,530)
As at 30 June 2024	177,159	836	177,995
As at 1 July 2022	214,131	224	214,355
Additions	30,458	1,145	31,603
Charge during the financial year	(51,726)	(288)	(52,014)
Modification	(328)	-	(328)
Termination	(9,066)	(9)	(9,075)
Exchange fluctuation	4,766	33	4,799
As at 30 June 2023	188,235	1,105	189,340

The Company	Properties RM'000
As at 1 July 2023	3,135
Charge during the financial year	(940)
As at 30 June 2024	2,195
As at 1 July 2022	4,075
Charge during the financial year	(940)
As at 30 June 2023	3,135

Notes to the Financial Statements

for the financial year ended 30 June 2024

15 INVESTMENT PROPERTIES

	The Group	
	2024 RM'000	2023 RM'000
Fair value		
As at 1 July	471,630	471,610
Fair value gain	-	20
As at 30 June	471,630	471,630
The analysis of investment properties is as follows:		
Freehold land and building	469,000	469,000
Leasehold land and building	2,630	2,630

The fair value of the properties was estimated based on open market valuation by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd. During the financial year, the fair value gain attributable to insurance fund policy holders was Nil (2023: RM20,000)

Pursuant to MFRS 13 "Fair Value Measurement", the Group establishes a fair value hierarchy that categories into three levels of inputs to valuation techniques used to measure fair value.

	The Group	
	2024 RM'000	2023 RM'000
Level 2	2,630	2,630
Level 3	469,000	469,000

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

		The Group	
		2024	2023
Valuation technique	Unobservable input		
Comparison and investment method	Term yield	6.00%	6.00%
	Revisionary rate	6.50% - 6.70%	6.50% - 6.70%
	Discount rate	6.50% - 6.70%	6.50% - 6.70%
	Average rental per square feet (net)	RM2.09 - RM3.85	RM2.07-RM3.84
	Estimated value per square feet	RM521-RM799	RM521-RM799

The investment properties generated rental income and incurred the following direct expenses:

	The Group	
	2024 RM'000	2023 RM'000
Rental income	6,868	7,193
Direct operating expenses	10,287	9,862

Notes to the Financial Statements

for the financial year ended 30 June 2024

16 GOODWILL ARISING ON CONSOLIDATION

	The Group	
	2024 RM'000	2023 RM'000
As at 1 July/30 June	2,410,644	2,410,644
Goodwill has been allocated to the following cash-generating units ("CGUs"):		
Commercial banking	2,246,484	2,246,484
Investment banking and asset management	99,803	99,803
Insurance	64,357	64,357
	2,410,644	2,410,644

Impairment test for goodwill

(i) Commercial banking CGU and investment banking and asset management CGU

The recoverable amounts of the commercial banking CGU and investment banking and asset management CGU have been determined based on the respective value-in-use calculations. Value in use is the present value of the future cash flows expected to be derived from the CGU. This calculation uses pre-tax cash flow projection based on the budget for the financial year ending 2024, which is approved by the respective Board of Directors of Hong Leong Bank Berhad and Hong Leong Capital Berhad with a further projection of 2 years. Cash flows beyond the 3 years period are extrapolated using an estimated growth rate of 3.7% (2023: 4.2%) representing the forecasted GDP growth rate of the country for all cash generating units. The cash flow projections are derived based on a number of key factors including past performance of these CGUs and management's expectation of market developments.

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and haircut on the cash flow projections, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios.

The discount rate used in determining the recoverable amount of the commercial banking CGUs and investment banking and asset management CGUs are 9.0% (2023: 12.1%) and 9.8% (2023: 8.7%) respectively. The pre-tax discount rate reflects the specific risks relating to the CGUs.

Notes to the Financial Statements

for the financial year ended 30 June 2024

16 GOODWILL ARISING ON CONSOLIDATION (continued)

Impairment test for goodwill (continued)

(ii) Insurance CGU

The value-in-use of the Insurance CGU is derived using the actuarial valuation for the life insurance business. The actuarial valuation of the life insurance fund is based on the latest position as at statements of financial position date, using the most recent available assumptions at the point of assessment. Such assumptions are derived from historical experience of the insurer and current industry trends and positions.

The value-in-use has been calculated based on the set of assumptions outlined below:

- (a) The present value of future shareholders' earnings is discounted at 8.5% (2023: 8.5%).
- (b) Future earnings are projected based on actuarial assumptions that are determined in accordance with generally accepted actuarial best practice and are appropriate to the business and risk profile of the business.
- (c) Allowance for corporate tax of 18% (2023: 18%) has been made on the assumptions that the application of current tax legislation and tax rates will continue unchanged.
- (d) The current actuarial reserving methods and bases have been assumed to continue with no significant alterations.
- (e) The current risk-based capital requirement has been assumed to continue unaltered.
- (f) Required capital is calculated at the Individual Target Capital Level.
- (g) The cost of capital is the cost of holding the required capital at the Individual Target Capital Level allowing for future investment return on the capital held.

It should be recognised that the actual future results will differ from those stated above, from any future changes in the operations and economic environment and natural variation in experience. There is no warranty that the future experience will be in line with the assumptions made.

Management believes that any reasonably possible change to the key assumptions applied would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGUs, which could warrant any impairment to be recognised.

Notes to the Financial Statements

for the financial year ended 30 June 2024

17 INTANGIBLE ASSETS

The Group	Note	Computer software	
		2024 RM'000	2023 RM'000
Cost or valuation			
As at 1 July		1,111,895	1,028,428
Additions		30,527	41,863
Reclassification from property and equipment	13	47,112	86,411
Disposals/write-off		(2,462)	(57,397)
Exchange fluctuation		(931)	12,590
As at 30 June		1,186,141	1,111,895
Accumulated amortisation			
As at 1 July		723,977	703,490
Amortisation during the financial year		78,935	67,129
Reclassification from property and equipment		-	(65)
Disposals/write-off		(2,462)	(54,783)
Exchange fluctuation		(767)	8,206
As at 30 June		799,683	723,977
Net book value as at 30 June		386,458	387,918

The Company	Computer software	
	2024 RM'000	2023 RM'000
Cost		
As at 1 July	577	441
Additions	10	136
As at 30 June	587	577
Accumulated amortisation		
As at 1 July	440	365
Amortisation during the financial year	78	75
As at 30 June	518	440
Net book value as at 30 June	69	137

Notes to the Financial Statements

for the financial year ended 30 June 2024

18 DEPOSITS FROM CUSTOMERS

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

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

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

The carrying amount of the structured deposits is RM227,231,000 (2023: RM292,750,000) lower than the contractual amount at maturity.

Notes to the Financial Statements

for the financial year ended 30 June 2024

18 DEPOSITS FROM CUSTOMERS (continued)

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

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

- (b) The deposits are sourced from the following customers:

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

19 INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	2024 RM'000	2023 RM'000
Unrestricted investment accounts:		
Mudarabah with maturity	2,165,636	2,249,231
Restricted investment accounts:		
Wakalah bi Al-Istihmar	898	1,282
	2,166,534	2,250,513

Notes to the Financial Statements

for the financial year ended 30 June 2024

19 INVESTMENT ACCOUNTS OF CUSTOMERS (continued)

(i) Movement in the investment account holder

The Group	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Wakalah RM'000	Total RM'000
At 1 July 2023	2,249,231	1,282	2,250,513
Funding inflows/(outflows)			
New placement/Renewal during the year	7,257,915	-	7,257,915
Redemption during the year	(7,356,557)	(439)	(7,356,996)
	2,150,589	843	2,151,432
Profit payable to Investment Account Holder	15,047	55	15,102
At 30 June 2024	2,165,636	898	2,166,534
At 1 July 2022	2,659,311	9,097	2,668,408
Funding inflows/(outflows)			
New placement/Renewal during the year	11,645,422	1,316	11,646,738
Redemption during the year	(12,068,129)	(9,097)	(12,077,226)
	2,236,604	1,316	2,237,920
Profit payable to Investment Account Holder	12,627	(34)	12,593
At 30 June 2023	2,249,231	1,282	2,250,513

Notes to the Financial Statements

for the financial year ended 30 June 2024

19 INVESTMENT ACCOUNTS OF CUSTOMERS (continued)

(i) Movement in the investment account holder (continued)

The Group	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Wakalah RM'000	Total RM'000
2024			
<u>Investment Asset</u>			
House financing	557,439	-	557,439
Term financing	1,075,294	-	1,075,294
Personal financing	258,071	-	258,071
Cash or cash equivalent	259,785	-	259,785
Unit trusts	-	843	843
Total investment	2,150,589	843	2,151,432
2023			
<u>Investment Asset</u>			
House financing	580,926	-	580,926
Term financing	1,115,411	-	1,115,411
Personal financing	268,392	-	268,392
Cash or cash equivalent	271,875	-	271,875
Unit trusts	-	1,316	1,316
Total investment	2,236,604	1,316	2,237,920

(ii) Profit Sharing Ratio ("PSR") and Rate of Return ("ROR"):

The Group	2024		2023	
	Average PSR %	Average ROR %	Average PSR %	Average ROR %
Unrestricted investment accounts:				
1 Month	85	3.39	85	2.88
2 Months	85	3.62	85	3.04
3 Months	85	3.66	85	3.64
4 Months	85	4.00	85	3.18
5 Months	85	3.73	-	-
6 Months	84	3.76	84	3.88
9 Months	68	2.70	-	-
12 Months	78	3.40	82	3.27

Notes to the Financial Statements

for the financial year ended 30 June 2024

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

Note:

Deposits and placements from central banks includes monies received by the Group under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,533,025,000 (2023: RM1,497,021,000) at concession rates.

21 DERIVATIVE FINANCIAL INSTRUMENTS

		The Group	
	Note	2024 RM'000	2023 RM'000
Derivatives at fair value through profit or loss			
- Interest rate swaps		651,167	739,030
- Cross currency swaps		242,243	217,004
- Foreign currency forwards		262,407	994,436
- Foreign currency options		14,737	46,942
- Foreign currency swaps		11,327	43,599
- Foreign currency spots		2	-
- Futures		2,690	26,173
- Swaption		215	-
- Equity options		74,694	64,016
- Commodity swap		1,611	1,142
- Total return swap		120,174	92,605
Derivatives designated as fair value hedge			
- Interest rate swaps	(a)	8,305	10,513
- Foreign currency forwards	(a)	328	154
Total derivative financial instruments assets		1,389,900	2,235,614

Notes to the Financial Statements

for the financial year ended 30 June 2024

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

		The Group	
	Note	2024 RM'000	2023 RM'000
Derivatives at fair value through profit or loss			
- Interest rate swaps		(763,767)	(923,202)
- Cross currency swaps		(409,599)	(415,845)
- Foreign currency forwards		(387,473)	(853,076)
- Foreign currency options		(15,378)	(33,915)
- Foreign currency swaps		(12,356)	(40,059)
- Equity options		(81,085)	(61,479)
- Futures		(11,409)	(874)
- Swaption		(29,450)	(19,739)
- Commodity swap		(1,524)	(1,131)
- Total return swap		(120,174)	(92,605)
Derivatives designated as fair value hedge			
- Interest rate swaps	(a)	(146)	(35)
- Foreign currency forwards	(a)	(870)	(5,471)
Total derivative financial instruments liabilities		(1,833,231)	(2,447,431)

(a) Fair value hedge

The Group's fair value hedges principally consist of interest rate swaps and foreign currency forwards that are used to protect against changes in the fair value of financial assets due to movement in interest rates and foreign exchange rates. The Group had undertaken fair value hedges on interest rate risk of RM1,480,952,000 (2023: RM541,667,000) and foreign currency risk of RM540,828,000 (2023: RM559,545,000) on certain receivables using interest rate swaps and foreign currency forwards. The total fair value gain and loss of the said interest rate swaps amounted to gain of RM8,202,000 (2023: gain RM10,478,000) and of the said foreign currency forwards amounted to loss of RM542,000 (2023: loss RM5,317,000).

Included in the net non-interest income is the net gains and losses arising from fair value hedges that were effective during the financial year as follows:

	The Group	
	2024 RM'000	2023 RM'000
Gain on hedging instruments	166	10,169
Gain/(loss) on the hedged items attributable to the hedged risks	419	(9,000)
	585	1,169

Notes to the Financial Statements

for the financial year ended 30 June 2024

22 OTHER LIABILITIES

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Post employment benefits obligation					
- Defined contribution plan		1,908	1,928	41	41
Loan advance payment		3,515,763	3,666,443	-	-
Treasury and cheque clearing		255,702	204,026	-	-
Cash collateral pledged for derivative transactions		316,352	298,332	-	-
Sundry creditors and accruals		627,358	477,975	2,573	2,847
Amount due to subsidiary companies		-	-	10	6
Provision for reinstatement cost		22,128	22,136	293	278
Provision for bonus and staff related expenses		250,879	233,053	12,205	11,603
Expected credit losses on financial guarantee contracts	(a)	8,089	8,110	-	-
Financial liabilities due to third party investors	(b)	863,581	1,242,934	-	-
Settlement accounts		2,115,051	889,467	-	-
Others		934,367	946,994	-	-
		8,911,178	7,991,398	15,122	14,775

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
The Group				
At 1 July 2023	6,718	1,392	-	8,110
Changes in ECL due to transfer within stages	(16)	16	-	-
- Transfer to Stage 1	36	(36)	-	-
- Transfer to Stage 2	(52)	52	-	-
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)
As at 30 June 2024	7,377	712	-	8,089

Notes to the Financial Statements

for the financial year ended 30 June 2024

22 OTHER LIABILITIES (continued)

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

The Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 July 2022	3,116	541	-	3,657
Changes in ECL due to transfer within stages	(4)	4	-	-
- Transfer to Stage 1	41	(41)	-	-
- Transfer to Stage 2	(45)	45	-	-
New financial assets originated	8,386	-	-	8,386
Financial assets derecognised	(496)	-	-	(496)
Changes due to change in credit risk	(4,839)	833	-	(4,006)
Exchange differences	555	14	-	569
At 30 June 2023	6,718	1,392	-	8,110

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

23 LEASE LIABILITIES

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease liabilities	181,312	192,011	2,408	3,353

Scheduled repayment of lease liabilities, showing contractual undiscounted cash flows:

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Scheduled repayment of lease liabilities				
- Not later than one year	45,532	44,608	996	945
- Later than one year and not later than five years	106,318	114,697	1,412	2,408
- Later than five years	29,462	32,706	-	-
	181,312	192,011	2,408	3,353

Notes to the Financial Statements

for the financial year ended 30 June 2024

24 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets/(liabilities)				
- to be recovered within 12 months	329,036	417,263	221	203
- to be recovered more than 12 months	(690,260)	(426,838)	-	-
	(361,224)	(9,575)	221	203

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets				
- Financial investments at FVOCI	77,644	149,282	-	-
- Unutilised tax credit	71,134	89,605	-	-
- Provision for expenses	95,333	110,767	-	-
- Expected credit loss	168,650	238,120	-	-
- Other temporary differences	5,208	7,472	221	203
	417,969	595,246	221	203
Deferred tax liabilities				
- Property and equipment	(75,762)	(83,360)	-	-
- Financial assets at FVTPL	(136,120)	(14,845)	-	-
- Unallocated surplus	(567,311)	(506,616)	-	-
	(779,193)	(604,821)	-	-
Net deferred tax (liabilities)/assets	(361,224)	(9,575)	221	203

Notes to the Financial Statements

for the financial year ended 30 June 2024

24 Deferred taxation (continued)

The movements in deferred tax assets and liabilities during the financial year are as follows:

The Group	Note	Property and equipment RM'000	Financial investments at FVOCI RM'000	Financial assets at FVTPL RM'000	Cash flow hedge reserve RM'000	Unutilised tax credit RM'000	Expected credit losses RM'000	Provision for expenses RM'000	Unallocated surplus RM'000	Other temporary differences RM'000	Total RM'000
2024											
As at 1 July		(83,360)	149,282	(12,336)	-	89,605	238,120	110,767	(385,010)	806	107,874
Effects of adopting MFRS 17		-	-	(2,509)	-	-	-	-	(121,606)	6,666	(117,449)
Restated		(83,360)	149,282	(14,845)	-	89,605	238,120	110,767	(506,616)	7,472	(9,575)
Credited/(charged) to statements of income	41	7,825	-	(9,184)	-	(18,471)	(69,473)	(15,409)	(60,695)	(4,810)	(170,217)
(charged)/credited to insurance funds		-	-	(112,091)	-	-	-	-	-	2,546	(109,545)
Charged to equity	56	-	(71,691)	-	-	-	-	-	-	-	(71,691)
Exchange difference and others		(227)	53	-	-	-	3	(25)	-	-	(196)
As at 30 June		(75,762)	77,644	(136,120)	-	71,134	168,650	95,333	(567,311)	5,208	(361,224)
2023											
As at 1 July		(74,373)	241,482	68,954	88	98,747	248,339	123,238	(346,315)	4,771	364,931
Effects of adopting MFRS 17		-	-	-	-	-	-	-	(96,663)	967	(95,696)
Restated		(74,373)	241,482	68,954	88	98,747	248,339	123,238	(442,978)	5,738	269,235
(charged)/credited to statement of income	41	(8,214)	-	(18,679)	-	(9,142)	(10,358)	(11,975)	(63,638)	4,629	(117,377)
Charged to insurance funds		-	-	(65,120)	-	-	-	-	-	(2,900)	(68,020)
Charged to equity	56	-	(93,068)	-	(83)	-	-	-	-	-	(93,151)
Exchange difference and others		(773)	868	-	(5)	-	139	(496)	-	5	(262)
As at 30 June		(83,360)	149,282	(14,845)	-	89,605	238,120	110,767	(506,616)	7,472	(9,575)

Notes to the Financial Statements

for the financial year ended 30 June 2024

24 DEFERRED TAXATION (continued)

The movements in deferred tax assets and liabilities during the financial year are as follows: (continued)

The Company	Note	Provision for expenses	
		2024 RM'000	2023 RM'000
As at 1 July		203	229
Credited/(charged) to statements of income	41	18	(26)
As at 30 June		221	203

25 BORROWINGS

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

Notes:

- (a) On 23 August 2021, the Company issued an unsecured RM200.0 million in aggregate principal amount of new Senior Notes ("the new Notes") out of its multi-currency perpetual notes programme. The new Notes were issued for a period of 3 years with a coupon rate of 2.85% per annum.
- (b) On 3 November 2023, 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.
- (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.

Notes to the Financial Statements

for the financial year ended 30 June 2024

25 BORROWINGS (continued)

Notes:

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

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

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

26 SUBORDINATED OBLIGATIONS

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

Notes:

- (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.

Notes to the Financial Statements

for the financial year ended 30 June 2024

26 SUBORDINATED OBLIGATIONS (continued)

Notes:

(b) On 14 June 2019, the Company had issued an unsecured RM1.1 billion nominal value of Tier 2 subordinated notes ("Sub-Notes") pursuant to its multi-currency perpetual notes programme. The Sub-Notes, which qualified as Tier 2 capital for the Company, carry a distribution rate of 4.30% per annum. The Sub-Notes has a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM1.0 billion and RM100.0 million Tier 2 subordinated notes issued by HLB and HLIB respectively, the subsidiary companies of the Company. On 14 June 2024, the Company had fully redeemed the RM1.1 billion nominal value of this Sub-Notes.

On 19 June 2023, HLB issued an unsecured RM500.0 million nominal value of Tier 2 subordinated notes ("Sub-Notes") pursuant to 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") pursuant to 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 ("HLIB") issued an unsecured RM100.0 million nominal value of Tier 2 subordinated notes ("Sub-Notes") pursuant to 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.

27 MULTI-CURRENCY ADDITIONAL TIER 1 CAPITAL SECURITIES

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Multi-currency Additional Tier 1 capital securities, at par	1,700,000	1,700,000	-	400,000
Add: Interest payable	15,443	16,005	-	4,965
	1,715,443	1,716,005	-	404,965
Less: Unamortised discounts	(1,890)	(1,490)	-	(114)
Add: Fair value changes arising from fair value hedges	5,118	5,115	-	-
	1,718,671	1,719,630	-	404,851

Notes:

On 29 March 2019, the Company issued a second tranche of unsecured RM400.0 million nominal value Capital Securities. The Capital Securities carry a distribution rate of 4.82% per annum, perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe for RM400.0 million Additional Tier 1 capital securities issued by HLB. On 29 March 2024, the Company had fully redeemed the RM400.0 million nominal value of this Capital Securities.

On 29 April 2022, HLB issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities ("Green Capital Securities"), pursuant to its multi-currency Additional Tier 1 capital securities programme. The Green Capital Securities carry a distribution rate of 4.45% per annum and are perpetual and non-callable for 5 years with an Issuer's call option to redeem at the end of year 5. Proceeds from the issuance of the Green Capital Securities shall be utilised for purposes that meet the criteria as set out in the HLB Green Bond Framework, which was established by HLB on 20 February 2022 and revised in April 2022 (as may be amended, revised and/or substituted from time to time) in accordance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in November 2017 and revised in October 2018 and the Green Bond Principles issued by the International Capital Market Association in June 2021.

Notes to the Financial Statements

for the financial year ended 30 June 2024

27 MULTI-CURRENCY ADDITIONAL TIER 1 CAPITAL SECURITIES (continued)

Notes:

On 14 October 2022, HLB issued a nominal value of RM400.0 million Additional Tier 1 capital securities ("Capital Securities") pursuant to 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 Tier 1 capital securities ("Capital Securities"), pursuant 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.

28 INSURANCE/REINSURANCE CONTRACT ASSETS/(LIABILITIES)

The Group	2024			Restated 2023		
	Assets RM'000	(Liabilities) RM'000	Net RM'000	Assets RM'000	(Liabilities) RM'000	Net RM'000
Insurance contract issued						
Liability for remaining coverage	310,740	(21,254,649)	(20,943,909)	339,473	(18,813,403)	(18,473,930)
Liability for incurred claims	62,772	(4,315,894)	(4,253,122)	(76,496)	(4,070,206)	(4,146,702)
Total insurance contract assets/(liabilities)	373,512	(25,570,543)	(25,197,031)	262,977	(22,883,609)	(22,620,632)
Reinsurance contract held						
Liability for remaining coverage	21,849	(143,197)	(121,348)	(25,258)	(132,683)	(157,941)
Liability for incurred claims	130,360	80,264	210,624	199,120	61,086	260,206
Total insurance contract assets/(liabilities)	152,209	(62,933)	89,276	173,862	(71,597)	102,265
Net insurance/reinsurance contract assets/(liabilities)	525,721	(25,633,476)	(25,107,755)	436,839	(22,955,206)	(22,518,367)

29 SHARE CAPITAL

	The Group and the Company			
	2024		2023	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary shares issued and fully paid:				
At 1 July/30 June - ordinary shares with no par value	1,147,517	2,267,008	1,147,517	2,267,008

Notes to the Financial Statements

for the financial year ended 30 June 2024

30 RESERVES

	Note	The Group		The Company	
		2024	Restated 2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Retained profits	(a)	25,613,683	23,252,496	15,004,047	14,627,185
Regulatory reserve	(b)	1,276,817	1,016,490	-	-
Share options reserve	(c)	28,572	35,502	-	2,296
Exchange fluctuation reserve	(d)	974,855	967,332	-	-
Other reserves	(e)	213,825	214,148	254,991	254,991
Fair value reserve	(f)	(53,913)	(318,005)	-	-
		28,053,839	25,167,963	15,259,038	14,884,472

- (a) The Company can distribute dividends out of its entire retained earnings under the single-tier system.
- (b) Regulatory reserves represent the Group's compliance with BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions with effect from 1 July 2018, whereby the domestic banking subsidiaries must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

During the financial year, an amount of RM260.3 million at Group has been transferred from regulatory reserves to retained profits (2023: RM350.0 million).

Included in the Group is the regulatory reserve maintained by the Group's banking subsidiary company in Vietnam of RM14.0 million (2023: RM11.2 million) in line with the requirements of the State Bank of Vietnam.

- (c) The share options reserve arose from the employee share option schemes granted to eligible executives of the Group. Terms of the share options and movements in the number of shares held by Trustee for ESS are disclosed in Note 53 to the financial statements.
- (d) Currency translation differences arising from translation of the Group's banking foreign branches, subsidiaries and associated companies are recognised in exchange fluctuation reserve.
- (e) The other capital reserve of the Group arose from the capitalisation of bonus issue, gain on disposal of subsidiary company and assets in certain subsidiary companies, other capital reserve arising from redemption of redeemable preference shares "RPS" from the subsidiaries, revaluation gain arising from change in use from owner-occupied properties to investment properties and insurance finance reserve. The capital reserve of the Company arose from gain on disposal of a subsidiary company not recognised in the statements of income due to a common control transaction, and investments and proceeds on issuance of replacement warrants used for bond redemption in previous years.

Notes to the Financial Statements

for the financial year ended 30 June 2024

30 RESERVES (continued)

- (f) The fair value reserve is in respect of unrealised fair value gains and losses on financial investments at fair value through other comprehensive income.

	Note	The Group	
		2024 RM'000	2023 RM'000
As at 1 July		(318,005)	(541,311)
Net fair value changes		364,701	467,354
Changes in expected credit losses		1,078	294
Reclassification to net profits/retained profits on disposal and impairment		(210)	(26,551)
Deferred taxation	56	(71,691)	(93,068)
Share of fair value reserve of associated companies		103,739	(11,133)
Net change in fair value reserve		397,617	336,896
Attributable to non-controlling interests		(133,525)	(113,590)
As at 30 June		(53,913)	(318,005)

31 TREASURY SHARES FOR ESS

A trust has been set up for the ESS and it is administered by an appointed trustee. This trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust.

MFRS 132 "Financial Instruments: Presentation" requires that if an entity reacquires its own equity instruments, those instruments shall be deducted from equity and are not recognised as a financial asset regardless of the reason for which they are reacquired.

In accordance with MFRS 132 "Financial Instruments: Presentation", the shares purchased for the benefit of the ESS holders are recorded as "Treasury Shares for ESS" in the equity on the statements of financial position. The number of shares held by the appointed trustee was 9,166,790 shares (2023: 9,323,192) at an average price of RM18.74 per share (2023: RM18.74). The total consideration paid, including transaction costs was RM171,794,115 (2023: RM174,725,233).

Pursuant to the insurance subsidiary company's ESS, the insurance subsidiary company also held 4,091,900 (2023: 4,091,900) units of the Company's shares at an average price of RM14.27 (2023: RM14.27) per share with total consideration paid, including transaction costs of RM58,381,907 (2023: RM58,381,907), which have been classified as treasury shares held for ESS at the Group level.

The main features of the ESS are disclosed in the Director's Report and details of the ESS are disclosed in Note 53 to the financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2024

32 INTEREST INCOME

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances and financing	6,383,259	5,586,379	-	-
Money at call and deposit placements with financial institutions	237,500	295,460	7,837	2,858
Securities purchased under resale agreements	318	867	-	-
Financial investments at FVOCI	1,465,866	919,899	-	-
Financial investments at amortised cost	736,683	702,552	-	-
Subordinated obligations	-	-	44,491	70,497
Multi-currency Additional Tier 1 capital securities	-	-	14,069	27,425
Others	57,526	43,875	-	-
	8,881,152	7,549,032	66,397	100,780
Of which:				
Accretion of discount less amortisation of premium	44,562	(7,961)	-	-
Interest income earned on impaired loans, advances and financing	54,367	41,342	-	-

33 INTEREST INCOME FOR FINANCIAL ASSETS AT FVTPL

	The Group	
	2024 RM'000	2023 RM'000
Financial assets at FVTPL	161,285	214,224

Notes to the Financial Statements

for the financial year ended 30 June 2024

34 INTEREST EXPENSE

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Deposits and placements of banks and other financial institutions	567,049	392,662	-	-
Deposits from customers	3,797,962	2,733,069	-	-
Short-term placements	496,116	622,833	-	-
Borrowings	11,945	8,221	7,202	8,277
Subordinated obligations	91,573	94,788	45,571	72,117
Recourse obligations on loans sold to Cagamas Berhad	64,043	29,263	-	-
Multi-currency Additional Tier 1 capital securities	78,332	81,755	14,481	28,247
Others	12,877	13,949	177	229
	5,119,897	3,976,540	67,431	108,870

35 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds and others	2,243,099	1,894,039
Income derived from investment of shareholders' funds	325,902	259,365
Income derived from investment of investment accounts	119,680	118,629
Income attributable to depositors	(1,622,007)	(1,229,550)
Income attributable to depositors on investment accounts	(80,726)	(79,115)
	985,948	963,368
Of which:		
Financing income earned on impaired financing and advances	10,285	6,556

Notes to the Financial Statements

for the financial year ended 30 June 2024

36 NON-INTEREST INCOME

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Insurance/takaful service results	160,115	264,273	-	-
Net insurance/takaful investment/finance results	186,071	92,689	-	-
Fee income				
Commissions	221,972	158,329	-	-
Service charges and fees	38,903	38,491	-	-
Guarantee fees	25,188	27,807	-	-
Credit card related fees	233,042	210,975	-	-
Corporate advisory fees	5,760	5,006	-	-
Commitment fees	35,919	37,124	-	-
Fee on loans, advances and financing	47,245	51,585	-	-
Placement fees	8,882	10,238	-	-
Arranger fees	3,805	2,740	-	-
Brokerage income	65,529	44,622	-	-
Unit trust fee income	57,742	46,106	-	-
Other fee income	242,238	228,791	12,726	11,334
	986,225	861,814	12,726	11,334
Net income from securities				
Net realised gain/(loss) from sale of:				
- financial assets at FVTPL	79,392	94,925	80	-
- financial investments at FVOCI	24,637	38,769	-	-
- financial investments at amortised cost	186	-	-	-
- derivative financial instruments	(20,556)	(21,619)	-	-
Gross dividend income from:				
- financial assets at FVTPL	71,954	90,215	4,787	-
- financial investments at FVOCI	435	2,175	-	-
- subsidiary companies	-	-	961,334	885,303
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	126,419	25,934	20	-
- derivative financial instruments	(26,737)	111,594	-	-
Net realised gain on fair value changes arising from fair value hedges	10,018	7,371	-	-
Net unrealised gain on fair value changes arising from fair value hedges	585	1,169	-	-
	266,333	350,533	966,221	885,303
Other income				
Foreign exchange gain	122,804	124,638	-	1
Rental income	12,635	10,850	-	-
Net gain on disposal of property and equipment	8,741	387	-	113
Other non-operating (expenses)/income	(720)	21,298	274	224
	143,460	157,173	274	338
	1,742,204	1,726,482	979,221	896,975

Notes to the Financial Statements

for the financial year ended 30 June 2024

37 OVERHEAD EXPENSES

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Personnel costs	(a)	1,467,524	1,370,782	26,339	25,297
Establishment costs	(b)	568,847	565,076	2,714	2,811
Marketing expenses	(c)	199,005	213,210	-	-
Administration and general expenses	(d)	374,007	330,166	4,178	4,201
		2,609,383	2,479,234	33,231	32,309

(a) Personnel costs comprise the following:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Salaries, bonus and allowances	1,347,726	1,286,517	23,549	20,727
Medical expenses	35,408	32,257	15	16
Training and convention expenses	11,675	16,901	22	51
Staff welfare	16,828	10,752	707	712
Other employees benefits	55,887	24,355	2,046	3,791
	1,467,524	1,370,782	26,339	25,297

(b) Establishment costs comprise the following:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Depreciation of property and equipment	109,546	119,241	1,258	1,201
Depreciation of right-of-use assets	48,169	48,014	940	940
Amortisation of intangible assets	72,961	61,996	78	75
Rental of premises	2,206	1,612	-	-
Information technology expenses	240,761	243,975	124	235
Security services	24,052	20,937	-	-
Electricity, water and sewerage	23,029	22,409	45	38
Hire of plant and machinery	14,619	13,666	-	-
Others	33,504	33,226	269	322
	568,847	565,076	2,714	2,811

Notes to the Financial Statements

for the financial year ended 30 June 2024

37 OVERHEAD EXPENSES (continued)

(c) Marketing expenses comprise the following:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Advertisement and publicity	25,435	34,035	-	-
Sales commission and credit card related fees	135,583	127,099	-	-
Others	37,987	52,076	-	-
	199,005	213,210	-	-

(d) Administration and general expenses comprise the following:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Teletransmission expenses	18,604	21,471	22	23
Stationery and printing expenses	10,242	10,743	23	19
Professional fees	102,955	103,209	1,349	1,406
Insurance fees	53,803	45,365	-	-
Stamp, postage and courier	15,358	14,372	10	-
Credit card fees	100,334	74,978	-	-
Travelling and transport expenses	4,073	3,724	3	4
Registration and license fees	10,774	9,920	-	-
Brokerage and commission	12,872	11,974	-	-
Others	44,992	34,410	2,771	2,749
	374,007	330,166	4,178	4,201

Notes to the Financial Statements

for the financial year ended 30 June 2024

37 OVERHEAD EXPENSES (continued)

The above expenditure includes the following statutory disclosures:

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors' remuneration (Note 40)	13,459	12,747	13,088	12,381
Auditors' remuneration:				
(i) PwC Malaysia firm				
- statutory audit	4,403	3,623	173	159
- regulatory related fees	532	1,096	23	21
- other services	449	2,933	78	408
- tax compliance	144	88	-	-
(ii) PwC overseas affiliated firms				
- statutory audit	808	1,052	-	-
- regulatory related fees	249	223	-	-
- tax compliance	103	101	-	-
Property and equipment written off	213	1,182	-	-
Intangible assets written off	-	2,607	-	-
Options charge/(write-back) arising from ESOS	11,687	(10,144)	574	2,481

38 (WRITE-BACK OF)/ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER LOSSES

	The Group	
	2024 RM'000	2023 RM'000
Allowance for impairment losses on loans, advances and financing		
- expected credit losses	154,398	343,086
Write-back of impairment losses on clients' and brokers' balances		
- expected credit losses	(34)	(132)
Impaired loans, advances and financing		
- written off	24,475	29,519
- recovered from bad debt written off	(293,267)	(257,265)
	(114,428)	115,208

Notes to the Financial Statements

for the financial year ended 30 June 2024

39 ALLOWANCE FOR/(WRITE-BACK OF) IMPAIRMENT LOSSES ON OTHER ASSETS

	The Group	
	2024 RM'000	2023 RM'000
Expected credit losses on:		
- Financial investments at FVOCI	1,078	194
- Financial investments at amortised cost	(1)	(53)
- Other receivables	(19)	(8)
- Cash and short-term funds	32	(155)
- Deposits and placements with banks and other financial institutions	99	(282)
	1,189	(304)

	The Company	
	2024 RM'000	2023 RM'000
Expected credit losses on investment in debt instruments issued by subsidiary companies	(2,261)	(1,514)

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all Directors for the financial year are as follows:

	The Group				The Company			
	Salaries, allowances and other remunerations RM'000	Director fees RM'000	Estimated monetary value for benefits-in-kind RM'000	Total RM'000	Salaries, allowances and other remunerations RM'000	Director fees RM'000	Estimated monetary value for benefits-in-kind RM'000	Total RM'000
2024								
Executive Director								
Tan Kong Khoon	12,084	-	34	12,118	12,084	-	34	12,118
Non-executive Directors								
Tan Sri Quek Leng Chan	-	-	35	35	-	-	35	35
Leong Ket Ti	38	284	-	322	21	160	-	181
Raja Noorma binti Raja Othman	68	320	-	388	18	140	-	158
Chong Chye Neo	32	204	-	236	32	204	-	236
Ho Heng Chuan	30	180	-	210	30	180	-	210
Emily Kok	20	130	-	150	20	130	-	150
	188*	1,118	35	1,341	121*	814	35	970
Total Directors' remuneration	12,272	1,118	69	13,459	12,205	814	69	13,088
Directors of subsidiaries	15,096	5,126	706	20,928				

* Directors' meeting allowances

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 DIRECTORS' REMUNERATION (continued)

Forms of remuneration in aggregate for all Directors for the financial year are as follows: (continued)

	The Group				The Company			
	Salaries, allowances and other remunerations RM'000	Director fees RM'000	Estimated monetary value for benefits- in-kind RM'000	Total RM'000	Salaries, allowances and other remunerations RM'000	Director fees RM'000	Estimated monetary value for benefits- in-kind RM'000	Total RM'000
2023								
Executive Director								
Tan Kong Khoon	11,376	-	28	11,404	11,376	-	28	11,404
Non-executive Directors								
Tan Sri Quek Leng Chan	-	-	35	35	-	-	35	35
Leong Ket Ti	47	285	-	332	24	160	-	184
Raja Noorma binti Raja Othman	72	305	-	377	19	140	-	159
Chong Chye Neo	34	205	-	239	34	205	-	239
Ho Heng Chuan	32	180	-	212	32	180	-	212
Emily Kok	18	130	-	148	18	130	-	148
	203*	1,105	35	1,343	127*	815	35	977
Total Directors' remuneration	11,579	1,105	63	12,747	11,503	815	63	12,381
Directors of subsidiaries	12,100	5,181	618	17,899				

* Directors' meeting allowances

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 DIRECTORS' REMUNERATION (continued)

Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the Group was RM10 million (2023: RM10 million). The total amount of premium paid for the Directors' & Officers' Liability Insurance by the Group was RM85,500 (2023: RM71,250) and the apportioned amount of the said premium paid by the Company was RM4,275 (2023: RM3,563)

The movement and details of the Directors of the Company in office and interests in shares and share options are reported in the Directors' Report.

Included in the Non-Executive Directors' remunerations are amounts paid to Directors in their capacities as Executive Directors for certain subsidiary companies.

The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

Notes to the Financial Statements

for the financial year ended 30 June 2024

41 TAXATION

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Income tax:					
- Current year		970,103	842,387	1,187	600
- Over provision in prior years		(81,919)	(40,584)	-	(418)
		888,184	801,803	1,187	182
Deferred taxation	24	170,217	117,377	(18)	26
Taxation		1,058,401	919,180	1,169	208

	Note	The Group		The Company	
		2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation		5,845,571	5,251,280	947,217	858,090
Tax calculated at a rate of 24% (2023: 24%)		1,402,937	1,260,308	227,332	205,942
Tax effects of:					
- Income not subject to tax		(65,561)	(56,130)	(235,816)	(219,030)
- Share of net income of associated companies		(405,846)	(336,961)	-	-
- Expenses not deductible for tax purposes		131,244	94,589	9,653	13,714
- Withholding tax on foreign associated companies		80,676	-	-	-
- Over provision in prior years		(81,919)	(40,584)	-	(418)
- Unutilisation of unutilised tax losses previously not recognised		(2,735)	-	-	-
- Recognition of unutilised tax credit previously not recognised		1,067	(1,295)	-	-
- Differences in tax rate of foreign inward and offshore insurance		(1,462)	(747)	-	-
Taxation		1,058,401	919,180	1,169	208

Under the Malaysian Finance Act 2021 which was gazetted on 31 December 2021, the Group's unutilised tax losses can be utilised up to a maximum of ten consecutive years effective retrospectively from Year of Assessment ("YA") 2019.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Weighted average number of ordinary shares ('000)	1,134,193	1,134,049	1,138,285	1,138,141
Net profit attributable to owners of the parent	3,197,662	2,880,853	946,048	857,882
Basic earnings per share (sen)	281.9	254.0	83.1	75.4

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.

43 DIVIDENDS

Dividends recognised as distribution to ordinary equity holders of the Company:

	The Group and The Company	
	2024 RM'000	2023 RM'000
Interim dividend of 18.0 sen per share in respect of the financial year ended 30 June 2024	204,903	-
Interim dividend of 17.0 sen per share in respect of the financial year ended 30 June 2023	-	193,493
Final dividend of 32.0 sen per share in respect of the financial year ended 30 June 2023	364,222	-
Final dividend of 31.0 sen per share in respect of the financial year ended 30 June 2022	-	352,792
	569,125	546,285

The Directors have declared a single-tier final dividend of 36.0 sen per share in respect of the financial year ended 30 June 2024. The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2025.

Notes to the Financial Statements

for the financial year ended 30 June 2024

44 COMMITMENTS AND CONTINGENCIES

Group related commitments and contingencies

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

The notional/principal amount of the commitments and contingencies constitute the following:

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

44 COMMITMENTS AND CONTINGENCIES (continued)

Group related commitments and contingencies (continued)

* Included in direct credit substitutes are the financial guarantee contracts of RM155,616,204 (2023: RM163,630,721), of which fair value at the time of issuance is RM nil.

^ These derivatives are revalued at gross position basis and the fair value have been reflected in Note 21 to the financial statements as derivative assets or derivative liabilities.

45 CAPITAL COMMITMENTS

The capital commitments are in respect of:

- property and equipment
- intangible assets

Capital expenditure approved by the Directors but not provided for in the financial statements are as follows:

	The Group	
	2024 RM'000	2023 RM'000
Authorised and contracted for	118,224	85,460
Authorised but not contracted for	40,239	17,911
	158,463	103,371

46 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia.

Notes to the Financial Statements

for the financial year ended 30 June 2024

47 CAPITAL ADEQUACY

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

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

(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	
	2024	2023	2024	2023	2024	2023	2024	2023
Before deducting proposed dividends								
CET 1 capital ratio	11.685%	11.245%	13.855%	13.310%	13.621%	13.000%	39.073%	38.498%
Tier 1 capital ratio	12.653%	12.329%	14.837%	14.353%	14.591%	14.029%	39.073%	38.498%
Total capital ratio	14.517%	14.859%	16.828%	16.399%	16.515%	16.009%	48.419%	48.792%
After deducting proposed dividends								
CET 1 capital ratio	11.450%	11.022%	13.336%	12.824%	12.950%	12.372%	35.814%	35.719%
Tier 1 capital ratio	12.418%	12.106%	14.318%	13.866%	13.920%	13.401%	35.814%	35.719%
Total capital ratio	14.283%	14.635%	16.309%	15.912%	15.844%	15.381%	45.160%	46.013%

Notes to the Financial Statements

for the financial year ended 30 June 2024

47 CAPITAL ADEQUACY (continued)

(b) The component 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		
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 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	7,739,063	7,739,063	252,950	252,950	252,950	252,950
Retained profit	25,613,683	23,252,496	27,674,882	25,017,703	17,137,424	15,727,832	17,137,424	15,727,832	301,631	280,317	301,631	280,317
Other reserves	1,177,363	910,223	1,337,201	947,836	255,247	2,905	255,247	2,905	(526)	(4,486)	(526)	(4,486)
Qualifying non-controlling interests	8,414,086	7,906,064	-	-	-	-	-	-	-	-	-	-
Less: Treasury shares	(230,177)	(233,108)	(702,674)	(708,766)	(702,674)	(708,766)	(702,674)	(708,766)	-	-	-	-
Less: Other intangible assets	(359,304)	(368,261)	(353,477)	(362,435)	(318,725)	(326,216)	(318,725)	(326,216)	-	-	-	-
Less: Goodwill	(2,346,287)	(2,346,287)	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(1,771,547)	(1,771,547)	(33,766)	(33,936)	(33,766)	(33,936)
Less: Deferred tax assets	(340,906)	(508,213)	(262,116)	(410,436)	(187,679)	(317,985)	(187,679)	(317,985)	(76,877)	(96,878)	(76,877)	(96,878)
Less: Investment in subsidiary companies/ associated companies	(13,774,895)	(12,535,704)	(9,639,404)	(8,712,976)	(3,939,693)	(3,938,210)	(3,939,693)	(3,938,210)	(200)	(200)	(200)	(200)
Total CET 1 Capital	20,420,571	18,344,218	23,962,163	21,678,677	18,211,416	16,407,076	18,211,416	16,407,076	443,212	397,767	443,212	397,767
Tier 1 Capital												
Multi-currency Additional Tier 1 capital securities	-	399,997	1,698,110	1,698,491	1,698,110	1,698,491	1,698,110	1,698,491	-	-	-	-
Qualifying non-controlling interests	1,691,442	1,368,004	-	-	-	-	-	-	-	-	-	-
Tier 1 capital before regulatory adjustments	1,691,442	1,768,001	1,698,110	1,698,491	1,698,110	1,698,491	1,698,110	1,698,491	-	-	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	-	-	(400,000)	(400,000)	(400,000)	(400,000)	-	-	-	-
Tier 1 capital after regulatory adjustments	1,691,442	1,768,001	1,698,110	1,698,491	1,298,110	1,298,491	1,298,110	1,298,491	-	-	-	-
Total Tier 1 Capital	22,112,013	20,112,219	25,660,273	23,377,168	19,509,526	17,705,567	19,509,526	17,705,567	443,212	397,767	443,212	397,767
Tier 2 Capital												
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves	1,953,184	1,826,248	1,946,326	1,832,523	1,474,029	1,399,403	1,474,029	1,399,403	6,015	6,356	6,015	6,356
Subordinated obligations	-	1,099,990	1,497,635	1,499,089	1,497,635	1,499,089	1,497,635	1,499,089	100,000	100,000	100,000	100,000
Qualifying non-controlling interests	1,305,044	1,200,465	-	-	-	-	-	-	-	-	-	-
Less: Investment in Tier 2 subordinated sukuk murabahah	-	-	-	-	(400,000)	(400,000)	(400,000)	(400,000)	-	-	-	-
Total Tier 2 Capital	3,258,228	4,126,703	3,443,961	3,331,612	2,571,664	2,498,492	2,571,664	2,498,492	106,015	106,356	106,015	106,356
Total capital	25,370,241	24,238,922	29,104,234	26,708,780	22,081,190	20,204,059	22,081,190	20,204,059	549,227	504,123	549,227	504,123

Notes to the Financial Statements

for the financial year ended 30 June 2024

47 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit risk*	156,388,827	146,099,832	155,706,094	146,601,855	117,922,342	111,952,229	481,209	508,514
Market risk	7,460,818	6,433,925	6,756,645	6,124,089	7,391,831	6,120,834	354,403	185,018
Operational risk	10,911,176	10,596,687	10,486,074	10,143,761	8,390,596	8,131,845	298,716	339,681
Total RWA	174,760,821	163,130,444	172,948,813	162,869,705	133,704,769	126,204,908	1,134,328	1,033,213

* In accordance with BNM Investment Account Policy, the credit RWA of Hong Leong Islamic Bank Berhad funded by Investment Account of RM1,540,749,000 (2023: RM1,588,912,000) is excluded from the calculation of capital adequacy ratio of the Group.

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 SEGMENTAL INFORMATION

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

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

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period.

Business segments

The Group comprises the following main business segments:

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 SEGMENTAL INFORMATION (continued)

Business Segment Reporting

Set out below is information of the Group by business segments:

The Group 2024	Commercial banking RM'000	Investment banking RM'000	Insurance RM'000	Other operations RM'000	Inter- Segment Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	5,747,953	266,617	615,899	20,223	-	6,650,692
Inter-segment revenue	23,067	3,164	13,636	957,964	(997,831)	-
Segment revenue	5,771,020	269,781	629,535	978,187	(997,831)	6,650,692
Overhead expenses of which:	(2,338,877)	(148,020)	(125,435)	(33,236)	36,185	(2,609,383)
Depreciation of property and equipment	(101,524)	(3,421)	(3,343)	(1,258)	-	(109,546)
Amortisation of intangible assets	(67,217)	(2,445)	(3,221)	(78)	-	(72,961)
Write-back of impairment losses on loans, advances and financing	114,264	164	-	-	-	114,428
(Allowance for)/write-back of impairment losses on other assets	(1,100)	(64)	(24)	2,260	(2,261)	(1,189)
Segment results	3,545,307	121,861	504,076	947,211	(963,907)	4,154,548
Share of results of associated companies	1,588,940	-	102,083	-	-	1,691,023
Profit before taxation	5,134,247	121,861	606,159	947,211	(963,907)	5,845,571
Taxation						(1,058,401)
Net profit for the financial year						4,787,170
Non-controlling interests						(1,589,508)
Profit attributable to owners of the parent						3,197,662
Other information						
Segment assets	297,789,072	5,279,559	32,659,114	17,573,786	(17,096,068)	336,205,463
Segment liabilities	260,494,984	4,252,396	27,392,122	221,167	(524,005)	291,836,664
Other significant segment items						
Capital expenditure	100,115	3,481	19,883	431	-	123,910

Note:

Total segment revenue comprises of net interest income, income from Islamic banking business and non-interest income.

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 SEGMENTAL INFORMATION (continued)

Business Segment Reporting (continued)

Set out below is information of the Group by business segments: (continued)

The Group 2023	Commercial banking RM'000	Investment banking RM'000	Restated Insurance RM'000	Other operations RM'000	Inter- Segment Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	5,659,889	195,355	629,660	(8,338)	-	6,476,566
Inter-segment revenue	25,620	971	1,147	872,376	(900,114)	-
Segment revenue	5,685,509	196,326	630,807	864,038	(900,114)	6,476,566
Overhead expenses of which:	(2,233,282)	(135,097)	(120,283)	(5,963)	15,391	(2,479,234)
Depreciation of property and equipment	(110,039)	(4,532)	(3,444)	(1,226)	-	(119,241)
Amortisation of intangible assets	(58,132)	(2,311)	(3,706)	(74)	-	(64,223)
(Allowance for)/write-back of impairment losses on loans, advances and financing	(115,382)	174	-	-	-	(115,208)
Write-back of/(allowance for) impairment losses on other assets	306	25	(27)	-	-	304
Segment results	3,337,151	61,428	510,497	858,075	(884,723)	3,882,428
Share of results of associated companies	1,289,480	-	79,372	-	-	1,368,852
Profit before taxation	4,626,631	61,428	589,869	858,075	(884,723)	5,251,280
Taxation						(919,180)
Net profit for the financial year						4,332,100
Non-controlling interests						(1,451,247)
Profit attributable to owners of the parent						2,880,253
Other information						
Segment assets	279,850,454	4,975,761	29,100,111	18,703,533	(17,743,487)	314,886,372
Segment liabilities	245,863,802	4,010,385	24,249,977	1,728,407	(1,171,950)	274,680,621
Other significant segment items						
Capital expenditure	169,225	3,665	14,674	1,876	-	189,440

Note:

Total segment revenue comprises of net interest income, income from Islamic banking business and non-interest income.

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 SEGMENTAL INFORMATION (continued)

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the primary business segments.
- Overseas operations, which includes branch, subsidiary and associate operations in Singapore, Hong Kong, China, Vietnam and Cambodia. The overseas operations are mainly in commercial banking and insurance business.

The Group	Revenue RM'000	Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
2024				
Malaysia	6,116,288	308,718,770	265,883,200	104,349
Overseas operations	534,404	27,486,693	25,953,464	19,561
	6,650,692	336,205,463	291,836,664	123,910
2023 (Restated)				
Malaysia	6,010,266	290,304,296	251,550,925	166,838
Overseas operations	466,300	24,582,076	23,129,696	22,602
	6,476,566	314,886,372	274,680,621	189,440

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties and relationship

In addition to the related party disclosures mentioned elsewhere in the financial statements, other significant related parties transactions and their relationship with the Company are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad ("HLCM")	Ultimate holding company
HLCM Capital Sdn Bhd, HL Management Co Sdn Bhd and Hong Leong Share Registration Services Sdn Bhd	Subsidiary companies of ultimate holding company
Guardian Security Consultants Sdn Bhd ("GSC")	Associated company of ultimate holding company
Hong Leong Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements ("HLI Group")	Subsidiary and associated companies of ultimate holding company
Malaysian Pacific Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements ("MPI Group")	Subsidiary and associated companies of ultimate holding company
Hume Cement Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements ("Hume Group")	Subsidiary and associated companies of ultimate holding company
HLMG Management Co Sdn Bhd	Subsidiary companies of ultimate holding company
Guoco Group Limited and its subsidiary and associated companies as disclosed in its financial statements ("GGL Group")	Substantial shareholder
GuocoLand (Malaysia) Berhad and its subsidiary and associated companies as disclosed in its financial statements ("GLM Group")	Subsidiary and associated companies of substantial shareholder
Subsidiary companies of the Company as disclosed in Note 11	Subsidiary companies of the Company
Key management personnel	The key management personnel of the Group and the Company consists of: - All Directors of the Company - Key management personnel of the Company who are in charge of the HLFG Group
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significant influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Related party transactions

Transactions with related parties are as follows:

2024	The Group			
	Parent company RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
Income				
Interest on deposits	-	332	-	-
Interest on loans	-	-	1,350	5
Interest on redeemable preference shares	-	-	3,007	-
Dividend income	-	-	776	-
Rental income	-	119	528	-
Brokerage fee received	-	-	1,481	235
Insurance premium received	-	37	5,743	-
Commission on product	-	13,959	308	-
Others	-	-	4,463	71
	-	14,447	17,656	311
Expenditure				
Rental and maintenance	-	-	11,625	-
Interest on loans	-	-	-	5
Interest on deposits	-	-	-	7,668
Interest paid on short-term placements	-	-	2,849	3,743
Interest paid on current account and fixed deposits	-	-	1,461	-
Management fees	-	-	56,549	-
Insurance expenses	-	2,370	3,988	-
Other miscellaneous expenses	-	791	10,928	-
	-	3,161	87,400	11,416
Amount due from:				
Current account	-	22,177	-	-
Loans	-	-	-	453
Insurance premium receivable	-	-	200	-
Credit card	-	-	-	196
Others	-	-	8,376	-
	-	22,177	8,576	649
Amount due to:				
Current account and fixed deposits	-	-	3,368	228,922
Short-term placements	-	-	55,137*	120,495
Others	-	-	8,583	-
	-	-	67,088	349,417

* Transaction with subsidiary companies of ultimate holding company

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

2023	The Group			
	Parent company RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
Income				
Interest on deposits	-	325	-	-
Interest on loans	-	-	3,203	4
Interest on redeemable preference shares	-	-	2,250	-
Dividend income	-	-	1,882	-
Rental income	-	117	705	-
Brokerage fee received	-	-	76	23
Insurance premium received	-	536	5,761	-
Commission on product	-	14,258	82	-
Others	-	-	564	36
	-	15,236	14,523	63
Expenditure				
Rental and maintenance	-	-	11,425	-
Interest on deposits	-	-	-	1,239
Interest paid on short-term placements	-	-	9,824	4,093
Interest paid on current account and fixed deposits	-	-	2,578	-
Management fees	-	-	51,069	-
Insurance expenses	-	2,813	4,369	-
Other miscellaneous expenses	-	648	10,592	-
	-	3,461	89,857	5,332
Amount due from:				
Current account	-	21,715	-	-
Loans	-	-	35,172	-
Redeemable preference shares	-	-	25,000	-
Insurance premium receivable	-	-	570	-
Credit card	-	-	-	334
Others	-	-	6,929	-
	-	21,715	67,671	334
Amount due to:				
Current account and fixed deposits	-	-	18,004	120,160
Short-term placements	-	-	51,676*	93,429
Others	-	-	7,075	-
	-	-	76,755	213,589

* Transaction with subsidiary companies of ultimate holding company

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

2024	The Company			
	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000	Key management personnel RM'000
Income				
Dividend income	-	966,121	-	-
Interest on deposits	-	796	-	-
Lease income - sublease	-	203	-	-
Interest on debt instruments	-	58,560	-	-
Management and outsourcing fees	-	12,726	-	-
Other Income	-	151	-	-
	-	1,038,557	-	-
Expenditure				
Insurance	-	167	68	-
Interest on debt instruments	-	59,594	-	-
Interest on derivatives	-	-	-	-
Management and outsourcing fees	-	-	2,130	-
Interest on lease liabilities	-	150	-	-
Other miscellaneous expenses	-	720	354	-
	-	60,631	2,552	-
Amount due from:				
Money at call and deposit placements	-	1,191	-	-
Financial assets at FVTPL	-	371,937	-	-
	-	373,128	-	-
Amount due to:				
Lease liabilities	-	2,408	-	-
	-	2,408	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

	The Company			
	Parent company	Subsidiary companies	Other related companies	Key management personnel
2023	RM'000	RM'000	RM'000	RM'000
Income				
Dividend income	-	885,303	-	-
Interest on deposits	-	1,042	-	-
Lease income - sublease	-	203	-	-
Interest on debt instruments	-	97,922	-	-
Management fees	-	11,334	-	-
Other Income	-	20	-	-
	-	995,824	-	-
Expenditure				
Insurance	-	106	149	-
Management fees	-	-	2,130	-
Interest on lease liabilities	-	199	-	-
Other miscellaneous expenses	-	717	305	-
	-	1,022	2,584	-
Amount due from:				
Money at call and deposit placements	-	94,743	-	-
Amount due to:				
Lease liabilities	-	3,353	-	-

The related party transactions of the Company are primarily transacted with related parties domiciled in Malaysia.

	The Group	
	2024	2023
	RM'000	RM'000
The approved limit on loans, advances and financing for key management personnel	2,202	2,702

Notes to the Financial Statements

for the financial year ended 30 June 2024

49 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Key management personnel

Key management compensation

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, other short-term employee benefits and director fees	14,973	14,124	14,602	13,758
Executive share schemes expenses	574	2,481	574	2,481

Included in the above is the Directors' compensation which is disclosed in Note 40.

Loans made to key management personnel of the Group is on similar terms and conditions generally available to other employees within the Group. No specific allowances were required for loans made to key management personnel.

50 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policies are adopted from its main operating subsidiary companies which are involved in banking and finance, securities and insurance related business.

The Board of Directors ("The Board") of each main operating subsidiary company has the overall responsibility to ensure there is proper oversight of the management of risks in each of the subsidiary company. The Board sets the risk appetite and tolerance level that are consistent with each subsidiary company's overall business objectives and desired risk profile. A number of committees and dedicated risk management functions have been established to address and manage specific areas of risk and implement various risk management policies and procedures.

Specifically, a Board Audit and Risk Management Committee ("BARMC") comprising members of the Directors, has been set up to oversee that risk management at all levels is being managed effectively. They, in turn, report all the risk management activities to the Directors.

Commercial Banking

Group Risk Management ("GRM")

The Banking Group has implemented risk management framework with the objective to ensure the overall financial soundness and stability of the Banking Group's business operations. The Banking Group's risk management framework outlines the overall governance structure, aspiration, values and risk management strategies which aligns the Banking Group's risk profile, capital strategies and return objectives. Appropriate methodologies and measurements have been developed to manage uncertainties such that deviations from intended strategic objectives are closely monitored and kept within tolerable levels.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Commercial Banking (continued)

Group Risk Management ("GRM") (continued)

From a governance perspective, the Board has the overall responsibility to define the Banking Group's risk appetite and ensure that a robust risk management and compliance culture prevails. The Board is assisted by the Board Risk Management Committee ("BRMC") in approving the Banking Group's risk management framework as well as the attendant capital management and planning policy, risk appetite statements, risk management strategies and risk policies.

Dedicated management level committees are established by the Banking Group to oversee the development and the effectiveness of risk management policies, to review risk exposures and portfolio composition as well as to ensure appropriate infrastructures, resources and systems are put in place for effective risk management activities.

BRMC is supported by the GRM function. The GRM function has been established to provide independent oversight on the adequacy, effectiveness and integrity of risk management practices at all levels within the Banking Group. The core functions of the Banking Group's GRM function is to support line management in identification and management of key and emerging risks for the Banking Group, to measure these risks, to manage the risk positions and to determine the optimum capital allocations. The Banking Group regularly reviews its risk management framework to reflect changes in markets, products, regulatory and emerging best market practice.

Credit Risk Management

Credit risk arises as a result of customers or counterparties not being able to or willing to fulfil their financial and contractual obligations as and when they fall due. These obligations arise from lending, trade finance and other activities undertaken by the Banking Group. The Banking Group has established a credit risk governance policy to ensure that exposure to credit risk is kept within the Banking Group's financial capacity to withstand potential future losses. Lending activities are guided by the internal credit policies and guidelines that are reviewed and concurred by the Management Credit Committee ("MCC"), endorsed by the Credit Supervisory Committee ("CSC") and the BRMC, and approved by the Board. These policies are subject to review and enhancements, at least on an annual basis.

Credit portfolio strategies and significant exposures are reviewed by both the BRMC and the Board. These portfolio strategies are designed to achieve a desired portfolio risk tolerance level and sector distribution.

The Banking Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. While the business units are responsible for credit origination, the credit approving function rests mainly with the Credit Evaluation Departments, the MCC and the CSC. The Board delegates approving and discretionary authority to the MCC and the various personnel of the Banking Group based on job function and designation.

For any new products, credit risk assessment also forms part of the new product sign-off process to ensure that the new product complies with the appropriate policies and guidelines, prior to the introduction of the product.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Commercial Banking (continued)

Credit Risk Management (continued)

The Banking Group's exposure to credit risk is mainly from its retail, small and medium enterprise ("SME"), commercial and corporate customers. The credit assessment for retail customers is managed on a portfolio basis and the risk scoring models and lending templates are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts. The SME, commercial and corporate customers are individually assessed and assigned with a credit rating, which is based on the assessment of relevant factors such as the customer's financial position, industry outlook, types of facilities and collaterals offered.

In addition, the Banking Group also conducts periodic stress testing of its credit portfolios to ascertain credit risk impact to capital under the relevant stress scenarios.

Independent Credit Review Team conducts independent post approval reviews on sampling basis to ensure that quality of credit appraisals, approval standards and operational robustness are in accordance with the credit standards, lending policies and the directives established and approved by the Banking Group's management.

Market Risk Management

Market risk is the risk of financial loss arising from exposure to adverse changes in values of financial instruments caused by changes in market prices or rates, which include changes to interest rates.

The Banking Group adopts a systematic approach in managing such risks by types of instruments and nature of exposure. Market risk is primarily controlled via a series of cut-loss limits and potential loss limits, i.e. Value at Risk ("VaR"), set in accordance with the size of positions and risk tolerance appetites.

Portfolios held under the Banking Group's trading books are tracked using daily mark-to-market positions, which are compared against preset limits. The daily tracking of positions is supplemented by sensitivity analysis and stress tests, using VaR and other measurements.

Foreign exchange risks arising from adverse exchange rate movements, is managed by the setting of preset limits, matching of open positions against these preset limits and imposition of cut-loss mechanisms.

Interest rate risk is identified, measured and controlled through various types of limit. In addition, the Banking Group regularly review the interest rate outlook and develop strategies to protect the total net interest income from adverse changes in market interest rates. This applies to both interest rate risk exposures in the trading book and the banking book. In managing interest rate risk in the banking book, the Banking Group measures earnings at risk and economic value or capital at risk.

In addition, the Banking Group also conducts periodic stress testing of the respective portfolios and on an overall basis to ascertain market risk under abnormal market conditions.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Commercial Banking (continued)

Liquidity Risk Management

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet obligations as they fall due. Financial obligations arise from the withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Banking Group's policy to ensure there is adequate liquidity across all business units to sustain ongoing operations, as well as sufficient liquidity to fund asset growth and strategic opportunities.

Besides adhering to the Regulatory Liquidity Requirement, the Banking Group has put in place a robust and comprehensive liquidity risk management framework consisting of risk appetite, policies, triggers and controls which are reviewed and concurred by the Banking Group Asset-Liability Committee, endorsed by the BRMC and approved by the Board. The key elements of the framework cover proactive monitoring and management of cashflow, maintenance of high quality long-term and short-term marketable debt securities, diversification of funding base as well as maintenance of a liquidity compliance buffer to meet any unexpected cash outflows.

The Banking Group has in place liquidity contingency funding plans and stress test programmes to minimise the liquidity risk that may arise due to unforeseen adverse changes in the marketplace. Contingency funding plan sets out the crisis escalation process and the various strategies to be employed to preserve liquidity including an orderly communication channel during liquidity crisis scenarios. Liquidity stress tests are conducted regularly to ensure there is adequate liquidity contingency fund to meet the shortfalls during liquidity crisis scenarios.

Crisis Related Risk Management

Crisis related risk is the risk of loss arising from increased volatility and uncertainty, resulting in impact to the Banking Group's customers, financial markets and interruption on the Banking Group's operations. Such loss could arise from disruptive events such as a global pandemic, catastrophic climate change effects, geopolitical tensions and uncertainties surrounding the global economic outlook.

The Banking Group has put in place a strategic plan to ensure that its operations and services are maintained fully functional in the event of a crisis. The Banking Group remains cognizant of the need to continuously build and maintain resilience, through close and active monitoring of potentially high impact events in the short term and longer term horizon. The Banking Group continuously simulates and tests our preparedness to navigate through crisis conditions and has subjected its Business Continuity Management ("BCM") plans and processes through challenges based on various scenarios. Consequently, the Banking Group continuously enhances its BCM plans and processes to strengthen its resilience to endure future crises.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Commercial Banking (continued)

Environment, Social and Governance Risk Management

Environment, Social and Governance ("ESG") Risks are a complex collective action problem that gives rise to financial loss arising from current or prospective impacts of ESG factors. Financial risks may arise from Physical, Transition and Liability Risk which spreads across most key assets of the Banking Group.

The Banking Group has integrated ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves. The Banking Group has in place a Sustainability Risk Governance Framework which is aligned to the Banking Group's overall Risk Management Framework. This provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting ESG risks.

Although ESG presents risks, the Banking Group has introduced initiatives that mitigate and adapt to these risks which allows it to capitalise on potential opportunities to enhance resource efficiencies, adopt low-emission energy sources, develop new green products and services, access new markets and further strengthen its resiliency against risks in general.

Recognising the need for financial institutions to accelerate efforts to manage climate-related risks, the Bank has established ESG related strategies, practices, processes and procedures to ensure that it can continue to provide long-term value to its stakeholders in tandem with ESG related developments and aspirations. The Banking Group adheres to stringent standards when assessing its operational carbon footprint to avoid greenwashing. The Banking group also sets out strict guidelines for financing green projects/assets in accordance with its Green Bond Framework, ensuring that the project impact is meaningful and fit for purpose.

Investment Banking

Risk management is one of the core activities of the Investment Banking Group to strike a balance between sound practices and risk-return. An effective risk management is therefore vital to ensure that the Investment Banking Group conducts its business in a prudent manner to ensure that the risk of potential losses is reduced.

Market risk

Market risk is the risk of loss arising from adverse fluctuation in market prices, such as interest rates, equity prices and foreign currency. The Investment Banking Group monitors all such exposures arising from trading activities of the treasury and stockbroking business activities on a daily basis and management is alerted on the financial impact of these risks. To mitigate market risk, the Group also uses derivative financial instruments.

The Investment Banking Group has in place a set of policies, guidelines, measurement methodologies and control limits which includes Value-at-Risk ("VaR"), Present-Value-Basis-Point ("PVBP"), Management Action Trigger ("MAT"), notional limits and concentration limits to mitigating market risk.

Stress testing is also employed to capture the potential market risk exposures from unexpected market movements. Concerns and significant findings are communicated to the senior management at the Assets and Liabilities Management Committee ("ALMCO") and to the Board.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Investment Banking (continued)

Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet obligations as they fall due. Financial obligations arises from the withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Investment Banking Group's policy to ensure that there is adequate liquidity across all business units to sustain ongoing operations, as well as sufficient liquidity to fund asset growth and strategic opportunities.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, credit limits and monitoring procedures. Credit risk includes settlement risk, default risk and concentration risk. Exposure to credit risk arises mainly from financing, underwriting, securities and derivative exposures of the Investment Banking Group.

The Investment Banking Group has set out Board approved policies and guidelines for the management of credit risk. To oversee all credit related matters of the Investment Banking Group, the Management Credit and Underwriting Committee ("MCUC") was setup in 2011 in addition to an independent Credit Department.

The Board has delegated appropriate Delegation of Authority to the MCUC and senior management for the approval of credit facilities. Credit limit setting for Treasury activities are endorsed by the MCUC and approved by the Board at least annually. Adherence to established credit policies, guidelines and limits is monitored daily by the Credit Control Department, Credit Department and the Risk Management Department.

Insurance

Insurers have to comply with the Malaysian Insurance Act and Regulations, including guidelines on investments. The Board of Directors is responsible for formulating policies and overseeing the major risks including those risks associated with the Financial Instruments described below.

The responsibility for the formulation, establishment and approval of the Insurance Group's investment policies rests with the Board of Directors as reported in the Corporate Governance Framework in the Directors' Report. The deployment and execution of the investment policies is delegated to the Investment Committee ("IC") in which the members are appointed by the Board of Directors. The IC oversees the formulation of investment and risk strategy and asset allocation to determine the optimum risk and return profile.

Risk limits are in place at various levels and monitored by a risk manager to ensure all investment securities are compatible with the Insurance Group's investment principles and philosophy. Sensitivity and stress tests are carried out on a regular basis to assess the resilience of the investment portfolios and the impact on the Insurance Group's solvency. The Insurance Group's Asset and Liability Management ("ALM") model is being deployed to address the Insurance Group's assets and liabilities match. The ALM model will enable management to assess the long-term impact of the investment strategy, asset mix and product pricing strategy on the Insurance Group's financial ability to meet its future obligations.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

Insurance (continued)

Actuarial and underwriting risk

Actuarial risks relate to the adequacy of insurance premium rate levels to provide for insurance liabilities and solvency margin and takes into consideration the developments in mortality, morbidity, lapses and expenses.

Underwriting risk represents the risk that claims incurred are higher than anticipated. This is attributable to the nature of risk underwritten, random nature of claims frequency and severity of claims.

The Insurance Group manages the risks through strict underwriting guidelines, which include exclusions, cover limits, loadings and reinsurance programmes. New risks are carefully assessed before an insurance policy is underwritten and issued.

Credit risk

Credit risk is the risk of loss due to inability or unwillingness of an counterparty to service its debt obligations. The credit risk and investment activities is monitored regularly with respect to single customer limit, sectorial exposure, credit rating and residual maturity, in accordance with the investment guidelines and limits approved by the Board of Directors and the authorities.

At the date of the statement of financial position, the credit exposure is within the investment guidelines and limits approved by the Board of Directors and the authorities. The maximum exposure to credit risk is the carrying amount as stated in the financial statements.

Interest rate risk

Investment activities and insurance business are inherently exposed to interest rate risk. This risk arises due to differences in pricing or tenure of investments and liabilities. Interest rate risk is managed by targeting a desired return, which is reviewed periodically, based on the Insurance Group's long-term view on interest rates. Investment activities are managed by appropriate asset allocation, which is regularly reviewed and changed in relation to the investment climate to meet the Insurance Group's desired return.

Market risk

Adverse changes in the equity market impairs the carrying value of the equity portfolio which could affect the solvency of the Insurance Group. The Board has set internal limits for maximum equity exposure and individual stock exposure, which are consistent with BNM's guidelines and has also imposed daily trading limits. The Insurance Group's investment committee decides on the appropriate asset allocation for equities on a regular basis in line with the investment and economic conditions at time of review.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)**(a) Financial risk management objectives and policies (continued)****Insurance (continued)****Liquidity risk**

Liquidity risk arises due to inability of the Insurance Group to meet its financial obligations as and when they fall due. The Insurance Group manages liquidity risk via short term cash flows projection to determine net cash flow required. In addition, the Insurance Group's investible funds are substantially placed in fixed and call deposits and other money market instruments. Should there be any abnormal and unexpected cash out flows required, the Insurance Group is still able to meet its obligation in short period via the liquidation of bond holdings.

(b) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates, foreign currency rates and equity risk, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Company as at financial year end.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Company proactively seek to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

(i) Interest/profit rate risk sensitivity analysis

The interest/profit rate sensitivity results below shows the impact on profit after tax and equity of financial assets or financial liabilities bearing floating interest/profit rates and fixed rate financial assets and financial liabilities.

	The Group Increase/(decrease)		The Company Increase/(decrease)	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
2024				
+ 100 basis points ("bps")	(39,755)	(895,779)	-	-
- 100 bps	56,454	912,478	-	-
2023				
+ 100 bps	(164,436)	(902,871)	-	-
- 100 bps	197,892	936,327	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(ii) Foreign currency risk sensitivity analysis

The Group and the Company take on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows.

The table below sets out the principal structure of foreign exchange exposures of the Group and the Company:

	The Group Net receivable/(payable) exposure	
	2024 RM'000	2023 RM'000
United States Dollar ("USD")	82,196	(493,088)
Euro ("EUR")	(128,276)	42,707
Great Britain Pound ("GBP")	8,774	30,119
Singapore Dollar ("SGD")	180,632	39,024
Chinese Yuan Renminbi ("CNY")	(224,122)	(16,042)
Hong Kong Dollar ("HKD")	120,936	359,135
Japanese Yen ("JPY")	5	5
Australian Dollar ("AUD")	53,689	(14,480)
Others	325,772	275,613
	419,606	222,993

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(ii) Foreign currency risk sensitivity analysis (continued)

An analysis of the exposures to assess the impact of a one per cent change in the RM exchange rates to the profit after tax are as follows:

	The Group Increase/(decrease)	
	2024 RM'000	2023 RM'000
+ 1%		
United States Dollar ("USD")	(653)	3,487
Euro ("EUR")	975	(324)
Great Britain Pound ("GBP")	(65)	(229)
Singapore Dollar ("SGD")	(672)	(165)
Chinese Yuan Renminbi ("CNY")	1,704	122
Hong Kong Dollar ("HKD")	1,626	184
Australian Dollar ("AUD")	(406)	122
Others	(2,479)	(2,111)
	30	1,086
- 1%		
United States Dollar ("USD")	653	(3,487)
Euro ("EUR")	(975)	324
Great Britain Pound ("GBP")	65	229
Singapore Dollar ("SGD")	672	165
Chinese Yuan Renminbi ("CNY")	(1,704)	(122)
Hong Kong Dollar ("HKD")	(1,626)	(184)
Australian Dollar ("AUD")	406	(122)
Others	2,479	2,111
	(30)	(1,086)

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk

The tables below summarise the Group's exposure to interest/profit rate risks. Included in the tables are the Group's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Group may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

	The Group						
	Non-trading book			Non-interest/ profit rate sensitive			
2024	Up to 1 month RM'000	>1 - 3 months RM'000	>3 -12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Trading book RM'000	Total RM'000
Financial assets							
Cash and short-term funds	6,016,779	257,985	101,920	-	-	-	7,548,161
Deposits and placements with banks and other financial institutions	-	1,016,918	423,561	-	-	-	1,652,027
Securities purchased under resale agreements	-	199,466	96,860	-	-	-	297,315
Financial assets at fair value through profit or loss	-	-	5,144	490,305	917,377	29,105,804	31,824,070
Financial investments at fair value through other comprehensive income	1,886,822	4,049,164	5,119,760	29,763,179	1,823,415	-	43,142,054
Financial investments at amortised cost	165,031	1,250,981	2,066,348	27,622,894	1,033,099	-	32,457,440
Derivative financial instruments	-	-	-	-	-	1,381,595	1,381,595
- Trading derivatives	-	-	-	-	-	-	8,305
- Hedging derivatives	-	-	-	8,305	-	-	-
Loans, advances and financing							
- Performing	159,888,401	1,933,395	1,695,915	7,526,472	21,896,935	-	192,941,191
- Impaired [^]	115,766	2,198	9,790	69,128	475,307	-	672,189
Clients' and brokers' balances	-	-	-	-	-	-	236,831
Other assets	153,556	-	-	-	-	-	4,616,682
Statutory deposits with Central Banks	-	-	-	-	-	-	3,275,743
Insurance/reinsurance contract assets	-	-	-	-	-	-	525,721
Total financial assets	168,226,355	8,710,107	9,519,298	65,480,283	26,146,133	30,487,399	320,579,324

[^] This represents outstanding impaired loans after deducting expected credit losses.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk (continued)

The tables below summarise the Group's exposure to interest/profit rate risks. Included in the tables are the Group's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Group may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. (continued)

2024	The Group							
	Non-trading book				Non-interest/			
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 -12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities								
Deposits from customers	75,965,098	44,017,634	48,303,169	6,923,025	913,821	43,952,579	-	220,075,326
Investment accounts of customers	1,035,510	790,069	325,853	-	-	15,102	-	2,166,534
Deposits and placements of banks and other financial institutions	9,307,125	3,052,693	239,172	1,514,577	21,037	44,170	-	14,178,774
Obligations on securities sold under repurchase agreements	3,523,805	6,278,895	-	-	-	20,949	-	9,823,649
Bills and acceptance payable	6,876	40,859	42,156	-	-	192,656	-	282,547
Derivative financial instruments								
- Trading derivatives	-	-	-	-	-	-	1,833,085	1,833,085
- Hedging derivatives	-	-	-	146	-	-	-	146
Clients' and brokers' balances						233,891	-	233,891
Other liabilities	8,950	1,639	17,517	686	2,131	8,519,714	18,113	8,568,750
Recourse obligations on loans/financing sold to Cagamas Berhad	-	600,032	1,250,035	1,402,164	-	24,772	-	3,277,003
Borrowings	9,894	440,988	-	299,047	-	1,933	-	751,862
Multi-currency Additional Tier 1 capital securities	-	-	-	1,703,228	-	15,443	-	1,718,671
Subordinated obligations	-	-	-	1,647,635	549,740	7,793	-	2,205,168
Lease liabilities	4,138	8,023	34,246	110,866	13,671	8,587	1,781	181,312
Insurance/reinsurance contract liabilities	-	-	-	-	-	25,576,831	56,645	25,633,476
Total financial liabilities	89,861,396	55,230,832	50,212,148	13,601,374	1,500,400	78,614,420	1,909,624	290,930,194
Net interest sensitivity gap	78,364,959	(46,520,725)	(40,692,850)	51,878,909	24,645,733			
Financial guarantees	-	-	-	-	-	1,165,484	-	-
Credit related commitments and contingencies	-	-	-	-	-	51,003,756	-	-
Treasury related commitments and contingencies (hedging)	-	-	-	1,250,000	-	-	-	-
Net interest sensitivity gap	-	-	-	1,250,000	-	52,169,240	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk (continued)

The tables below summarise the Group's exposure to interest/profit rate risks. Included in the tables are the Group's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Group may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. (continued)

	The Group						Trading book RM'000	Total RM'000
	Non-trading book				Non-interest/ profit rate sensitive RM'000			
2023 (Restated)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 -12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000			
Financial assets								
Cash and short-term funds	8,458,028	68,499	80,000	-	-	1,241,905	-	9,848,432
Deposits and placements with banks and other financial institutions	-	709,976	358,464	-	-	11,134	-	1,079,574
Financial assets at fair value through profit or loss	-	-	65,598	379,885	699,741	1,898,131	28,850,537	31,893,892
Financial investments at fair value through other comprehensive income	1,812,442	2,516,904	2,232,716	27,663,594	1,124,495	374,634	-	35,724,785
Financial investments at amortised cost	719,795	50,031	958,332	29,234,613	1,056,729	312,803	-	32,332,303
Derivative financial instruments								
- Trading derivatives	-	-	-	-	-	-	2,225,101	2,225,101
- Hedging derivatives	-	-	-	6,647	3,866	-	-	10,513
Loans, advances and financing								
- Performing	147,506,115	3,079,387	1,580,720	7,864,109	19,650,709	887	-	179,681,927
- Impaired [^]	60,276	9,123	6,134	89,603	465,604	-	-	630,740
Clients' and brokers' balances	-	-	-	-	-	140,476	-	140,476
Other assets	100,459	157	705	2,195	-	2,454,439	-	2,557,955
Statutory deposits with Central Banks	-	-	-	-	-	3,449,270	-	3,449,270
Insurance/reinsurance contract assets	-	-	-	-	-	436,839	-	436,839
Total financial assets	158,657,115	6,434,077	5,282,669	65,240,646	23,001,144	10,320,518	31,075,638	300,011,807

[^] This represents outstanding impaired loans after deducting expected credit losses.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk (continued)

The tables below summarise the Group's exposure to interest/profit rate risks. Included in the tables are the Group's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Group may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. (continued)

	The Group						Trading book RM'000	Total RM'000
	Non-trading book			Non-interest/ profit rate sensitive				
2023 (Restated)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	RM'000	RM'000	
Financial liabilities								
Deposits from customers	79,130,813	41,974,775	43,919,319	5,364,619	841,095	40,236,822	-	
Investment accounts of customers	448,208	859,166	930,546	-	-	12,593	-	
Deposits and placements of banks and other financial institutions	5,368,349	5,227,428	315,766	1,478,344	22,139	40,034	-	
Obligations on securities sold under repurchase agreements	2,678,098	4,718,922	-	-	-	2,563	-	
Bills and acceptance payable	4,314	29,963	30,168	-	-	146,986	-	
Derivative financial instruments								
- Trading derivatives	-	-	-	-	-	-	2,447,396	
- Hedging derivatives	-	-	-	35	-	-	35	
Clients' and brokers' balances	-	-	-	-	-	145,393	-	
Other liabilities	2,240	434	13,298	183	-	7,464,141	163,076	
Recourse obligations on loans/financing sold to Cagamas Berhad	-	-	-	2,950,040	-	22,180	-	
Borrowings	-	-	-	200,000	-	1,936	-	
Multi-currency Additional Tier 1 capital securities	-	-	394,617	1,304,261	-	20,752	-	
Subordinated obligations	-	-	998,136	649,089	549,998	9,427	-	
Lease liabilities	4,031	7,594	33,169	119,294	14,906	9,261	3,756	
Insurance/reinsurance contract liabilities	-	-	-	-	-	22,839,527	115,679	
Total financial liabilities	87,636,053	52,818,282	46,635,019	12,065,865	1,428,138	70,951,615	2,729,907	
Net interest sensitivity gap	71,021,062	(46,384,205)	(41,352,350)	53,174,781	21,573,006			
Financial guarantees	-	-	-	-	-	1,045,877	-	
Credit related commitments and contingencies	-	-	-	-	-	51,350,522	-	
Treasury related commitments and contingencies (hedging)	-	-	-	469,048	72,619	-	-	
Net interest sensitivity gap	-	-	-	469,048	72,619	52,396,399		

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk (continued)

The tables below summarise the Company's exposure to interest/profit rate risks. Included in the tables are the Company's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

2024	The Company							
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	8,993	-	-	-	-	-	-	8,993
Deposits and placements with banks and other financial institutions	-	129,360	-	-	-	-	-	129,360
Financial assets at fair value through profit or loss	-	-	-	-	-	371,937	-	371,937
Other assets	-	-	-	-	-	2,292	-	2,292
Total financial assets	8,993	129,360	-	-	-	374,229	-	512,582
Financial liabilities								
Other liabilities	384	-	12,793	-	-	1,945	-	15,122
Borrowings	-	201,991	-	-	-	-	-	201,991
Lease liabilities	81	163	752	1,412	-	-	-	2,408
Total financial liabilities	465	202,154	13,545	1,412	-	1,945	-	219,521
Net interest sensitivity gap	8,528	(72,794)	(13,545)	(1,412)	-	-	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(iii) Interest/profit rate risk (continued)

The tables below summarise the Company's exposure to interest/profit rate risks. Included in the tables are the Company's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest/profit rates and yield curves change over time, the Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. (continued)

2023	The Company						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets								
Cash and short-term funds	65,246	-	-	-	-	-	-	65,246
Deposits and placements with banks and other financial institutions	-	67,860	-	-	-	-	-	67,860
Other assets	78	157	705	2,195	-	1,996	-	5,131
Total financial assets	65,324	68,017	705	2,195	-	1,996	-	138,237
Financial liabilities								
Other liabilities	346	-	12,279	-	-	2,150	-	14,775
Borrowings	-	-	-	200,000	-	1,919	-	201,919
Multi-currency Additional Tier 1 capital securities	-	-	400,000	-	-	4,851	-	404,851
Subordinated obligations	-	-	1,100,000	-	-	1,859	-	1,101,859
Lease liabilities	77	155	713	2,408	-	-	-	3,353
Total financial liabilities	423	155	1,512,992	202,408	-	10,779	-	1,726,757
Net interest sensitivity gap	64,901	67,862	(1,512,287)	(200,213)	-	-	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

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

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity:

2024	The Group							
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	4,961,570	2,121,560	257,985	101,920	-	-	105,126	7,548,161
Deposits and placements with banks and other financial institutions	-	6,506	1,125,365	368,222	62,833	-	89,101	1,652,027
Securities purchased under resale agreements	-	-	200,126	97,189	-	-	-	297,315
Financial assets at fair value through profit or loss	173,553	586,815	360,191	231,270	126,086	20,765,405	9,580,750	31,824,070
Financial investments at fair value through other comprehensive income	159,334	1,336,958	2,685,550	2,118,495	2,531,346	34,193,574	116,797	43,142,054
Financial investments at amortised cost	-	188,606	1,453,162	1,545,840	878,331	28,391,501	-	32,457,440
Derivative financial instruments	54,812	51,540	87,654	93,807	105,143	996,944	-	1,389,900
Loans, advances and financing	15,977,215	8,887,386	6,891,472	3,419,076	1,096,167	157,342,064	-	193,613,380
Clients' and brokers' balances	236,831	-	-	-	-	-	-	236,831
Other assets	3,968,163	21,506	33,142	41,853	425,457	3,360	258,995	4,752,476
Statutory deposits with Central Banks	-	-	-	-	-	-	3,275,743	3,275,743
Tax recoverable	-	-	-	-	8,230	-	346	8,576
Investment in associated companies	-	-	-	-	-	-	10,889,153	10,889,153
Property and equipment	-	-	-	-	-	-	1,145,889	1,145,889
Investment properties	-	-	-	-	-	-	471,630	471,630
Goodwill arising on consolidation	-	-	-	-	-	-	2,410,644	2,410,644
Intangible assets	-	-	-	-	-	-	386,458	386,458
Right-of-use assets	-	78	157	235	470	1,255	175,800	177,995
Insurance/reinsurance contract assets	-	-	-	-	(11,139)	378,004	158,856	525,721
Total assets	25,531,478	13,200,955	13,094,804	8,017,907	5,222,924	242,072,107	29,065,288	336,205,463

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity: (continued)

2024	The Group							Total RM'000
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	
Liabilities								
Deposits from customers	89,805,122	27,146,174	44,501,563	29,337,755	19,448,411	9,836,301	-	220,075,326
Investment accounts of customers	179,358	864,510	795,010	314,183	13,473	-	-	2,166,534
Deposits and placements of banks and other financial institutions	4,951,369	4,390,608	3,060,866	113,646	126,671	1,535,614	-	14,178,774
Obligations on securities sold under repurchase agreements	446,905	3,090,111	6,286,633	-	-	-	-	9,823,649
Bills and acceptances payable	192,993	6,538	40,859	42,152	5	-	-	282,547
Derivative financial instruments	27,488	117,967	291,850	75,297	114,347	1,206,282	-	1,833,231
Clients' and brokers' balances	233,891	-	-	-	-	-	-	233,891
Other liabilities	6,943,856	1,044,062	19,299	13,223	799,916	2,670	88,152	8,911,178
Recourse obligations on loans/financing sold to Cagamas Berhad	-	-	617,080	7,724	1,250,035	1,402,164	-	3,277,003
Provision for taxation	-	-	-	-	28,949	-	173,869	202,818
Deferred tax liabilities	-	-	-	-	8,293	352,931	-	361,224
Borrowings	-	9,894	440,988	1,934	-	299,046	-	751,862
Multi-currency Additional Tier 1 capital securities	-	-	4,564	10,878	-	1,703,229	-	1,718,671
Subordinated obligations	-	-	4,620	3,172	-	2,197,376	-	2,205,168
Lease liabilities	201	4,340	9,029	12,979	24,152	130,611	-	181,312
Insurance/reinsurance contract liabilities	-	69	7	7,150	12,494,872	10,814,686	2,316,692	25,633,476
Total liabilities	102,781,183	36,674,273	56,072,368	29,940,093	34,309,124	29,480,910	2,578,713	291,836,664
Total equity	-	-	-	-	-	-	44,368,799	44,368,799
Total liabilities and equity	102,781,183	36,674,273	56,072,368	29,940,093	34,309,124	29,480,910	46,947,512	336,205,463
Net liquidity gap	(77,249,705)	(23,473,318)	(42,977,564)	(21,922,186)	(29,086,200)	212,591,197		

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity: (continued)

2023 (Restated)	The Group						Total RM'000
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	
Liabilities							
Deposits from customers	85,227,674	31,984,927	42,306,469	24,444,141	19,954,278	7,549,954	211,467,443
Investment accounts of customers	124,237	328,935	864,075	908,983	24,283	-	2,250,513
Deposits and placements of banks and other financial institutions	3,853,244	1,551,423	5,230,031	142,636	174,244	1,500,482	12,452,060
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	4,718,645	-	-	-	7,399,583
Bills and acceptances payable	314	4,000	29,963	30,168	-	-	211,431
Derivative financial instruments	226,949	174,828	473,226	137,454	139,652	1,295,322	2,447,431
Clients' and brokers' balances	145,393	-	-	-	-	-	145,393
Other liabilities	5,673,051	1,412,841	32,191	8,206	773,375	2,674	7,991,398
Recourse obligations on loans/financing sold to Cagamas Berhad	-	-	15,203	6,977	-	2,950,040	2,972,220
Provision for taxation	-	-	-	-	7,744	-	58,141
Deferred tax liabilities	-	-	-	-	-	-	9,575
Borrowings	-	-	-	1,936	-	200,000	201,936
Multi-currency Additional Tier 1 capital securities	-	-	4,862	15,891	394,617	1,304,260	1,719,630
Subordinated obligations	-	-	4,652	4,775	998,136	1,199,087	2,206,650
Lease liabilities	237	4,032	8,453	12,303	23,914	143,072	192,011
Insurance/reinsurance contract liabilities	-	9,129	129,729	440	1,918,349	20,554,912	22,955,206
Total liabilities	96,426,939	36,975,213	53,817,499	25,713,910	24,408,592	36,699,803	274,680,621
Total equity	-	-	-	-	-	-	40,205,751
Total liabilities and equity	96,426,939	36,975,213	53,817,499	25,713,910	24,408,592	36,699,803	314,886,372
Net liquidity gap	(71,523,027)	(24,181,233)	(43,529,520)	(21,594,729)	(19,204,616)	194,068,713	

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity: (continued)

2024	The Company						
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000
Assets							
Cash and short-term funds	-	8,993	-	-	-	-	8,993
Deposits and placements with banks and other financial institutions	-	-	129,360	-	-	-	129,360
Financial assets at fair value through profit or loss	-	-	-	-	-	-	371,937
Other assets	1	699	29	-	-	1,908	2,637
Investment in subsidiary companies	-	-	-	-	-	-	17,054,109
Deferred tax assets	-	-	-	-	-	-	221
Property and equipment	-	-	-	-	-	-	4,504
Intangible assets	-	-	-	-	-	-	69
Right-of-use assets	-	78	157	235	470	1,255	-
Total assets	1	9,770	129,546	235	470	3,163	17,430,840
							17,574,025
Liabilities							
Other liabilities	-	-	384	961	11,832	1,945	-
Provision for taxation	-	-	-	-	-	-	252
Borrowings	-	-	201,991	-	-	-	-
Lease liabilities	-	81	163	247	505	1,412	-
Total liabilities	-	81	202,538	1,208	12,337	3,357	252
							219,773
Total equity	-	-	-	-	-	-	17,354,252
Total liabilities and equity	-	81	202,538	1,208	12,337	3,357	17,354,504
							17,574,025
Net liquidity gap	1	9,689	(72,992)	(973)	(11,867)	(194)	

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity: (continued)

	The Company						
	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000
2023							Total RM'000
Assets							
Cash and short-term funds	8,246	57,000	-	-	-	-	65,246
Deposits and placements with banks and other financial institutions	-	-	67,860	-	-	-	67,860
Other assets	-	2	330	-	-	1,918	2,250
Tax recoverable	-	-	-	-	-	-	464
Investment in subsidiary companies	-	-	4,862	2,167	1,500,000	-	17,051,847
Deferred tax assets	-	-	-	-	-	-	203
Property and equipment	-	-	-	-	-	-	5,341
Intangible assets	-	-	-	-	-	-	137
Right-of-use assets	-	78	157	235	470	2,195	3,135
Total assets	8,246	57,080	73,209	2,402	1,500,470	4,113	17,057,992
							18,703,512
Liabilities							
Other liabilities	-	-	346	1,017	11,262	2,150	-
Borrowings	-	-	-	1,919	-	200,000	-
Multi-currency Additional Tier 1 capital securities	-	-	-	4,851	400,000	-	-
Subordinated obligations	-	-	-	1,859	1,100,000	-	-
Lease liabilities	-	77	155	235	479	2,407	-
Total liabilities	-	77	501	9,881	1,511,741	204,557	-
							1,726,757
Total equity	-	-	-	-	-	-	16,976,755
Total liabilities and equity	-	77	501	9,881	1,511,741	204,557	16,976,755
							18,703,512
Net liquidity gap	8,246	57,003	72,708	(7,479)	(11,271)	(200,444)	

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

2024	The Group					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Financial liabilities						
Deposits from customers	118,248,102	45,106,927	49,986,511	10,092,346	1,908,516	225,342,402
Investment accounts of customer	1,081,123	824,197	339,635	-	-	2,244,955
Deposits and placements of banks and other financial institutions	9,624,308	3,397,544	422,096	877,843	394,448	14,716,239
Obligations on securities sold under repurchase agreements	3,540,469	6,302,185	-	-	-	9,842,654
Bills and acceptances payable	194,521	15,302	21,682	-	-	231,505
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(15,351,013)	(14,587,140)	(11,330,652)	(3,464,518)	(198,675)	(44,931,998)
- Outflow	15,493,078	14,899,013	11,535,769	3,695,455	200,432	45,823,747
- Net settled derivatives	8,328	76,763	238,074	599,593	127,610	1,050,368
Clients' and brokers' balances	233,891	-	-	-	-	233,891
Other liabilities	7,796,547	6,074	762,257	3,065	2,358	8,570,301
Recourse obligations on loans/financing sold to Cagamas Berhad	-	633,044	1,336,211	1,438,047	-	3,407,302
Borrowings	10,182	444,907	12,170	314,262	-	781,521
Multi-currency Additional Tier 1 capital securities	-	8,570	67,280	1,895,172	-	1,971,022
Subordinated obligations	-	7,831	80,092	2,109,869	431,953	2,629,745
Lease liabilities	5,104	11,716	42,222	115,288	32,754	207,084
Total financial liabilities	140,884,640	57,146,933	53,513,347	17,676,422	2,899,396	272,120,738

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

	The Group					Total RM'000
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	
2023 (Restated)						
Financial liabilities						
Deposits from customers	62,263,412	48,149,310	55,088,291	48,259,124	1,684,848	215,444,985
Investment accounts of customer	444,931	919,787	968,025	-	-	2,332,743
Deposits and placements of banks and other financial institutions	6,563,298	4,205,625	358,644	1,099,967	397,054	12,624,588
Obligations on securities sold under repurchase agreements	2,682,317	4,719,522	-	-	-	7,401,839
Bills and acceptances payable	146,986	5,700	12,087	-	-	164,773
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(13,279,406)	(14,965,434)	(4,955,367)	(3,972,926)	(118,311)	(37,291,444)
- Outflow	13,692,376	15,616,309	5,229,804	4,284,947	131,787	38,955,223
- Net settled derivatives	43,863	68,989	347,538	626,874	109,254	1,196,518
Clients' and brokers' balances	145,393	-	-	-	-	145,393
Other liabilities	6,897,942	15,578	544,753	2,807	228	7,461,308
Recourse obligations on loans/financing sold to Cagamas Berhad	-	27,256	90,684	3,101,511	-	3,219,451
Borrowings	-	2,827	2,890	202,842	-	208,559
Multi-currency Additional Tier 1 capital securities	-	19,237	878,039	1,485,976	-	2,383,252
Subordinated obligations	-	7,860	2,229,664	827,115	580,049	3,644,688
Lease liabilities	4,957	10,953	40,632	124,442	35,361	216,345
Total financial liabilities	79,606,069	58,803,519	60,835,684	56,042,679	2,820,270	258,108,221

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

	The Company					
	Up to 1 month RM'000	1 to 3 months RM'000	3 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2024						
Financial liabilities						
Other liabilities	-	-	13,177	1,945	-	15,122
Borrowings	-	202,842	-	-	-	202,842
Total financial liabilities	-	202,842	13,177	1,945	-	217,964
2023						
Financial liabilities						
Other liabilities	-	-	12,625	2,150	-	14,775
Borrowings	-	2,827	2,873	202,842	-	208,542
Multi-currency Additional Tier 1 capital securities	-	9,719	409,614	-	-	419,333
Subordinated obligations	-	-	1,147,430	-	-	1,147,430
Total financial liabilities	-	12,546	1,572,542	204,992	-	1,790,080

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's commitments and contingencies:

	The Group		
	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
2024			
Direct credit substitutes	174,250	63,744	237,994
Certain transaction related contingent items	1,864,054	1,201,391	3,065,445
Any commitment that are unconditionally cancelled at anytime by the Group without prior notice	868,108	-	868,108
Short-term self liquidating trade related contingencies	1,020,971	114,621	1,135,592
Irrevocable commitments to extend credit	26,687,509	16,125,330	42,812,839
Unutilised credit card lines	7,322,809	-	7,322,809
Total commitments and contingencies	37,937,701	17,505,086	55,442,787
2023 (Restated)			
Direct credit substitutes	153,828	71,687	225,515
Certain transaction related contingent items	1,538,547	1,055,855	2,594,402
Any commitment that are unconditionally cancelled at anytime by the Group without prior notice	917,463	-	917,463
Short-term self liquidating trade related contingencies	820,362	-	820,362
Irrevocable commitments to extend credit	26,457,159	17,073,556	43,530,715
Unutilised credit card lines	6,902,344	-	6,902,344
Total commitments and contingencies	36,789,703	18,201,098	54,990,801

Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group. The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

(d) Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

The table below shows the maximum exposure to credit risk for the Group and the Company that are subject to impairment:

	The Group		The Company	
	2024 RM'000	Restated 2023 RM'000	2024 RM'000	2023 RM'000
Credit risk exposure relating to on-balance sheet assets:				
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)	7,817,328	9,409,365	138,353	133,106
Securities purchased under resale agreements	297,315	-	-	-
Financial assets and investments portfolios (exclude shares and unit trust investments)				
- Financial investments at FVOCI	43,025,257	35,627,135	-	-
- Financial investments at amortised cost	32,457,440	32,332,302	-	-
Loans, advances and financing	193,613,380	180,312,667	-	-
Clients' and brokers' balances	236,831	140,476	-	-
Other assets	4,616,682	2,554,822	2,292	1,996
	282,064,233	260,376,767	140,645	135,102
Credit risk exposure relating to off-balance sheet assets:				
Commitments and contingencies	55,442,787	55,234,363	-	-
Total maximum credit risk exposure	337,507,020	315,611,130	140,645	135,102

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)**(d) Credit risk (continued)****(i) Maximum exposure to credit risk (continued)**

The table below shows the credit exposure of the Group and the Company that are not subject to impairment:

	The Group	
	2024 RM'000	2023 RM'000
Financial assets at FVTPL (exclude shares and wholesale funds)	22,243,323	23,405,095
Derivative assets	1,389,900	2,235,614
	23,633,223	25,640,709

(ii) Collaterals

The main type of collaterals obtained by the Group are as follows:

- (a) Fixed deposits, Mudharabah General Investment Account, negotiable instrument of deposits, foreign currency deposits and cash deposits/margins
- (b) Land and buildings
- (c) Aircrafts, vessels and automobiles
- (d) Quoted shares, unit trust, Malaysian Governments Bonds and securities and private debt securities
- (e) Endowment life policies with cash surrender value
- (f) Other tangible business assets, such as inventory and equipment

The Group also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The outstanding balance for loans, advances and financing for which no allowances is recognised because of collateral amounted to RM108.5 million (2023: RM90.3 million) for the Group.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing for the Group is 87.65% (2023: 87.38%). The financial effects of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing that are credit impaired for the Group is 75.87% (2023: 72.21%).

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iii) Credit exposure by stage

Financial assets of the Group and the Company are classified into three stages as below:

Stages	Description
Stage 1: 12 months ECL - not credit impaired	Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 2: Lifetime ECL - not credit impaired	Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 3: Lifetime ECL - credit impaired	Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

For further details on the stages, refer to accounting policy Note 0.

(iv) Credit quality

The Group assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

Credit quality description is summarised as follows:

Credit quality	Description
Good	Obligors in this category exhibit strong capacity to meet financial commitments.
Adequate	Obligors in this category have a fairly acceptable capacity to meet financial commitments.
Marginal	Obligors in this category have uncertain capacity to meet financial commitments and is under closer monitoring.
No rating	Obligors which are currently not assigned with a credit ratings as it do not satisfy the criteria to be rated based on internal credit rating system.
Credit impaired	Obligors assessed to be impaired.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent rating of other international rating agencies as defined below.

Sovereign	Refer to financial asset issued by federal government or guarantee by federal government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly expose to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of rating models.
Credit impaired	Refers to the asset that is being impaired.

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

The Group 2024	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with banks and other financial institutions (exclude cash in hand):				
Sovereign	3,233,036	-	-	3,233,036
Investment grade	4,202,234	-	-	4,202,234
Non-Investment grade	382,425	-	-	382,425
Gross carrying amount	7,817,695	-	-	7,817,695
Expected credit losses	(367)	-	-	(367)
Net carrying amount	7,817,328	-	-	7,817,328
Securities purchased under resale agreement				
Investment grade	297,315	-	-	297,315
Expected credit losses	-	-	-	-
Net carrying amount	297,315	-	-	297,315

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 2024	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial investments at FVOCI:				
Sovereign	27,529,066	-	-	27,529,066
Investment grade	15,376,214	-	-	15,376,214
Non-investment grade	70,758	-	-	70,758
Un-graded	49,219	-	-	49,219
Gross carrying amount	43,025,257	-	-	43,025,257
Expected credit losses	(3,001)	-	-	(3,001)
Net carrying amount	43,022,256	-	-	43,022,256
Financial investments at amortised cost:				
Sovereign	30,882,020	-	-	30,882,020
Investment grade	1,575,434	-	-	1,575,434
Gross carrying amount	32,457,454	-	-	32,457,454
Expected credit losses	(14)	-	-	(14)
Net carrying amount	32,457,440	-	-	32,457,440
Loans, advances and financing:				
Good	160,106,745	131,097	-	160,237,842
Adequate	25,888,466	1,013,946	-	26,902,412
Marginal	5	5,615,204	-	5,615,209
Un-graded	1,397,780	42,148	-	1,439,928
Credit impaired	-	-	1,041,199	1,041,199
Gross carrying amount	187,392,996	6,802,395	1,041,199	195,236,590
Expected credit losses	(903,087)	(341,901)	(369,010)	(1,613,998)
Others*	(9,212)	-	-	(9,212)
Net carrying amount	186,480,697	6,460,494	672,189	193,613,380

* Included fair value changes arising from fair value hedges.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 2023 (Restated)	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with banks and other financial institutions (exclude cash in hand):				
Sovereign	4,396,228	-	-	4,396,228
Investment grade	4,811,189	-	-	4,811,189
Non-investment grade	202,171	-	-	202,171
Gross carrying amount	9,409,588	-	-	9,409,588
Expected credit losses	(223)	-	-	(223)
Net carrying amount	9,409,365	-	-	9,409,365
Financial investments at FVOCI:				
Sovereign	23,021,315	-	-	23,021,315
Investment grade	12,469,305	-	-	12,469,305
Non-investment grade	107,580	-	-	107,580
Un-graded	28,935	-	-	28,935
Gross carrying amount	35,627,135	-	-	35,627,135
Expected credit losses	(2,014)	-	-	(2,014)
Net carrying amount	35,625,121	-	-	35,625,121
Financial investments at amortised cost:				
Sovereign	30,591,209	-	-	30,591,209
Investment grade	1,741,111	-	-	1,741,111
Gross carrying amount	32,332,320	-	-	32,332,320
Expected credit losses	(18)	-	-	(18)
Net carrying amount	32,332,302	-	-	32,332,302

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 2023 (Restated)	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans, advances and financing:				
Good	150,605,536	117,253	-	150,722,789
Adequate	23,418,533	1,285,854	-	24,704,387
Marginal	-	5,310,466	-	5,310,466
Un-graded	303,086	4,131	-	307,217
Credit impaired	-	-	1,042,010	1,042,010
Gross carrying amount	174,327,155	6,717,704	1,042,010	182,086,869
Expected credit losses	(966,580)	(381,778)	(411,144)	(1,759,502)
Others*	(14,700)	-	-	(14,700)
Net carrying amount	173,345,875	6,335,926	630,866	180,312,667

* Included fair value changes arising from fair value hedges.

(v) Repossessed collaterals

	The Group	
	2024 RM'000	2023 RM'000
Industrial and residential properties, lands and automobiles	393,591	377,172

Reposessed collaterals are made available-for-sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not utilise the reposessed collaterals for its business use.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(vi) Credit risk exposure analysed by industry analysis for the financial assets are set out below:

The Group													
2024	Short-term funds and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Clients' and brokers' balances RM'000	Other assets RM'000	Derivative financial instruments RM'000	Total credit risk exposures RM'000	Credit related commitments and contingencies RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	78,293	56,185	-	2,500,142	-	-	-	2,634,620	-	1,227,375	22,083
Mining and quarrying	-	-	-	-	-	306,004	-	-	-	306,004	-	88,785	6,741
Manufacturing	-	-	-	-	-	15,582,490	-	-	-	15,582,490	-	10,716,299	1,069,071
Electricity, gas and water	-	-	1,686,984	2,379,297	5,020	1,063,968	-	50	-	5,135,319	-	439,031	136,757
Construction	-	-	299,171	324,367	156,897	6,595,043	-	83	-	7,375,561	1,000	3,185,337	1,451,159
Wholesale and retail	-	-	-	34,820	-	17,852,669	-	-	-	17,887,489	-	8,215,595	886,080
Transport, storage and communications	-	-	214,625	332,119	-	6,565,689	-	628	-	7,113,061	-	1,048,926	82,424
Finance, insurance, real estate and business services	4,584,292	-	13,199,745	16,495,708	1,856,759	18,866,291	-	4,366,073	1,389,900	61,056,084	600	3,612,409	675,362
Government and government agencies	3,233,036	297,315	6,741,929	23,378,911	30,438,764	-	-	4,530	-	63,797,170	-	-	71,730
Education, health and others	-	-	879	-	-	1,128,405	-	728	-	1,130,012	-	476,706	28,293
Household	-	-	21,696	-	-	122,807,799	-	-	-	122,829,495	-	21,123,501	8,331
Purchase of securities	-	-	-	-	-	279,509	236,831	-	-	516,340	868,108	-	-
Others	-	-	-	23,850	-	65,371	-	244,590	-	333,811	-	1,084	-
	7,817,328	297,315	22,243,323	43,025,257	32,457,440	193,613,380	236,831	4,616,682	1,389,900	305,697,456	869,708	50,135,048	4,438,031

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(vi) Credit risk exposure analysed by industry analysis for the financial assets are set out below: (continued)

	The Group											
	Short-term funds and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Clients' and brokers' balances RM'000	Other assets RM'000	Derivative financial instruments RM'000	Total credit risk exposures RM'000	Credit related commitments and contingencies RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
2023 (restated)												
Agriculture	-	56,049	41,232	-	2,787,470	-	-	-	2,884,751	-	1,266,113	17,308
Mining and quarrying	-	-	-	-	120,761	-	-	-	120,761	-	89,612	6,739
Manufacturing	-	14,136	-	-	15,342,174	-	-	-	15,356,310	-	9,720,440	854,263
Electricity, gas and water	-	1,773,889	2,490,005	5,024	738,051	-	-	-	5,006,969	-	306,418	149,837
Construction	-	427,183	374,187	158,951	6,358,806	-	846	-	7,319,973	1,000	4,025,838	1,289,532
Wholesale and retail	-	-	33,156	-	16,176,215	-	1	-	16,209,372	-	7,911,734	825,436
Transport, storage and communications	-	269,685	361,003	-	5,706,490	-	-	-	6,337,178	-	1,118,925	82,845
Finance, insurance, real estate and business services	5,013,137	13,178,812	13,739,141	2,074,867	16,558,914	-	2,510,237	2,235,614	55,310,722	-	2,995,420	571,179
Government and government agencies	4,396,228	7,663,881	18,550,622	30,093,460	-	-	2,155	-	60,706,346	-	-	50,857
Education, health and others	-	-	-	-	1,538,040	-	80	-	1,538,120	-	393,439	27,396
Household	-	21,460	-	-	114,611,927	-	-	-	114,633,387	-	22,603,337	7,449
Purchase of securities	-	-	-	-	303,705	140,476	-	-	444,181	917,463	-	-
Others	-	-	37,789	-	70,114	-	41,503	-	149,406	-	1,783	-
	9,409,365	23,405,095	35,627,135	32,332,302	180,312,667	140,476	2,554,822	2,235,614	286,017,476	918,463	50,433,059	3,882,841

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(vi) Credit risk exposure analysed by industry analysis for the financial assets are set out below: (continued)

	The Company			
	Short-term funds and placements with banks and other financial institutions RM'000	Other assets RM'000	Amount due from subsidiaries RM'000	Total credit risk exposures RM'000
2024				
Finance, insurance, real estate and business services	138,353	2,292	-	140,645
2023				
Finance, insurance, real estate and business services	133,106	1,996	-	135,102

(vii) Write-off policy

The Group write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will be written back as bad debts recovered in the statements of income.

The contractual amount outstanding on loans, advances and financing and securities portfolio that were written off during the financial year ended and are still subject to enforcement activities was RM299.3 million (2023: RM388.4 million) for the Group.

(viii) Modification of contractual cash flows

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within impairment in the income statements with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

Notes to the Financial Statements

for the financial year ended 30 June 2024

50 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(viii) Modification of contractual cash flows (continued)

ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Although loans and financing may be modified for non-credit reasons, a significant increase in credit risk may occur. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from stage 3 or stage 2 to stage 1. This is only the case for assets which have been monitored for consecutive six months observation period or more.

(ix) Sensitivity analysis

The Group has performed ECL sensitivity assessment on loans, advances and financing based on the changes in key macroeconomic variables, such as consumer price index, private consumption, house price index, unemployment rates and banking system credit while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the ECL of the Group.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

(a) Retail

	The Group Changes	
	2024	2023
Private consumption	+/- 100 bps	+/- 100 bps
House price index	+/- 100 bps	+/- 100 bps
Unemployment rate	-	+/- 200 bps

	The Group	
	2024 RM'000	2023 RM'000
Total effect of ECL on the positive changes in key variables	(3,578)	(3,793)
Total effect of ECL on the negative changes in key variables	3,657	229

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

(ix) Sensitivity analysis (continued)

(b) Non-retail

	The Group Changes	
	2024	2023
Banking system credit	+/- 100 bps	+/- 100 bps
Gross domestic product	+/- 100 bps	+/- 100 bps

	The Group	
	2024 RM'000	2023 RM'000
Total effect of ECL on the positive changes in key variables	(2,887)	(4,266)
Total effect of ECL on the negative changes in key variables	986	3,787

(x) Overlays and adjustments for expected credit losses

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability, ECL overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL of loans, advances and financing for the year ended at 30 June 2024.

These overlays and post-model adjustments reflect the latest macroeconomic outlook and the potential impact to delinquencies and defaults when the various relief and support measures are expire in the future.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the post-pandemic uncertainties as well as emerging risks and path of recovery in the forward-looking assessment for ECL estimation purposes.

The adjusted downside scenario has taken into consideration the current operating environment, which includes downside risks from geopolitical conflicts, cost pressures, global monetary tightening. As at 30 June 2024, the impact of these overlays and post-model adjustments continues to remain outside the MFRS 9 ECL Model. The ECL overlays amounted to RM574.2 million (2023: RM574.2 million) at the Group.

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 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 statement of financial position date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(a) Determination of fair value and fair value hierarchy

The Group and the 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 instrument 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 such as discounted cash flow that uses inputs such as market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain corporate bonds, government bonds and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques. This category includes unquoted shares held for socio-economic reasons. Fair value for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

The Group 2024	Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<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
	13,977,783	61,756,775	621,466	76,356,024
<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
	11,409	7,291,076	81,155	7,383,640

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

The Group 2023	Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	16,937,097	-	16,937,097
- Quoted securities	6,464,089	-	-	6,464,089
- Unquoted securities	-	8,099,336	393,370	8,492,706
Financial investments at FVOCI				
- Money market instruments	-	20,993,658	-	20,993,658
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	10,196,626	97,650	10,294,276
Derivative financial instruments	26,174	2,135,086	74,354	2,235,614
	10,927,114	58,361,803	565,374	69,854,291
<u>Financial liabilities</u>				
Derivative financial instruments	874	2,374,718	71,839	2,447,431
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	874	5,939,048	71,839	6,011,761

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

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

The Group	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
2024				
As at 1 July	393,370	97,650	74,354	71,839
Fair value changes recognised in statements of income	36,537	-	(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)
As at 30 June	429,907	116,797	74,763	81,155
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2024	36,535	-	(2,207)	(2,207)
Total gain recognised in other comprehensive income relating to assets held on 30 June 2024	-	19,147	-	-
2023				
As at 1 July	382,663	83,386	104,802	103,510
Fair value changes recognised in statements of income	10,707	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	57,400	56,257
Settlements	-	-	(106,266)	(106,346)
As at 30 June	393,370	97,650	74,354	71,839
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	10,707	-	18,418	18,418
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	-	14,264	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

The Group	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable input	Range (weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
2024						
Financial assets at FVTPL						
Unquoted shares	429,907	-	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments at FVOCI						
Unquoted shares	116,797	-	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Derivative financial instruments						
Equity derivatives	74,763	(81,155)	Monte Carlo Simulation	Equity volatility	6% to 59%	Higher volatility, would generally result in higher fair valuation for long volatility positions and vice versa
			Monte Carlo Simulation	Equity/FX Correlation between underlyers	-30% to 77%	An increase in correlation, would generally result in a higher fair value measurement and vice versa

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (continued)

The Group	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable input	Range (weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
2023						
Financial assets at FVTPL						
Unquoted shares	393,370	-	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments at FVOCI						
Unquoted shares	97,650	-	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Derivative financial instruments						
Equity derivatives	74,354	(71,839)	Monte Carlo Simulation	Equity volatility	6% to 47%	Higher volatility, would generally result in higher fair valuation for long volatility positions and vice versa
			Monte Carlo Simulation	Equity/FX Correlation between underlyers	-30% to -13%	An increase in correlation, would generally result in a higher fair value measurement and vice versa

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Sensitivity analysis for level 3

The Group	Type of unobservable input	Sensitivity of significant unobservable input	Effect of reasonable possible alternative assumptions to: Statements of Income	
			Favourable/Unfavourable changes	
			Financial assets RM'000	Financial liabilities RM'000
2024				
Derivative financial instruments				
- Equity derivatives	Equity volatility	+10%	(404)	404
		-10%	408	(408)
	Equity/FX	+10%	91	(91)
	Correlation	-10%	-	-
	Total*		95	(95)
2023				
Derivative financial instruments				
- Equity derivatives	Equity volatility	+10%	(22)	22
		-10%	19	(19)
	Equity/FX	+10%	(1)	1
	Correlation	-10%	(181)	181
	Total*		(185)	185

* No or insignificant impact to the Group. All equity link derivatives with unobservable inputs are hedged back-to-back with external parties.

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments not carried at fair value

Set out below is the comparison of the carrying amount and fair value of those financial instruments of the Group and the Company which are not carried at fair value in the financial instruments, but for which fair value is disclosed. It does not include those short term/on demand financial assets and financial liabilities where the carrying amount are reasonable approximation of their fair values:

	Carrying amount 2024 RM'000	Fair value 2024 RM'000	(Restated) Carrying amount 2023 RM'000	(Restated) Fair value 2023 RM'000
The Group				
Financial assets				
Financial investments at amortised cost				
- Money market instruments	31,920,463	32,729,668	31,666,461	32,296,492
- Quoted securities	-	-	19,117	18,668
- Unquoted securities	536,977	545,340	646,725	654,508
Loans, advances and financing	193,613,380	194,831,625	180,312,667	181,196,918
	226,070,820	228,106,633	212,644,970	214,166,586
Financial liabilities				
Deposits from customers	214,524,917	214,802,604	207,903,113	208,171,116
Unrestricted investment accounts	2,165,636	2,165,714	2,249,231	2,248,700
Recourse obligations on loans sold to Cagamas Berhad	3,277,003	3,283,045	2,972,220	2,976,763
Borrowings	751,862	754,149	201,936	196,761
Subordinated obligations	2,205,168	2,214,153	2,206,650	2,211,139
Multi-currency Additional Tier 1 capital securities	1,718,671	1,730,105	1,719,630	1,711,610
	224,643,257	224,949,770	217,252,780	217,516,089
The Company				
Financial liabilities				
Borrowings	201,991	201,991	201,919	196,744
Subordinated obligations	-	-	1,101,859	1,103,527
Multi-currency Additional Tier 1 capital securities	-	-	404,851	403,341
	201,991	201,991	1,708,629	1,703,612

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments not carried at fair value (continued)

The following table analyses within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value but for which fair value is disclosed:

The Group	Carrying amount RM'000	Fair value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2024				
<u>Financial assets</u>				
Financial investments at amortised cost				
- Money market instruments	31,920,463	-	32,729,668	-
- Unquoted securities	536,977	-	545,340	-
Loans, advances and financing	193,613,380	-	194,831,625	-
	226,070,820	-	228,106,633	-
<u>Financial liabilities</u>				
Deposits from customers	214,524,917	-	214,802,604	-
Unrestricted investment accounts	2,165,636	-	2,165,714	-
Recourse obligations on loans sold to Cagamas Berhad	3,277,003	-	3,283,045	-
Borrowings	751,862	-	754,149	-
Subordinated obligations	2,205,168	-	2,214,153	-
Multi-currency Additional Tier 1 capital securities	1,718,671	-	1,730,105	-
	224,643,257	-	224,949,770	-
2023 (Restated)				
<u>Financial assets</u>				
Financial investments at amortised cost				
- Money market instruments	31,666,461	-	32,296,492	-
- Quoted securities	19,117	-	18,668	-
- Unquoted securities	646,725	-	654,508	-
Loans, advances and financing	180,312,667	-	181,196,918	-
	212,644,970	-	214,166,586	-
<u>Financial liabilities</u>				
Deposits from customers	207,903,113	-	208,171,116	-
Unrestricted investment accounts	2,249,231	-	2,248,700	-
Recourse obligations on loans sold to Cagamas Berhad	2,972,220	-	2,976,763	-
Borrowings	201,936	-	196,761	-
Subordinated obligations	2,206,650	-	2,211,139	-
Multi-currency Additional Tier 1 capital securities	1,719,630	-	1,711,610	-
	217,252,780	-	217,516,089	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(b) Fair values of financial instruments not carried at fair value (continued)**

The following table analyses within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value but for which fair value is disclosed: (continued)

The Company	Carrying amount RM'000	Fair value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2024				
<u>Financial liabilities</u>				
Borrowings	201,991	-	201,991	-
	201,991	-	201,991	-
2023				
<u>Financial liabilities</u>				
Borrowings	201,919	-	196,744	-
Subordinated obligations	1,101,859	-	1,103,527	-
Multi-currency Additional Tier 1 capital securities	404,851	-	403,341	-
	1,708,629	-	1,703,612	-

(c) Fair value methodologies and assumptions**Short-term funds and placements with financial institutions**

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For short-term funds and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using market rates for the remaining term to maturity.

FVTPL, FVOCI and financial investments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establish the fair value by using valuation techniques.

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Fair value methodologies and assumptions (continued)

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value. For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions, bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions and bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

Recourse obligations on loans sold to Cagamas Berhad

For amounts due to Cagamas Berhad with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amounts due to Cagamas Berhad with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Subordinated obligations, senior notes and capital securities

The fair value of subordinated obligations, senior notes and capital securities are based on quoted market prices where available.

Other financial assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in "other assets and liabilities" are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

All other borrowing costs are recognised in statements of income in the period in which they are incurred.

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(c) Fair value methodologies and assumptions (continued)****Credit related commitment and contingencies**

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Company would receive or pay to transfer the contracts at the statements of financial position date.

52 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

The Group	Gross amount recognised in the statements of financial position RM'000	Gross amount offset in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Related amount not set off in the statements of financial position		Net amount RM'000
				Values of the financial instruments RM'000	Cash collateral received/pledged RM'000	
2024						
Financial assets						
Clients' and brokers' balances	491,730	(254,899)	236,831	-	-	236,831
Derivative financial instruments	1,389,900	-	1,389,900	(696,405)	(126,523)	566,972
Securities purchased under resale agreements	297,315	-	297,315	-	-	297,315
Total	2,178,945	(254,899)	1,924,046	(696,405)	(126,523)	1,101,118
Financial liabilities						
Clients' and brokers' balances	488,790	(254,899)	233,891	-	-	233,891
Derivative financial instruments	1,833,231	-	1,833,231	(696,405)	(727,303)	409,523
Obligations on securities sold under repurchase agreements	9,823,649	-	9,823,649	(9,821,193)	-	2,456
Other liabilities	8,911,178	-	8,911,178	-	-	8,911,178
Total	21,056,848	(254,899)	20,801,949	(10,517,598)	(727,303)	9,557,048

Notes to the Financial Statements

for the financial year ended 30 June 2024

52 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows: (continued)

The Group	Gross amount recognised in the statements of financial position RM'000	Gross amount offset in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Related amount not set off in the statements of financial position		Net amount RM'000
				Values of the financial instruments RM'000	Cash collateral received/ pledged RM'000	
2023 (Restated)						
<u>Financial assets</u>						
Clients' and brokers' balances	271,143	(130,667)	140,476	-	-	140,476
Derivative financial instruments	2,235,614	-	2,235,614	(879,311)	(97,281)	1,259,022
Total	2,506,757	(130,667)	2,376,090	(879,311)	(97,281)	1,399,498
<u>Financial liabilities</u>						
Clients' and brokers' balances	276,060	(130,667)	145,393	-	-	145,393
Derivative financial instruments	2,447,431	-	2,447,431	(879,311)	(914,162)	653,958
Obligations on securities sold under repurchase agreements	7,399,583	-	7,399,583	(7,399,583)	-	-
Other liabilities	7,991,398	-	7,991,398	-	-	7,991,398
Total	18,114,472	(130,667)	17,983,805	(8,278,894)	(914,162)	8,790,749

Notes to the Financial Statements

for the financial year ended 30 June 2024

53 EQUITY COMPENSATION BENEFITS

Executive Share Scheme

The Group has established and implemented the following Executive Share Scheme:

(a) Executive Share Scheme 2022 (“ESS 2022”) established using the shares of the Company - The Company and its subsidiary company Hong Leong Assurance Berhad

The Company had on 28 April 2022 established the ESS 2022, which comprises an Executive Share Option Scheme (“ESOS”) and an Executive Share Grant Scheme (“ESGS”) for the eligible executives and/or directors of the Group (such executives and directors, “Eligible Executives”). The ESS 2022 shall be in force until terminated by the Board of Directors of the Company.

The ESS 2022, which is governed by the ESS 2022 Bye-Laws, entails the making of one (1) or more of the following offers to the Eligible Executives:

- (i) option(s) under the Executive Share Option Scheme (“ESOS”) which entitle an Eligible Executive who has accepted the offer (“Option Holder(s)”) to acquire ordinary shares in HLFGB (“Shares”) at an exercise price to be determined by the Board at its discretion (“Option Price”) (“Option(s)”; and/or
- (ii) grant(s) under the Executive Share Grant Scheme (“ESGS”) which entitle an Eligible Executive who has accepted the offer (“Grant Holder(s)”) to receive HLFGB Shares without any consideration payable by the Grant Holder (“Grant(s)”).

(The Option Holder(s) and Grant Holder(s) are collectively referred to as the “Holder(s)”.)

The Board may at its discretion impose such vesting conditions (including financial and performance targets, the performance period and vesting period, if any) as it deems fit with the offer of the Options and/or Grants (“Offer(s)”). In determining whether to make an Option Offer and/or a Grant Offer, the Board may take into consideration various factors such as market practice, the quantum of the award, the length of the performance period and the performance targets.

In implementing the ESS 2022, it is the intention of the Company to have the flexibility, at the absolute discretion of the Board, to enable the satisfaction of the Options and/or Grants through the following:

- (i) transfer of existing HLFGB Shares (other than treasury Shares); and/or
- (ii) cash settlement pursuant to the ESS 2022 Bye-Laws.

Notes to the Financial Statements

for the financial year ended 30 June 2024

53 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Scheme (continued)

A trust has been set up for the Executive Share Scheme and it is administered by an appointed trustee. This trustee will be entitled from time to time to accept financial assistance from the Group upon such terms and conditions as the Group and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust. In accordance with MFRS 132, the shares purchased for the benefit of the Executive Share Scheme holdings are recorded as "Treasury Shares for ESS" in the shareholders' equity on the statements of financial position. The cost of operating the Executive Share Scheme is charged to the statements of income.

The number and cost of the ordinary shares held by the Trustee are as follows:

	2024		2023	
	Number of trust shares held unit'000	Cost RM'000	Number of trust shares held unit'000	Cost RM'000
The Group				
As at 1 July	13,415	233,108	13,572	236,039
Transfer of grant shares	(156)	(2,931)	(157)	(2,931)
As at 30 June	13,259	230,177	13,415	233,108

	2024		2023	
	Number of trust shares held unit'000	Cost RM'000	Number of trust shares held unit'000	Cost RM'000
The Company				
As at 1 July	9,323	174,725	9,480	177,656
Transfer of grant shares	(156)	(2,931)	(157)	(2,931)
As at 30 June	9,167	171,794	9,323	174,725

Notes to the Financial Statements

for the financial year ended 30 June 2024

53 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Scheme (continued)

ESGS

The options granted under the scheme are as follows:

The Group	As at 1 July unit'000	Granted unit'000	Vested unit'000	Ceased/ Forfeited unit'000	Balance as at 30 June unit'000
2024					
Grant date					
03 November 2021	156	-	(156)	-	-

2023

Grant date

03 November 2021	313	-	(157)	-	156

The Company	As at 1 July unit'000	Granted unit'000	Vested unit'000	Ceased/ Forfeited unit'000	Balance as at 30 June unit'000
2024					
Grant date					
03 November 2021	156	-	(156)	-	-

2023

Grant date

03 November 2021	313	-	(157)	-	156

Notes to the Financial Statements

for the financial year ended 30 June 2024

53 EQUITY COMPENSATION BENEFITS (continued)

Executive Share Scheme (continued)

(b) **Executive Share Scheme 2022 ("ESS 2022") established using the shares of subsidiary of the Company - Hong Leong Bank Berhad ("HLB")**

ESS 2022

The ESS 2022, which is governed by the ESS 2022 bye-laws ("Bye-Laws"), entails the making of one (1) or more of the following offers to the Eligible Executives:

- (i) option(s) under the ESOS which entitle an Eligible Executive who has accepted the offer ("Option Holder(s)") to acquire ordinary shares in HLB ("Shares") at an exercise price to be determined by the Board at its discretion ("Option Price") ("Option(s)"); and/or
- (ii) grant(s) under the ESGS which entitle an Eligible Executive who has accepted the offer ("Grant Holder(s)") to receive HLB Shares without any consideration payable by the Grant Holder ("Grant(s)").

The Board may at its discretion impose such vesting conditions (including financial and performance targets, the performance period and vesting period, if any) as it deems fit with the offer of the Options and/or Grants ("Offer(s)"). In determining whether to make an Option Offer and/or a Grant Offer, the Board may take into consideration various factors such as market practice, the quantum of the award, the length of the performance period and the performance targets.

In implementing the ESS 2022, it is the intention of HLB to have the flexibility, at the absolute discretion of the Board, to enable the satisfaction of the Options and/or Grants through the following:

- (i) transfer of existing HLB Shares (other than treasury Shares); and/or
- (ii) cash settlement pursuant to the Bye-Laws.

During the financial year ended 30 June 2024, a total of 497,333 grant shares were granted, 827,033 grant shares were vested and transferred, 5,562 grant shares lapsed and forfeited with 469,521 grant shares remain outstanding.

Notes to the Financial Statements

for the financial year ended 30 June 2024

54 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

55 SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

There are no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.

56 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

The Group	Before tax RM'000	Tax benefits RM'000	Net of tax amount RM'000
2024			
Debt instruments at fair value through other comprehensive income			
- net fair value changes and changes in expected credit losses	336,728	(71,691)	265,037
2023			
Debt instruments at fair value through other comprehensive income			
- net fair value changes and changes in expected credit losses	426,833	(93,068)	333,765
Cash flow hedge			
- net fair value gain/(loss)	362	(83)	279

Notes to the Financial Statements

for the financial year ended 30 June 2024

57 IBOR REFORM

The Group holds the following financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative interest rate benchmark:

The Group	Notional Amount	
	Assets RM'000	Liabilities RM'000
2024		
(a) Derivative assets/liabilities		
(i) Interest rate swaps		
- KLIBOR	77,819,159	74,119,912
(ii) Option		
- KLIBOR	7,798,174	2,195,820
(b) Deposits from customers		
(i) Structured deposits		
- KLIBOR	-	5,777,640
(c) Loans, advances and financing		
- KLIBOR	311,982	-

The Group	Notional Amount	
	Assets RM'000	Liabilities RM'000
2023		
(a) Derivative assets/liabilities		
(i) Interest rate swaps		
- KLIBOR	58,884,165	62,589,844
(ii) Cross currency swaps		
- USD LIBOR	1,590,860	2,346,479
(iii) Option		
- KLIBOR	4,297,008	821,860
(b) Deposits from customers		
(i) Structured deposits		
- KLIBOR	-	3,857,080
(c) Loans, advances and financing		
- LIBOR	330,773	-
- USD LIBOR	968,899	-
	1,299,672	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

58 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Allowance for ECL

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macro economic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, private consumption, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- (i) Determining criteria for significant increase in credit risk;
- (ii) Choosing appropriate models and assumptions for the measurement of ECL;
- (iii) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- (iv) Establishing groups of similar financial assets for the purposes of measuring ECL.

The sensitivity effect on the macroeconomic factor is further disclosed in Note 50(d) to the financial statements.

While the methodologies and assumptions applied in the base ECL calculations remained unchanged, the Group has applied overlays to determine a sufficient overall level of ECL for the financial year ended 30 June 2024 amidst the inflationary pressures from supply disruptions and elevated energy prices and global monetary tightening that may have the impact to our economy.

The details of overlays and adjustments for expected credit losses are disclosed in Note 50(d)(ix) to the financial statements.

(b) Life policyholders' fund

Material judgement is required in determining the liabilities and in the choice of assumptions.

Assumptions in use are based on the past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information.

Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals.

Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES

The insurance subsidiary has adopted MFRS 17 “Insurance Contracts”, issued by MASB effective 1 January 2023, replacing MFRS 4. The application of MFRS 17 is retrospective and has resulted in changes to the accounting policies for recognition, classification and measurement of insurance assets and liabilities, and adjustments to the amounts previously recognised in the financial statements.

(i) Adoption of MFRS 17 “Insurance Contracts”

The adoption of MFRS 17 did not change the classification of the insurance contracts of the insurance subsidiary. The insurance subsidiary was previously permitted under MFRS 4 to continue using its previous accounting policies. However, MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the insurance subsidiaries.

The key principles of MFRS 17 are:

- Identifies insurance contracts as those under which the insurance subsidiaries accept significant insurance risk from another party (the cedants) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards.
- Divides the insurance and reinsurance contracts into groups it will recognise and measure.
- Recognises and measures groups of insurance contracts at:
 - (i) A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
 - (ii) An amount representing the unearned profit in the group of contracts CSM
- Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES (continued)

(ii) Changes to presentation and disclosure

Under MFRS 17, the insurance and reinsurance contracts that are assets and those that are liabilities are presented separately in the statements of financial position.

The Group disaggregates the total amount recognised in the statements of income into an insurance service result (comprising insurance revenue and insurance service expense), and insurance finance income or expenses, and these are presented as part of other operating income.

(iii) Transition

The Company has restated the comparative information based on the transition approaches taken on adoption of MFRS 17. The historical information available on all contracts has been assessed at transition date and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of insurance contracts issued prior to 2012. Therefore, the insurance subsidiary has elected to use the simplification in the modified retrospective approach at the transition date.

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES (continued)

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

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

Statements of Financial Position

The Group	(Restated)			(Restated)		
	30 June 2022 RM'000	Effects of MFRS 17 adoption RM'000	01 July 2022 RM'000	30 June 2023 RM'000	Effects of MFRS 17 adoption RM'000	30 June 2023 RM'000
Assets						
Cash and short-term funds	9,605,894	-	9,605,894	9,848,432	-	9,848,432
Deposits and placements with banks and other financial institutions	1,300,746	-	1,300,746	1,079,574	-	1,079,574
Financial assets at fair value through and profit or loss	29,470,629	-	29,470,629	31,893,892	-	31,893,892
Financial investments at fair value through other comprehensive income	27,452,943	-	27,452,943	35,724,785	-	35,724,785
Financial investments at amortised cost	33,608,857	-	33,608,857	32,332,303	-	32,332,303
Derivative financial instruments	1,902,169	-	1,902,169	2,235,614	-	2,235,614
Loans, advances and financing	167,177,303	(295,959)	166,881,344	180,567,415	(254,748)	180,312,667
Clients' and brokers' balances	722,181	(405,905)	316,276	618,824	(478,348)	140,476
Other assets	2,431,500	(3,204)	2,428,296	2,677,749	1,926	2,679,675
Statutory deposits with Central Banks	520,650	-	520,650	3,449,270	-	3,449,270
Tax recoverable	6,262	-	6,262	4,907	-	4,907
Investment in associated companies	7,660,825	15,143	7,675,968	10,050,740	22,787	10,073,527
Deferred tax assets	364,931	(95,696)	269,235	107,874	(107,874)	-
Property and equipment	1,274,380	-	1,274,380	1,214,879	-	1,214,879
Right-of-use assets	214,355	-	214,355	189,340	-	189,340
Investment properties	471,610	-	471,610	471,630	-	471,630
Goodwill arising on consolidation	2,410,644	-	2,410,644	2,410,644	-	2,410,644
Intangible assets	324,938	-	324,938	387,918	-	387,918
Insurance/reinsurance contract assets	-	279,579	279,579	-	436,839	436,839
Total assets	286,920,817	(506,042)	286,414,775	315,265,790	(379,418)	314,886,372

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES (continued)

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

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

Statements of Financial Position (continued)

	(Restated)			(Restated)		
	30 June 2022	Effects of MFRS 17 adoption	01 July 2022	30 June 2023	Effects of MFRS 17 adoption	30 June 2023
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities						
Deposits from customers	197,382,921	-	197,382,921	211,467,443	-	211,467,443
Investment accounts of customers	2,668,408	-	2,668,408	2,250,513	-	2,250,513
Deposits and placements of banks and other financial institutions	8,229,485	-	8,229,485	12,452,060	-	12,452,060
Obligations on securities sold under repurchase agreements	3,971,304	-	3,971,304	7,399,583	-	7,399,583
Bills and acceptances payable	241,361	-	241,361	211,431	-	211,431
Derivative financial instruments	1,765,006	-	1,765,006	2,447,431	-	2,447,431
Clients' and brokers' balances	306,901	-	306,901	145,393	-	145,393
Other liabilities	12,001,014	(3,859,462)	8,141,552	12,054,456	(4,063,058)	7,991,398
Lease liabilities	212,599	-	212,599	192,011	-	192,011
Recourse obligations on loans/ financing sold to Cagamas Berhad	1,623,936	-	1,623,936	2,972,220	-	2,972,220
Provision for claims	338,005	(338,005)	-	414,347	(414,347)	-
Provision for taxation	331,101	-	331,101	58,141	-	58,141
Deferred tax liabilities	-	-	-	-	9,575	9,575
Borrowings	411,931	-	411,931	201,936	-	201,936
Subordinated obligations	2,207,083	-	2,207,083	2,206,650	-	2,206,650
Multi-currency Additional Tier 1 capital securities	1,715,849	-	1,715,849	1,719,630	-	1,719,630
Insurance funds	17,524,189	(17,524,189)	-	19,442,911	(19,442,911)	-
Insurance/reinsurance contract liabilities	-	20,763,178	20,763,178	-	22,955,206	22,955,206
Total liabilities	250,931,093	(958,478)	249,972,615	275,636,156	(955,535)	274,680,621
Equity attributable to owners of the parent						
Share capital	2,267,008	-	2,267,008	2,267,008	-	2,267,008
Reserves	22,244,622	321,401	22,566,023	24,757,812	410,151	25,167,963
Treasury shares for ESS	(236,039)	-	(236,039)	(233,108)	-	(233,108)
	24,275,591	321,401	24,596,992	26,791,712	410,151	27,201,863
Non-controlling interests	11,714,133	131,035	11,845,168	12,837,922	165,966	13,003,888
Total equity	35,989,724	452,436	36,442,160	39,629,634	576,117	40,205,751
Total equity and liabilities	286,920,817	(506,042)	286,414,775	315,265,790	(379,418)	314,886,372

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES (continued)

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

The adoption of MFRS 17 resulted in the following financial effects to the statements of income of the Group

Statements of Income

The Group	30 June 2023 RM'000	Effects of MFRS 17 adoption RM'000	(Restated) 30 June 2023 RM'000
Interest income	7,549,032	-	7,549,032
Interest income for financial assets at fair value through profit or loss	214,224	-	214,224
Interest expense	(3,977,251)	711	(3,976,540)
Net interest income	3,786,005	711	3,786,716
Income from Islamic banking business	963,368	-	963,368
	4,749,373	711	4,750,084
Non-interest income	1,679,797	46,685	1,726,482
	6,429,170	47,396	6,476,566
Overhead expenses	(2,569,627)	90,393	(2,479,234)
Operating profit before allowances	3,859,543	137,789	3,997,332
Allowance for impairment losses on loans, advances and financing and other losses	(115,208)	-	(115,208)
Write-back of impairment losses on other assets	304	-	304
Operating profit after allowances	3,744,639	137,789	3,882,428
Share of results of associated companies	1,357,741	11,111	1,368,852
Profit before taxation	5,102,380	148,900	5,251,280
Taxation	(894,761)	(24,419)	(919,180)
Net profit for the financial year	4,207,619	124,481	4,332,100
Attributable to:			
Owners of the parent	2,791,303	89,550	2,880,853
Non-controlling interests	1,416,316	34,931	1,451,247
	4,207,619	124,481	4,332,100

Notes to the Financial Statements

for the financial year ended 30 June 2024

59 CHANGE IN ACCOUNTING POLICIES (continued)

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

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

Statements of Comprehensive Income

			(Restated)
	30 June 2023	Effects of MFRS 17 adoption	30 June 2023
The Group	RM'000	RM'000	RM'000
Net profit for the financial year	4,207,619	124,481	4,332,100
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income			
- Net fair value changes	14,264	-	14,264
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	81,305	-	81,305
Share of other comprehensive loss of associated companies	(11,133)	(800)	(11,933)
Net fair value changes in cash flow hedge	362	-	362
Debt instruments at fair value through other comprehensive income			
- Net fair value changes	426,539	-	426,539
- Changes in expected credit losses	294	-	294
Income tax relating to components of other comprehensive income	(93,151)	-	(93,151)
Other comprehensive income for the financial year, net of tax	418,480	(800)	417,680
Total comprehensive income for the financial year, net of tax	4,626,099	123,681	4,749,780
Attributable to:			
Owners of the parent	3,074,512	88,750	3,163,262
Non-controlling interests	1,551,587	34,931	1,586,518
	4,626,099	123,681	4,749,780

60 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 20 September 2024

Statement by Directors

Pursuant to Section 251(1) of the Companies Act, 2016

We, Tan Kong Khoon and Ho Heng Chuan, being two of the Directors of Hong Leong Financial Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 155 to 346 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and financial performance of the Group and the Company for the year then ended 30 June 2024, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

On behalf of the Board.

TAN KONG KHOON
Director

HO HENG CHUAN
Director

Kuala Lumpur
20 September 2024

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, Teh Tiong Khim, the Officer primarily responsible for the financial management of Hong Leong Financial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 155 to 346 are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Teh Tiong Khim at)
Kuala Lumpur in Wilayah Persekutuan on)
20 September 2024)

TEH TIONG KHIM
MIA No. CA 13898

Before me,

Pesuruhjaya Sumpah
Commissioner for Oaths

Independent Auditors' Report

to the members of Hong Leong Financial Group Berhad

Registration No. 196801000439 (8024-W) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Financial Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 155 to 346.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

to the members of Hong Leong Financial Group Berhad
Registration No. 196801000439 (8024-W) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of loans, advances and financing for the Group</u> Refer to Note O of the summary of significant accounting policies and Notes 7, 39 and 58 to the financial statements. We focused on this area due to the significant size of the carrying value of loans, advances and financing. The expected credit losses ("ECL") impairment model under MFRS 9 "Financial Instruments" requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This is also an area of focus as it involves making significant judgements in applying the accounting requirements for measuring ECL, which include the following: • Building and selecting the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgements is applied in determining the appropriate construct of model; • Identification of loans, advances and financing that have experienced a significant increase in credit risk; and • Assumptions used in the ECL models, which are expected future cash flows, forward-looking macroeconomic factors, probability weighted multiple scenarios and ECL overlay adjustments made, given the economic uncertainty that may impact the ECL.	We understood and tested the design and operating effectiveness of the controls relating to: • Identification of loans, advances and financing that displayed objective evidence of impairment or loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment and the calculation of the impairment loss; • Governance over the impairment processes, including model development, model approval and model validation, model monitoring and overlay; • Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions used in the respective ECL models; and • Calculation, review and approval of the ECL computation. <u>Individual assessment</u> Where the loans, advances and financing are individually assessed, we performed the following procedures: • Examined a sample of loans, advances and financing with focus on loans, financing and advances identified by the Group as having lower credit quality, rescheduled and restructured, borrowers in high risk industries and borrowers affected by recent adverse market developments and formed our judgement as to whether there was a significant increase in credit risk or objective evidence of impairment; and • Where objective evidence of impairment was identified and impairment loss was individually calculated, we assessed the adequacy of impairment allowance by examining both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenging the assumptions and comparing estimates to external evidence where available. We also re-performed the calculations of discounted cash flows.

Independent Auditors' Report

to the members of Hong Leong Financial Group Berhad

Registration No. 196801000439 (8024-W) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matter	How our audit addressed the key audit matter
	<u>Collective assessment</u> To determine the appropriateness of the MFRS 9 collective assessment ECL models implemented by the Group, we have: - Assessed the methodologies and significant modelling assumptions inherent within the ECL models applied against the requirements of MFRS 9, including the basis used by the Group to determine the key assumptions used in respective ECL models; - Assessed and considered the reasonableness of forward-looking forecasts assumptions; - Assessed the reasonableness and tested the calculation of model overlay adjustments to the ECL; - Checked the accuracy of data inputs used in ECL models and checked the calculation of ECL amount on a sampling basis; and - Involved our financial risk modelling experts and IT specialists in areas such as reviewing the appropriateness of the ECL models and data reliability. Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing as at 30 June 2024.

We have determined that there are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

to the members of Hong Leong Financial Group Berhad
Registration No. 196801000439 (8024-W) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

to the members of Hong Leong Financial Group Berhad

Registration No. 196801000439 (8024-W) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

20 September 2024

ONG CHING CHUAN

02907/11/2025 J

Chartered Accountant

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Fifth Annual General Meeting ("AGM") of Hong Leong Financial Group Berhad ("Company") will be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 October 2024 at 2.30 p.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2024.
2. To approve the payment of Director Fees of RM935,000 for the financial year ended 30 June 2024, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM200,000 from the 55th AGM to the 56th AGM of the Company.
3. To re-elect the following Directors pursuant to the Company's Constitution:
 - (a) Mr Tan Kong Khoon
 - (b) Mr Ho Heng Chuan
4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 1)

(Resolution 2)
(Resolution 3)

(Resolution 4)

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
 - **Authority to Directors to Allot Shares**
 - **Waiver of Pre-emptive Rights over New Ordinary Shares ("Shares") or Other Convertible Securities in the Company under Section 85(1) of the Companies Act 2016 ("Act") read together with Clause 50 of the Constitution of the Company**

"**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new Shares in the Company, grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional Shares so allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company."

(Resolution 5)

6. **Ordinary Resolution**
 - **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") and Persons Connected with them**

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries (excluding Hong Leong Bank Berhad and Hong Leong Capital Berhad and their respective subsidiaries) to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(A) and (C) of the Company's Circular to Shareholders dated 30 September 2024 ("the Circular") with HLCM, GCA and persons connected with them ("Hong Leong Group"), as set out in Appendix II of the Circular provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Hong Leong Group than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

Notice of Annual General Meeting

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

(Resolution 6)

7. Ordinary Resolution

- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust ("Tower REIT")

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries (excluding Hong Leong Bank Berhad and Hong Leong Capital Berhad and their respective subsidiaries) to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(B) of the Company's Circular to Shareholders dated 30 September 2024 with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Tower REIT than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

(Resolution 7)

8. To consider any other business of which due notice shall have been given.

By Order of the Board

JACK LEE TIONG JIE

(MAICSA 7060133)

(SSM PC No. 202008001704)

Group Company Secretary

Kuala Lumpur

30 September 2024

Notice of Annual General Meeting

NOTES:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 21 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.
4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cossec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to a vote by way of a poll.

Notice of Annual General Meeting

EXPLANATORY NOTES

1. Resolution 1 on Director Fees and Other Benefits

- Director Fees of RM935,000 are inclusive of Board Committee Fees of RM215,000 and Meeting Allowance of RM120,000.
- Directors' Other Benefits refer to Directors' & Officers' Liability Insurance coverage based on premium paid/payable, and Directors' training benefits of up to RM110,000 as well as Chairman's car benefits of up to RM90,000.

2. Resolutions 2 and 3 on Re-election of Directors

The Board, on the recommendation of the Nomination Committee ("NC") of the Company, supports the re-election of the retiring Directors. The NC had reviewed the results of the Board Annual Assessment conducted for the financial year ended 30 June 2024 and noted that the retiring Directors have effectively discharged their duties and responsibilities. The NC had also conducted assessments on the fitness and propriety of Mr Tan Kong Khoon and Mr Ho Heng Chuan including the review of their Fit and Proper ("F&P") Declarations and results of their background checks, and was satisfied that they met the F&P criteria as set out in the F&P Policy for Directors and Chief Executive Officer of the Company. In addition, the NC had assessed the declaration made by Mr Ho Heng Chuan confirming that he fulfilled the Independent Director criteria as set out in the relevant regulatory requirements, and found it to be in order.

The retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board meetings, as applicable.

The profiles and details of the retiring Directors are set out in the Board of Directors' Profile section of the Company's 2024 Annual Report.

3. Resolution 5 on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights

The proposed Ordinary Resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("Shares") of the Company from time to time and expand the mandate to grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under any agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, Shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new Shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 31 October 2023 and which will lapse at the conclusion of the 55th AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise or for compliance with regulatory requirements which involve the issuance and allotment of new Shares, grant of rights to subscribe for Shares, conversion of any security into Shares, or allotment of Shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

Pursuant to Section 85(1) of the Companies Act 2016 ("Act") read together with Clause 50 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares or other convertible securities.

Notice of Annual General Meeting

Section 85(1) of the Act provides as follows:

“85. Pre-emptive rights to new shares

- (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”*

Clause 50 of the Constitution of the Company provides as follows:

“50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled...”

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.”

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution, if passed, will exclude your pre-emptive rights over all new Shares, options over or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities under the Authority to Directors to Allot Shares.

4. Resolutions 6 and 7 on Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions, if passed, will empower the Company and its subsidiaries (excluding Hong Leong Bank Berhad and Hong Leong Capital Berhad and their respective subsidiaries) (“HLFG Group”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for HLFG Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company’s opinion detrimental to the minority shareholders of the Company (“Proposed Shareholders’ Mandate”).

Detailed information on the Proposed Shareholders’ Mandate is set out in the Circular to Shareholders dated 30 September 2024 which is available on the Company’s corporate website (<http://www.hlfg.com.my/agm2024>).

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming Fifty-Fifth Annual General Meeting of the Company.

- **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of Fifty-Fifth Annual General Meeting.

Other Information

1. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. ANALYSIS OF SHAREHOLDINGS AS AT 6 SEPTEMBER 2024

Total number of issued shares	:	1,147,516,890
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each share held

Distribution Schedule of Shareholders as at 6 September 2024

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	316	6.92	6,666	0.00
100 – 1,000	1,523	33.35	815,556	0.07
1,001 – 10,000	1,918	42.00	7,080,579	0.62
10,001 – 100,000	620	13.57	18,402,358	1.60
100,001 – less than 5% of issued shares	188	4.12	234,111,635	20.40
5% and above of issued shares	2	0.04	887,100,096	77.31
	4,567	100.00	1,147,516,890	100.00

List of Thirty Largest Shareholders as at 6 September 2024

Name of Shareholders	No. of Shares	%
1. Hong Leong Company (Malaysia) Berhad	595,982,955	51.94
2. Guoco Group Limited	291,117,141	25.37
3. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	32,470,010	2.83
4. Kumpulan Wang Persaraan (Diperbadankan)	26,081,800	2.27
5. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd.	15,217,270	1.33
6. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	12,259,800	1.07
7. RHB Trustees Berhad - Exempt AN for Hong Leong Financial Group Berhad (HLFG-ESS 2022)	9,166,790	0.80
8. Soft Portfolio Sdn. Bhd.	6,602,130	0.58
9. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	6,099,000	0.53
10. YBhg Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	5,544,000	0.48
11. YBhg Tan Sri Quek Leng Chan	5,438,664	0.47

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 6 SEPTEMBER 2024 (continued)

List of Thirty Largest Shareholders as at 6 SEPTEMBER 2024 (continued)

Name of Shareholders		No. of Shares	%
12.	Chua Holdings Sdn Bhd	4,967,949	0.43
13.	Hong Bee Hardware Company, Sdn. Berhad	4,530,506	0.40
14.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Focus Fund	4,530,200	0.40
15.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Norges Bank (FI 17)	4,502,522	0.39
16.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Bank of Singapore Limited (Foreign)	4,423,359	0.39
17.	RHB Trustees Berhad - Exempt AN for Hong Leong Financial Group Berhad (HLA-ESS 2022)	4,091,900	0.36
18.	Pertubuhan Keselamatan Sosial - PKSACT41969	3,721,725	0.32
19.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	3,288,832	0.29
20.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	3,213,341	0.28
21.	Pertubuhan Keselamatan Sosial - PKSACT41969 P2	3,037,525	0.26
22.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	2,276,650	0.20
23.	Kheng Lim Holdings Sdn Bhd	2,269,492	0.20
24.	Choong Yee How	2,000,000	0.17
25.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	1,939,400	0.17
26.	Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad For Prulink Strategic Fund	1,875,900	0.16
27.	Pertubuhan Keselamatan Sosial - PKSACT41969 P4 (ESG)	1,800,025	0.16
28.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	1,636,800	0.14
29.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,529,862	0.13
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt AN for Deutsche Bank AG Singapore (Asing WM CLT)	1,526,000	0.13
		1,063,141,548	92.65

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 6 SEPTEMBER 2024 (continued)**Substantial Shareholders**

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 6 September 2024 are as follows:

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Hong Leong Company (Malaysia) Berhad	595,982,955	51.94	-	-
Tan Sri Quek Leng Chan	5,438,664	0.47	893,702,226	77.88 ^A
HL Holdings Sdn Bhd	-	-	595,982,955	51.94 ^B
Kwek Holdings Pte Ltd	-	-	891,630,602	77.70 ^A
Kwek Leng Beng	1,315,841	0.11	891,630,602	77.70 ^A
Hong Realty (Private) Limited	-	-	891,630,602	77.70 ^A
Hong Leong Investment Holdings Pte Ltd	-	-	891,630,602	77.70 ^A
Davos Investment Holdings Private Limited	-	-	891,630,602	77.70 ^A
Kwek Leng Kee	-	-	891,630,602	77.70 ^A
Guoco Group Limited	291,117,141	25.37	-	-
GuoLine Overseas Limited	-	-	291,117,141	25.37 ^C
GuoLine Capital Assets Limited	-	-	291,117,141	25.37 ^C

Notes:

- ^A Held through Hong Leong Company (Malaysia) Berhad ("HLCM") and company(ies) in which the substantial shareholder has interest
- ^B Held through HLCM
- ^C Held through Guoco Group Limited

3. DIRECTORS' INTERESTS AS AT 6 SEPTEMBER 2024

Subsequent to the financial year end, there is no change, as at 6 September 2024, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 146 to 154 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 except for the change set out below:

Indirect Interest	No. of shares	%
YBhg Tan Sri Quek Leng Chan in:		
Hong Leong Industries Berhad	242,829,712	76.01
Malaysian Pacific Industries Berhad	116,173,042	58.40
Hume Cement Industries Berhad	529,655,837	73.01

Other Information

LIST OF PROPERTIES HELD AS AT 30 JUNE 2024

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
1	No. 1, Light Street Georgetown 10200 Pulau Pinang	Freehold	Branch Premises	20,594	90	7,396	30/12/1986
2	No. 15-G-1, 15-1-1 & 15-2-1 Medan Kampung Relau Bayan Point 11900 Pulau Pinang	Freehold	Branch Premises	9,968	25	1,940	26/06/1997
3	No. 42, Jalan Pending 93450 Kuching Sarawak	Leasehold (31/12/2779) 756/859 years	Branch Premises	4,425	42	1,107	27/12/1983
4	No. 133, 135 & 137 Jalan Kampong Nyabor 96000 Sibul, Sarawak	Freehold	Branch Premises	4,871	32	2,715	28/12/1992
5	Jungle land at Sungai Limut Rajang Sarawak Occupation Ticket 612 of 1931	Leasehold (31/12/2026) 3/99 years	Jungle land	1,217,938	n/a	1	31/12/1938
6	No. 25 & 27, Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur	Freehold	Branch Premises	1,600	33	1,006	29/06/1996
7	No. 69, 70 & 71, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Branch Premises	6,000	Pre-war	1,338	27/12/1994
8	No. 26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch Premises	3,750	38	463	30/12/1986
9	No. 120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold	Branch Premises	3,355	58	445	31/05/1990
10	No. 100, Jalan Gurney 72100 Bahau Negeri Sembilan Darul Khusus	Freehold	Branch Premises	5,107	38	1,850	25/06/1992
11	No. 12, 14 & 16 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch Premises	4,174	33	3,292	25/06/1992
12	No. 63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Vacant	4,760	29	2,993	28/04/1997
13	No. 24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch Premises	3,037	28	879	28/04/1997

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
14	No. 1, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan	Leasehold (29/06/2086) 63/99 years	Branch Premises	2,625	37	998	26/06/1997
15	Lots 3594 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman	Leasehold (08/04/2082) 59/84 years	Branch Premises	3,199	30	167	26/06/1997
16	Lot 3073 & 3074 Jalan Abang Galau 97000 Bintulu, Sarawak	Leasehold (12/02/2056) 33/60 years	Branch Premises	2,582	27	798	26/06/1997
17	Lot 34, Putra Industrial Park 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219	28	2,486	26/01/1995
18	No. 1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold (28/02/2028) 5/55 years	Vacant	10,619	50	9	01/03/1973
19	No. 9A & 9B, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch Premises	9,320	31	672	01/01/1994
20	No. 45, Jalan Burma 10500 Pulau Pinang	Freehold	Vacant	14,277	46	1,620	24/11/1978
21	No. 55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Vacant	11,720	45	841	01/10/1984
22	No. 27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold (26/02/2078) 55/79 years	Branch Premises	4,694	29	210	24/11/1995
23	No. 75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch Premises	1,900	27	560	15/06/1998
24	No. 80 & 82, Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan	Leasehold (15/06/2089) 66/90 years	Branch Premises	9,062	34	725	01/06/1994
25	No. 19, Jalan 54, Desa Jaya 52100 Kepong Selangor Darul Ehsan	Leasehold (08/03/2081) 58/99 years	Branch Premises	5,859	42	291	29/11/1985
26	No. 161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	2,454	28	2,656	14/02/1996
27	No. 109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch Premises	2,740	36	196	01/09/1988

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
28	No. 1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch Premises	5,432	56	27	30/06/1977
29	No. 36, Main Road Tanah Rata 39000 Cameron Highland Pahang Darul Makmur	Leasehold (24/11/2039) 16/99 years	Branch Premises	1,728	84	60	30/08/1982
30	W-1-0, W-2-0 & W-1-1 Subang Square Business Centre Jalan SS15/4G 47500 Subang Jaya Selangor Darul Ehsan	Freehold	Branch Premises	4,545	25	970	18/12/1999
31	No. 2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Freehold	Vacant	12,173	25	1,845	18/12/1999
32	Plot No 20, Jalan Bidor Raya 35500 Bidor Perak Darul Ridzuan	Freehold	Branch Premises	3,243	25	428	23/11/1999
33	No. 1, Persiaran Greentown 2 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan	Leasehold (21/11/2094) 71/99 years	Branch Premises	7,870	24	1,237	23/11/1999
34	Lots 39 & 40 Kompleks Munshi Abdullah 75100 Melaka	Leasehold (24/02/2084) 61/99 years	Branch Premises	5,988	25	970	31/05/1991
35	No. 1 & 2 Jalan Raya 09800 Serdang Kedah Darul Aman	Freehold	Branch Premises	5,840	23	328	20/09/2000
36	No. 133 & 135, Jalan Gopeng 31900 Kampar Perak Darul Ridzuan	Freehold	Branch Premises	4,700	23	304	13/12/2000
37	No. 65-67, Jalan Tun HS Lee 50000 Kuala Lumpur	Freehold	HLB's CSR Community Center	2,223	28	4,597	14/10/1996
38	No. 64, Jalan Tun Mustapha 87007 Labuan	Leasehold (28/12/2881) 858/999 years	Branch Premises	1,370	33	343	30/05/1991
39	No. 159, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	1,688	19	2,505	25/11/2005
40	No. 163, Jalan Imbi 55100 Kuala Lumpur	Freehold	Vacant	1,688	19	2,581	25/10/2005
41	No. 114 & 116, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Leasehold (16/10/2078) 55/99 years	Branch Premises	12,200	18	3,163	07/06/2006

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
42	Lot A08-A09, Jalan SS 6/5A Dataran Glomac Pusat Bandar Kelana Jaya 47301 Petaling Jaya	Freehold	Branch Premises	9,800	18	2,434	06/07/2006
43	No. 2 Jalan Puteri 2/4 Bandar Puteri 47100 Puchong Selangor Darul Ehsan	Freehold	Branch Premises	11,850	17	4,818	28/06/2007
44	Tower A, PJ City Development 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold (14/08/2094) 71/99 years	Branch Premises	194,489	16	65,168	21/07/2008
45	OUG No.2, Lorong 2/137C Off Jalan Kelang Lama 58200 Kuala Lumpur	Leasehold (year 2088) 65/99 years	Branch Premises	17,300	14	4,190	01/04/2011
46	KEP Lot No 77C & 77D Lot No.58529 Jalan Kepong 52100 Kuala Lumpur	Leasehold (07/01/2101) 78/99 years	Branch Premises	30,613	14	7,482	01/05/2011
47	No. 122, Kapit By-Pass 96807 Kapit Sarawak	Leasehold (29/04/2045) 22/60 years	Branch Premises	1,200	31	155	30/04/1985
48	No. 12A, Block B Level 2, Fraser's Hill Condominium 49000 Bukit Fraser's Pahang Darul Makmur	Leasehold (23/05/2082) 59/99 years	1 unit apartment (Vacant)	1,792	37	76	24/05/1983
49	No. 9, Jalan Cheng Lock 50000 Kuala Lumpur Wilayah Persekutuan	Freehold	Vacant	2,199	51	247	18/09/1972
50	No. 3, Jalan Bandar Satu Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan	Freehold	Branch Premises	4,687	29	1,547	03/04/1997
51	No. 32 & 34, Jalan 21/19 Sea Park 46300 Petaling Jaya Selangor Darul Ehsan	Freehold	Vacant	3,080	61	2,050	19/08/1997
52	No. 26 & 27, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Freehold	Branch Premises	3,600	28	1,238	22/01/1999
53	No. 2, Jalan PJU 5/8 Dataran Sunway, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Leasehold (23/11/2100) 77/99 years	Branch Premises	12,892	20	3,016	12/02/2005

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
54	No. J09-6 and J02-06 Paradise Lagoon Holiday Apartment Batu 3 1/2, Jalan Pantai 70100 Port Dickson Negeri Sembilan Darul Khusus	Leasehold (07/06/2087) 64/99 years	2 units apartment	2,088	28	146	21/04/1994
55	No. S-3, Kompleks Negeri Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus	Leasehold (30/01/2078) 55/99 years	Vacant	1,680	40	197	29/06/1981
56	No. 105 & 107, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka	Leasehold (20/03/2094) 71/99 years	Vacant	3,132	28	394	17/04/1998
57	No. 67 & 69, Jalan Merdeka 75000 Taman Merdeka Raya Melaka	Leasehold (07/07/2093) 70/99 years	Branch Premises	3,080	29	565	15/08/1999
58	No. 35, 37 & 39, Jalan Johor Satu Taman Desa Cemerlang 81800 Ulu Tiram Johor Darul Takzim	Freehold	Branch Premises	13,965	21	1,724	12/02/2003
59	No. 21, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim	Freehold	Branch Premises	2,624	27	840	05/04/1999
60	No. B-278 & B-280, Jalan Beserah 25300 Kuantan Pahang Darul Makmur	Freehold	Branch Premises	3,208	23	1,223	04/08/1999
61	No. 31, 33, 35 & 37, Jalan Usahaniaga 1 Taman Niagajaya 14000 Bukit Mertajam Seberang Perai Tengah, Penang	Freehold	Branch Premises	15,844	21	1,064	10/07/2003
62	Lot 171, Jalan Council 95000 Bandar Sri Aman Sarawak	Leasehold (20/06/2050) 27/60 years	Branch Premises	1,740	28	102	21/06/1990
63	Lot No. 2013, Jalan Pisang Barat 93150 Kuching Sarawak	Leasehold (31/12/2038) 15/99 years	Storage	1,390	31	-	23/09/1992
64	No: 3/G14, 3/G15 & 3/G16, Block 3 Lorong Api-Api 2 Api-Api Centre 88000 Kota Kinabalu, Sabah	Leasehold (31/12/2086) 63/99 years	Branch Premises	4,141	29	1,348	04/02/1997
65	No. 177, Limbok Hill 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Single-storey Detached House	6,730	51	9	16/08/1972

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
66	No. 11, Jalan Emas 2 Taman Emas Cheras 43200 Cheras, Selangor	Freehold	Vacant	5,804	31	-	25/05/1993
67	No. 53 & 55, Jalan Sultan Ismail 50250 Kuala Lumpur	Freehold	Branch Premises	9,600	27	17,361	01/06/2015
68	No. 300, Jalan Jelutong 11600 Pulau Pinang	Freehold	Branch Premises	16,652	22	12,239	23/06/2015
69	Lot 1, Block 35 Fajar Commercial Complex Jalan Lembaga 91000 Tawau, Sabah	Leasehold (31/12/2895) 872/998 years	Branch Premises	13,880	52	4,504	17/08/2015
70	Menara Hong Leong No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur	Freehold	Head Office / Branch Premises	668,331	9	525,516	03/07/2015
71	01-01, 01-02, 01-03, 01-05, Blok D Komersil Southkey Mozek Persiaran Southkey 1 80150 Kota Southkey Johor Bahru	Leasehold (21/02/2100) 77/99 years	Branch Premises	18,317	6	13,759	16/11/2018
72	No. 8, Jalan 3/5-C Taman Setapak Indah Jaya Off Jalan Genting Klang 53300 Kuala Lumpur	Leasehold (28/08/2086) 63/99 years	Branch Premises	6,908	6	1,944	13/09/2018
73	No. Hakmilik 1205, No Lot 4057 Muikim 06 Daerah Seberang Perai Tengah Pulau Pinang	Freehold	Vacant	65,340	3	10,342	25/02/2021
74	Lot 942 Jalan Parry 98000 Miri Sarawak	Leasehold - 60 Years (06/04/2057)	Branch Premises	5,496	27	689	31/01/1997
75	Lot 1, 2 & 3, Block 18 Bandar Indah, Mile 4 North Road, Bandar Indah Sandakan, Sabah	Freehold	Branch Premises	6,760	24	2,630	08/11/2001
76	No 3 Persiaran Greentown 4 Greentown Business Centre 30450 Ipoh	Leasehold - 99 Years (21/11/2094)	Branch Premises	8,846	29	372	04/12/1995
77	Bangunan HLA 7 Jalan Yayasan 86000 Kluang	Leasehold - 99 Years (23/03/2084)	Branch Premises	6,019	35	325	30/12/1989
78	Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur	Freehold	Office Premises	333,594	23	260,000	13/11/2001

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
79	Unit 2.1.2, 1A, Stonor Condominium Off Jalan Conlay 50450 Kuala Lumpur	Leasehold - 99 Years (17/07/2083)	Condominium	1,904	31	422	30/06/1993
80	Unit 1.1.5, 1A Stonor Condominium Off Jalan Conlay 50450 Kuala Lumpur	Leasehold - 99 Years (17/07/2083)	Condominium	1,815	31	403	30/06/1993
81	14-23 Darul Aman Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur	Freehold	Branch Premises	5,610	31	438	21/02/1993
82	No 1 Persiaran Greentown 4 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan	Leasehold - 99 Years (21/11/2094)	Branch Premises	5,246	29	388	04/12/1995
83	Block B, PJ City Jalan 219 Seksyen 51A 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold - 99 Years (12/12/2107)	Office Premises	202,194	16	52,358	29/04/2008
84	31 & 32 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor	Freehold	Branch Premises	8,932	32	1,387	31/12/2013
85	Menara Raja Laut No. 288 Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	Freehold	Office Premises	839,574	31	209,000	06/04/2015
86	No 2682 Jalan Aston 14000 Bukit Mertajam Pulau Pinang	Freehold	Branch Premises	10,160	6	2,557	14/03/2018
87	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan	Freehold & Leasehold - 999 years	Branch Premises	4,793	30	1,651	31/12/1993
88	Unit 1-10, 8 th Floor Island Place Tower, Island Place No 510 King's Road Hong Kong	Leasehold - 55 Years (30/06/2047)	Office Premises	20,000	29	51,390	20/02/2010

FORM OF PROXY

I/We _____

NRIC/Passport/Company No. _____

of _____

being a member of HONG LEONG FINANCIAL GROUP BERHAD (the "Company"), hereby appoint _____

NRIC/Passport No. _____

of _____

or failing him/her _____

NRIC/Passport No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-Fifth Annual General Meeting of the Company to be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 October 2024 at 2.30 p.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below with an "X":

RESOLUTIONS	FOR	AGAINST
1. To approve the payment of Director Fees and Directors' Other Benefits		
2. To re-elect Mr Tan Kong Khoo as a Director		
3. To re-elect Mr Ho Heng Chuan as a Director		
4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS		
5. To approve the ordinary resolution on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights		
6. To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
7. To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust		

Dated this _____ day of _____ 2024

Number of shares held

Signature(s) of Member

CDS Account No.

Notes:

- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 21 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
- If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
- A proxy may but need not be a member of the Company.
- Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
- Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).
- In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised attorney or officer.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.
- In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice will be put to a vote by way of a poll.

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The Group Company Secretary

HONG LEONG FINANCIAL GROUP BERHAD

Registration No. 196801000439 (8024-W)

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No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

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