Hong Leong Bank Berhad

Annual Report 2024

HLB Connect Digital Bank

Your Digital Bank Plus Much More

Connect
Digital Onboarding
Individuals aged 12 & above and sole proprietorships self-served full digital onboarding

Connect
Mobile App
Day-to-day banking beyond payments & transfers, at any time and from anywhere

Connect
Internet Banking
Full-fledged digital banking services for individuals & sole proprietors

Connect
Pocket
Build stickiness since young, junior mobile banking with parental control

Connect
InBranch
Staff serve, bringing banking to your doorstep

Connect
Merchant
3 languages cashless payment solution for small business (up to 5 cashiers)

Corporate

Financials

Additional Information

Scan the QR Code to read our **AGM reports** by following these simple steps:

Get it
Download the "QR Code Reader" app from Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Store

Run it
Run the QR Code Reader app and point your camera at the QR Code

Access it
Get access to Hong Leong Bank Berhad's website

To be a Highly Digital and Innovative Financial Services Company

The Business

In 2024, Malaysia's economic narrative is one of growth and progress, moving beyond the challenges of the past and embracing a future of opportunity. Against a backdrop of global economic uncertainties, Malaysia's resilience and adaptability have paved the way for sustained advancement.

As a leading financial institution in Malaysia and the region, Hong Leong Bank is proud to be a catalyst for this progress. With a legacy of over 119 years, rooted in entrepreneurship, we are committed to fueling economic development and empowering the nation's aspirations. By leveraging deep customer and community insights, we create personalized solutions that meet evolving needs at every stage, guided by our brand promise of being 'Built Around You'.

This year's Annual Report highlights not only our financial performance but also our unwavering commitment to fostering a sustainable and thriving Malaysia. It showcases our dedication to empowering individuals, businesses, and communities through innovative solutions and responsible practices, ensuring their success in an ever-changing world. Beyond financial growth, we are deeply invested in driving positive environmental and social impact, aligning our strategies with the nation's aspirations for a prosperous and sustainable future.

Hong Leong Bank Berhad ("HLB"), with assets exceeding RM297.8 billion, stands as a leading financial institution in Malaysia, driven by digital innovation and a customer-centric approach that serves clients across Asia. We offer a comprehensive suite of financial solutions designed to meet the evolving needs of individuals, SMEs, and corporations. Our core principles center on responsible financial services, prioritising customer needs, championing digital innovation and sustainability, and fostering an engaged workforce to create lasting value for all stakeholders. HLB is dedicated to fostering inclusive growth and sustainable community development. We actively support and empower social enterprises, enabling them to create meaningful impact on underserved segments of society, ultimately contributing to a more equitable and prosperous future for all.

With a network spanning 231 branches across Asia, including Labuan Offshore, Singapore, Hong Kong, Vietnam, and Cambodia, complemented by a full-service call center and 1,093 self-service terminals - 1073 in Malaysia and 20 overseas, HLB ensures accessible banking services for all. Our comprehensive Wealth Management services are available at every branch in Malaysia and Singapore, further enhanced by dedicated Priority Banking centers in both regions.

Rooted in a century-long legacy, our purpose remains to make a tangible, positive impact on our customers and the communities we serve. We are committed to continuous evolution, evaluating our strategies to ensure resilience, sustainability, and unwavering support for both customers and employees. Even amidst an ever-changing landscape, our business thrives, guided by customer-centricity, innovation, data-driven insights, stringent risk management, and an entrepreneurial spirit. These principles remain our bedrock, enabling us to consistently exceed stakeholder expectations and drive sustainable growth and development in 2024 and beyond.

HONG LEONG BANK'S

Personal Financial Services ("PFS")

PFS offers a range of banking services and financial products that meet the needs of individuals. These include property and auto loans/financing, personal loans/financing for periodic household needs, card and payment products for everyday transactions, investment and insurance solutions for wealth management and protection, deposit and remittance products for liquidity, savings and payments, and digital banking solutions, which include internet and mobile banking services.

Business & Corporate Banking ("BCB")

BCB offers banking solutions tailored to the needs of small and medium-sized enterprises ("SMEs") as well as commercial and corporate customers. These include deposit and loan services (such as business current account, liquidity management, auto-sweep and fixed deposits) and financing options (including asset acquisition, working capital, business expansion and business automation).

In addition, BCB specialises in transaction banking solutions, encompassing cash management, corporate internet banking platforms, trade financing and services, and merchant payment solutions.

REGIONAL FOOTPRINT

In line with our growth strategy, HLB has maintained its footprint in the Asian region.

SINGAPORE OPERATIONS

HL Bank Singapore, the Singapore branch of HLB operates under a full banking license. We offer a comprehensive range of financial services to business, retail and high net worth customers through our 4 core business segments – business & corporate banking, personal financial services, private wealth management and global markets. The branch is forging ahead by expanding the client segments value proposition, expanding employee's capabilities and stepping-up its digital transformation to enhance clients' experiences and operational efficiency.

HONG KONG OPERATIONS

The Bank's Hong Kong branch operates under a full banking license and provides global market and SME/wealth management services to its customers. The Hong Kong branch soft launched its SME business in early 2021 in a very prudent manner and we started to build up good quality SME pipeline in second quarter of 2022. It will continue to develop the SME business by acquiring good quality customers and sound assets in the new financial year while the global market team will continue to provide treasury market solutions to our customers.

VIETNAM OPERATIONS

Hong Leong Bank Vietnam Limited ("HLBVN"), a subsidiary of Hong Leong Bank, made history in October 2009 as the first Malaysian bank to establish full-fledged banking operations in Vietnam. HLBVN offers a comprehensive range of services tailored to both individuals and businesses. For individuals, this includes retail loans, deposit products, wealth management, and priority banking. Businesses can benefit from HLBVN's solutions in working capital and term loans, deposit and liability management, trade finance, as well as foreign exchange (forex) and money market services. Currently, HLBVN primarily serves its clients through branches strategically located in Ho Chi Minh City and Hanoi.

CAMBODIA OPERATIONS

In July 2013, Hong Leong Bank (Cambodia) PLC ("HLBCAM") commenced operations as a 100% wholly owned subsidiary providing comprehensive financial services covering consumer banking, SME banking, business banking, global markets and transaction banking services. With seven full-fledged branches located in Phnom Penh, HLBCAM's strategic objective for the operations in the Kingdom is towards growing with the community by supporting the local SME and Commercial/ Corporate Customers, high net worth individuals, affluent and emerging affluent as well as tech savvy young professionals in prospering their financial managements and solutions.

INVESTMENT IN CHINA

HLB was the first Malaysian bank to enter the Chinese banking sector in 2008 with a strategic investment in Bank of Chengdu Co. Ltd ("Bank of Chengdu") and has a 19.76% stake in the company. Bank of Chengdu is a leading city commercial bank in Western and Central China based in Chengdu, the capital of Sichuan Province, and is listed on the Shanghai Stock Exchange. HLB also holds a 12% equity investment in Sichuan JinCheng Consumer Finance Company, a licensed consumer finance firm established in Chengdu in March 2010.

KEY BUSINESS PILLARS ARE:

Regional Wealth Management ("RWM")

RWM provides comprehensive wealth management services across Malaysia and Singapore, tailored to meet its clients' individual and business needs. These services are delivered by certified Wealth Advisors and an experienced network of Relationship Managers, with the aim of achieving sustainable, multigenerational, multifaceted wealth progression through investments, insurance, deposits and asset financing.

Global Markets ("GM")

GM assists our institutional and corporate clients on their investment and hedging needs across asset classes, including Foreign Exchange, Fixed Income, Derivatives and Structured Products. On top of managing Clients' treasury requirements, Global Markets also manages the Bank's excess liquidity and risks arising from the Bank's transaction and payment flows.

Islamic Financial Services ("HLISB")

Islamic Financial Services are offered by Hong Leong Islamic Bank, a wholly-owned subsidiary of HLB which is focused on providing Shariah-compliant Personal Financial Services, Wealth Management, Business and Corporate Banking and Global Markets products and services.

Awards & Accolades

HONG LEONG BANK BERHAD

Awards & **Accolades**

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***

Asian Banking & Finance Retail Banking Awards 2023 & 2024

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

Organised by ***Asian Banking & Finance***

Euromoney Awards for Excellence 2024

Best SME Bank in Malaysia

Organised by ***Euromoney***

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 Asian Banker Excellence in Retail Finance and Technology Innovation Malaysia Awards 2024

Best Deposit Product in Malaysia 2024 - HLB Pay & Save Account

Organised by ***The Asian Banker***

The Asian Banker Excellence in Retail Financial Services International Awards 2024

Best Financial Inclusion Initiative - Cashless Kampung

Organised by ***The Asian Banker***

Sustainability & CSR Malaysia Awards 2024

Bank of the Year - Community Empowerment 2024

Organised by ***CSR Malaysia***

Sustainability & CSR Awards Malaysia 2023

Bank of the Year - ESG Leadership Award 2023

Organised by ***CSR Malaysia***

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)***

HONG LEONG BANK BERHAD

Global Islamic Finance Awards (GIFA) 2023

GIFA Excellence Award (Islamic Banking) 2023

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 2024

3G Best CSR Award 2024

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 for Corporate Bonds

Ranked 4th for Conventional Money Market

Ranked 4th for Third Currency

Ranked 3rd for RMB Transactions

Ranked 5th for Derivatives Market

Organised by ***Bank Negara Malaysia***

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***

Hong Leong Bank Story

HLB is listed on Bursa Malaysia Berhad and forms part of the Hong Leong Group. Headquartered in Kuala Lumpur, the Bank has a strong Malaysian entrepreneurship heritage of 119 years.

HLB was originally incorporated as Kwong Lee Mortgage and Remittance Company in 1905 in Kuching, Sarawak and later as Kwong Lee Bank Limited in 1934, bearing heritage of the oldest local financial institution in Malaysia. Kwong Lee Bank Berhad was acquired by the MUI Group in May 1982 and renamed Malayan United Bank Berhad on 2 February 1983. In 1989, it was renamed as MUI Bank. Under the MUI Bank banner, it grew from 11 to 35 branches nationwide. On 3 January 1994, Hong Leong Group acquired MUI Bank Berhad through Hong Leong Credit Berhad (now known as Hong Leong Financial Group Berhad) and renamed it Hong Leong Bank Berhad. The Bank was listed on the Kuala Lumpur Stock Exchange (now under Main Market of Bursa Malaysia) on 17 October 1994 and since then has grown to be a significant player in the Malaysian banking and financing landscape, organically as well as through mergers and acquisitions, with its merger with EON Bank Group in 2011. Today the Bank is Malaysia's fifth largest banking group by assets with RM297.8 billion in assets as at 30 June 2024, and fourth largest by market capitalisation as at the same date.

Incorporated in 1905:

Kwong Lee Mortgage and Remittance Company in Kuching, Sarawak

RM297.8 billion in assets as at 30 June 2024

HongLeong Bank

Personal Financial Services

Business & Corporate Banking

Regional Wealth Management

Global Markets

Islamic Banking

Technologically Focused

Customer Centred Solutions:

Built Around You

Strong Entrepreneurial Heritage

Building Sustainability Through:

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

Channels

- Mobile Banking
- Internet Banking
- Branches
- Self Service Terminals
- Call Centre
- Relationship Managers
- E-Commerce

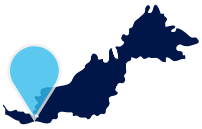
Core Values

- Honour
- Here for the long-term
- Innovation
- Collaborate to Win
- Entrepreneurship

Corporate Milestones

1905

Started in Kuching, Sarawak, Malaysia, under the name of Kwong Lee Mortgage and Remittance Company



1934

Incorporated as Kwong Lee Bank Limited

1989

Renamed as MUI Bank, operating with 35 branches

1994

- Acquired MUI Bank through Hong Leong Credit Berhad (Now known as Hong Leong Financial Group Berhad)
- Renamed as HLB

2008

Entered China banking sector with a 20% strategic stake in Bank of Chengdu Co., Ltd.

2009

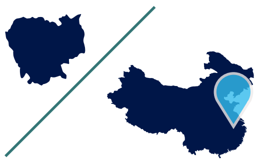
HLBVN opened its doors in Ho Chi Minh City

2011

HLB completed merger with EON Bank Group

2013

- HLBCAM commenced its operations
- Set up representative office in Nanjing, China



Intensified digitisation of HLB's products and services

2014

Launched new Internet Banking platform, PEx payment, tablet app and cardless withdrawal

2015

- Launched new platform for business internet banking to replace HLOB (Hong Leong Online Business), Applewatch app, eFD & e-TDI, e-Will/Wasiat and Biometric authentication
- Introduced physical PEx+ Merchant Payment

2016

- First domestic bank to enable FPX payment allowing customers to conduct transactions 24/7 via Hong Leong Connect BIZ
- Launched Artificial Intelligence Chat Service using IBM Watson, E-TT and online statement
- Supercharged innovation through the setting up of a Customer Experience and Innovation Lab
- Moved to online platforms for auto and personal loans, credit card & CASA (Current Account & Savings Account) opening applications
- PEx+ Merchant Payment went online

HongLeong connect BIZ

2017

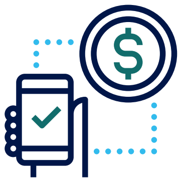
- Piloted in-branch mobile servicing solution featuring iPad-equipped service ambassadors to greet and service customers
- Launched HLB LaunchPad to nurture Malaysian technology and FinTech start-ups
- Introduced eFD via FPX

2018

- Rolled out Robotic Process Automation projects
- Launched comprehensive online banking platforms for corporate, commercial and SME banking (Hong Leong Connect First)
- Introduced eLearning for the benefit of all employees, a peer-to-peer, knowledge sharing mobile platform application which incorporates fun elements of gamification in the learning journey (SmartUp)
- Established the first Hong Leong Bank Digital Concept flagship branch in Damansara City, featuring Personalised Teller tablets, Teller Assisted Units and a Discovery Zone interactive digital platform
- Piloted Multi-lingual Robot Concierge services at Damansara City Priority Banking Branch
- Introduced a virtual assistant Artificial Intelligence chatbox on our employees' digital devices (HALI) to provide answers on Human Resources and Branch Operations Support policies and procedure queries
- Rolled out Digital Business Solutions and SMElite Financing facilities for SMEs

2019

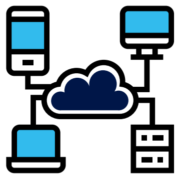
BUSINESS



- First bank in Malaysia to enable merchants and individual users to transact with WeChat Pay in Ringgit, with Malaysia being the first country outside of China and Hong Kong to be able to make payments in the local currency
- Increased efforts on **SME business** with more focus on providing fit-for-industry total business solutions
- Introduced a first-in-market **all-in-one Smart Point-of-Sales (POS)** terminal that enables merchants and consumers to perform cashless transactions, accepting all cards and e-payments in a single device
- Celebrated the 10th year of success of the country's first co-branding card, the HLB Golden Screen Cinema (GSC) Credit Card with more **exciting rewards and value** to movie-goers
- Partnered and launched two **Travel Cards, HLB AirAsia Credit Card** and **Emirates HLB Credit Card** with two of the best-in-class airlines, AirAsia and Emirates to serve the rising travel market in Malaysia

INNOVATION

- Pioneering change in the banking industry with the introduction of intuitive digital service delivery by launching the first Digital Branch in Penang at Burmah House
- Launched the **Customer Experience and Usability Lab (CX Lab)** in Menara Hong Leong providing a collaborative space for cross-functional business, operations and technology teams to work together with external parties such as FinTechs, startups and technology partners
- The first bank in Asia to transform customer support with leading innovative technology Amazon Connect, a self-service cloud-based contact centre solution at HL Bank, HLB's branch in Singapore



PEOPLE

- Introduced **Hackathons** to discover talents and to inculcate and cultivate an innovation mindset to create an agile and future ready workforce
- Innovated the recruitment process via the introduction of HALI, an Artificial Intelligence chatbot and **Virtual Recruitment Assistant** to match suitable candidates with high-skill jobs
- Future-proofing employees by incorporating **design thinking** in our training modules as part of the on-boarding programme
- Introduced Workplace by Facebook to ensure our workforce can **communicate, collaborate and connect** simpler and better, using familiar features like groups, chat and video calls

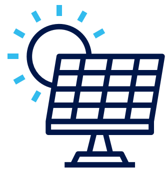
CSR/COMMUNITY

- Launched **HLB Jumpstart**, the Bank's CSR platform that champions Malaysians helping to build a sustainable Malaysia from social enterprises and non-profit organisations to passionate individuals on Malaysia Day
  - Introduced the **'Demi Kita'** campaign in collaboration with SURI which upcycles denim and provides financial opportunity and living skills for single and underprivileged mothers
  - Partnered with Green Hero to **support food wastage solutions** across Malaysia

Corporate Milestones

2020

BUSINESS



- Committed RM500 million for renewable energy financing for the next 4 years in supporting government plans to increase the share of Renewable Energy in the country
- Launched HLB Connect in Vietnam:
  - true convenience for consumers with next generation, customer-centric digital banking
  - greater financial inclusion and access to e-commerce on a single platform
- Pre-emptive action (early Feb 2020) to support customers with our HLB Customer Financial Relief Plans to support customers facing financial challenges due to the impact of the novel coronavirus (COVID-19)
- Fast tracked credit approval for SME's under BNM's Special Relief Facility Funds (SRF) to ease their burden amidst these challenging times
- Participated in the PENJANA SME Financing Scheme ("PSF") where the Bank will extend its support to local SME businesses during the recovery period which have and continue to be adversely impacted by COVID-19
- Plan in place to provide additional targeted assistance to customers who foresee difficulties in restarting their regular payments come October 2020 (post Malaysia's auto moratorium for individuals and SMEs) under the Bank's Payment Relief Assistance Plans

INNOVATION

- Cashless Experience - collaborated with WeEat, a WeChat mini programme for F&B outlets for customers to order and enjoy meals seamlessly while avoiding queues
- Worked with MyTaman to empower Taman Desa Residents Association (TDRA) to use WeChat Pay functionality at all merchants in the community, **the first of such an effort in Malaysia**
- Launched First-in-Market eToken with Biometric Recognition for businesses making banking more secure and convenient
- Expanded and enhanced in-branch tablet facilities to serve customers quickly and effectively, while enabling the Bank to reallocate resources to greater value add activities
- Launched **'Cashless Lagi Senang'**: onboarded traders at more than 20 public markets in Penang to accept cashless transactions in support of the state's 'Cashless Pasar Awam' initiative
- Upgraded the HLB Connect App to give customers the freedom to customise their digital banking experiences and reduces the number of steps needed to make online transactions
- Continued the digitalisation and innovation journey with the successful transformation and migration of Financial and Procurement processes to the **PtoP@HLB** platform allowing staff to work remotely, anytime and anywhere with ease and convenience to amongst others, raise claims, process invoice payments and raise purchase requisitions

CUSTOMERS AND EMPLOYEES

- Introduced the Brand Promise **"Built Around You"** which revolves around the principles of building trust through personalised experiences, by having a deep understanding of our customers, making every experience easy to delight customers consistently and to proactively anticipate customers' needs to make their lives better
- **Expanded Workplace** by Facebook to **Cambodia** and **Vietnam** to make employee collaboration faster and easier and connect easily with familiar features such as groups, chats and video calls
- **Introduced the cloud-based Workday** platform which has helped streamline talent management, HR operational activities as well as learning and development

CSR/COMMUNITY

- Launched **HLB DuitSmart** initiative to empower Malaysians with better financial knowledge during Malaysia Day Via **HLB Jumpstart**:
  - the Bank partnered with **Coffee for Good** who provides barista training for underprivileged youth
  - Assisted Social Enterprise SURI with Social Procurement to Support Single Mothers Producing PPE for Medical front liners in an effort to uplift and strengthen communities in-need
- Pledged RM150,000 to Support Orphanages and Senior Care Homes with meals during Ramadan and Raya
- Donated RM1 million to MERCY Malaysia through the Association of Banks Malaysia to help the fight against COVID-19
- Embraced environmentally friendly policies by changing the way we procure and use resources and how we interact with customers, for example, not sending hardcopy statements which was expanded to more products and services

2021

BUSINESS

- The Bank has been consistently offering repayment restructuring options to help individuals, SMEs and Corporate borrowers navigate through the financial fallout from the COVID-19 pandemic as part of its own initiatives starting February 2020 ahead of the industry wide initiatives in March 2020 while continuing to support the on-going industry wide repayment deferment programmes over the past 18 months.
- Continued to work closely with clients that were not covered by the auto-moratorium such as credit card customers, those that were in arrears and corporate clients.
- Additional credit was extended to SMEs under the Government's recovery schemes and we have continued to provide normal lending/financing activities throughout.
- A Flood Relief Assistance programme which consisted of a six-month moratorium was offered to customers impacted by the major floods in various parts of Malaysia.
- Made available special financing to business customers who required working capital to aid the recovery of their businesses.
- Introduced the HLB SME Solar Financing, a green energy financing facility specially developed for Malaysian SMEs looking to install small-scale solar photovoltaic systems to help drive cost and energy efficiencies, which in turn drive compliance with ESG principles.

INNOVATION

- The first bank in Malaysia to offer our customers an end-to-end digital onboarding via **Apply@HLB** without the need to be physically present at a branch or go to a self-service terminal.
- The first bank in Malaysia to have an e-commerce store on Malaysia's leading e-commerce platform, Shopee Mall. Customers are able to sign-up for banking products and services anytime with just a few clicks without the need to visit any physical branches.
- Upgraded the flagship **HLB Connect** digital platform to elevate its efficient transactional tool to an integrated and personalised banking platform that can help our customers take control of their financial management.
- Launched **HLB Pocket Connect**, a first-in-the-market interactive digital banking platform that serves both young savers and their parents enabling the younger customer segment to take charge of their own pocket money and savings, while parents seed a responsible and healthy financial lifestyle in their children, which is done in a fun and interactive way.
- Extended the **HLB Pocket Connect** app offering with the digitally-forward first-of-its-kind in the market **Earth Hero** initiative that gamified financial and environmental education through interactive and hyper-personalised content designed to educate young digital natives towards being financially savvy and environmentally friendly.

CUSTOMERS AND EMPLOYEES

- Enabled micro and smaller businesses and traders to embrace cashless payment mode via the **Hong Leong Bank Tap on Phone POS** terminal where merchants such as hawkers and wet market traders were better positioned to cope with the changing customer payment mode using the contactless mobile payment acceptance service, which is a simple and secure low-cost payment solution.
- Initiated various cost savings initiatives for customers in FY2021 resulting in approximately RM93.3 million in overall savings via:
  - Provision of waiver of interbank cash withdrawal fee resulting in RM20.8 million savings for the community.
  - Assisted customers in restoring their payment behaviours and financial well-being enabling them to settle their arrears in full or partially during the moratorium period where some part of the interest/profit charged are waived thereby reducing the amount owing by borrowers by RM31.1million.
  - Initiated a Car Surrender Programme for customers with past due instalments where the Bank assisted borrowers to sell their cars on their behalf and shortfalls on the loan/financing were waived. A shortfall amounting to RM2.5million was borne by the Bank for this initiative.
  - Waiver of various late fees, interest/profit accrual and collection fees were waived for customers who made settlement plans to regularise or payoff their loans/financing with the total waived amounting to RM945,000.
  - Waiver of late interest/profit & fees for SME clients with RM116,000 in savings for customers.
  - Waiver of Corporate Internet Banking monthly subscription fees and token fees resulting in RM12 million in savings for customers.
  - Absorbed Stamp Duty on Foreign Exchange contracts with a total of RM77,000 in savings for customers.
  - Introduced a Credit Card Conversion to Term Loan initiative resulting in savings amounting to RM25 million in the first year.
  - Waiver of late payment fees and a hassle-free application process for customers applying for Relief Assistance during the MCO period with a total of RM941,000 in savings.

Corporate Milestones

- Fully deployed Google Workspace bank-wide, harnessing the power of working on cloud, enabling the utilisation of virtual meetings capabilities among employees, customers and business partners.
- Supported employees through strong employee engagement amid the pandemic using platforms such as Google Connect, the PlusVibes app and Brown Bag sessions.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY INVESTMENT

- Nurturing FinTechs and startups that solve community pain points by identifying startups with innovative solutions that are Digital, Adaptable and Sustainable to help Malaysians adapt and thrive in this new and next normal.
- Launched **Jumpstart@65** – a facility which offers collaborators a co-working space, customer usability labs and a community centre that is equipped with state-of-the-art tools such as eye-tracking technology and 3D printing for testing through customer immersion sessions such as focus groups, ethnographic studies, customer-staff co-creation sessions as well as experiencing first-hand how customers behave and react to the solutions and offerings proposed.
- Expanded our financial sustainability and literacy programme, **HLB DuitSmart** by adapting the programme to be easily used by the visually impaired community in collaboration with several blind associations in Malaysia.
- Expanded the **HLB DuitSmart** programme online to students, piloting the DuitSmart Online Workshop with 72 UCSI University students and will be rolling out the online workshops to more students from higher education institutions, secondary and private primary schools, as well as to single mothers and Orang Asli communities.
- Expanded access to financial literacy and inclusion through the financial sustainability programme, **HLB DuitSmart** to the visually impaired community.
- Further driving the financial inclusion agenda for the visually impaired through the development of the first-of-its-kind 'talking ATM' to serve the needs of our visually impaired customers in Brickfields, Kuala Lumpur and Pulau Tikus, Penang.
- Mentored three winning startups; **Food Market Hub**, **Pay:Watch** and **ERTH** (e-Waste Recycling Through Heroes) to work collaboratively on pilot projects addressing food security, gig economy and e-waste management respectively in the third edition of our **HLB Launchpad 2020**.
- Collaborated with **The Asli Co**, a social enterprise focusing on helping Orang Asli mothers to earn a sustainable living through making artisanal handicrafts and products from home by providing assistance and mentorship to make their enterprise more sustainable and scalable through **HLB Jumpstart**, the Bank's CSR platform.
- Onboarded our fifth social enterprise and our first from East Malaysia - **Benak Raya Enterprise**, a Sarawak-based social enterprise, to the **HLB Jumpstart** platform.
- Donated a total of RM255,368.86 to Mercy Malaysia as part of a community disaster response effort to aid in ongoing COVID-19 response mobilisation and support.
- Donated RM27,000 to the University of Malaysia Medical Centre towards a High Flow Nasal Cannula Oxygen ("HFNC") non-invasive ventilator unit to help critical patients suffering from COVID-19.

SUSTAINABILITY

- Sustainability has been elevated to a core focus area, integrating its various requirements into all aspects of our business activities to ensure that we do our part in promoting sustainability. We contribute towards building a vibrant and sustainable ecosystem by:
  - Introduction of an ESG Framework that incorporates Environmental, Social and Governance ("ESG") considerations in the Bank's credit evaluation of its small and medium-sized enterprises ("SME") and corporate customers.
  - The ESG Framework governs the Bank's credit assessment as we move towards advocating the greening of business activities as well as the transition to a low carbon and climate-resilient economy.
  - Enhanced the Framework to include an Internal Environmental and Social risks rating system and additional guidelines to deal with high-risk sectors such as forestry, metals and mining/quarrying, non-renewable energy and palm oil.
  - Launched the 'Sustainability Roundtable' aimed at engaging the industry including related associations, organisations and companies embarking on sustainability transformations, to share and discuss the benefits and challenges in sustainability practices. The Roundtable's early topics were related to plastics manufacturing and renewable energy.

2022

CUSTOMERS

- Continued offering Relief Assistance for customers affected by the pandemic to help individual, SME, and corporate customers recover with strength and sustain their business for the long term.
- Provided a six-month loan, financing and credit card payment deferment for flood affected customers and, financing for working capital for SMEs and microenterprise customers.
- Waived various fees including interbank transfer fees, stamp duties, late payment charges, interest/profit reduction for customers who caught up on their late payments and absorbing principal shortfalls from various initiatives such as Car Surrender Programmes and lower interest rate to Credit Card customers who converted their balance outstanding to term loans – these various initiatives provided total savings to customers amounting to RM129 million in FY2021 and FY2022.
- Digitised the payment relief assistance process to eliminate the need for customers to visit the branch. We have simplified the processing of applications and processed more than 194,000 requests between August 2020 and June 2022, with an acceptance rate of 94%.

- Organised the Bank's first 'Digital Business Day' to help businesses gain knowledge and access solutions to transform their businesses in the digital era.
- Launched the seventh full-fledged branch in Borey Peng Huoth Boeung Snor, Cambodia to serve the rising demand for banking and financial services for Cambodians and drive financial inclusion in the country while deepening the Bank's presence in the region.
- Supported the burgeoning SME sector through a collaboration between Hong Leong Bank Cambodia and the SME Association of Malaysia through a Memorandum of Understanding to open opportunities for both Cambodian and Malaysian SME businesses to cross collaborate and explore mutually beneficial business potential and opportunities.
- Broadened the Bank's portfolio to include Regional Wealth Management which provides solutions tailored to clients' individual and business needs spanning Malaysia and Singapore.

EMPLOYEES

- Supported employees amid the pandemic by initiating vaccine programmes targeting 100% vaccination rates amongst employees, offering financial counselling via a dedicated channel on Workday and emotional assistance through PlusVibes.
- Provided avenues for employees to give back to society by launching the HLB Employee CSR platform where employees are able to volunteer their time and effort at homes, shelters or social enterprises, or donate towards festive season meals for residents of homes, amongst others.

INNOVATION

- Launched the fourth edition of the HLB Launchpad which seeks to support and mentor tech entrepreneurs and startups leveraging digital to develop innovative solutions for better and more sustainable business resilience.
- HL Bank Singapore launched Southeast Asia's first biodegradable debit card as part of the Bank's sustainable banking efforts, as well as to reduce the amount of single-use plastic bank cards in circulation.

ENVIRONMENTAL

- Provided business customers wanting to install small-scale solar photovoltaic ("PV") systems with easy access to sustainability-linked financing via HLB SME Solar Financing.
- Issued the first in Malaysia Green Additional Tier 1 Capital Securities of RM900 million in nominal value enabling more companies looking to advance their sustainability agenda through green financing.
- Continued tree planting initiatives through the HLB Earth Hero initiative combining financial literacy with environmental appreciation where young savers are able to pledge trees to be planted by the Bank in the Lower Kinabatangan area of Borneo. 2,500 trees have since been planted with 2,500 more pending bringing positive changes in biodiversity in the area with endangered animals repopulating the area.
- Partnered with the Malaysian Nature Society ("MNS") to restore degraded forest with approximately 50,000 mangrove trees in the Kuala Selangor Nature Park over the next three years.

Corporate Milestones

SOCIAL

- Completed a 3-year socially sustainable securitisation exercise of affordable HLB and HLISB home loans and financing assets worth a total of RM300 million to CAGAMAS to meet the rising demand from investors with ESG mandates to deploy capital towards socially responsible businesses.
- Continued support for social enterprises SURI Lifestyle (SURI), and Komuniti Tukang Jahit through social procurement by engaging them to sew Baju Raya for residents of several welfare homes around the country during the Raya celebrations thereby ensuring continued earnings for the social enterprise and festive cheer for the residents of the homes.
- Continued assistance for Sarawak based Benak Raya the latest social enterprise to be onboarded onto the Bank's CSR platform known as HLB Jumpstart, to build a scalable and sustainable business through mentorship, networking as well as equipping them with business tools and skills including logistics management, digital adoption and strengthening brand awareness through marketing, amongst others.
- Rolled out the HLB DuitSmart Financial Literacy Workshop initiative as financial literacy is a crucial life skill which not many Malaysians learn in universities and schools, impacting a total of 847 students, with many more workshops in the pipeline.
- Mobilised a donation drive for essentials such as food, cleaning items, clothing, sanitary items, baby formula and pet food for Hong Leong Foundation's initiative in flood-stricken areas in Dusun Tua, Hulu Langat, Taman Sri Muda, Shah Alam, Kg Tengah, Puchong and Mentakab, Pahang and provided humanitarian support with MERCY Malaysia through funding during the devastating floods that impacted over 27,000 people in Johor, Terengganu, Pahang, Perak and Kelantan in addition to donating RM55,368 to them to help communities impacted by the COVID-19 pandemic.
- Contributed RM34,650 to the Financial Industry Collective Outreach Programme ("FINCO") initiative where cash was distributed to 77 students to support their family's grocery needs for three months and channelled RM400,000 from HLB's Malaysia Day marketing budget to provide school meals for impoverished students when certain schools faced food supply issues due to the floods and the pandemic.
- Contributed RM30,000 to UCSI University's COVID-19 Vaccination programme to cover operational costs, i.e., meals and allowances for unemployed volunteers while HLB employees donated 74.3 tonnes of food aid to 219 schools nationwide, helping 4,952 deserving students and their families and raised RM90,000 towards 1.8 tonnes of food for eight soup kitchens feeding over 9,000 destitute individuals.

2023

CUSTOMERS AND EMPLOYEES

- The Bank continued to offer Rescheduling & Refinancing programme to assist our individual, SME, and corporate customers throughout the year.
- Continued to provide a six-month loan, financing and credit card payment deferment for flood-affected customers during monsoon seasons and, financing for working capital for SMEs and microenterprise customers.
- Introduced **HLB@Kampung**, and transformed Sekinchan, Selangor into the **First Cashless Kampung** in the country, driving efforts toward financial inclusivity by enabling cashless and contactless payments for 24,000 Sekinchan residents and small businesses as well as schools in addition to increasing access to banking.
- HLBVN launched its Personal Insurance Solutions in Partnership with Chubb Life Vietnam to promote financial inclusivity and improve the lives of the community with comprehensive, value-adding financial products.
- Introduced enhanced security measures and increased customer education efforts to further strengthen our online and mobile banking services and safeguard our customers from potential fraud.
  - Moved away from Transaction Authorisation Code (TAC) to AppAuthorise;
  - Restricted one mobile or secure device for the authentication of online banking transactions;
  - Introduced cooling-off period for customers when they set up their HLB Connect mobile banking app and enable AppAuthorise for the first time on a new device or when they increase their daily online transaction limit;
  - Introduced Emergency Lock in our HLB Connect App, allowing customers to lock their accounts on their own, if they suspect any unauthorised or scam/fraud activity with their account;
  - Offered 24-hour, 7 days a week hotline for customers to report financial scam incidents.
- Introduced CSR Leave as part of the Bank's commitment to supporting employees' volunteerism where employees are entitled to two working days per calendar year to carry out CSR activities.

INNOVATION

- The Bank was one of the first Banks in Malaysia to enable cardholders to make contactless payments using Google Wallet.
- Launched **HLB Salary Advance Employer Solution**, the first bank in Southeast Asia to back an Earned Wage Access solution to provide Malaysians easy access to their earned salaries and transformed the way businesses offer and manage their advanced salary payouts.
- Updated HLB Wallet that not only allows it to be used by adults (aged 18 and above), but also minors (aged 12 to 17).
- Upgraded HLB Wallet to a higher tier called HLB Wallet+ for additional features, such as the multi-currency feature.
- Organised "Can You Hack It" 2022, with a focus on reimagining banking through hyperpersonalisation and the Metaverse.
- Launched the fifth edition of the HLB Launchpad, focusing on discovering start-ups that could create shared opportunities and economic multiplier effects through quality education and equipping talents for workforce readiness in the new norm.

ENVIRONMENTAL

- Started including overseas markets and enhanced carbon disclosures to include Employee Commuting and Downstream Leased Asset.
- Established a new Data Centre in Hong Leong Tower, which was officially certified as a Green Computing Facility with a Titanium+ ranking from the Green Climate Initiative ("GCI")
- Became a signatory to the Partnership in Carbon Accounting Financials ("PCAF") as we step up our efforts to calculate our Financed Emissions along with the identification and assessment of physical risks of our collaterals and assets.

SOCIAL

- Rolled out a new social finance programme, **'HLB Jumpstart – Micro Business'** to provide funding to individuals who may not have the opportunities and means to secure full-time employment or to aspiring entrepreneurs who lack credit history and the opportunity to start their own small businesses.
- **HLB@School** continued to support the digital transformation of schools in Malaysia by providing cashless payments, digital banking tools and financial infrastructure to schools and students. Notably, **HLB@School** transformed 16 schools in Kota Kinabalu in December 2022, the most digitally transformed school in a region.
- Assisted in the launching of **Visit Sekinchan Year 2023** under **HLB@Kampung,** after the small town started using the digital payment tools rolled out the Bank.
- Added more speech-equipped Self Service Terminals ("SSTs") to assist the visually-impaired banking customers, making it 17 units nationwide.

Corporate Milestones

2024

CUSTOMERS AND EMPLOYEES

- The Bank continued to provide up to a six-month loan, financing, and credit card payment deferment for customers affected by floods, as well as additional financing to SMEs and micro-enterprise customers who require working capital to facilitate business recovery.
- Opened its first "Iconic Branch" at Light Street, Penang, fully equipped with a cafe, exhibition space, and Priority Banking hall, integrating digital innovation with personalised, in-person service to cater to the evolving needs of individuals, families, businesses and communities in Penang.
- Enhanced and elevated its wealth management capabilities, offering a holistic, customer-centric approach complemented by a comprehensive suite of wealth management solutions.
  - Organised its first series of Wealth Symposiums in Kuala Lumpur and Penang, empowering customers with insights and strategies to navigate the ever-evolving investment landscape.
  - Conducted a series of wealth surveys to understand the investment behavior and motivations of Malaysians, for both conventional and Islamic investments.
  - Launched its first podcast series entitled "Market Matters with HLB" which provides insights and in-depth discussions about investments and various wealth management strategies.
- Formed a strategic collaboration with the Malaysian Investment Development Authority (MIDA) to support the Malaysian investment ecosystem and provide comprehensive financing and banking services for businesses entering the Malaysian market.
- Launched BizHalal, an integrated Islamic Banking solution offered by HLISB that helps businesses to operate within the Halal industry, especially through Shariah-compliant financing and Halal advisory support.
- HLISB partnered with Andalusia Travel & Tours to provide digital, Shariah-compliant financing for Muslim customers embarking on their Umrah pilgrimage.
- Participated in the Merdeka Day Parade, with over 100 HLB staff joining the march-past at Dataran Putrajaya.

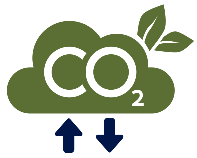
INNOVATION

- The Bank has upgraded its HLB Connect mobile app with new features and designs, giving users an all-in-one platform to access their banking and payment needs, as it aims to be "Your Digital Bank Plus Much More."
  - The upgraded app now allows for auto-detect biometric settings, where users can use their pre-set security settings on their mobile phones (biometrics for Android and Face ID for iOS) to unlock their HLB Connect app.
  - The app also has a new and improved Forex Rate converter interface, providing a seamless user experience when calculating conversion rates.
- Organised the sixth edition of the "Can You Hack It" Hackathon, Malaysia's first Generative AI-themed hackathon, involving over 340 participants, with more than 50% of them being undergraduates from all across Malaysia.

Corporate Milestones

ENVIRONMENTAL

- The Bank has appointed its first Chief Sustainability Officer, reflecting the commitment it has towards sustainability and further energising its efforts to create shared, long-term value for business and stakeholders.
- Successfully reduced operational carbon emissions (Scope 1 & 2) by 29% compared to baseline year of FY2019.
  - Decreased energy consumption in Malaysia by 5% from FY2023
  - Driven by implementing various Energy Efficiency & Conservation ("EE&C") measures like introducing energy-efficient air-conditioning, retrofitting LED lights, and conducting energy audits on high energy consuming facilities in Malaysia.



- Approved RM3.5 billion in renewable energy financing, and provided RM14.6 billion in financing for green building / township and affordable property.
- Successfully concluded HLB's green housing loans and financing transactions worth RM300 million, funded by the issuance of Cagamas' one-year ASEAN Green Bond worth RM210 million and one-year ASEAN Green SRI Sukuk worth RM90 million.
- Achieved RM1.2 billion in outstanding green car loans.
  - Implemented a strict definition for "green vehicles", which only covers battery electric vehicles ("BEV"), hybrid electric vehicles ("HEV") and plug-in hybrid electric vehicles ("PHEV").

- Launched the flagship **HLB ESG Readiness Program**, aiming to equip companies with tools and strategies to achieve their sustainability goals, based on the Simplified ESG Disclosure Guideline ("SEDG") from Capital Markets Malaysia.
- Onboarded Refiller Mobile onto the **HLB Jumpstart** platform, encouraging Malaysians to embrace a zero-waste lifestyle with refilling stations and activations at key HLB office buildings.
- Included in the FTSE4Good Bursa Malaysia index for the seventh consecutive year, and ranked in the top 30% by ESG ratings among public listed companies in the FBM EMAS Index.

SOCIAL

- Supported 26 new schools in transitioning to cashless operations through **HLB @ School**, bringing the total to 94 schools that are equipped with cashless payments, digital banking tools, and financial infrastructure.
- Initiated 71 **HLB @ Kampung** projects, with 27 actively supporting the digital transformation of small towns across Malaysia.

- Conducted 73 financial literacy workshops in FY2024 under the **HLB DuitSmart** program, delivering essential financial knowledge and scam awareness to close to 8,000 students.
  - Entered the Malaysia Book of Records for Most Students Graduated from a Financial Literacy Programme, with 1789 students graduating from **DuitSmart Kids**, its flagship financial literacy programme in collaboration with Smart Reader Worldwide.
- Launched the **Program e-Duit Desa** in Bagan Nakhoda Omar, Sabak Bernam, Selangor, promoting widespread financial inclusion by providing residents and businesses with e-payment services and financial advisory.

- HLISB expanded its Value-Based Intermediation ("VBI") initiatives by partnering with SURI to empower low-income single mothers with opportunities to start their own businesses and earn a sustainable income, funded by a RM77,600 injection from HLISB through Lembaga Zakat Selangor's Zakat Wakalah fund.
- Continued empowering social enterprises with tailor-made advisory and digitalisation support through the **HLB Jumpstart** platform.
  - Besides Refiller Mobile, the Bank also onboarded Primus Wellness, a social enterprise dedicated to promoting holistic wellness and providing business opportunities to families who lost their jobs during the COVID-19 pandemic.
- Provided financial guidance and distributed 1000 food packets to visitors at the Ramadan Bazaar at Dataran Putrajaya.

Chairman's Statement

Delivering Results with Resilience and Adaptability

In the year under review, the global economic landscape faced numerous challenges even as major economies mounted a moderate recovery in growth. Inflation showed a declining trend yet remained elevated compared to pre-pandemic levels, complicating monetary policy normalisation efforts. Despite these headwinds, Hong Leong Bank ("HLB" or "Bank") demonstrated remarkable resilience and adaptability to deliver value to our shareholders.

Our prudent approach to managing asset quality and strategic investments allowed us to continue supporting our customers and stakeholders effectively. The Bank has maintained robust performance by capitalising on emerging opportunities, underscoring our commitment to sustained value creation in a dynamic economic environment. Our strategic focus and resilience have led to a commendable financial performance in the 2024 Financial Year ("FY2024") with a 9.9% year-on-year ("y-o-y") increase in net profit after tax to RM4.2 billion. Total assets now stand at RM297.8 billion, a 6.4% y-o-y increase.

Our sustained ability to create value even during difficult times rests on the steadfast execution of our strategies that continue to evolve over time to ensure we are maximising the potential of the Bank. It is our focus

on customer-centricity that continues to hold us in good stead, with this approach creating meaningful ways for us to serve our customers better by putting them at the centre of everything we do. In addition, we also recognise the increasing importance that stakeholders place on Environmental, Social and Governance ("ESG") matters, and remained dedicated to integrating ESG practices across our operations, ensuring long-term value creation for our stakeholders.

Overall, I am pleased with the Bank's solid performance this financial year and I am assured that the management team has put in place the right strategies and initiatives to continue producing long-term value for all our shareholders.

On that note, I am honoured to present to you, our Annual Report and Financial Statements of the Bank for the financial year ended 30 June 2024.

ECONOMIC LANDSCAPE

In the financial year under review, the global economic landscape exhibited sustained but uneven growth. Emerging economies continued to outpace developed countries in growth rates. Major central banks began pivoting towards easing monetary policies due to declining, though still elevated, inflation rates.

On the local front, the Malaysian economy grew by 5.1% y-o-y in the first half of 2024, accelerating from a 3.0% increase in the second half of 2023. The primary growth driver was domestic demand, spurred by private consumption due to continuous improvements in the labour market and supportive policies. Growth was further bolstered by increased investment activities and a recovery in exports, benefiting from ongoing expansions in major economies, such as the US, South East Asia and China.

ENHANCING SHAREHOLDER VALUE

Hong Leong Bank has continued to generate substantial value for its shareholders, achieving a solid 9.9% y-o-y growth in net profit after tax for FY2024. This strong performance is driven by robust growth in loans and financing, improved asset quality metrics and healthy contributions from our associates. The Bank's gross loans and financing portfolio expanded by 7.3% y-o-y to RM194.9 billion, fuelled by increased business activities in the key segments of mortgages, auto loans, SME and commercial banking, as well as key overseas markets. Customer deposits also exhibited positive growth, increasing by 4.1% y-o-y to RM220.4 billion. The Bank maintained its healthy asset quality, with an industry-leading gross impaired loan ("GIL") ratio of 0.53%.

TOTAL ASSETS
RM297.8 billion **+6.4%**

GROSS LOANS AND FINANCING
RM194.9 billion **+7.3%**

CUSTOMER DEPOSITS
RM220.4 billion **+4.1%**

Reflecting our strong financial performance, earnings per share ("EPS") for FY2024 rose to 204.7 sen, representing an increase of 18.4 sen or 9.9% y-o-y. In addition, the return on equity ("ROE") for FY2024 remained commendable at 11.8%. In line with the Bank's commitment to enhancing shareholder value, the Board declared a final dividend of 43.0 sen per share for FY2024. Thus, the total dividend for FY2024 amounts to 68.0 sen per share, up from 59.0 sen per share in FY2023, translating to a higher dividend payout ratio of 33.6%.

ISLAMIC BANKING PERFORMANCE

Islamic finance in Malaysia has become an integral component of the nation's financial ecosystem, showing promising potential driven by favourable regulatory changes, continuous innovations in Islamic financial products and services and robust demand from both consumers and businesses for Shariah-compliant options. Malaysia's status as a leading hub for Islamic finance is further reinforced by ongoing advancements in financial instruments and developments in FinTech. The industry has demonstrated resilience and remains well-capitalised, enabling it to meet the financing needs of households and businesses, including SMEs, while adapting to the evolving demands of the economy and society.

In FY2024, Hong Leong Islamic Bank ("HLISB") reported a robust financial performance, with net profit after tax rising by 13.2% y-o-y to RM480.7 million. This success was driven by a 10.2% y-o-y increase in total assets to RM62.4 billion, where gross financing portfolio saw a steady growth, increasing by 11.3% y-o-y to RM45.7 billion, supported by strong performance across retail, SME and corporate segments. Additionally, credit costs improved by 68.5% compared to the previous year, further enhancing profitability. The Islamic financing portfolio remained a crucial contributor to HLB, accounting for 23.4% of total loans and financing.

HLISB's consistent performance was recognised with the GIFA Excellence Award (Islamic Banking) in 2023, acknowledging its dedication to serving as a proficient financial intermediary and leading the market in Islamic wealth management, the Halal sector and investment intermediation.

Looking ahead, HLISB is committed to addressing the financial needs of its stakeholders, extending from households to business communities. We are enthusiastic about the opportunities on the horizon and are dedicated to building on our achievements, solidifying our position as a trusted partner in the Halal business. As we move forward, we will continue to expand our range of offerings to better serve our customers and further establish ourselves.

EARNING PER SHARE

204.7 sen — **+9.9%**

DIVIDEND PER SHARE

68.0 sen — **+15.3%**

HONG LEONG ISLAMIC BANK GROSS FINANCING

RM45.7 billion — **+11.3%**

REGIONAL PERFORMANCE

In the year under review, our regional operations exhibited strong performance despite global economic uncertainties. Regional economies showed resilience and recovery, supported by strong domestic demand, industrial production and strategic policy support. This enabled the Bank to capitalise on new opportunities and leverage regional strengths across our markets to deliver a gross loans expansion to RM14.0 billion.

In Singapore, HL Bank Singapore ("HLBS") achieved strong growth with total assets rising by 15.8% y-o-y to RM18.8 billion, driven by the expansion of its customised products and services across Business and Commercial Banking, Private Wealth Management and Personal Financial Services. Gross loans expanded to RM9.6 billion while deposits reached RM16.9 billion as of 30 June 2024. In driving further growth, HLBS remains committed to digital transformation across all business lines and actively engages with its communities to enhance customer experiences.

In Vietnam, Hong Leong Bank Vietnam Ltd ("HLBVN") maintained strong momentum in balance sheet growth during FY2024. Loans grew by 8.8% y-o-y, reaching RM2.1 billion, while deposits increased by 13.0% y-o-y, totalling RM2.1 billion. As of 30 June 2024, total assets for HLBVN was 7.5% higher y-o-y at RM3.4 billion. HLBVN continues to expand its retail product offerings and enhance its digital banking platform for business and corporate customers.

In Cambodia, Hong Leong Bank (Cambodia) PLC ("HLBCAM") maintained a loan portfolio of RM2.2 billion and increased its deposit book by 4.4% y-o-y to RM2.3 billion, prudently managing its loan-to-deposit ratio ("LDR") lower to 95.8%. As of 30 June 2024, HLBCAM's total assets amounted to RM3.2 billion. HLBCAM continues to focus on promoting its franchise by leveraging regional strengths, enhancing customer experiences and providing greater product value through both physical and digital channels, all supported by proactive risk management.

The Bank of Chengdu ("BOCD"), our associate in China, delivered encouraging performance with solid asset quality, contributing RM1.6 billion to our bottom line. Benefiting from supportive policies from central and provincial governments, BOCD aims to leverage on strong local municipals relationship and regional development opportunities to achieve optimal scale and margin. This ensures sustainable profit and growth in core business areas and solid asset quality with GIL ratio and loan impairment coverage of 0.66% and 496% respectively, thus maintaining a leading position among city commercial banks in China.

BUILDING A SUSTAINABLE FUTURE

Achieving long-term business success hinges on three crucial pillars: digital, people and sustainability. At Hong Leong Bank, we have seamlessly integrated these elements into our core operations to create a resilient and forward-thinking organisation. Our "Digital at the Core" strategy, combined with a steadfast commitment to investing in our people and impactful sustainability initiatives, has driven remarkable progress. These initiatives not only enhance our ability to serve customers more effectively but also contribute positively to the environment and society.

Our "Digital at the Core" strategy has led to widespread adoption of our digital platforms, positioning us as leaders in the transition towards a cashless society. We are now proud to digitally serve 2.9 million retail customers, aided by the growth in our retail internet and mobile banking customer base of 10% and 14% y-o-y respectively. Remarkably, 94% of all retail banking transactions are now conducted via our internet and mobile banking platforms. About 145,000 business customers are now connected digitally, supported by the business internet banking customer base growing 14% y-o-y, while our business mobile banking customer base soared by 31% as compared to the same period last year.

Our employees are our most valuable assets and critical stakeholders in the Bank's success. We recognise that their dedication, skills and innovation drive our achievements and enable us to deliver exceptional value to our clients.

To ensure sustainable growth, we remain dedicated to developing and retaining top talent. Our comprehensive approach encompasses targeted recruitment strategies, continuous professional development programmes and a supportive work environment that nurtures career advancement. By focusing on these areas, we are building a resilient workforce ready to adapt to evolving market demands and drive our long-term objectives.

Aligning the interests of our employees with those of the Bank is central to our human resources strategy. We strive to create an environment where employees feel valued and motivated to contribute to the Bank's success. Through transparent communication, performance management and opportunities for personal and professional growth, we ensure that our employees' goals align with our organisational vision. This alignment is crucial for maintaining a productive, engaged and high-performing team, essential for our continued success.

Chairman's Statement

On the sustainability front, we have made significant progress over the past year. Besides our ongoing contributions towards Malaysia's energy transition journey through renewable energy financing and other types of green financing, we have established a Sustainable Finance Framework. This Framework was established with the goal of providing our clients with wider access to financing that supports their transition journey towards an environmentally sustainable future, thus contributing further to decarbonisation efforts in Malaysia and across the region.

Internally, the Bank continues to reduce its operational carbon emissions and has made further progress in identifying, calculating and disclosing our financed emissions. Understanding our financed emissions will enable us to develop the requisite strategies and initiatives to mitigate these emissions. We have since disclosed the financed emissions of two asset classes, namely residential mortgages and motor vehicle loans, and are working on the baselines for the other asset classes.

As climate action is important, we also employ a broader approach as we seek to forge partnerships with our customers to facilitate their sustainability journeys, be it through the provision of advice or our green financing offerings. Moreover, we understand the importance of knowledge sharing to foster greater participation throughout the value chain. Through capacity-building sessions and sector-specific roundtables, we aim to drive awareness and readiness on key ESG issues among our customers, suppliers, partners and stakeholders.

CULTIVATING EFFECTIVE GOVERNANCE

At HLB, we prioritise integrity and responsible business practices, recognising these values as essential for our organisation's sustainability. Our Board and management established a solid framework of internal controls and risk management, governed by key committees such as the Board Audit Committee ("BAC"), Board Risk Management Committee ("BRMC"), Risk and Compliance Governance Committee ("RCGC") and Financial Crime Governance Committee ("FCGC"). This framework ensures we have the necessary checks and balances to adeptly manage the evolving risk landscape.

To foster a robust compliance and risk culture, we implement a strategic blend of digital and in-person training. Our Compliance Awareness Programme incorporates activity-based learning to complement induction programmes and ongoing e-learning on compliance topics. Additionally, targeted trainings through the Compliance and Financial Crime Compliance Academy ("CFCC") provides a comprehensive view of our compliance functions, while the Compliance Advisory Clinic ("CAC") facilitates collaborative discussions between Group Compliance and business units. We are dedicated to ongoing employee education and certification in regulatory compliance, anti-bribery and corruption and financial crime compliance to keep pace with the dynamic regulatory environment.

We maintain a zero-tolerance stance towards bribery and corruption activities. To effectively manage and mitigate bribery and corruption risks, we have implemented policies, procedures and the Anti-Bribery and Corruption Programme that are overseen through the BAC, BRMC and RCGC. We communicate this commitment to external parties we work with, so that they understand their obligations and adhere to relevant laws and regulations.

As stewards of the financial system, we vigilantly monitor regulatory changes and their implications for our policies, processes and procedures. We continuously enhance our measures against money laundering, terrorist financing and proliferation financing. By leveraging data analytics and improving our financial crime compliance data cube, we bolster our analytical capabilities and productivity while maintaining rigorous compliance with regulatory requirements.

We at HLB are committed to good tax corporate governance in line with the expectations set by the Inland Revenue Board of Malaysia ("IRBM"). In FY2024, we were awarded the Tax Corporate Governance ("TCG") certification by the IRBM for both HLB and HLISB. Attaining this status comes with benefits such as reduced scrutinisation of compliance activities by the IRBM, faster tax refunds, expedited dialogues on technical tax matters and appointment of a dedicated tax officer as a single point of contact for taxpayer.

OUTLOOK

As we look forward to FY2025, we are cautiously optimistic over continued modest growth outlook in the global economy. The world economy is expected to expand at a moderate pace, supported by a resilient US economy and signs of recovery in the Eurozone and UK economies. Regional growth is anticipated to remain steady, and an improvement in exports continued to support growth in China, which recorded GDP growth of 4.7% in Q2 2024 amidst continued stimulus by the government to support the economy. However, there are a number of risk factors that could hinder growth, including geopolitical risks, delays in policy easing in the US, the negative impact of persistent inflation on real consumption and structural slowdown in China.

Given the sustained global economic growth and assuming no significant materialisation of downside risks, we expect Malaysia's export outlook to remain positive, driven by an upswing in the global tech cycle, high commodity prices and potential shifts in trade flows due to ongoing trade tensions and geopolitical uncertainties. The economic growth trajectory is expected to improve over FY2025, expanding close to 5%, driven by further recovery in domestic demand and exports. Private consumption will continue to be the primary growth driver, in addition to a resurgence in investment activities and increased tourism-related spending.

ACKNOWLEDGEMENTS

I would like to extend my deepest gratitude to the esteemed members of our Board. Your unwavering support, insightful guidance and steadfast commitment have been the cornerstone of our achievements over the years.

Our heartfelt thanks also go to our valued customers, trusted business partners, dedicated investors and loyal shareholders. Your continued loyalty and belief in our vision have been instrumental in propelling our Bank to new heights.

To our employees, I am greatly appreciative of your hard work and dedication. Your collective efforts have resulted in yet another exceptional year for our Bank. I also wish to recognise the senior management team for their leadership and dedication to our shared objectives.

I would like to express my sincere appreciation to Bank Negara Malaysia, the Ministry of Finance and all regulatory authorities and government agencies. Your ongoing support and collaboration have been vital to our sustained progress and success.

As we look forward to the upcoming financial year, let us embrace it with enthusiasm and determination. Together, we will continue to strive for excellence, making a positive impact in the industry and fulfilling the aspirations of our stakeholders.

QUEK LENG CHAN
Chairman

19 September 2024

Five Year Financial Highlights

Group	FY2020 RM'million	FY2021 RM'million	FY2022 RM'million	FY2023 RM'million	FY2024 RM'million
Total Assets	221,278	237,129	254,331	279,850	**297,789**
Gross Loans, Advances and Financing	145,932	155,822	168,234	181,677	**194,927**
Customer Deposits	173,493	183,290	197,292	211,652	**220,433**
Demand and Savings Deposits (CASA)	48,358	59,232	66,051	65,097	**71,617**
Shareholders' Fund	27,234	29,459	30,989	33,987	**37,294**
Profit Before Tax	2,989	3,471	4,367	4,627	**5,134**
Profit After Tax	2,495	2,861	3,289	3,818	**4,196**
Earnings per share (sen)	122	140	161	186	**205**
Net dividend per share (sen)	36.0	50.0	55.0	59.0	**68.0**
Dividend payout ratio	29.5%	35.8%	34.7%	32.0%	**33.6%**

Bank	FY2020 RM'million	FY2021 RM'million	FY2022 RM'million	FY2023 RM'million	FY2024 RM'million
Total Assets	177,707	188,434	198,130	215,057	**226,380**
Gross Loans, Advances and Financing	113,745	120,402	128,054	136,343	**145,166**
Customer Deposits	137,633	144,357	155,007	162,733	**165,753**
Shareholders' Fund	20,985	21,999	22,399	23,586	**25,449**
Profit Before Tax	2,075	2,404	3,196	2,729	**3,831**
Profit After Tax	1,654	1,868	2,212	2,077	**2,885**

Five Year Financial Highlights

Gross Loans, Advances and Financing

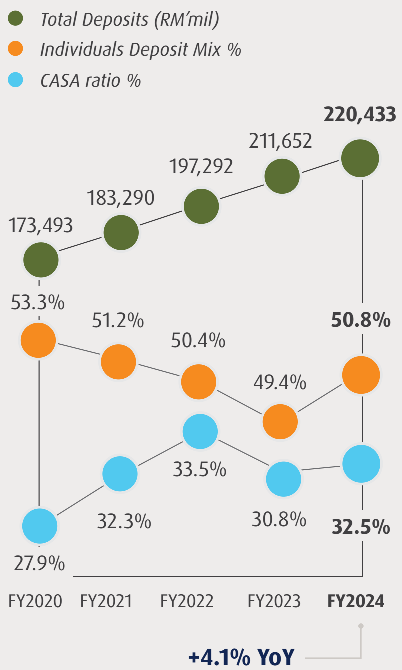
Strong growth due to expansion in segments of mortgages, auto loans, SME and commercial banking, as well as key overseas markets

RM'million

Deposits from Customers

Continued focus on CASA acquisition achieved through cash management solutions and community acquisition initiative

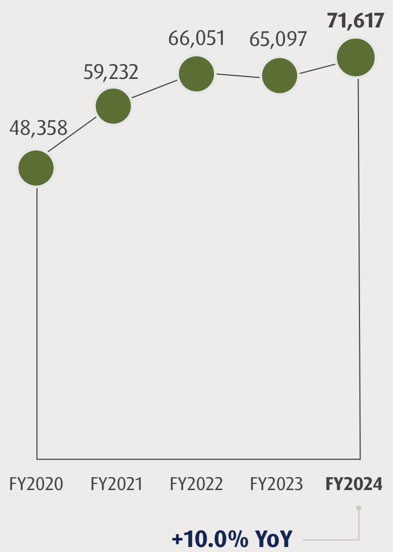
RM'million



CASA

Robust growth attributable to various CASA acquisition efforts

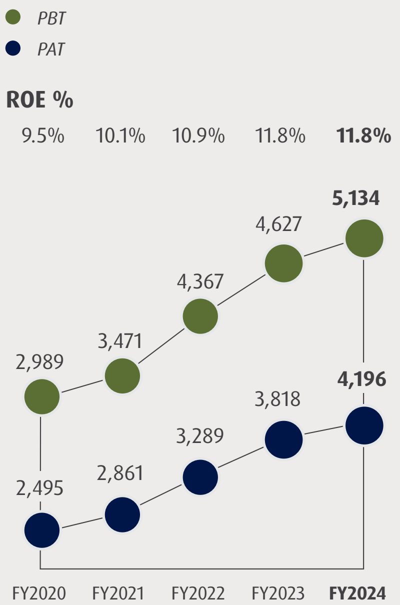
RM'million



Profitability

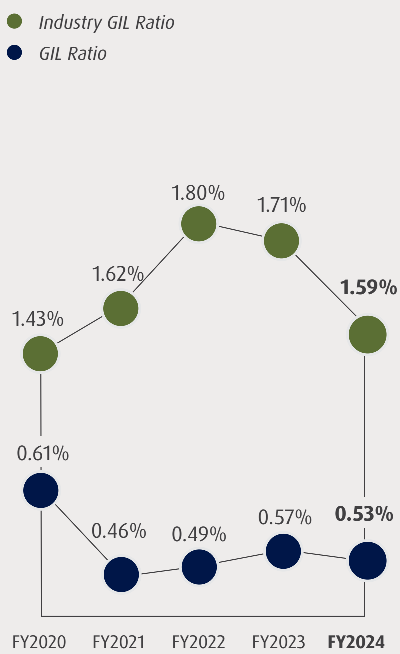
Commendable profitability amidst challenging macro economy and operating environment

RM'million



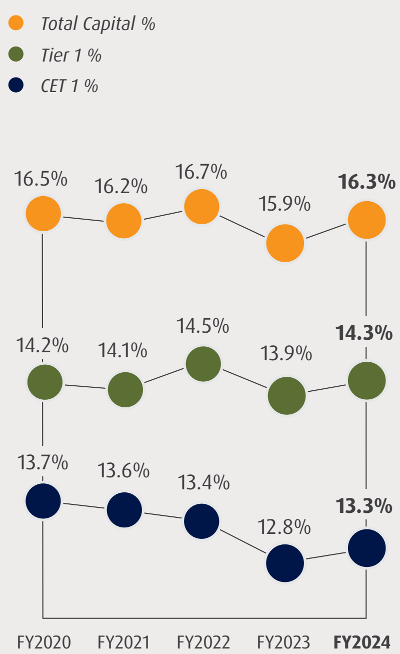
Asset Quality

Improved asset quality metrics coupled with sufficient loans/financing impairment coverage



Capital Ratios

Prudent liquidity and capital positions for sustainable business growth



Group Managing Director/
Chief Executive Officer's Review

Dear Shareholders, Customers and Business Partners

In FY2024, the Bank achieved another year of commendable performance, driven by robust financial metrics and strategic initiatives that harnessed the resilience of the Malaysian economy.

HLB Investor Day was held in December 2023, where Kevin Lam, along with the senior management team, unveiled our 3-5 Year Strategic Plan.

Malaysia's economic landscape demonstrated stability, buoyed by strong domestic demand, improved labour market conditions and supportive government policies.

Hong Leong Bank capitalised on these economic conditions with a strategic focus on loans/financing expansion, effective cost management and sustained non-interest income growth. With a disciplined approach to asset quality and continued advancements in our key business segments, we are well-positioned to maintain our growth trajectory and support our

Group Managing Director/Chief Executive Officer's Review

customers business and personal financing needs, while contributing to the economic development in the geographies that we operate in.

The most exciting development this year has been the introduction of our 3-5 Year Strategic Plan, aimed at realising our aspirations to be the Best Run Bank in Malaysia. This strategy, developed through extensive collaboration across all levels of the organisation, focuses on enhancing our competitive edge and capitalising on areas with huge growth opportunities to create unparalleled value for our stakeholders. It emphasises the importance of a mindset shift towards achieving Quantum Growth, prioritising customer-centricity and driving innovation in our business lines, people, technology, brand and sustainability.

As we move forward, I am confident that our clear strategic vision, combined with our commitment to excellence and innovation, will enable us to achieve our goals and continue delivering superior value to our shareholders, customers and business partners.

ECONOMIC LANDSCAPE

The Malaysian economy demonstrated resilience in 2023, achieving a growth rate of 3.6% despite challenges posed by the high base effect from 2022's impressive 8.9% expansion. This post-pandemic recovery, with an average annual growth of 5.3% from 2021 to 2023, surpasses the pre-pandemic average of 5.0% between 2017 and 2019. The growth was driven primarily by robust domestic demand, particularly private consumption, which was reinforced by public spending and investment activities. The labour market's steady improvement and supportive government policies played crucial roles in boosting consumer spending, while the services and retail sectors benefited from the resurgence in tourism activities.

On the supply side, all major sectors recorded positive growth, with the services and construction sectors leading the way. The services sector's growth was spurred by the rebound in tourism and increased consumer spending, contributing to an overall economic uplift. The construction sector, meanwhile, experienced a boost from ongoing infrastructure projects and government initiatives aimed at economic stimulation, such as the 12th Malaysia Plan, which focuses on sustainable development and economic resilience. This broad-based growth across various sectors highlights the underlying strength and diversity of the Malaysian economy, positioning it well for sustained expansion in the coming years.

PROFIT BEFORE TAX

RM5,134 million **+11.0%**

NET PROFIT AFTER TAX

RM4,196 million **+9.9%**

Group Managing Director/Chief Executive Officer's Review

OPERATING PERFORMANCE

In FY2024, HLB delivered robust financial performance, achieving key milestones of record breaking profit before tax of RM5,134 million and net profit after tax of RM4,196 million, marking y-o-y growth of 11.0% and 9.9% respectively. This translated to a commendable return on equity ("ROE") of 11.8% for the year. The performance was driven by continued loans/financing expansion, improved asset quality metrics and healthy contributions from our associates.

Net interest income for FY2024 grew by 2.6% y-o-y to RM4,669 million, with a net interest margin ("NIM") of 1.86%. This growth was underpinned by an expansion in the loans/financing portfolio and effective funding cost management. Non-interest income ("NoII") for FY2024 was healthy at RM1,102 million, witnessing a substantial 26.5% y-o-y increase in Q4FY24 alone, driven by higher fee income from wealth management, credit card-related fees and gains in foreign exchange.

Operating expenses were prudently managed at RM2,339 million for FY2024, leading to a sustainable cost-to-income ratio ("CIR") of 40.5%. Consequently, the operating profit after allowances was higher by 6.2% y-o-y to RM3,545 million for FY2024, attributed to our focus on growing our core franchise in Malaysia and the regional operations. Gross loans, advances and financing maintained their growth momentum, expanding by 7.3% y-o-y to RM194.9 billion. This growth was driven by the mortgage, auto loans, SME and commercial banking segments, as well as key overseas markets. Domestic loans/financing growth of 7.9% y-o-y continued to outpace industry growth.

Residential mortgages increased by 6.3% y-o-y to RM94.8 billion, supported by a healthy loan pipeline. Transport vehicle loans/financing experienced robust growth of 12.1% y-o-y to RM21.9 billion. Loans to domestic business enterprises were higher by 8.7% y-o-y at RM66.1 billion, while the SME loans/financing portfolio grew by 13.6% y-o-y to RM37.5 billion. The community SME banking segment saw a remarkable 13.9% y-o-y growth, driven by innovative customer-centric solutions and digital onboarding platforms.

The Bank's fundamentals in FY2024 remained supportive of business growth, with a loan-to-deposit ratio ("LDR") of 87.0% and a liquidity coverage ratio ("LCR") of 126.6%. Customer deposits increased by 4.1% y-o-y to RM220.4 billion, with CASA delivering strong growth of 10.0% y-o-y to RM71.6 billion, resulting in an improved CASA ratio of 32.5%. The Bank's funding base remained solid, with a 7.0% y-o-y higher individual deposit portfolio of RM111.9 billion, representing an individual deposit mix of 50.8%.

The Bank maintained its disciplined approach to asset quality, with the gross impaired loan ("GIL") ratio improving to 0.53% from 0.57% in the previous year, while the loan impairment coverage ("LIC") ratio stood at 155.0%. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio is sufficient at 225.0%. The Bank's capital position remains healthy, supporting future growth, with Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital ratios higher at 13.3%, 14.3% and 16.3% respectively.

TRANSFORMING HONG LEONG BANK: OUR 3-5 YEAR STRATEGIC PLAN

Our 3-5 Year Strategic Plan is not merely about staying competitive; it is about creating unparalleled value for our stakeholders and ensuring we stay ahead in a rapidly evolving financial landscape.

More importantly, in preparing to embark on this new journey, I was careful to ensure that the way forward would not be one determined by senior management alone. Thus, this strategy was crafted through concerted organisation-wide efforts, ensuring broad-based buy-in and alignment across all levels of the organisation. Over several months, we engaged in numerous debates and discussions, culminating in a robust plan endorsed by the Board and unveiled at our Investor Day in December 2023.

Our strategy targets several key metrics that we aim to achieve within five years:

RETURN ON EQUITY OF
>12.5%

COST-TO-INCOME RATIO OF
~40%

CASA RATIO OF
~35%

5-YEAR AVERAGE CREDIT CHARGE OF
~10 basis points

NON-INTEREST INCOME RATIO OF
>25%

The ambitious ROE target is achievable through three key levers of continued loans/financing growth, stronger NoII contribution and higher CASA mix. Thus, we have aligned our strategic initiatives to be centred around uplifting the performance of these three levers. While HLB has traditionally been strong in the lending business, I believe we have great potential to improve our NoII and CASA performance by further developing our capabilities in the areas of wealth management, transaction banking and GM franchise sales.

For an overview of the Bank's 3-5 Year Strategic Plan, please refer to page 35.

Achieving Quantum Growth

At a more fundamental level, to realise our ambition and deliver the transformative growth that we seek, a change in our collective mindset is required. This is why we have introduced the concept of Quantum Growth to unlock our mindset in several key areas of our business, including elevating our service levels to double down on our commitment to customer-centricity as we stay true to our brand promise of "Built Around You". Achieving this aspiration will require a new way of working, embedded into a new operating rhythm "Our HLB Heartbeat", which will help to drive change across five broad areas of the Bank – Business Lines, People, Technology, Brand and Sustainability.

In terms of the business lines, we are focused on revamping our branches, enhancing our SME and wealth management businesses, ramping up our regional businesses and investing in the growth of our payments ecosystem. People are the primary enabler of our transformation and we are dedicated to attracting, developing and retaining top talent who are aligned with our strategic objectives. In addition, enhancing our capabilities through technological investments to improve customer experiences and drive efficiency across our operations will be a key executional consideration of our success or failure.

The launch of HLB iconic Light Street Branch in Penang offers a full range of banking services and solutions, a Priority Banking Centre, as well as robust solutions for every size of business from SMEs to the largest corporations.

Strengthening our brand is a vital pillar for building trust and loyalty among our customers and stakeholders. Finally, the integration of ESG considerations into our operations and decision-making processes sets us on a path of creating long-term value for all our stakeholders while contributing positively to society and the environment.

BRANCH TRANSFORMATION: RE-PURPOSING OUR BRANCHES TO BETTER SERVE OUR CUSTOMERS

Our branch transformation initiative is an integral part of the new strategy and designed to enhance our operational efficiency and expand our network reach. By transforming our branch network, we aim to create a more dynamic, responsive and customer-centric banking experience while driving growth in key financial metrics.

The transformation involves redefining our branch distribution network into capability-defined categories, such as iconic branches, flagship branches and standard branches. The branches are structured to fit for purpose, with each branch category being tailored to meet specific customer needs and market demands to ensure that we provide unparalleled service and support across all touchpoints. What our branches will provide goes beyond business as usual, complements our ambitions to be a Digital Bank Plus Much More and fulfils the emotional engagement of in-person service tailored to customer needs, providing support and advisory with a human touch. This strategic reorganisation and reconstitution of branch capabilities around customer needs embodies our brand promise of "Built Around You".

Group Managing Director/Chief Executive Officer's Review

Our iconic branches are designed to be comprehensive service hubs that cater to a wide range of customer needs, offering a complete suite of services, including retail, SME, commercial banking, wealth and trade capabilities. The newly launched Penang Light Street Branch is the first iteration of a HLB iconic branch. It is more than just a banking premise, designed to be a community-centric hub that delivers elevated retail banking, along with deluxe priority and private banking experiences, that allow customers to meet, network and collaborate with our dedicated team of financial advisors and investment specialists to design personalised wealth management plans. Flagship branches offer core capabilities with SME and wealth services, while standard branches continue to provide essential banking services with focus on deposit gathering and fee income generation.

The branch transformation has also created fit-for-purpose Regional Community General Managers ("RCGMs") and branch captains who will spearhead grassroots marketing and outreach initiatives, making HLB an indispensable part of the community fabric. They will drive synergy across different business lines, such as SME, wealth, retail, Islamic and investment banking, ensuring that our branches are fully integrated and aligned with our "One Bank" approach.

Our physical presence in the community enables us to partner in all banking needs, from financial goals, investments and wealth management to simple banking transactions. This human connection builds trust, fosters loyalty and ensures customers feel truly supported in their financial journeys. One of the measures of this transformation initiative will be in our Customer Satisfaction Top 2 box score and Net Promoter Score ("NPS"), with scores of 82% and +21 in the most recent survey. We aspire to exceed 90% for Top 2 box score and attain a NPS of +40 on this journey of transformation.

FIRING ON NEW ENGINES OF GROWTH

In line with HLB's 3-5 Year Strategic Plan, one of the key areas identified to drive HLB's growth is via the expansion of our SME business segment and capture of SME loans market share, and SME franchise banking advisory income along with it.

To attain the abovementioned strategic objectives, HLB has implemented a comprehensive framework. This includes regularly reviewing SME coverage and resources coupled with ensuring appropriate SME banker resources for financing and deposits are strategically embedded within thriving business communities nationwide. The focus is on acquiring new customers and managing existing relationships to enhance wallet share and maximise customer advisory opportunities. Additionally, HLB's branch transformation strategy will further aid our SME ambitions by deploying senior community managers to broaden engagement and advisory services on banking products and services to cater to the business needs of the SMEs as well as retail banking needs of business owners and employees.

These initiatives are further supported by advanced digital capabilities aimed at simplifying SME account opening and transaction processes. Digital onboarding via tablets integrated with statutory platforms for efficiency, allow customers to schedule account openings at location and time of their convenience. In addition, the eKYB platform offers a full-fledged online business current account opening experience. Enhancements to the HL ConnectFirst platform ensure secure, seamless transactions for payments, collections, reconciliation and foreign exchange.

HLB is also committed to supporting Malaysian SMEs by engaging with various established trade associations to understand and address their challenges whilst identifying emerging business opportunities in the economy to scale their growth. Through our flagship ESG Readiness Programme, HLB aims to future-proof SMEs by building capacity in sustainability and ESG developments. This programme helps SMEs adopt sustainable practices and explore new revenue streams on the back of changing consumer demand and heightened ESG expectations globally. By focusing on these strategic areas, HLB aims to solidify its position as a key banking partner for SMEs, driving growth and innovation within this vital business segment.

In FY2024, our commitment to growing our SME customers and providing relevant solutions were recognised once again with two awards, namely the **Best SME Bank in Malaysia** by Asian Banking and Finance for the third consecutive year and the **Best SME Bank in Malaysia** by **Euromoney**.

Another key area of growth is Regional Wealth Management ("RWM") and we have made great strides in transforming this business in the past year. We strengthened our wealth management team with key new hires to ensure the wealth advisors on the ground have the necessary training, support and mentoring to drive the right customer outcomes. Our Relationship Managers ("RM") for Priority and Private Banking are now supported by a newly-formed specialist Banca Advisor team on their clients' bancassurance needs. Together with our investment consultants, clients can now have in-depth conversations with HLB about their investments, as well as legacy and retirement needs, with HLB moving towards a clients' needs-based approach.

We also realigned the management structure for our Branch Wealth Personal

HLB's adoption of advanced AI solutions and hyper-personalisation include piloting the use of AI voice bots in collections, marketing and customer support which provided significant improvements to our operational efficiency and customer experience.

Bankers who are now under the direct supervision of Branch Managers and ensured branch Key Results Areas ("KRAs") are incorporated with key wealth components. Overarching this, RWM established the Personal Banker Associate programme to ensure we 'grow our own timber' for future growth. It is the Bank's expectation that in the medium term we will be able to provide structured career progression to our sales team, moving from Personal Banker to Relationship Manager and finally to the top of the career ladder as Senior Client Advisor. This will ensure we have a sales team that is 'Here For the Long Term' and is motivated yet well-versed with the Bank's compliance and risk philosophy.

TREASURY PRODUCTS
57%
y-o-y growth

BANCASSURANCE SALES
29%
y-o-y growth

UNIT TRUST
19%
y-o-y growth

With this strong foundation, RWM turned in a record year with NoII registering a 57% y-o-y growth. Treasury product revenues (which include Fixed Income, Structured Products and Foreign Exchange) led the way with a 57% y-o-y growth whilst Bancassurance sales grew at a solid pace of 29% y-o-y as well. The Unit Trust segment turned in a commendable 19% y-o-y growth as our new Private Equity offering saw clients eager to diversify their portfolio with a product that is generally only available offshore.

As we grow our revenues in RWM, we are also focused on helping our RMs serve our customers better. Our first phase of enabling Unit Trust transaction on HLB Connect has been completed and we are now developing digital tools to help improve the efficiency of our RMs when they meet customers outside the Bank's premises. By next year, customers will be able to review their portfolio holdings and performance through our Wealth Tablet and make changes to their asset allocation immediately after their portfolio review with the RM. This process will include built-in controls and compliance checks, thus saving customers' time by eliminating phone callbacks and the signing of documents.

OUR ENABLERS: PEOPLE, TECHNOLOGY AND BRAND

As previously stated in the context of Quantum Growth, our People are a key enabler of our transformation. In the last year, we have not only focused on attracting, developing and retaining exceptional talent through strategic initiatives throughout the employee lifecycle, but we have also assessed and restructured our organisational layers to ensure that we possess the necessary capabilities for growth.

For instance, while the senior management team in Malaysia has consistently overseen regional functions, this responsibility has now been formally recognised to enhance the utilisation of Malaysia's expertise and strengths. The team will maintain its collaborative efforts in developing the regional businesses in Singapore, Vietnam, Cambodia and Hong Kong, alongside the respective CEOs of those countries.

Group Managing Director/Chief Executive Officer's Review

As part of the Branch Transformation initiative, RCGMs have been appointed to champion our business and community aspirations. RCGMs have been given a wider range of responsibilities, paired with the requisite learning and development to unlock and realise their fullest potential. They will report to the Head of Business Channels, a newly created role and division responsible for directing the roadmap necessary to drive our branch transformation strategy.

Further details on our commitment to developing our workforce can be found in the Management Discussion & Analysis ("MD&A") section of this report.

In the realm of Technology, HLB is committed to leveraging cutting-edge technology and digital solutions to drive our success and transformation. Over the past year, we have made significant strides in enhancing our digital infrastructure, adopting advanced AI solutions and streamlining our operations across the region. These efforts have not only improved our operational efficiency and customer experience but have also positioned us as a leader in digital banking innovation.

As part of the ongoing digital transformation regionally, we streamlined corporate onboarding and improved payment processes with the HL ConnectFirst Mobility app in Singapore. In Vietnam, we automated loan tagging and daily reporting, enhancing both corporate and retail operations. In Cambodia, our initiatives, including Bakong Phase 2, facilitated smoother fund transfers and improved customer service delivery through enhancements to the Connect platform.

AI COLLECTION BOT

15X productivity

(300k calls made)

Through AI and agility, we are creating a future where innovation thrives, our people excel and our customers succeed. In HLB, we are doubling down on our "Digital at the Core" ethos, where we have actively embraced AI, empowering hyper-automation champions in every division and fostering a collaborative environment where our people contribute to AI-driven solutions. For example, this year, we have piloted the use of AI voice bots in handling outbound calls for collections and telemarketing, and will be extending this to inbound calls for customer support. The AI collection bot has demonstrated impressive efficiency, being fifteen times more productive than a human agent. This has helped to achieve significant improvements in operational efficiency and enhancing our customer experience.

On the digital front, our in-house iPad solution offers a seamless phygital experience, blending physical and digital interactions to onboard customers efficiently at their convenience, while also simplifying cross-selling. Currently, the iPad solution facilitates 74% of retail account openings, establishing itself as a primary onboarding channel. In the past year, we have enhanced this solution with features such as cross-branch account opening and are committed to further improvements to elevate the customer onboarding experience even more. For our business customers, our digital on-boarding initiatives have also seen great success, as seen in the significant uptake of business accounts via tablet on-boarding.

In terms of branding, the ongoing branch transformation represents the physical aspect of the HLB brand which is further supported by our People who represent our updated brand values. These updated HLB brand values are not merely a response to a changing landscape; they are the cornerstone of our cultural transformation, aligning our operating rhythm and uniting us. By living these brand values, we will cultivate a high-performing culture that empowers us to execute our 3-5 Year Strategic Plan and achieve our ambition of becoming the best-run bank in Malaysia.

The updated HLB brand values focus on conducting business with integrity and transparency (Honour), emphasising our commitment to build a sustainable future (Here for the long term), embracing change and challenging the status quo (Innovation), fostering culture of teamwork and valuing diverse perspective (Collaborate to win), and having an entrepreneurial spirit (Entrepreneurship). These values represent our commitment to building a future that benefits not only HLB but also our customers, employees and the communities we serve. Embedded into our culture, they will empower us to adapt, innovate, and excel in the face of new challenges.

DRIVING GROWTH THROUGH SUSTAINABILITY

At HLB, sustainability is an integral part of our growth strategy. By embedding sustainability into our core business processes and solutions, we have created a balance between business priorities and ESG responsibilities. Since beginning our sustainability journey in 2017, our ESG practices have continued to mature at a steady pace. Besides our steadfast focus on climate action, we are a staunch ESG advocate in the banking industry while playing an active role in supporting our communities and the future generation.

Our focus on aligning business opportunities with sustainability is evident in our green financing initiatives, which have become a major growth area. Since starting this initiative in 2019, we have significantly exceeded our renewable energy target, with RM3.5 billion cumulatively approved financing. We have also surpassed our targets in green vehicle and green and affordable mortgages with outstanding loans of RM1.2 billion and RM14.6 billion respectively. This underscore our role in promoting ESG financing as a value-creation engine.

Regarding our net zero ambitions and carbon reduction targets, we have reduced our operational carbon emissions (Scope 1 & 2) by 29% since FY2019, surpassing our target reduction of 15% to 25% by 2026. This progress was achieved through various Energy Efficiency & Conservation ("EE&C") measures at our operational facilities, including the installation of solar panels at our PJ City Tower A office. Additionally, we have expanded our Scope 3 disclosures, detailing operational and business travel-related emissions from our regional branches and operations in Cambodia and Vietnam. Our efforts in calculating and disclosing financed emissions, have advanced, with disclosures now including emissions from residential mortgages and motor vehicle loans. We plan to extend these disclosures to additional asset classes, and once baselines are established, develop specific emissions reduction targets and strategies.

To facilitate our customers' sustainability transition journey, HLB has two core stakeholder engagement sessions targeted at our SME, middle market and corporates customers, namely the ESG Readiness Programme mentioned earlier and the HLB Sustainability Roundtable that brings together business leaders, industry experts and ESG pioneers to share knowledge and insights on ESG integration. In our latest Roundtable, themed "Greening the Supply Chain: The Malaysian Corporate Sector and the Global Sustainability Revolution: A Win-Win Convergence", we addressed the critical issues of greening supply chains in collaboration with partners like Malaysia Steel Works (KL) Bhd ("MASTEEL"), PricewaterhouseCoopers ("PwC") and Malaysian Investment Development Agency ("MIDA").

Beyond business, we leverage our resources to empower social enterprises and micro-enterprises, improving financial inclusion and literacy in local communities. Our HLB Jumpstart programme supported social enterprises with targeted workshops and zero-profit financing, helping entrepreneurs pursue their dreams. Additionally, our DuitSmart and HLB@School programmes delivered essential financial knowledge and money management skills to thousands of students, laying the foundation for long-term financial literacy and empowerment.

For effectively integrating sustainability considerations throughout our operations, HLB was awarded with three awards in 2024 - (1) **Bank of The Year - ESG Leadership Award** at the Sustainability and CSR Malaysia Awards, (2) **Gold Award** in the Financial Services sector at **The Edge ESG Awards 2023** for the second year in a row and (3) the **National Energy Award in the Domestic Bank category for Sustainable Energy Financing** for the third year in a row.

HLB has partnered with Refiller Mobile through the HLB Jumpstart CSR platform, inviting staff and the public to refill essential household products at the zero-waste store on wheels by reusing their own containers. Through this platform, Refiller Mobile receives guidance, capacity building and business opportunities from HLB, who will support the social enterprise in promoting a zero-waste lifestyle for all.

OUTLOOK

The Malaysian economy is expected to register positive traction in the upcoming financial year, supported by a continuous recovery in external demand, the global tech upturn, favourable commodity prices and continuous improvements in domestic economic activities. Private consumption and an anticipated increase in investment are poised to be the main growth catalysts. Despite the uneven growth outlook among major global economies, the resilient US economy is expected to underpin moderate global growth, which in turn is likely to support Malaysia's economic expansion at the upper range of 4% to 5%, with a possibility of exceeding 5%.

Against a backdrop of sustained moderate economic growth and a manageable inflation outlook, the Overnight Policy Rate ("OPR") is expected to remain unchanged at 3.00% for the new financial year. Ongoing subsidy rationalisation programme is expected to have a transitory impact on inflation provided second round spill-over effects are well-contained. Expectation for a stable monetary policy, contrasting with the global easing trend, is anticipated to benefit Malaysian financial markets and support the local currency.

ACKNOWLEDGEMENTS

I am pleased to reflect on a year of substantial progress and strong results, despite the obstacles we faced. My sincere gratitude goes out to everyone who supported us through these challenging times.

To our distinguished Board of Directors, your outstanding leadership and invaluable guidance were crucial in navigating the complexities of this year. I also want to extend my deepest appreciation to our dedicated employees and management team. Your passion and commitment have laid a solid foundation for our next phase of growth and I am excited to continue our journey together.

I would also like to thank our shareholders for their steadfast belief in our ability to generate sustainable, long-term value. To our valued customers, we are deeply grateful for your continued loyalty and trust in our services.

Lastly, I express my heartfelt thanks to Bank Negara Malaysia, the Ministry of Finance, government agencies and regulatory authorities. Your support and guidance have been instrumental in helping us realise our vision and successfully navigate the financial landscape.

KEVIN LAM
Group Managing Director/
Chief Executive Officer

19 September 2024

3-5 Year Strategic Plan

Built Around You

Personalised | Easy | Proactive

Updated HLB Values

- Honour
- Here for the long term
- Innovation
- Collaborate to win
- Entrepreneurship

Financial Metrics Aspirations

ROE	CIR ratio	Credit charge (5Y average)	CASA ratio	NoII ratio
>12.5%	~40%	~0.10%	~35%	>25%

Key Business Drivers

- Branch Transformation
- Wealth Expansion
- SME & Middle Market
- Transaction Banking
- GM Franchise Sales
- Regional Focus

Business Enablers

- People
- Technology
- Refresh Our Brand
- Championing Sustainability

Management Discussion & Analysis

FINANCIAL REVIEW

1 FINANCIAL HIGHLIGHTS

1 Profit Milestone
Record breaking PBT and PAT

PROFIT BEFORE TAX

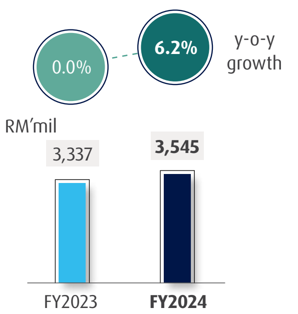
RM5,134 million ▲ 11.0%

NET PROFIT AFTER TAX

RM4,196 million ▲ 9.9%

2 Profit Engines
Focus on growing pre-BOCD core franchise

Profit before associates contribution



KEY GROWTH SEGMENTS:

SME
▲ 13.6%
loans/financing

Wealth Management
▲ 40.4%
fee income

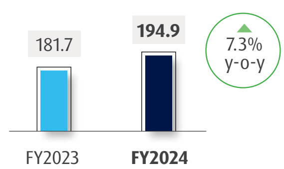
Credit Card
▲ 10.5%
related fee income

Transport Vehicle
▲ 12.1%
loans/financing

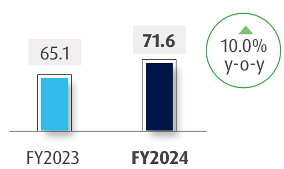
Global Markets
▲ 28.7%
franchise sales income

3 Strong ROE
Delivering 11.8% ROE through key levers

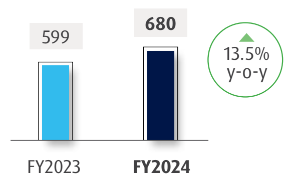
Loans/Financing
RM'bil



CASA
RM'bil



Fee Income
RM'mil



4 Higher dividends
34% dividend payout ratio and progressively improve whilst ensuring capital remains strong

DIVIDEND

68 sen ▲ 15.3%

TOTAL CAPITAL RATIO

16.3% ▲ 40 bps

SUMMARY OF GROUP PERFORMANCE

	FY2023	FY2024	Growth %
Profitability & Efficiency (RM'million)			
Total Income	5,686	**5,771**	1.5%
Operating Profit	3,452	**3,432**	-0.6%
Profit Before Tax	4,627	**5,134**	11.0%
Profit After Tax	3,818	**4,196**	9.9%
Earnings Per Share (sen)	186	**205**	9.9%
Net Interest Margin	1.98%	**1.86%**	
Cost-to-Income Ratio	39.3%	**40.5%**	
Return on Assets	1.43%	**1.45%**	
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%**	
Loan Impairment Coverage Ratio	169%	**155%**	
LIC Ratio (provisions made on GIL and security value)	239%	**225%**	
Liquidity and Capital Ratios			
Loan-to-Deposit Ratio (include IA and SRF)	84.3%	**87.0%**	
Common Equity Tier 1 Capital Ratio	12.8%	**13.3%**	
Tier 1 Capital Ratio	13.9%	**14.3%**	
Total Capital Ratio	15.9%	**16.3%**	

Management Discussion & Analysis
FINANCIAL REVIEW

2 FY2024 KEY PERFORMANCE INDICATORS (KPIs)

TARGET FY2024		ACHIEVED FY2024
6%-7%	Gross Loan Growth	7.3%
1.8%-1.9%	Net Interest Margin	1.86%
~40%	Cost-to-Income Ratio	40.5%
<0.70%	Gross Impaired Loan Ratio	0.53%
~10 bps	Net Credit Cost	-6 bps
>30%	CASA Mix	32.5%
~12.0%	Return on Equity	11.8%

In line with our 3-5 Year Strategic Plan, we are proud to have met all of our guidance for FY2024.

- Strong growth trajectory in loans of 7.3% y-o-y ensured that we were well ahead of guidance, driven by the expansion in our key segments of mortgages, auto loans, SME and commercial banking, as well as overseas markets.
- NIM maintained at 1.86% on the back of expansion in loans/financing and effective funding cost management.
- Expenditures are managed at a controlled pace via strategic cost management initiatives to achieve a sustainable CIR ratio of 40.5%.
- The Bank continued to demonstrate sound asset quality at GIL ratio of 0.53%, below our guidance of circa 0.7%. Accordingly, net credit cost for FY2024 was at -6bps, overachieved the prudent guidance set for the financial year.
- CASA ratio was driven higher to a commendable 32.5%, underpinned by the Bank's emphasis on effective cash management solutions and community deposit acquisition initiatives.
- ROE for FY2024 was solid at 11.8%, underpinned by sound underlying business performance and robust contribution from our associates.

3 GUIDANCE FOR FY2025

Committed to deliver commendable performance to achieve our 3-5 Year Strategic Plan

TARGET FY2025	
6.0%-7.0%	Gross Loan Growth
1.85%-1.95%	Net Interest Margin
~41.0%	Cost-to-Income Ratio
<0.65%	Gross Impaired Loan Ratio
<10 bps	Net Credit Cost
>32.0%	CASA Mix
~12%	Return on Equity

- Looking ahead, we believe that our 3 – 5 Year Strategic Plan have put us in a clear direction on the engines of growth, coupled with solid asset quality, would provide good momentum to deliver sustainable outcomes to our stakeholders.

- For FY2025, the Bank has set target to maintain strong loans/financing growth trajectory of 6.0% to 7.0%, while upholding our solid asset quality with a GIL ratio of below 0.65%. We strive to sustain a healthy CASA mix at above 32% underpinned by the Bank's various CASA acquisition efforts.

- Management has guided for NIM to be in the region of 1.85% to 1.95%, CIR to be approximately 41.0% and net credit cost to be below 10 bps. Correspondingly, we expect to achieve a commendable ROE of circa 12.0% for the next financial year.

Management Discussion & Analysis
FINANCIAL REVIEW

4 INCOME STATEMENT ANALYSIS

INCOME STATEMENT SUMMARY

RM' Mil	FY2023	FY2024	Change % (YoY)
Total income	5,686	**5,771**	1.5%
Operating expenses	(2,233)	**(2,339)**	4.7%
Operating profit before allowances	3,452	**3,432**	-0.6%
Allowances for loans and other impairments	(115)	**113**	>100%
Profit before associates contribution	3,337	**3,545**	6.2%
Share of profits from associates	1,289	**1,589**	23.2%
Profit before tax	4,627	**5,134**	11.0%
Profit after tax	3,818	**4,196**	9.9%

Total income for FY2024 recorded a stable growth of 1.5% to RM5.8 billion, underpinned by expansion in loans/financing portfolio and sustained non-interest income contribution. We continued to manage our operating expenses effectively at RM2.3 billion for FY2024.

The Bank 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 and gross credit cost of -6bps and 8bps respectively. Correspondingly, profit before associates contribution was higher by 6.2% y-o-y to RM3.5 billion.

Profit contribution from our overseas associates continue to be robust, improving 23.2% y-o-y to RM1.6 billion. This performance led to a 11.0% y-o-y growth of the Bank's PBT in FY2024 to RM5.1 billion while PAT grew 9.9% y-o-y to RM4.2 billion.

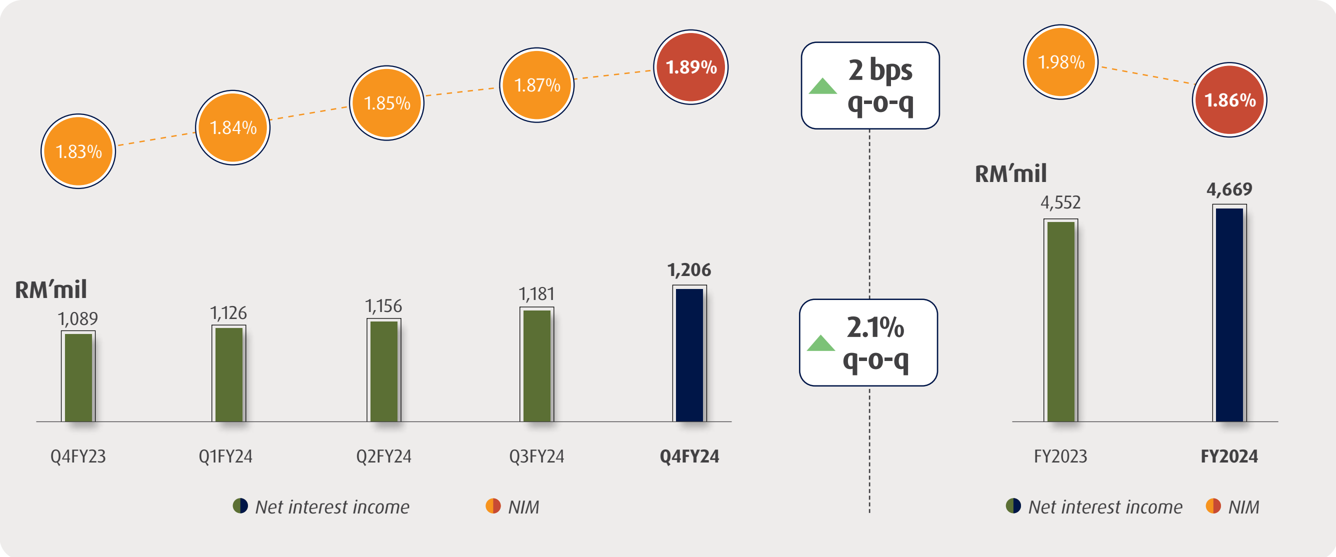
A) Net Interest Income

Throughout FY2024, we continue to see quarterly uptick trend in NIM improving from 1.83% to 1.89%, driven by expansion in loans/financing and effective funding cost management. As such, net interest income was higher by 2.6% y-o-y to RM4.7 billion, with NIM of 1.86%.

Interest income increased 16.8% y-o-y to RM11.3 billion for FY2024, buoyed by loans/financing growth momentum coupled with higher yields from the overnight policy rate and fed rate hikes.

On the other hand, interest expense expanded at a faster pace to RM6.6 billion attributable to higher funding cost from both retail and wholesale compared to the same period last year.

A) Net Interest Income (Cont'd.)

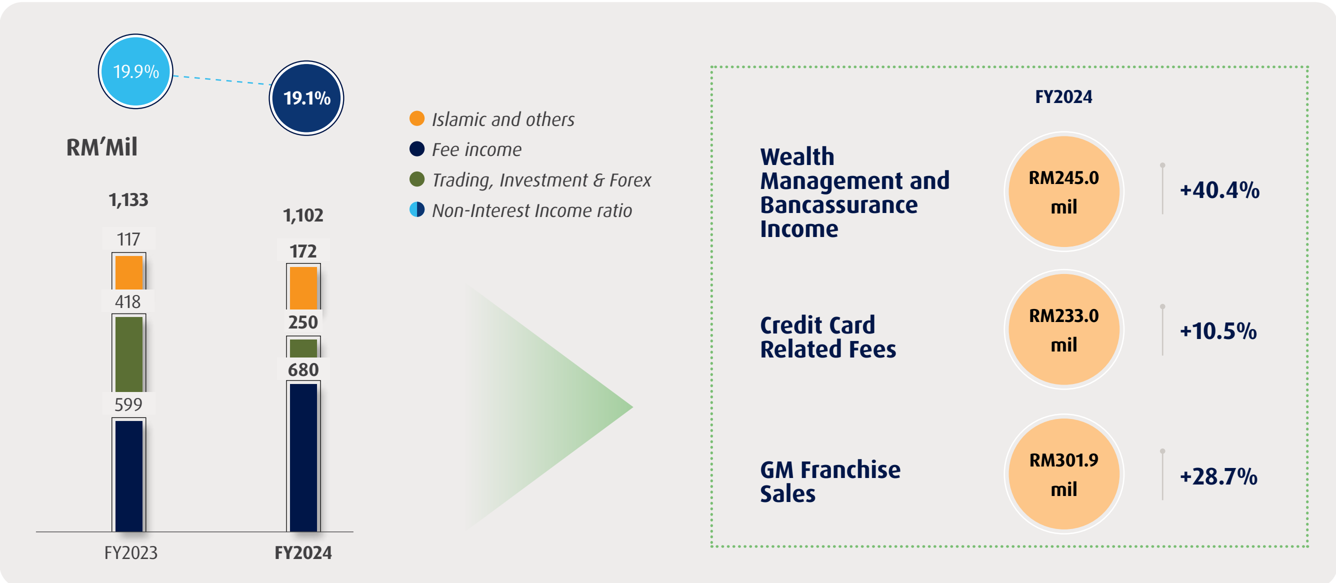


B) Non-interest Income

Non-interest income for FY2024 was stable at RM1.1 billion, contributed by higher fee income and Islamic business, offset by lower gains from trading and investment activities. Non-interest income ratio was recorded at 19.1%.

Fee income for FY2024 increased 13.5% y-o-y to RM680 million, driven by 40.4% y-o-y expansion in wealth management and bancassurance income, coupled with 10.5% y-o-y improvement in credit card related fees.

Trading, investment and FX gains were lower at RM250 million, largely attributed to limited opportunities for securities realisation and changes in monetary policy stance in the US. We are focusing more on GM franchise sales, which expanded strongly by 28.7% y-o-y to RM302 million, in line with efforts to expand GM client coverage and strengthen sales capabilities.



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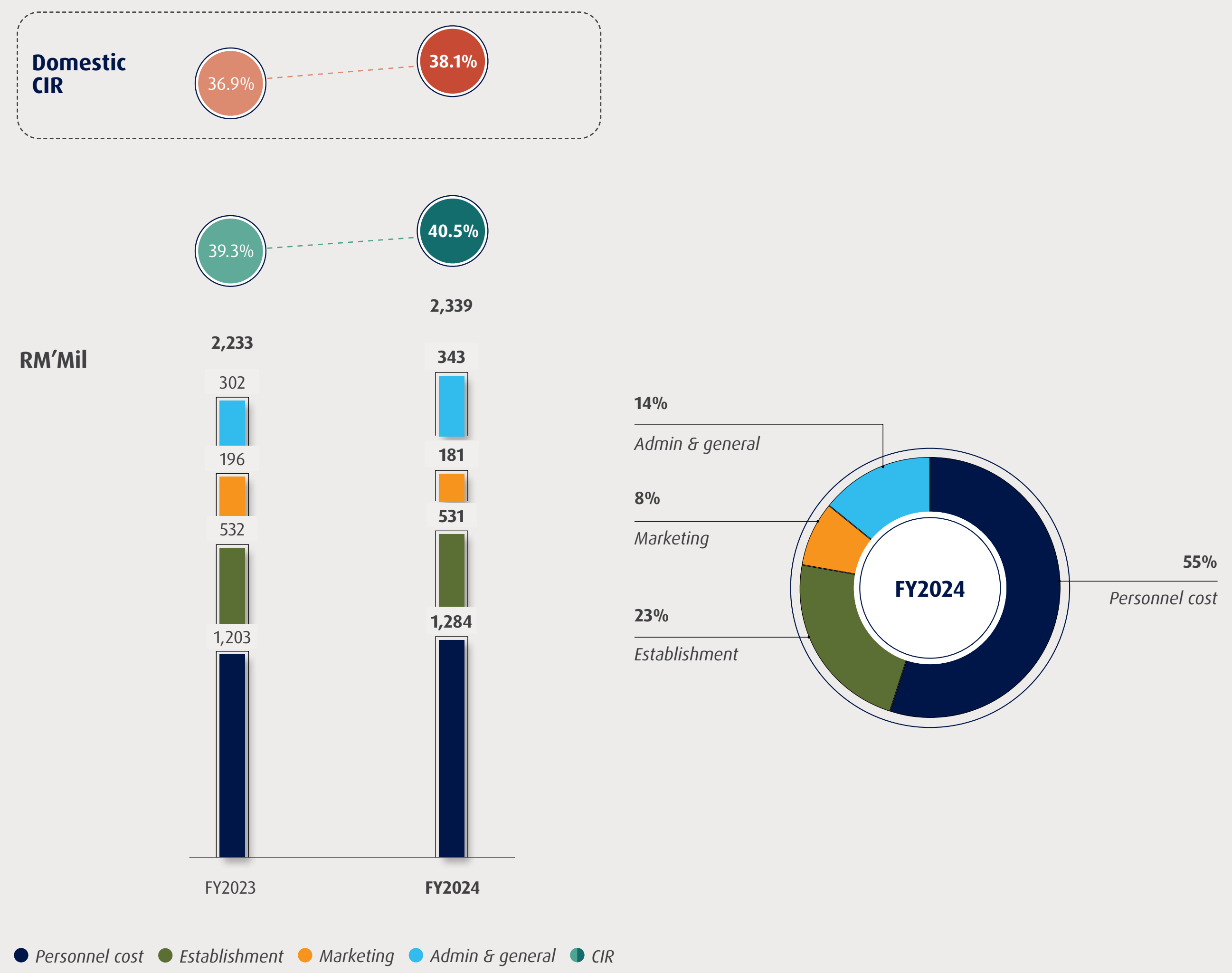
C) Operating Expenses

Operating expenses were kept stable as we continue to prudently manage our expenses to support business expansion through strategic cost management initiatives. In FY2024, operating expenses were RM2.3 billion, with CIR being well managed at 40.5% while domestic CIR was optimised at 38.1%.

Personnel costs, accounting for 55% of total operating expenses, increased 6.8% y-o-y to RM1.3 billion, largely due to higher salaries and allowances as business scaling and revenue generation prompted for an expansion in workforce. Establishment costs remained flattish y-o-y.

Marketing expenses fell 7.7% y-o-y to RM181 million largely driven by selective marketing spending. On the other hand, admin and general expenses were higher at RM343 million due to higher net credit card fees from increased merchant sales volume and retail spend.



5 GROSS LOANS, ADVANCES AND FINANCING

STRONG GROWTH DUE TO EXPANSION IN KEY SEGMENTS

Gross Loans, Advances and Financing by Domicile	FY2023		FY2024		
	RM'million	% Contribution	RM'million	% Contribution	Growth %
Total Domestic Operations	167,712	92%	**180,917**	**93%**	7.9%
International Operations	13,965	8%	**14,010**	**7%**	0.3%
of which					
Singapore	9,368	5.2%	**9,620**	**4.9%**	2.7%
Hong Kong	47	0.03%	**43**	**0.02%**	-8.7%
Vietnam	1,956	1.1%	**2,127**	**1.1%**	8.8%
Cambodia	2,595	1.4%	**2,221**	**1.1%**	-14.4%
Total Gross Loans, Advances and Financing	181,677	100%	**194,927**	**100%**	7.3%

Our gross loans, advances and financing sustained strong growth of 7.3% y-o-y to RM194.9 billion, as we looked for opportunities to support customers in their personal and business endeavours. Mortgages, auto loans, SME and commercial banking as well as key overseas markets are the main drivers of loans/financing growth.

Domestic loans/financing represents 93% of the Bank's total loans/financing book and outpaced industry growth in FY2024, recording a 7.9% y-o-y expansion to RM180.9 billion as at 30 June 2024. Overseas loans expanded to RM14.0 billion, underpinned by strong growth in Singapore and Vietnam which expanded by 2.7% and 8.8% y-o-y to RM9.6 billion and RM2.1 billion respectively.

Gross Loans, Advances and Financing by Key Segments	FY2023		FY2024			Domestic
	RM'million	% Contribution	RM'million	% Contribution	Growth %	Market Share %
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%	-

Residential properties segment expanded by 6.3% y-o-y to RM94.8 billion, backed by a healthy loans/financing pipeline. Transport vehicle loans/financing stood at RM21.9 billion, a commendable 12.1% y-o-y growth driven by our strategic initiatives and collaborations to strengthen dealer coverage.

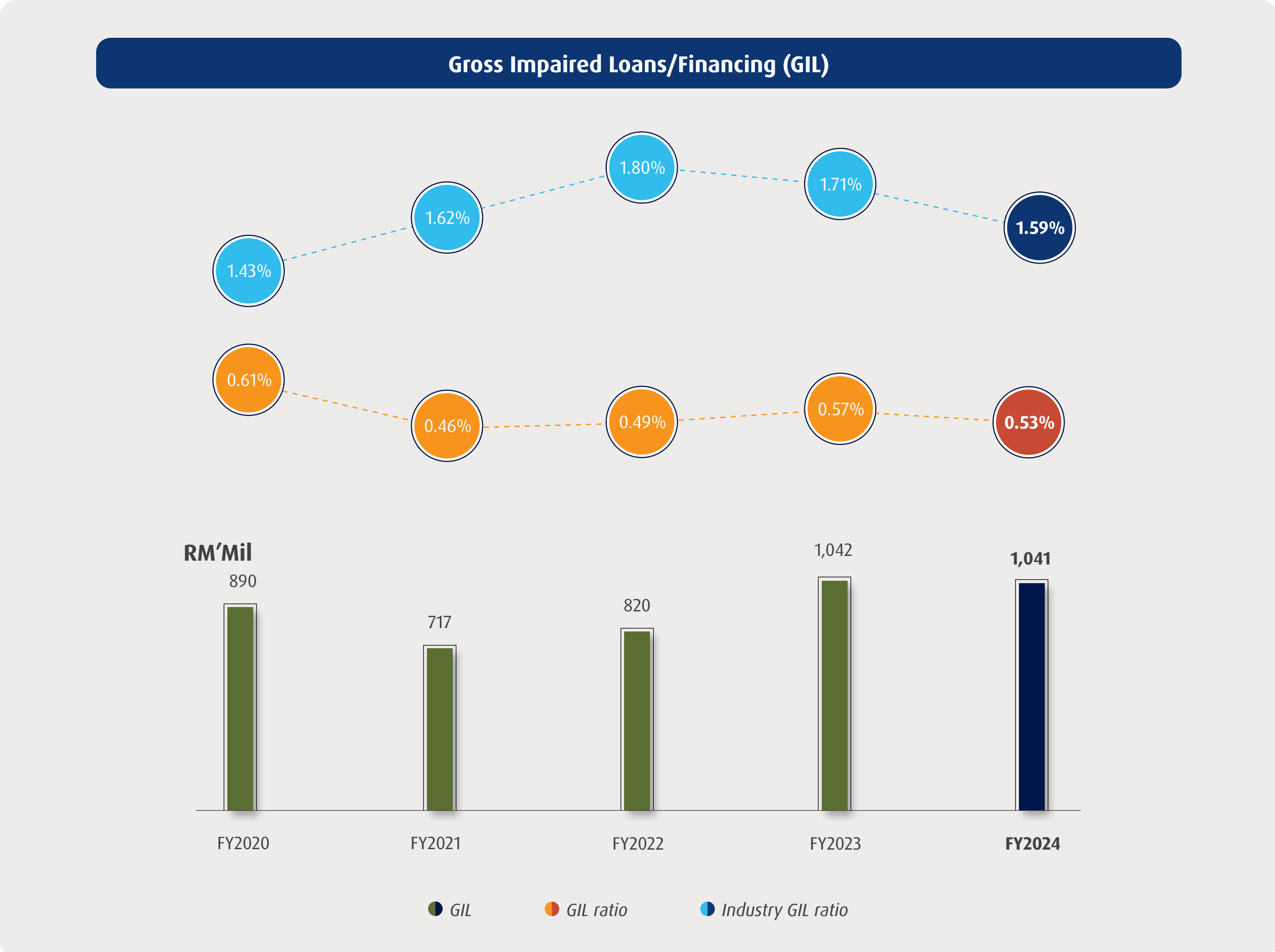
Reported SME loans growth was strong with a 13.6% y-o-y expansion to RM37.5 billion. Within this SME portfolio, the Bank's community banking initiative yielded promising growth of 13.9% y-o-y, attributable to its customer-centric solutions and digitalised onboarding initiatives that helped to scale new customer acquisition, on top of strategic emphasis to improve cross-selling and product penetration.

Management Discussion & Analysis

FINANCIAL REVIEW

6 ASSET QUALITY

IMPROVED ASSET QUALITY METRICS COUPLED WITH SUFFICIENT LOANS/FINANCING IMPAIRMENT COVERAGE

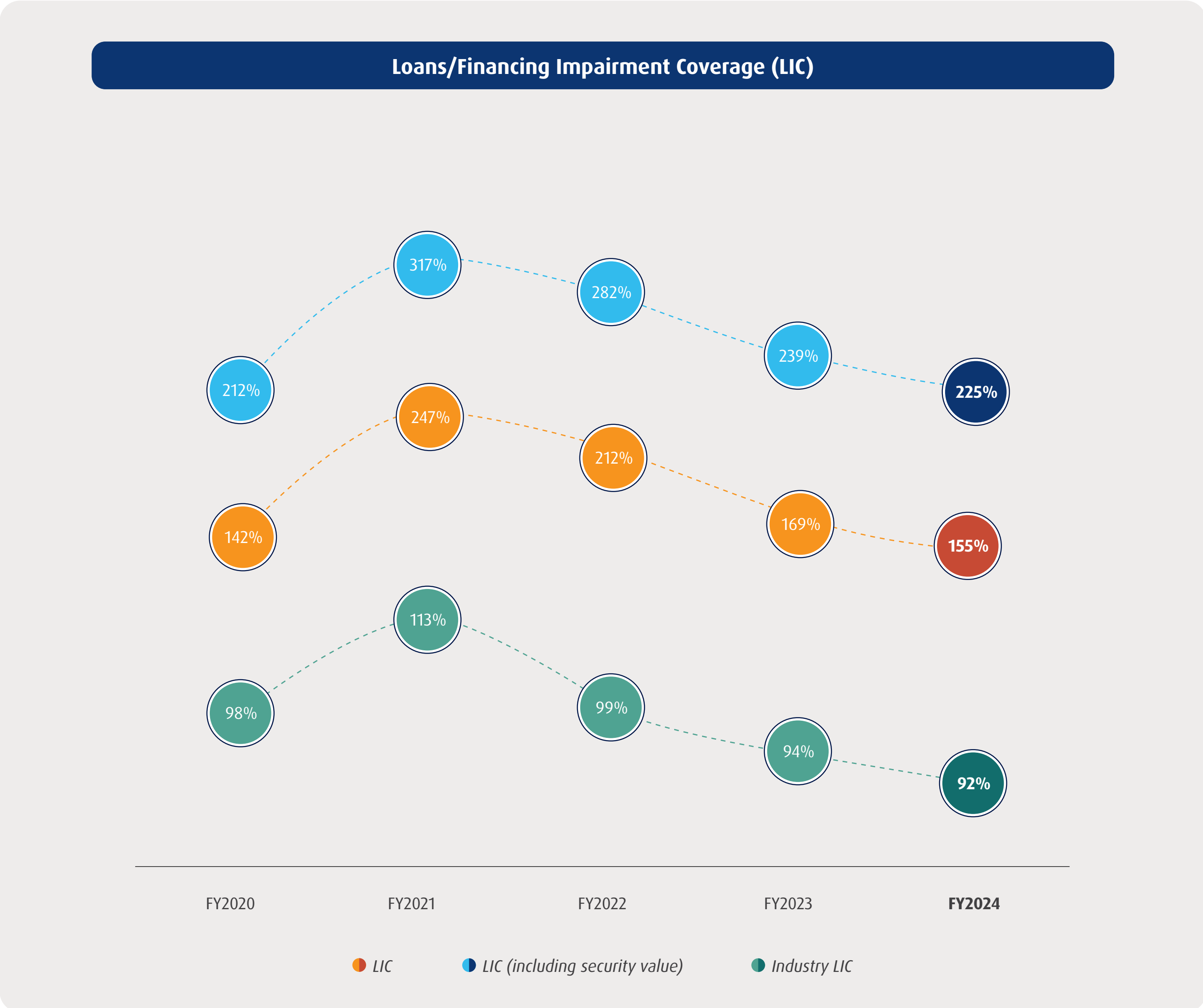


Asset quality metric continued to be solid as we uphold tight credit standard whilst providing support to our customers to meet their needs. Thus, GIL ratio improved to 0.53% as at 30 June 2024, comfortably below the industry GIL ratio.

Asset Quality by Key Segments	FY2023	FY2024	Industry Average
Residential Properties	0.45%	**0.41%**	1.27%
Transport Vehicles	0.22%	**0.35%**	0.52%
SME	1.06%	**1.04%**	2.99%

Our key segments of residential properties, transport vehicles and SME remained healthy with GIL ratios of 0.41%, 0.35% and 1.04% respectively. Accordingly, the GIL ratios for these key segments are well below the industry average, and still below pre-pandemic levels.

The healthy GIL ratios in those key segments were the result of our strategies in taking early action on accounts with arrears, managing high risk accounts and implementing various programmes to remedy our pre-impaired and impaired accounts.



Amidst the challenging operating environment, the Bank remained prudent and kept the preemptive buffer of RM574 million in FY2024. As such, our loans/financing impairment coverage ("LIC") sufficiently stands at 155% as at 30 June 2024. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio is recorded at 225%.

Management Discussion & Analysis

FINANCIAL REVIEW

7 CUSTOMER DEPOSITS

GROWTH MOMENTUM DRIVEN BY CONTINUED FOCUS ON CASA ACQUISITION

Customer Deposits by Domicile	FY2023 RM'million	FY2023 % Contribution	FY2024 RM'million	FY2024 % Contribution	Growth %
Total Domestic Operations	192,874	91%	**198,781**	**90%**	3.1%
International Operations	18,778	9%	**21,652**	**10%**	15.3%
of which					
Singapore	14,380	6.8%	**16,943**	**7.7%**	17.8%
Hong Kong	308	0.1%	**278**	**0.1%**	-9.7%
Vietnam	1,871	0.9%	**2,114**	**1.0%**	13.0%
Cambodia	2,219	1.0%	**2,317**	**1.1%**	4.4%
Total Customer Deposits	211,652	100%	**220,433**	**100%**	4.1%

Total customer deposits registered a 4.1% y-o-y growth to RM220.4 billion as at 30 June 2024, while domestic deposits increased by 3.1%.

Domestic customer deposits which comprise 90% of the Bank's total deposit base, grew 3.1% y-o-y to RM198.8 billion while customer deposits from our international operations increased by 15.3% y-o-y underpinned by the growth in Singapore, Vietnam and Cambodia which expanded by 17.8%, 13.0% and 4.4% y-o-y to RM16.9 billion, RM2.1 billion and RM2.3 billion, respectively.

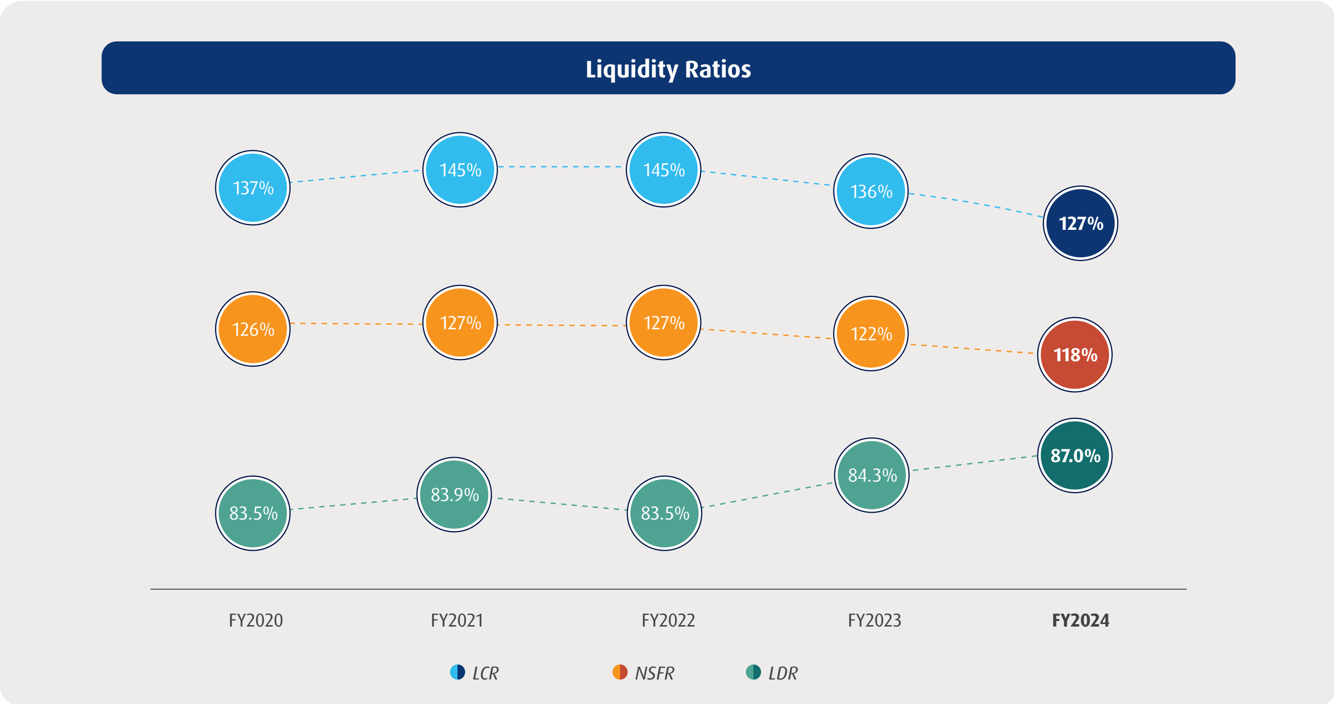
Customer Deposits by Key Product and Customer Type	FY2023 RM'million	FY2023 % Contribution	FY2024 RM'million	FY2024 % Contribution	Growth %	Domestic Market
By key product type of deposits						
Demand and Savings Deposits (CASA)	65,097	31%	**71,617**	**32%**	10.0%	8%
Fixed Deposits	112,228	53%	**115,137**	**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%

Core customer deposits consisting of demand, savings and fixed deposits constituted to 85% of our total customer deposits base, increased 5.3% y-o-y. CASA stood at RM71.6 billion, a result of robust growth of 10.0% y-o-y, with a strong CASA ratio of 32.5%. This was possible due to intensive new-to-bank customer acquisitions through community deposit initiatives and the Bank's innovative cash management solutions. Fixed deposits increased 2.6% y-o-y to RM115.1 billion, representing a domestic market share of 8.0%.

The Bank's stable funding base continued to be supported by solid individual deposit base that grew 7.0% y-o-y to RM111.9 billion, and with an above industry mix of 50.8%.

8 LIQUIDITY

HEALTHY LIQUIDITY POSITIONS TO SUPPORT SUSTAINABLE BUSINESS GROWTH



The Bank continues to maintain strong funding and liquidity positions, with a LDR of 87.0%, as we continue to optimise balance sheet profitability whilst maintaining sustainable growth. As at 30 June 2024, the Bank's liquidity coverage ratio ("LCR") was optimally managed at 127%, while net stable funding ratio ("NSFR") was stable at 118%, both well above regulatory requirements.

As at 30 June 2024, loan-to-funds ("LTF") and loan-to-funds & equity ("LTFE") ratios are 87.6% and 75.2% respectively, well in line with industry averages.

9 CREDIT RATINGS

Rating Agency Malaysia and Moody's Investors Services have reaffirmed our long-term and short-term ratings. This endorsement reflects our solid fundamentals, strong presence in the domestic retail and SME sectors, excellent asset quality and strong capitalisation.

Our consistent business performance has earned us high credit ratings from both domestic and international agencies, as demonstrated below:

Rating Agency	Date Accorded / Latest Update	Rating Classification
Rating Agency Malaysia Berhad	28-Jun-24	Long-Term Rating: AAA Short-Term Rating: P1 Subordinated Notes: AA1 Additional Tier 1 Capital Securities: A1 Medium-Term Notes: AAA Commercial Papers: P1
Moody's Investors Services Ltd	27-Feb-24	Long-Term Rating: A3 Short-Term Rating: P2

10 CAPITAL MANAGEMENT

INTRODUCTION

HLB's capital management framework includes essential policies and procedures to ensure the efficient use of capital by the Bank and its main subsidiaries while maintaining sufficient capital levels. This framework outlines the risk profiles, management targets, and regulatory standards or guidelines that each business unit must adhere to:

The capital management structure aims to:

- **Keep capital ratios at levels above regulatory minimums or internal capital thresholds.**
- **Support the Bank's strong credit ratings.**
- **Be open to future strategic opportunities.**
- **Allocate capital efficiently to businesses and optimise return on capital.**
- **Be resilient during stressful economic and financial conditions.**

CAPITAL MANAGEMENT FRAMEWORK

The Bank's capital management approach is outlined in the Internal Capital Adequacy Assessment Process ("ICAAP"), which has been approved by senior management, the Board Risk Management Committee ("BRMC") and the Board. The ICAAP involves evaluating the Bank's capital levels under various economic scenarios, including stressed conditions, to determine the optimal capital levels needed.

i) Comprehensive Risk Assessment under ICAAP

The Bank achieves its capital management goals through the ICAAP, which assesses all significant risks and ensures that the allocated capital adequately supports its business activities. The Bank subjects its base capital levels, derived from the annual budget, to various stress tests to evaluate if the capital is sufficient to withstand adverse economic situations or rapid downturns.

Based on these evaluations, the Bank adjusts and sets internal capital targets, which are reviewed annually to ensure they remain robust, exceed regulatory requirements and can withstand challenging economic conditions.

ii) Capital Plan

The Bank's Capital Plan is a three-year strategy designed to align with its business and strategic goals. It outlines capital projections, requirements, levels and composition. The plan also considers regulatory policies and stakeholder perspectives, including capital buffers, new accounting standards and the expectations of investors, analysts and rating agencies.

CAPITAL INITIATIVES

The Bank is committed to maintaining a capital position that meets stringent Basel III requirements and satisfies stakeholder expectations while aligning with strategic business objectives. Major initiatives undertaken over the years include:

i) Equity Capital

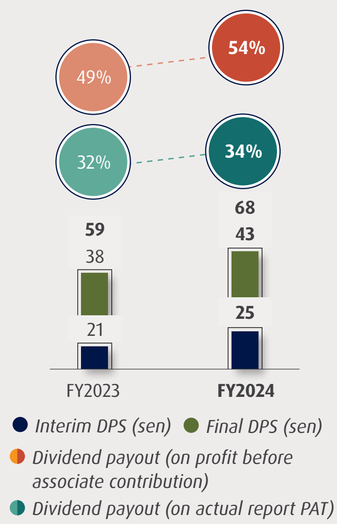
As at 30 June 2024, the Bank held 36.8 million treasury shares that had been bought back previously. These shares, which can be made available for sale, can be used to improve the Bank's CET 1.

ii) Debt Capital

The Bank has established RM10 billion Multi-Currency Additional Tier 1 ("AT1") Capital Securities Programme and RM10 billion Multi-Currency Tier 2 Subordinated Notes ("Sub Notes") Programme. In FY2024, the Bank issued RM400 million AT1 Capital Securities at 4.25% on 25 March 2024 and RM 1.0 billion of Tier 2 Sub Notes at 4.05% on 11 June 2024.

iii) Healthy Dividend Payout

While the Bank does not have a fixed dividend payout policy, it strives for a balanced approach between growth and proactive capital management to ensure sustainable dividend pay-outs to shareholders in the long term. For FY2024, the Board has declared a final dividend of 43 sen per share, resulting in a total dividend of 68 sen, up from 59 sen in the previous year.



CAPITAL ADEQUACY RATIO

i) Minimum capital adequacy requirements

As per Bank Negara Malaysia's ("BNM") Capital Adequacy Framework, banks must maintain a minimum CET 1 Ratio of 4.5%, Tier 1 Capital Ratio of 6.0%, and Total Capital Ratio of 8.0%.

ii) Capital buffer requirements

In addition to the minimum capital requirements, banks must maintain the following capital buffers:

- A Capital Conservation Buffer (CCB) of up to 2.5% to build up capital during normal times, which can be used during periods of stress.
- A Counter-cyclical Capital Buffer ranging from 0% to 2.5% of total risk-weighted assets, intended to protect the banking sector from the accumulation of systemic risk during economic upswings when credit growth is excessive. Currently, this buffer is not mandated for credit exposures in Malaysia but may be implemented by the central bank in the future.
- Higher Loss Absorbency ("HLA") requirement per Table 1 for FIs designated as Domestic Systemically Important Banking Institutions ("D-SIBs") by BNM:

Bucket	HLA requirement (as % of risk-weighted assets)
3 (empty*)	2.0
2	1.0
1	0.5

*Note: *An empty bucket will be maintained above the current highest populated bucket (3) as a pre-emptive measure for D-SIBs with higher systemic importance in the future. If the empty bucket becomes populated in the future, an additional bucket with a higher HLA requirement shall be added.*

- BNM reviews the list of D-SIBs annually but may also conduct a review whenever there are significant structural changes to the banking system, such as a merger or substantial restructuring by a bank or banks.
- D-SIBs are required to maintain HLA, which applies to apex entities on a consolidated basis, including all subsidiaries except insurance and/or takaful subsidiaries. However, BNM may use its discretion to require financial institutions to comply at the entity level.
- On 5 February 2020, BNM announced that three banking groups (MBB, CIMB and PBB) have been identified as D-SIBs based on 2018 data.

HEALTHY CAPITAL ADEQUACY RATIOS

The table below shows the capital adequacy ratios of the Bank, at both group and entity levels, presenting figures for financial years 2023 and 2024.

After proposed dividend	HLB Group		HLB Entity		Regulatory Minimum with CCB*	
	FY2023	FY2024	FY2023	FY2024	2023	2024
CET 1 Ratio	12.8%	**13.3%**	12.4%	**12.9%**	7.00%	**7.00%**
Tier 1 Ratio	13.9%	**14.3%**	13.4%	**13.9%**	8.50%	**8.50%**
Total Capital Ratio	15.9%	**16.3%**	15.4%	**15.8%**	10.50%	**10.50%**

*Note: *Inclusive of minimum capital adequacy requirements and Capital Conservation Buffer of up to 2.5%*

Management Discussion & Analysis

BUSINESS OPERATIONS REVIEW

1 PERSONAL FINANCIAL SERVICES ("PFS")

OVERVIEW

Amid the evolving operating environment, the PFS business segment has been pivotal in sustaining value creation for the Bank, contributing 52% to the Bank's total income and 36% to its profit before tax ("PBT") for FY2024. This underscores the delivery of our growth strategies and the momentum we have achieved in this sector.

Our disciplined approach to managing asset quality has resulted in a solid and low GIL ratio of 0.40% for the PFS segment in FY2024. This healthy ratio not only supports our customers' credit needs but also demonstrates our commitment to maintaining strong risk management practices.

We have sustained strong business momentum, achieving a notable year-on-year ("y-o-y") loans/financing growth of 7%. This growth has enabled us to build a robust pipeline, positioning us well for the coming year and further strengthening our market presence.

Transforming through Digital Disruption

In FY2024, HLB has made significant strides in the digital banking space, staying true to our brand promise of "Built Around You". Our dedication to providing superior financial solutions and a seamless digital experience has led to noteworthy achievements.

For instance, HLB Connect's user base grew by 10% y-o-y, nearing three million users, with 65% actively engaging each month. This success translates to a 73% penetration rate among our retail customers, with 77% for CASA customers and 90% for credit card holders, solidifying HLB Connect as the preferred digital banking platform.

The effectiveness of our digital transaction platform is evident in the 28% y-o-y increase in online financial transactions, which now account for 82% of all PFS financial transactions. Total transactions via Connect have also grown by 18%, making up 94% of the Bank's total retail transactions. Our ongoing campaigns have gamified banking transactions, engaging customers and encouraging daily use of HLB Connect.

Personalised offers, based on transaction behaviours, have helped maintain customer engagement and drive usage growth. QR payments and transfers to DuitNow IDs have surged by 294% and 67% y-o-y, respectively. Additionally, overseas transfers and prepaid reload transactions have grown by 10% and 13%, respectively, while foreign currency conversions via HLB Connect have seen a 130% increase. Our streamlined sign-up process for financial products via Connect, along with strategic marketing campaigns, has boosted product adoption across the board. With that, personal financing-i grew by 9% y-o-y, eFD placements by 10%, Quick Cash by 53% and Balance Transfers by 91%.

FY2024 also saw a significant boost in our digital offerings with the introduction of new features designed to enhance the banking experience and cater to a wider customer base. Our improved eKYC onboarding solution, Apply@HLB, offers a fully digital onboarding process for sole proprietors, enabling them to sign up for CASA, Debit Card, HLB Connect and BizBuddy QR within one app. For individuals, the minimum onboarding age via Apply@HLB has been lowered to 12 years, promoting financial inclusion among teenagers.

We remain committed to providing a user-friendly experience by implementing a comprehensive UI/UX refresh for Connect, our mobile banking app, ensuring intuitive navigation and a modern look. We have expanded our mobile payment options by integrating Google Pay, adding convenience for on-the-go transactions. HLB Wealth, our Unit Trust investing platform, now includes a 'Regular Savings Plan' feature for automated investment top-ups, helping customers consistently build wealth. Customers can also apply for insurance products via the app.

Security in online banking continues to be a top priority. In alignment with Bank Negara Malaysia's ("BNM") measures to combat financial scams, we have made AppAuthorise, a secure transaction

28%
Y-O-Y INCREASE IN ONLINE FINANCIAL TRANSACTIONS

94%
OF TOTAL RETAIL TRANSACTIONS ARE CONDUCTED VIA CONNECT

authorisation replacing SMS TAC, mandatory for transfers above RM10,000 to favourite beneficiaries. Logging into HLB Connect Online via a new browser now triggers an in-app push alert to mitigate remote account takeover risks. These security enhancements are supplemented with ongoing scam awareness communications to educate customers about the latest scam tactics and protection strategies.

Looking forward, we plan to further enhance our customers' digital banking journeys with new offerings such as cross-border DuitNow P2P and Unit Trust investments directly within the Connect App. By maintaining our commitment to innovation and customer-centricity, we are well-positioned for continued success in FY2025 and beyond.

PFS Deposits

At HLB, we continue to pursue balance sheet sustainability when growing both our assets as well as liabilities. The PFS Deposits segment has exhibited resilient growth, significantly supporting our overall growth performance. By implementing strategic product and distribution initiatives and continuously refining our product offerings, we continued to register a high individual deposit mix of 51%, vs industry's 38%. This retail metric is a core franchise strength for the Bank.

In FY2024, PFS Retail CASA achieved a notable 5.4% y-o-y increase, sustaining a solid CASA ratio of 34.7%. With the revival of economic activities, our proactive engagement with customers led to a 10% increase in new account openings compared to the previous year.

To address the changing needs of our customers, we launched the Multi Currency Cross Border Debit Card, which offers travellers the convenience and security of transacting in foreign currencies at competitive rates. This card eliminates the need for carrying large amounts of cash abroad and is globally accepted for purchases and withdrawals, simplifying foreign currency management and reducing exchange fees. This resulted in a fourfold increase in our foreign currency savings over the past year.

Furthermore, we expanded the HLB Wallet to include Malaysians aged 12 to 17, introducing them to crucial financial skills such as budgeting and digital payments in a secure environment. The number of HLB Wallet accounts doubled this fiscal year, underscoring its success in engaging younger consumers.

Initiatives like Apply@HLB and HLB@Kampung significantly boosted new account openings among Malay segments, including non-individuals and micro-SMEs. Enhancements like BizBuddy's multi-language feature and the simplified process for opening sole proprietor accounts via Apply@HLB contributed to a 24% y-o-y improvement, with non-individual accounts growing 1.9 times. Customised solutions addressed the unique needs of sole proprietors, complemented by tailored interest-bearing options for selected customers.

Our collaboration with PayNet for the Program e-Duit Desa in Bagan Nakhoda Omar, Sabak Bernam, Selangor, has established a cashless ecosystem, allowing residents and businesses to seamlessly access e-payment services and financial solutions. This initiative enhances local business operations by boosting transaction efficiency and security, while offering the community user-friendly banking options such as debit cards and QR payment terminals.

In the education sector, our HLB@School programme has integrated 26 schools into a cashless system, providing digital banking tools and payment solutions. This initiative not only enhances financial literacy but also promotes digital adoption among primary school students, equipping them with essential life skills.

As we look to the future, PFS Deposits remains committed to advancing digital innovation and providing customer-focused solutions. Our mission to empower communities and drive economic growth will continue to guide our strategic initiatives in the upcoming financial year.

PFS Loans

Mortgage

In FY2024, our mortgage business demonstrated resilience, achieving a 5.93% y-o-y growth, slightly surpassing the industry's 5.87% increase, despite fierce market competition. This accomplishment was achieved on the back of a balanced growth between completed and under-construction segments.

To broaden our market reach and enhance the property buying and financing experience, we collaborated with property technology partners, implementing innovative digital solutions. These efforts aimed to streamline the loans/financing process, providing customers with a seamless and efficient journey.

Auto Loans

Our auto loans/financing business reached new heights in FY2024, achieving the highest monthly disbursements in six years and marking a 20% growth in total disbursements compared to FY2023. This robust growth was driven by a resilient domestic economy, socio-political stability, supply chain optimisation and the launch of new models, including internationally acclaimed electric vehicles with tax-free and competitive pricing.

Personal Loans

Our personal loans business exhibited strong growth amidst evolving economic conditions and shifting consumer preferences. The competitive landscape was populated by a variety of financial institutions offering diverse financing solutions tailored to different customer segments. Key players in this sector include established conventional banks, Islamic banks and newly launched digital banks which all contributed to the expansion of the personal loans market.

Several factors have driven consumer demand for personal loans in Malaysia, including rising living costs, small business expansions, aspirations for lifestyle upgrades, debt consolidation needs and the convenience of digital lending platforms. Additionally, government initiatives to promote financial inclusion and consumer credit have significantly stimulated market growth.

In FY2024, our personal loans business saw a steady increase in new sales, underscoring our commitment to addressing customer financing needs with our personal financing solutions. Year-on-year comparisons revealed a 23% increase in new personal loans disbursement volume over the previous fiscal year. This growth can be attributed to several strategic initiatives:

- **Segmentation Targeting**: We have focused on acquiring higher-income and self-employed segments, which have demonstrated greater resilience in challenging credit conditions.
- **Risk-Based Pricing:** Our use of pay-on-time rebates incentivises prompt payments, while risk-based pricing adjusts interest for late payers. Preferred segments receive higher rebates as part of our acquisition strategy.
- **Risk Management Practices:** Prudent risk management, including robust credit assessment frameworks and proactive monitoring of loan portfolios, has ensured sustainable growth while maintaining asset quality and minimising credit risks. This is evidenced by the gradual reduction in our credit costs (impaired loans) from the previous fiscal year.

Cards

Our cards business has experienced satisfactory growth over the past year, overcoming last year's profitability challenges, with improved profitability highlighting the effectiveness of our sales strategies and cost optimisation efforts, even in a mature market. We have developed strategies focused on enhancing operational efficiency and optimising resources while keeping our customers' needs at the forefront:

- **Digital Mobile Payment Capabilities:** Our card customers currently enjoy the flexibility of mobile payments through Samsung Pay and Google Pay. Recognising the importance of an enhanced customer experience in the competitive cards industry, we will continue investing in this digital payment space and integrating our card benefits. This integration caters to our tech-savvy customer base and boosts overall satisfaction.
- **Deep Engagement with Customers:** Beyond enjoying specific card benefits, our customers can take advantage of usage campaigns and merchant offers available nationwide and globally. Leveraging the strength of our Connect App, we have adopted a hyper-personalisation approach in engaging with existing cardholders. This strategy has increased customer spending and transaction volumes, acknowledging that each customer's needs are unique. This personalised engagement enhances customer retention, strengthens trust and delivers more impactful offers.
- **Investment in Systems and Infrastructure:** Enhancing our loyalty system and integrating it with digital mobile payments, we are developing features that allow customers to enjoy their cashbacks and reward points more flexibly. Introducing innovative features and flexible reward mechanisms boosts our hyper-personalisation efforts, thus strengthening customer loyalty, increasing card usage and driving profitability.

We are committed to further investing in the cards segment, diversifying product offerings and payment methods to better serve consumer needs. By leveraging advanced analytics, we continue optimising cross-selling opportunities, enhancing our card product value proposition and improving the overall customer experience through digital payment solutions. We will continue to enhance the cards payments ecosystem via our Connect App, delivering an omni-channel experience in card payments and utilisation. This transformation will lead to greater scale, cost efficiency and improved customer reach.

Commitment to Sustainability

In support of our ESG agenda and climate change initiatives, we encouraged property developers to obtain Green Certification, monitored through our end-financing empanelment process. Additionally, we initiated mapping of key flood-prone areas to our existing mortgage collaterals as part of our physical risk assessments.

Through strategic collaborations and expanded dealer coverage, we offered tailored financing solutions to meet the increasing demand for green vehicles in Malaysia. This strategy resulted in significant growth in green vehicle financing and a record-breaking volume of submissions and approvals compared to the previous year.

HLB has always upheld higher standards of green and social element, keeping more stringent criteria in what we capture in our sustainable financing compared to the industry. This ensures that we capture what truly makes an impact, evident in only battery electric vehicles and hybrid electric vehicles being included in our definition of green vehicles. This year, we have surpassed our targets in green and affordable mortgages with outstanding loans RM14.6 billion and green vehicle with outstanding loans of RM1.2 billion respectively.

Moving Forward

In FY2024, the PFS business has seen significant growth and advancements across all business lines, with a strong emphasis on digital banking and innovation. Our commitment to enhancing customer engagement, security and sustainability has positioned us for continued success in FY2025 and beyond.

Looking ahead to FY2025, we remain dedicated to delivering superior financial solutions and a seamless banking experience, staying true to our brand promise of "Built Around You". We will continue to embrace technology, innovation, advanced analytic and workforce transformation to meet the evolving needs of our customers. Our strategic focus will ensure we remain at the forefront of the industry, providing unparalleled value and convenience to our clients.

2 BUSINESS & CORPORATE BANKING ("BCB")

OVERVIEW

In a challenging operating environment, the BCB division showcased strong performance, achieving a 9% y-o-y growth in loans/financing, surpassing industry rates. Our strategic emphasis on SME and commercial customer segments yielded remarkable results, with loans growing by 14% and 8% y-o-y, respectively. Corporate demand deposits also experienced robust growth of 13% y-o-y. This momentum in loans and deposits, alongside our dedication to cross-selling and comprehensive relationship management, led to a 15% y-o-y increase in operating income. BCB's revenue contributed 31.7% and 28.4% to the Bank's total income and PBT.

Supporting Our Customers

As Malaysia's economy gradually rebounded amid geopolitical uncertainties and a high global interest rate environment, HLB provided businesses with essential working capital facilities and transaction banking solutions. Our strong ties with the SME sector facilitated above-industry growth in our SME Banking segment while maintaining healthy portfolio asset quality.

In FY2024, we strategically deployed our SME Cash and Foreign Exchange ("CFX") teams in business communities nationwide. This team engaged customers on their cash management and Foreign Exchange ("FX") hedging services to support their cash payments, collections and reconciliation needs. From its inception in FY2022, the CFX team has since doubled in headcount, enhancing our ability and capacity to support our customers' domestic and cross-border transaction requirements.

On the back of the Malaysia Budget 2024 announcement, BCB hosted a business outlook discussion in partnership with EY, Malaysian Investment Development Authority ("MIDA") and the SME Association of Malaysia. Senior representatives from EY, MIDA and SME Association of Malaysia were invited to discuss on the topics featuring the key provisions and public sector initiatives and its impact towards the business community, specifically SMEs. More than 200 business owners have gained the insights of business outlook as well as being able to capitalise on emerging business opportunities post-budget announcement.

BCB LOANS/ FINANCING GROWTH OUTPACING THAT OF THE INDUSTRY AT

+9% Y-O-Y

ROBUST GROWTH IN CORPORATE DEMAND DEPOSITS BY

+13% Y-O-Y

Enhancing the Customer Experience

BCB remains committed to delivering exceptional customer experiences through our digital transformation strategies. In the past year, we have made significant improvements to our products and services, streamlining internal processes to create more efficient, seamless and frictionless customer journeys.

In FY2024, we enhanced our Business Current Account product range on our tablet/digital on-boarding module to offer our popular Pay & Save account to sole proprietors. This account rewards holders with interest based on activity performed on the account. Additionally, the tablet on-boarding also allowed our cash and deposit relationship managers to perform on-boarding at our customer's business premise or any location at our customer's convenience. As such, we have seen significant uptake in business account opening via tablet on-boarding, particularly in sole proprietor account.

Following the success and positive feedback from customers for CASA account opening via tablet, we further expanded our capabilities to cater for foreign currency accounts on tablet for private limited companies. Today we support 10 popular currencies including USD, CNY, SGD and AUD. This means customers can instantly move and manage funds from their MYR account to their foreign currency accounts and all are available for viewing and management within our internet banking platform, Hong Leong Connect First ("HLCF").

We also introduced a best in market full remote onboarding experience for private limited customers available from our corporate website in January this year. This removes the need to meet a sales relationship manager or visit a branch for account opening and uses a number of components to make it a simple experience for businesses. Furthermore, our electronic Know-Your-Business ("eKYB") experience allows companies to register for merchant services for immediate payment acceptance upon account opening.

In addition to the above enhancements, we continued to broaden our customer engagement and outreach efforts through nationwide transaction banking roadshows. These roadshows feature experienced specialists from our trade, cash and global markets segments, providing valuable insights into market outlook and opportunities for SMEs and corporates in the near and medium term. We also highlight how BCB can support them in capitalising on these opportunities and managing associated inherent risk factors.

Commitment to Sustainability

In alignment with our sustainability principles, HLB was an early adopter of Capital Markets Malaysia's Simplified ESG Disclosure Guide ("SEDG"). This guide consolidates and simplifies global and local ESG-related frameworks, improving the availability of ESG data and information for SMEs. The SEDG consists of 15 disclosure topics under the Environmental, Social and Governance pillars, broken down into 35 priority disclosures to cater to different levels of sustainability maturity. This initiative helps our customers identify and understand their material ESG topics and the various ways to manage, measure and disclose these topics to stakeholders.

In support of this, we launched the inaugural HLB ESG Readiness Programme in Penang in FY2024. Developed in partnership with PricewaterhouseCoopers ("PwC") and Thoughts In Gear, the programme is part of the Bank's broader efforts to assist businesses with their sustainability endeavours, solidifying HLB as a leader in advancing industrial ESG adoption. The programme includes practical workshops conducted by our knowledge partners, enabling our customers to build capacity on emerging trends in sustainability and the challenges and opportunities available to businesses domestically and internationally. We plan to roll out this programme nationwide in the coming financial year.

HLB was recognised as one of the top financial institutions in renewable energy financing for the third consecutive year at the National Energy Award. This milestone is underscored by our approvals of approximately RM3.5 billion in financing for renewable and sustainable energy-related projects and investments.

Supporting Cross-Border and Regional Businesses

Aligning with the government's commitment to making Malaysia a preferred destination for foreign investment, HLB and MIDA signed a Memorandum of Understanding ("MOU") to form a strong alliance supporting the overall investment ecosystem while providing comprehensive financing and banking services for businesses entering the Malaysian market. This complements our regional network banking structure, leveraging our presence and capabilities in Singapore, Cambodia, Vietnam, Hong Kong and China to support and facilitate our customers' expansions into these markets. This positions HLB as a partner of choice to streamline capital and transaction flows for SMEs and corporates engaged in import and export activities.

Moving Forward

Our sustained growth in the past year reflects our efforts in supporting customers, particularly SMEs, amidst challenging global economic conditions. Despite rising interest rates, an inconsistent economic recovery and inflationary pressures, we have stood by Malaysian businesses, offering a comprehensive range of financing and banking services. Moving forward, BCB will continue to support customers and improve our offerings to meet evolving market and customer needs. We recognise that security, reliability and capabilities are crucial in today's digital landscape and are committed to enhancing our digital channels, which have become primary conduits for serving our customers.

With our extensive experience and proven track record, BCB remains a key growth engine for the Bank. As we expand our business banking coverage in regional offices, we will draw from the expertise and knowledge gained from our successful BCB operations in Malaysia, while ensuring compliance with local laws and regulations.

3 GLOBAL MARKETS ("GM")

OVERVIEW

In the face of continued volatility in the financial markets, GM demonstrated resilience and positively contributed to the Bank's overall performance. Including franchise sales income, total income reached RM300 million and PBT amounted to RM185 million, accounting for 5% of the Bank's total income and 4% of the Bank's PBT.

Even as global monetary conditions remained tight due to persistent inflation concerns, particularly in developed markets, Malaysia's system liquidity was well-managed under BNM's supervision. This reflects the central bank's dedication to maintaining a stable domestic environment for growth while effectively managing inflationary pressures. Key ratios such as the industry loan-to-fund ("LTF") ratio and liquidity coverage ratio ("LCR") remained stable during this period.

Performance Review

The operating environment was challenging, characterised by low portfolio yields, higher funding costs and negative mark-to-market impacts on bond portfolios as a result of persistently high interest rates. Trading income was also affected by volatility in both local and global bond markets, while USD/MYR interest rate differentials posed additional challenges. These market conditions resulted in low monetised gains in fair value through other comprehensive income investments.

Despite these challenges and the global expectation of prolonged high interest rates, GM maintained a strong market presence. The Asset, a leading publication, recognised the Bank's pivotal role in the Fixed Income markets by awarding GM eight accolades, including 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. This recognition further solidified HLB's prominent position in the local institutional space.

In FY2024, GM successfully maintained margins for FX products amidst higher recorded volumes as the FX markets continued to recover following the reopening of the economy post-pandemic. Additionally, digital remittance volumes remained robust, reflecting the growing adoption of digital banking channels by customers in the post-pandemic era. The Bank's ongoing focus on upgrading digital capabilities will enable it to handle a wider range of FX transactions to meet customer needs.

Initiatives in the Past Year

Throughout FY2024, GM continued its commitment to innovation by closely collaborating with internal partners and clients to deliver cutting-edge treasury solutions. One notable initiative was the expansion of HLCF Live, initially launched the previous year, which allowed corporate clients to book FX rates directly with the Bank. This service was enhanced to include forward contracts, significantly boosting FX volumes in our SME and corporate segments. Additionally, the introduction of LiveRate for internal users streamlined the end-to-end delivery of FX-related transactions, including those conducted at branches.

The synergy between GM and other business units, especially Regional Wealth Management, led to impressive growth in transaction volumes across bonds, FX and structured products, with a 58% y-o-y increase. This surge was largely driven by bespoke structured products and foreign currency bonds tailored for our high-net-worth clients. As Malaysia's wealth management landscape continues to evolve; we anticipate sustained growth driven by these sophisticated financial offerings.

Moving Forward

In FY2024, the Malaysian economy showed resilience, bolstered by supportive policies from BNM and various government assistance programmes. Despite this, challenges remain due to fluctuating commodity prices and supply-demand imbalances exacerbated by geopolitical events. These global pressures have increased raw material and energy costs, causing temporary supply chain disruptions. However, as global economic and financial conditions stabilise, we expect these supply chain issues to resolve in the coming years. Coupled with the high base from last year, we anticipate a gradual decline in headline inflation as the effects of tight monetary policies materialise.

Looking forward, we foresee a gradual improvement in the performance of our fixed income investment portfolio as we strategically rebalance. Our careful balance sheet management has allowed us to capitalise on the current high-interest-rate environment by deploying resources judiciously. Nonetheless, we remain aware of the potential global economic slowdown resulting from the delayed impact of previous monetary policy tightening.

4 REGIONAL WEALTH MANAGEMENT ("RWM")

OVERVIEW

A healthier global economic environment, coupled with sustained high interest rates, drove a record year for RWM. Non-interest income surged by 57% y-o-y, primarily driven by Treasury Products and Private Equity sales, resulting in a 16% y-o-y increase in PBT.

Customer engagement remained strong, with overall deposits growing by 13% and the active wealth client base increasing by 23%. RWM's rebranding journey continues with the launch of our new Priority Banking signage and a new Priority Banking Centre at Light Street Penang. The new centre, housed within one of Malaysia's most iconic branches, has received very positive client feedback since its launch.

Product Performance

In Malaysia, Fixed Income products experienced a strong 34% y-o-y growth in volume, particularly in Australian Dollar Investment Grade Bonds, which offered yields exceeding 6% for most of the financial year. This growth also contributed to additional FX revenues as clients diversified their holdings into foreign currencies.

With the US Federal Reserve maintaining interest rates at cycle highs for most of the financial year, Fixed Coupon Structure Products performed exceptionally well. Clients capitalised on a steep Ringgit yield curve to achieve better returns than fixed deposit rates, driving investment Asset-Under-Management up by 24% y-o-y.

Unit Trust investments rebounded strongly in the second half of the financial year, fuelled by a continued bull run in US Equity Markets and a strong rally in Malaysian Equity Markets during the first half of 2024. Additionally, our new Private Equity Fund, wrapped as a unit trust and managed by GAIA Investment Partners, resonated with our Ultra-High-Net-Worth ("UHNW") segment. The product achieved record sales in its initial three-month distribution period, leading the Bank to accelerate further development of Private Equity strategies for our UHNW clients.

NON-INTEREST INCOME
+57% y-o-y

PBT
+16% y-o-y

Wealth Financing, in particular our Share Margin Financing business, grew robustly by 25% y-o-y, achieving record loan balances. We believe there is significant opportunity for RWM in this area due to under-penetration in both Singapore and Malaysia.

Overall insurance sales grew by 29%, driven by new partnerships with Singapore Insurance Brokers for Universal Life Insurance ("ULI"). ULI premiums rose to 26% of total premiums from negligible volumes in the previous financial year. RWM continues to collaborate closely with our preferred Bancassurance ("Banca") partners, Hong Leong Assurance and Hong Leong MSIG Takaful, to drive Regular Premium products for our clients.

Moving forward

The investment environment appears to look more favourable as global central banks begin to ease their restrictive monetary policies. This shift is expected to drive both equities and fixed income higher, while leading to a reduction in deposit rates.

RWM is committed to leveraging its strengths and exploring new opportunities to sustain its growth trajectory in FY2025. Our strategic focus includes launching new Banca products to boost average sales premiums by 50%, enhancing branch-based sales through a unified wealth distribution network, launching new Unit Trust/Private Equity products to broaden client portfolio diversification and capitalising on wealth financing opportunities in under-penetrated markets.

We remain confident that by continuing to engage clients on their portfolio and legacy requirements and offering simple yet profitable products, RWM will achieve the targets outlined in the Bank's Quantum Growth Plan for FY2025.

5 ISLAMIC BANKING

OVERVIEW

Hong Leong Islamic Bank ("HLISB") achieved strong financial results in FY2024, with a 13% y-o-y increase in profit before zakat and taxation, reaching RM639.6 million. The achievement was driven by a 10% y-o-y growth in total assets and a 46% y-o-y increase in non-financing income. Credit costs dropped by 69% compared to the previous year, further improving profitability. HLISB's gross financing portfolio expanded by 11% y-o-y to RM45.7 billion, supported by strong performance across retail, SME and corporate segments. These growth milestones were achieved while maintaining disciplined cost management, translating into a stable CIR of 31.6%.

TOTAL ASSETS
RM62.4 billion
+10% Y-O-Y

PROFIT BEFORE ZAKAT AND TAXATION
RM639.6 million
+13% Y-O-Y

Personal Financial Services-i ("PFS-i")

PFS-i maintained positive momentum, recording 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 by 8% personal financing by 11% and auto financing by 23% In addition, retail deposits increased by 10% y-o-y, with individual deposits rising by 17% to RM20.6 billion, constituting 41% of HLISB's total customer deposit base.

In the period under review, HLISB extended its reach in Islamic wealth management space. Our Islamic wealth management offerings have been enriched to better cater to a diverse range of clients, allowing us to provide more comprehensive support to our customers as they navigate their Islamic wealth management journey. Our Islamic wealth management segment achieved remarkable results, with a 291% increase in total income compared to the previous year, primarily due to the strong performance of Islamic structured products.

PFS-i continues to embed HLISB's brand value through strategic community outreach programmes. These efforts have resulted in a remarkable 17% increase in the retail customer base during FY2024. Spearheaded by the strategy to expand the retail CASA deposit base, PFS-i achieved a robust 58% y-o-y increase in the number of CASA.

The PFS-i division has also focused on growing its micro-SME and non-individual customer segments, resulting in significant increase in new account openings. This achievement is attributed to the effective utilisation of the Bank's wide branch network and the dedicated efforts of mobile deposit specialists to penetrate local communities, optimise community banking, and efficiently acquire new customers. To further enhance the reach of this segment, PFS-i continues to leverage digital capabilities, where platforms such as HLB Connect for sole proprietor and HLB BizBuddy have been instrumental in providing customers with convenient and tailored banking services.

HLISB's commitment to sustainable finance is evident in its green financing initiatives. With RM343 million allocated to new auto financing disbursements and property green financing approvals, the Bank actively supports environmental sustainability and responsible banking practices. To date, HLISB's total outstanding green financing stands at RM1.2 billion.

Business and Corporate Banking-i ("BCB-i")

BCB-i reported a healthy 50% y-o-y uptick in PBT, attributed to the expansion of business volume and a greater contribution from both funded and fee-based activities. BCB-i's funded income rose by 33% during FY2024. Notably, non-financing income ("NFI") grew by an impressive 24% y-o-y, driven primarily by trade finance activities and Banca Takaful services. Additionally, BCB-i established a strategic partnership with our Islamic treasury division to offer Islamic treasury solutions to corporate clients, resulting in a 30% y-o-y increase in NFI from their Islamic franchise business activities.

BCB-i sustained strong growth of 11% in financing, driven notably by a 29% y-o-y increase in the SME segment. This growth was led by the wholesale and retail trade sector, followed by real estate and construction sector. These accomplishments were supported by our targeted outreach to SMEs and our strategic partnership with the Bank and its extensive branch network.

The trade finance business achieved a healthy growth, with trade financing assets increasing by 19% and fee and commission income from trade activities rising by 27% compared to the previous year. This growth was largely driven by both funded and non-funded trade activities. These accomplishments highlight HLISB's commitment to supporting SMEs and facilitating Islamic trade finance intermediation.

We have continued to cultivate strong relationships with clients in the Halal sector, focusing on strengthening connections among Halal SMEs and Halal Micro-SMEs. During the financial year, HLISB introduced the BizHalal proposition, which integrates Halal advisory services with our existing banking solutions through our in-house Halal industry specialists. Recognising the Halal sector as a key growth area, we have enhanced our team to assist clients with the Halal certification process and to bolster our presence in the Halal community. The BizHalal proposition supports our customers in obtaining official Halal certification while offering Islamic banking products and services tailored to their needs.

Additionally, HLISB signed an MOU with the Halal Development Corporation ("HDC") to collaborate in advancing the Halal industry ecosystem. Over the past year, we actively participated in HDC events across various locations, including Johor Bahru and Ipoh. To deepen our expertise, nine of our full-time staff completed a specialised training programme at the University of Malaya, earning certification as Halal Executives under Majlis Profesional Halal, Jabatan Kemajuan Islam Malaysia ("JAKIM"). With this recognised qualification, we are now better equipped to assist customers in applying for JAKIM Halal certification and to provide valuable guidance on the necessary steps.

Instilling Shariah Compliance Culture

HLISB is dedicated to fostering a strong Shariah compliance culture within the Bank, promoting Shariah compliance ownership among stakeholders. A series of Shariah roadshows were conducted throughout the year, along with the launch of the Shariah buddy programme for HLB business units, fostering collaboration within the Bank.

Beyond the annual Shariah Compliance programme, HLISB's dedicated Shariah team engaged in business-focused research and knowledge-sharing activities with the community.

Moving Forward

HLISB is committed to uphold its brand promise of "Built Around You" and strives to be a premier one-stop Islamic bank. We will continue to expand our range of Islamic financial solutions, tailored to meet the unique needs of our customers while aligning with our Shariah-compliant values. We focus to expand our reach to wider range of clients, from households to business communities as we aim to position ourselves as the preferred banker for those seeking Shariah-compliant financial solutions. By integrating Shariah principles with cutting-edge digital banking technology, we aspire to lead in the Islamic banking industry, delivering value and fostering trust among our customers.

6 INTERNATIONAL

BOCD PROFIT CONTRIBUTION
+25% Y-O-Y

HLBS TOTAL INCOME
+18% Y-O-Y

HLBVN TOTAL INCOME
+13% Y-O-Y

Bank of Chengdu ("BOCD")

In the year under review, BOCD delivered robust profit growth, contributing RM1.6 billion to the Bank's PBT, a 25% improvement compared to the previous year. This positive performance was driven by continuous 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.

BOCD is committed to becoming the "first choice bank" for enterprises and residents in the region. BOCD will focus on industry research, wealth management, consumer loans, financial markets and branches outside Chengdu city as its "five major capacity enhancement directions". BOCD aims to build a quality lending portfolio that aligns with market demand and key growth areas, further solidifying its market position.

HL Bank Singapore ("HLBS")

In FY2024, HLBS showed improved performance with an operating profit of RM109 million (FY2023: RM86 million) and total income of RM263 million (FY2023: RM223 million). The growth of the loan book contributed to these positive results, with a 2.7% y-o-y increase reaching RM9.6 billion.

HLBS has in recent years been transforming into a more comprehensive financial services provider, strategically focusing on SME and business owners through its three business segments: BCB, Private Wealth Management ("PWM") and PFS. This strategic shift has broadened its customer base.

BCB has seen impressive growth since 2021 by expanding its commercial and SME customer base within the local business community. It serves customers across various sectors, including manufacturing, food supply chain, wholesale trade, financial services, auto industry ecosystem, real estate and construction supply chain. BCB supports customers' local and regional growth by offering financing and treasury products, enhancing cash management and improving market connectivity through a digital transaction banking platform. The launch of a corporate internet banking platform in FY2022 and a payment gateway platform in FY2023 further contribute to BCB's value proposition.

In PWM, HLBS is a key market for high-net-worth business owners and their families. PWM has upgraded its wealth platform, introduced new products and services through a Regional Advisory and Financing Framework and enhanced the customer experience through digitalisation.

PFS has experienced significant growth, particularly in the niche auto finance and mass affluent depositors segments. In its next phase of transformation, PFS is expanding its reach to the local community to capture a larger portion of the mass affluent market. Digital banking is a key strategy, enabling swift delivery of a wider range of products and services across various platforms. The HLB Connect Singapore Mobile Banking app supports this goal, providing on-the-go banking convenience.

Hong Leong Bank Vietnam ("HLBVN")

Vietnam's economy showed strong recovery in the first half of 2024, expanding by 6% y-o-y, with credit growth accelerating to 6% during the same period. HLBVN maintained strong performance throughout FY2024, with total income growth of 13% y-o-y, driven by an 8% increase in total assets and a significant 61% increase in non-interest income. Positive JAWS of 7% led to a 4-percentage point reduction in the CIR and PBT improved by 13%, reaching RM27 million.

HLBVN continues to prioritise investments in channels and product solutions to better serve its customers. In the first half of 2024, the franchise implemented instant payment functionality on ConnectBiz and introduced a fund sweeping solution for business and corporate customers. In partnership with Chubb Life Vietnam, HLBVN is working on adding several insurance solutions to cater to the protection needs of personal customers.

Hong Leong Bank Cambodia ("HLBCAM")

As we reflect on the past year, we find ourselves immersed in a narrative of resilience, innovation, and transformation. The year under review started with the initial phase of recovery from a severe and prolonged global pandemic and as the year progressed, more uncertainties arose from a volatile global economic climate worsened by geopolitical tensions. Yet, in the face of these trials, HLBCAM exhibited remarkable fortitude and adaptability, holding a loan portfolio of RM2.2 billion and growing its deposit book to RM2.3 billion. This growth in deposits was achieved through new product structuring and an improved CASA ratio of 22.8%. HLBCAM's total assets stood at approximately RM3.2 billion as of June 2024.

HLBCAM's strategic priorities include better serving high-net-worth and emerging affluent segments with personalised banking solutions and interactive customer engagement programmes. HLBCAM aims to sustain its growth momentum by expanding its customer base through KHQR and payroll packages. Concurrently, HLBCAM is focused on enhancing the customer service experience and process efficiency, supported by a proactive compliance, risk and asset quality management framework.

Our people culture emphasises personal and professional growth, reflected in our Employer Value Proposition ("EVP"). We maintain a high-performance culture fuelled by skilled and driven talents with the right mindset. HLBCAM values resilience, an aptitude for learning and agility in a dynamic financial landscape, guiding our strategic hiring and retention practices. HLBCAM also places great importance on creating a harmonious working environment and strengthening employee engagement.

As we look forward to FY2025, HLBCAM is committed to leveraging its regional strength to promote the franchise, enhance the customer experience and deliver holistic value propositions tailored to customers' needs across both physical and digital channels. A significant focus will be on investing in human capital, building staff bench strength and equipping employees with the necessary hard and soft skills to progress along a well-planned career roadmap. This approach aligns with HLBCAM's people agenda for FY2025 and beyond, ensuring sustained growth and success in a dynamic economic and business environment.

Hong Leong Bank Hong Kong ("HLBHK")

In 2023, Hong Kong's economy grew by 3.3% following the removal of COVID-19 restrictions and the resumption of normal travel activities. Despite this growth, the economic recovery has been slower than expected. Although inbound tourism and domestic demand have shown signs of revival, businesses in Hong Kong have encountered challenges due to unexpected changes in local consumer and tourist spending patterns. For 2024, the Hong Kong economy is projected to achieve moderate growth between 2.5% and 3.5%, influenced by ongoing challenging macroeconomic conditions.

HLBHK, along with our SME customers, navigated a difficult landscape in 2023, marked by higher interest rates, escalating geopolitical tensions and an uneven economic recovery. Despite these obstacles and an increase in default cases within the broader SME lending market in Hong Kong, we successfully maintained a zero-default record in our loan books and avoided any calls against the government's SME Financing Guarantee Scheme.

To bolster our position, HLBHK plans to leverage the extensive network of Hong Leong Bank across Malaysia, Singapore and other Southeast Asian countries to expand our loan books and support our customers' global business ventures. Meanwhile, our GM team has ensured robust liquidity levels and strategically increased earning assets by capitalising on higher bond yields, thus improving our portfolio yield. The bonds we hold are of high credit quality, with no downgrades or defaults recorded during the year.

As we move into FY2025, the Hong Kong Branch will continue to prioritise a prudent and cautious approach in expanding our SME lending portfolio, which remains a central strategic focus for the upcoming years.

7 INFORMATION TECHNOLOGY

OVERVIEW

Over the past five years, the Group Technology division's focus was on digitising customer interactions through a three-tiered approach: attract, transact and engage. Significant progress was made in various areas, where we migrated 90% of all transactions to self-help platforms, enhancing customer experience and operational efficiency.

HLB bank-wide AI Champion Initiative - empowering our employees to identify & implement AI Solutions in various areas.

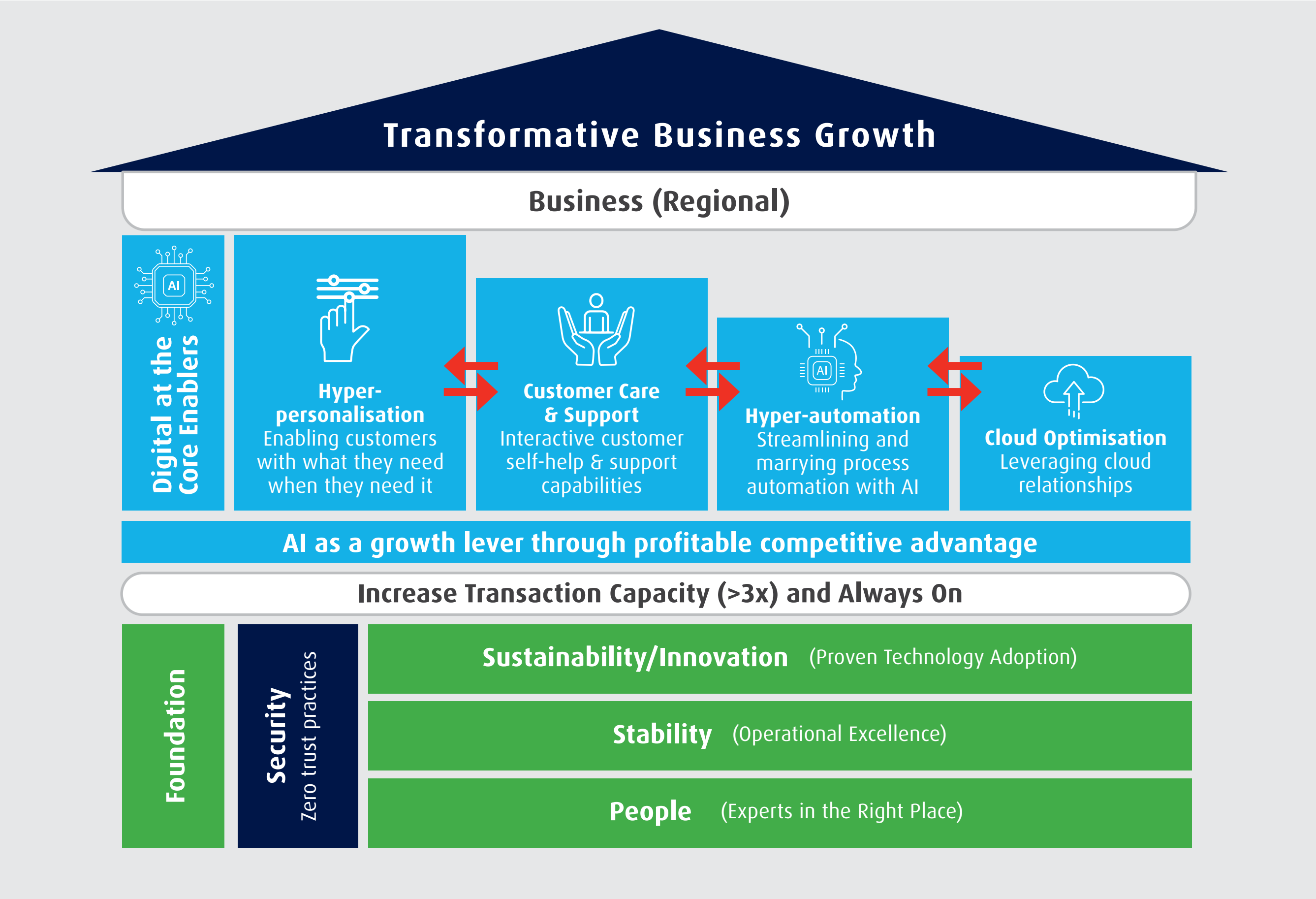
The efforts include modernising the technology stack, emphasising customer-centricity, enhancing cybersecurity, data protection, fraud mitigation, addressing ESG factors and ensuring cost sustainability. Digital adoption has surged across all customer segments, reinforcing the Bank's commitment to being "Built Around You".

Various solutions have been implemented to improve services for both external and internal stakeholders, including retail and corporate mobile and internet banking, eKYC, data lake, tablet-based out-branch banking, regulatory technology, QR capabilities and cloud-based collaboration services. Additionally, there were substantial advancements in cybersecurity, data protection and fraud mitigation.

Driving Innovation and Stability in Digital Banking

In FY2024, we made significant strides in shifting the overall technology strategy and focus from digitising to digitalising, with several organisational changes aimed at enhancing technical stability and operational support for the Bank's 3-5 Year Strategic Plan. The core strategic priorities will continue to centre around people, operational resilience and security protocols.

The next five years will see a vigorous push to enhance customer experience, transactional capabilities and onboarding processes, with a new emphasis on internal operational efficiencies. This will be achieved by harnessing the potential of robotics and artificial intelligence ("AI") to drive efficiencies in operational processes, customer servicing and engagement, termed internally as "Hyper Automation". AI, powered by sophisticated data analytics, will play a pivotal role in processing information, predicting customer needs and optimising decision-making processes through advanced algorithms and machine learning models.



Enhancements In FY2024

Despite managing over 200 technology applications across multiple geographies, with most systems on-premise and 15 outsourced or cloud-based, the team completed more than 1,000 system enhancements and delivered 25 projects, including numerous notable projects and enhancements:

1. eKYB Sdn Bhd Account Opening

The eKYB Sdn Bhd Account Opening initiative provides business customers with a streamlined channel to open accounts and apply for merchant services in a single online journey. This convenient process eliminates the need for physical branch visits or in-person meetings with bank personnel.

2. Google Pay Phase 2

This initiative integrates Google Pay with HLB credit and debit card products to support the growing adoption of mobile payments in Malaysia. The project enables cardholders to make contactless payments via NFC (near-field communication) on supported Android devices, enhancing convenience and competitiveness in the mobile payments market.

3. QR Consumer Presented Mode ("CPM")

The QR CPM initiative enables HLB Merchants to scan customers' Duitnow QR codes for payments, allowing HLB Connect users to generate their own QR codes for non-HLB/HLB Merchants to scan. This initiative enhances payment flexibility and accessibility for both merchants and customers.

4. Corporate Bulk File Fraud Prevention Programme

The Bulk File Fraud Prevention Programme enhances fraud detection and error prevention before payment processing through the introduction of bulk file monitoring, the initiative will use logic algorithms to scan and compare files submitted by corporate customers for consistency and abnormalities before they are processed.

Management Discussion & Analysis

BUSINESS OPERATIONS REVIEW

Artificial Intelligence ("AI")

The establishment of an AI Centre of Excellence ("CoE") has been pivotal in driving innovation within Hong Leong Bank. One of the flagship projects is the development of **Marina**, an in-house AI Chatbot. Leveraging a customised Large Language Model ("LLM"), Marina addresses customer inquiries, providing swift and accurate responses. Initially designed to handle 120,000 conversations annually, Marina is expected to improve the Bank's organic resolution rates by 46% to 76%, saving significant call centre hours. This efficiency gain allows call centre staff to focus on higher-value tasks, such as cross-selling and up-selling bank products.

In addition to Marina, the Bank launched two outbound voicebots, **Sophia and Amelia**, to optimise collections management and drive inbound deposits. These voicebots automate routine interactions, enhancing operational efficiency and customer service. A proof of concept ("POC") for an inbound call centre voicebot is also underway, with a planned live deployment in December 2024. These voicebots represent the Bank's forward-thinking approach to leveraging AI for operational improvements.

Internally, the AI CoE successfully implemented POC solutions for Trade Finance Invoice processing and Remittance Sanction checking. These AI-driven solutions have delivered positive results in terms of accuracy, with full production launch expected in the first half of FY2025. These initiatives underscore the Bank's commitment to harnessing AI to streamline processes, enhance accuracy and ensure compliance, thus setting the stage for future growth and innovation.

Regional IT Improvements

In alignment with the new reporting structure there was again a strong focus on building capabilities for the regional countries. In FY2024, our team achieved significant advancements in technology to support business growth and enhance customer experiences across various sectors.

In Singapore, the Bank has made significant advancements to support business growth and enhance customer experiences. The BCB Customer Onboarding process was enhanced to improve the acquisition of corporate customers by significantly reducing turnaround time and enhancing the overall customer experience. The launch of the improved Hong Leong ConnectFirst has streamlined the authentication process and usability for BCB payment approvals, making transactions smoother for clients. Additionally, the standardisation of e-document management through DocuWare has supported the credit approval process for corporate clients, ensuring efficient and accurate documentation handling.

Vietnam has seen several key milestones that enhance both corporate and retail operations. For BCB clients, the implementation of automatic loan tagging has replaced the time-consuming manual tagging process, allowing real-time loan visibility online. Retail enhancements include the automation of daily report generation, improving efficiency by making reports available earlier and accessible through a portal. Additionally, the introduction of push notifications for SMS alerts within the HLB Connect App has enhanced communication and user experience.

In Cambodia, the IT team played a crucial role in supporting HLBCAM by implementing new projects and addressing technical production issues. The Bakong Phase 2 initiative enabled KHQR payments from other banks, significantly easing the inflow of funds to HLBCAM and facilitating USD29.1 million in transaction value year-to-date. Enhancements to the Connect platform, such as unlocking HLB Connect accounts through the call centre and streamlining SME customer registration, have greatly improved service delivery. The introduction of eFDs with monthly interest payments and new tenors offers more options for customers to manage their finances.

Maximising Data and Improving Resiliency

In the past year, HLB focused on maximising data usage and enhancing core technologies. Following the successful implementation of a new data warehouse, the system was stabilised, enabling efficient batch processing and change management. This improved agility, support capabilities and campaign time-to-market. The new system's user role features enhanced access management, security and operational efficiency, setting the stage for future data-driven initiatives like fraud monitoring and anti-money laundering.

The Bank utilised the data warehouse for hyper-personalised campaign initiatives, such as the Pay & Save Debit Card Campaign and the Pay & Save Saving Interest Campaign, driving customer engagement and value. The integration of real-time transaction data using advanced technologies further strengthened data processing and analysis capabilities.

To ensure resiliency and availability, significant investments were made in infrastructure. These efforts included enhancing data centre redundancy, upgrading network infrastructure and rigorous disaster recovery simulations, resulting in a 70% y-o-y reduction in unscheduled downtime.

Cybersecurity

Group Technology has made substantial investments in strengthening its cybersecurity measures. The Red Teaming exercise was a key initiative that tested the Bank's security posture against potential cyber threats. This proactive approach helped identify vulnerabilities and reinforce defences, ensuring robust protection against cyberattacks.

The Bank also launched a phishing campaign to increase staff awareness of security threats. By simulating phishing attacks, employees were educated on recognising and responding to suspicious emails, thereby reducing the risk of successful phishing attempts. This campaign is part of a broader effort to foster a culture of security awareness and vigilance among employees.

Furthermore, a comprehensive Threat Vulnerability Risk Assessment was conducted on the primary data centre located at Guoco Tower, Damansara City. This assessment ensured that robust security measures are in place to protect critical infrastructure. The Bank's cybersecurity strategy also includes regular vulnerability assessments, penetration testing and implementing a cascaded risk mitigation strategy. These measures are designed to provide a unified and resilient response to potential threats, ensuring the Bank's operations remain secure and compliant with regulatory requirements.

Moving Forward

To achieve its long-term objectives, Group Technology has identified several strategic imperatives that will guide its initiatives and investments in the coming years:

a. Continued Investment in Technological Advancements

The Bank will continue to prioritise investments in cutting-edge technologies such as AI, machine learning and infrastructure to enhance operational efficiency, drive innovation, and unlock new revenue streams. By leveraging these technologies, HLB aims to deliver hyper-personalised services, automate routine processes and anticipate customer needs effectively.

b. Enhancing Digital Ecosystems and Partnerships

We recognise the importance of collaboration and ecosystem partnerships in expanding its digital footprint and enhancing service offerings. The Bank will forge strategic alliances with Fintech start-ups, technology innovators and industry stakeholders to co-create innovative solutions, leverage synergies and accelerate digital transformation initiatives.

c. Talent Development and Innovation Culture

As technology continues to redefine banking experiences, HLB remains committed to nurturing a culture of innovation and continuous learning among its workforce. The Bank will invest in talent development programmes, cross-functional collaborations and innovation labs to empower employees, foster creativity and cultivate a future-ready workforce capable of driving sustained business growth.

d. Customer-Centricity and Experience Excellence

Building on its success in delivering superior customer experiences, HLB will intensify efforts to deepen customer relationships, anticipate evolving needs and enhance service delivery across all touchpoints. By leveraging data analytics, AI-driven insights, and customer feedback, the Bank aims to set new benchmarks for customer-centricity and service excellence in the digital banking landscape.

Looking ahead, the strategic roadmap emphasises continuous evolution and adaptation to emerging technologies, market dynamics and regulatory developments to sustain growth and relevance in the financial services industry. Our sustained push and commitment to implementing the various initiatives will ensure that HLB remains at the forefront of digital banking innovation, delivering superior value to customers, shareholders and the community at large.

8 PAYMENTS, PARTNERSHIPS AND FINTECH ECOSYSTEM

OVERVIEW

Payments have always been central to the Bank's operations, driving customer engagement and competitiveness. As a significant source of non-interest income, payment transactions contribute to our bottom line through transaction fees and other charges.

Recognising SMEs as the backbone of our economy, we provide them with the right payment solutions and resources to thrive. For many SMEs, payments are the first point of contact with the Bank, making us a crucial partner in their growth journey. These interactions offer opportunities to discuss financial solutions that address their unique needs, from deposits to working capital facilities.

Beyond payment solutions, we connect our SME customers to the right ecosystems and partners. Through initiatives like HLB LaunchPad and the "Can You Hack It" ("CYHI") hackathon, we foster innovation, exchange ideas and develop new solutions. By linking SMEs with collaborators, we unlock opportunities for new markets, customer segments and revenue streams, while enhancing operational efficiency and reducing costs.

Payments

Our payment capabilities enable retail and business merchants to accept a wide range of payment methods seamlessly. Our offerings include Visa, Mastercard, MyDebit, MyDebitQR, UnionPay, Alipay, WeChat and all major e-wallets. Over the financial year, our acquiring business payments value grew by 19%, with total transactions processed increasing by 43%.

In eCommerce payments, we have provided convenient and secure online transaction methods, resulting in a 11% increase in eCommerce payments and a 44% rise in total transactions y-o-y. These efforts have solidified our position as a leading player in the payments space.

Our payment business provides valuable insights into customer behaviour, spending patterns and preferences, which we use to offer targeted marketing, cross-sell and upsell opportunities. This strategy increases our customers' share of wallet by bundling payment solutions with other banking products, such as credit cards, loans and accounts, deepening customer relationships.

Partnerships & Fintech Ecosystem

Hong Leong Bank remains an active player in the Fintech and startup ecosystem. We proactively identify collaboration opportunities with innovative startups and Fintechs to expand our technology capabilities, enter new market verticals and foster a digital-first mindset across the Bank.

In October 2023, we hosted the preliminary selection stage for Startup World Cup Malaysia 2023 at Jumpstart@65, our innovation and community hub in Kuala Lumpur. Together with partners like Sunway Innovation Labs and Maxis, we selected the Top 10 startups for the Malaysia regional finals, where the winner, Aphelia Sdn Bhd, a deep tech startup, was chosen as the regional champion and represented Malaysia at the grand finale in San Francisco.

Our annual CYHI hackathon, held in November 2023, invited developers and innovators to showcase solutions based on problem statements curated by the Bank. The 2023 theme, "Unleash the Potential of Generative AI in Financial Services", saw over 340 participants. From 90 teams, 10 reached the Grand Finals, where Team Intellibank, Team FeatureGenerator, Team Megaminds and Team Revolab emerged as winners with their innovative AI-driven solutions. The 2023 CYHI hackathon was a collaboration with partners including Asia School of Business, Antler, Sunway iLabs, Cradle, MyDIGITAL Corporation, Amazon Web Services and PayNet, supported by over 40 HLB mentors and 20 partner mentors.

In April 2024, the HLB LaunchPad programme returned with its 6th edition, themed "Circular Economy Solutions for a More Sustainable Tomorrow". This programme, aligned with our commitment to a low-carbon economy, features three challenge statements: 'Enhancing Green Building & Sustainable Infrastructure Solutions', 'Reimagining Production Methods for SMEs', and 'Exploring Innovations in Waste Management'. The Top 7 finalists received mentorship to prepare for Pitch Day in July 2024, followed by a 10-week Pilot programme and concluding with Demo Day in October 2024. The Top 3 winners will receive cash prizes totalling RM50,000 and an opportunity to further collaborate with HLB.

Our HLB LaunchPad theme for this year is timely as it is in line with the launch of the Circular Economy Blueprint for Solid Waste in Malaysia (2025-2035) by the Ministry of Housing and Local Government on 6th August.

Moving Forward

Looking ahead, we remain committed to driving innovation and growth in the payments and Fintech space. We will continue to invest in new payment technologies and partnerships to enhance our capabilities and expand our reach. Our goal is to lead the digital payments revolution, empowering customers with cutting-edge solutions to meet their evolving needs. With our strong track record of innovation and collaboration, we are confident in driving growth and success for the Bank in the years to come.

9 HUMAN RESOURCES ("HR")

OVERVIEW

Throughout the year under review, our focus has been on preparing our workforce to fully support our mission of becoming the Best Run Bank. These strategic priorities are delivered through our organisational transformation efforts and key actions across the employee lifecycle stages, such as employer branding and attraction, recruitment and onboarding, leadership effectiveness, performance management, employee engagement and talent identification and succession planning for the year under review.

Organisational Transformation

Tone From The Top & Culture Renewal

The introduction of the "Quantum Growth" mindset, along with transformative milestones and refreshed Brand Values, was communicated throughout the organisation. A Human Resources Committee was formed during the financial year under review to advance the People Agenda Strategy.

Network Transformation & One Bank View

While the senior management team in Malaysia has always held the responsibility for overseeing respective functions regionally, moving forward this has now been formalised to leverage the expertise and strengths in Malaysia. The senior management team will continue to co-develop the regional businesses in Singapore, Vietnam, Cambodia and Hong Kong, together with each country's respective CEO.

In Malaysia, the HLB Branch network has been streamlined and led by newly appointed Regional Community General Managers ("RCGMs"). RCGMs report into the Head of Business Channels, a newly created role and division responsible for driving the roadmap to achieve our branch transformation strategy. Branches have also been reviewed to optimise community coverage and leverage resources for community banking programmes.

Workforce Readiness

Building Talent & Capabilities

With technology being a key component of our HR Digitalisation Roadmap, we have prioritised the review and deployment of AI opportunities. Concurrently, we continue to build our bench strength whilst attracting top talents from the market. We remain committed to providing opportunities and career progression to deserving talent that have a strong performance track record but more importantly, being committed, focused, ambitious and resilient to take on senior positions and new challenges.

Our learning and development efforts in support of building talent and capabilities have focused on four key areas: provision of accessible and relevant learning opportunities bankwide through digital means; uplifting sales capabilities for business leaders; identifying key strengths and development areas via talent analytics and curated development to build future leaders of the Bank.

HR Readiness

Leveraging on Technology

In FY2020, we adopted the Workday cloud system for people and performance management, marking a shift from manual to automated management of human capital and business processes. With all HR processes now fully on Workday, HR is aligning with the Bank's 3-5 Year Strategic Plan to seek opportunities to leverage on AI to introduce further efficiency and productivity in HR processes.

Employee Lifecycle Management

Building Our Reputation as the Employer of Choice

HLB fosters a culture of high performance driven by talented and motivated individuals with a growth mindset. We value resilience, a passion for learning and adaptability in a dynamic financial landscape, which shape our strategic approach to recruitment and retention. Our organisational culture places a strong emphasis on personal and professional development, as outlined in our EVP. We engage with potential candidates through a range of touchpoints to showcase career opportunities and leverage various channels to attract suitable talent. Additionally, HLB actively engages with academic institutions to develop a pool of highly skilled professionals, thereby continuously supporting talent acquisition efforts.

We work closely with universities to identify top talent, focusing on key institutions to attract the desired candidates through involvement in career fairs and hosting recruitment events on campus.

Pictured (Clockwise from top left): "Opportunities at HLB" Sharing Session at Asia Pacific University of Technology & Innovation ("APU"); discussing career options at Sunway College Johor Bahru; ready to meet potential candidates at the Talentbank Career Fair Sunway Convention Centre and sharing our internship and graduate trainee options at Job Fair Malaysia, SPICE Convention Centre, Penang.

Our internship programmes remain a fundamental part of our outreach strategy. Interns acquire knowledge, valuable insights and establish working relationships with stakeholders, all of which help prepare them for a permanent position within our organisation.

We strongly believe in promoting internal career growth and development within our workforce. To support this, we organise monthly "career coach" sessions through our Virtual Brown Bag lunch and learn platform. Topics covered include fostering ambition, enhancing communication skills and building effective work relationships. By encouraging employees to explore different paths and gradually take on new responsibilities, we aim to enhance their experiences, preserve institutional knowledge, ensure team stability and improve overall productivity.

A monthly "career coach" session is available to all employees for knowledge enrichment on topics such as career progression with the help of experts from different fields including psychology, leadership and consulting.

Our LinkedIn follower base continues to grow y-o-y. Moving forward, we will continue to utilise our social media platforms to enhance the effectiveness of our employer branding initiatives.

Continuously Nurturing Talents

Building a sustainable talent pool is a cornerstone of our talent management strategy, crucial for advancing our business goals. Since 2016, our Management Associate and Graduate Trainee Programmes have successfully integrated graduates, with over 62% securing permanent roles across various divisions.

To enhance sales capabilities, we introduced the Extraordinary Sales Leadership ("ESL") Programme, specifically tailored for Hong Leong Senior Sales Managers and Heads. The ESL Programme features hybrid learning with physical workshops, video-based modules and Train-the-trainer sessions.

Management Discussion & Analysis

BUSINESS OPERATIONS REVIEW

Elevating Professionalism in Our People

We are dedicated to instituting comprehensive policies that promote excellence and deliver value to all stakeholders. Through HLB's stringent compliance and governance frameworks, our employees consistently maintain the highest standards of professionalism and competence. Annually, every employee is required to complete at least 40 hours of training, including a designated day focusing on digital or sustainability topics. Additionally, quarterly e-learning modules on the HLB@Workday platform are mandatory, ensuring our team stays abreast of industry advancements. Our e-learning platform, Go1, provides access to over 80,000 modules from 200 content providers, available anytime, anywhere through HLB@Workday.

The Go1 platform delivers a big learning and development impact for employees to grow through productive engagements.

We are committed to providing new employees with a seamless onboarding experience through our virtual onboarding programme. This programme includes pre-read materials, self-guided e-learning and virtual classrooms covering essential banking topics.

Employees newly promoted to management roles must attend two key workshops: "Coaching for Performance" and "Driving the People Agenda". These workshops promote values of ownership and accountability, equipping managers with the skills necessary for effective team management and talent development. We are also pleased to announce the upcoming launch of an online learning module for "Driving the People Agenda" in FY2025.

Selected employees benefit from the Executive Presence workshop, which enhances their ability to engage key stakeholders, communicate with confidence and inspire and influence at all levels.

We maintain a robust partnership with the Asian Institute of Chartered Bankers ("AICB") across five core governance areas: audit, anti-money laundering ("AML"), compliance, credit and risk. This collaboration ensures our employees are equipped and certified with the skills needed to excel in the dynamic banking landscape. In alignment with the industry-wide commitment signed with AICB and the Association of Banks in Malaysia ("ABM") in October 2017, all key personnel in critical job functions within these core areas must obtain relevant certifications within five years of their appointment.

Upholding Policies, Processes and Culture

At HLB, our core values and policies are the foundation that guides our employees in balancing calculated risk-taking with rewards, fostering a culture of high performance. These values drive us to conduct business ethically and build trust (Honour); ensure our actions benefit the communities we serve and are sustainable (Here For The Long Term); embrace change and intelligent risk-taking (Innovation); deliver respectful and reliable performance (Collaborate to Win); and be resourceful and decisive in driving sustainable growth (Entrepreneurship).

These principles are reinforced by four key policies: the HLB Code of Conduct & Ethics, Talent Management Board Policy, Remuneration Board Policy and Learning & Development Management Policy. We regularly review these policies to ensure they remain relevant in a dynamic environment, comply with regulatory standards and align with our business objectives.

We prioritise providing a safe and healthy work environment, focusing on employee well-being. Our Bank strictly prohibits any form of discrimination, harassment, or intimidation in the workplace, including sexual harassment. The Code of Conduct and Ethics ("CoCE") clearly outlines our stance on these issues and is readily accessible on our corporate website and employee intranet. We ensure all employees are familiar with and adhere to the CoCE through our onboarding process and quarterly mandatory e-learning modules.

Developed in line with national-level health and safety regulations, our Occupational Safety and Health ("OSH") Standard Operating Procedure establishes a comprehensive framework for managing OSH risks, ensuring consistency in safety and health standards throughout the Bank.

Guided by this protocol, our inspection team conducts regular risk assessments to effectively identify, evaluate and address hazards across our workplaces. Meanwhile, our OSH Committee - which consists of both management and employee representatives for balanced decision-making - oversees the implementation of OSH practices across the Bank.

These efforts are complemented by OSH-related modules and workshops to selected employees as guided by Malaysia's latest 2022 amendment on Occupational Safety & Health Act 1994. This includes the latest modules approved by the Department of Occupational Safety & Health ("DOSH") on OSH-Coordinator training and First Aider training to ensure bank-wide compliance towards safety and health.

In FY2024, we expanded our OSH training program to include an e-learning module for bankwide mandatory learning. Looking ahead, we aim to further advance our OSH practices by continuing deployment of First Aid, OSH coordinator, Hazard Identification, Risk Assessment and Risk Control ("HIRARC") and other OSH related workshops.

The Bank prioritises employee training and development to establish a strong compliance culture and safeguard customer interests. Training is provided at organisational, team and individual levels, emphasising practical applications for real-life scenarios. Specific compliance courses tailored to key roles, such as "No Training, No Sales" for SME banking employees and "No Certification, No Sales" for PFS/PFS-i employees, ensure comprehensive product knowledge, compliance adherence and exceptional customer service skills.

To promote awareness and responsible conduct, all employees participate in annual compliance e-learning modules. Assessments, requiring a minimum passing score of 70%, are conducted 30 days post-training to evaluate knowledge retention and ensure strict adherence to learned policies and procedures.

Sustainability at the Core of Our Business Practices

Our ESG and Value-based Intermediation Financing and Investment Impact ("VBI") frameworks drive us to develop long-term solutions for our stakeholders. Sustainability capacity building is ingrained at all organisational levels as detailed in the following two paragraphs.

To create awareness of sustainability across our workforce, we require all employees to complete an annual mandatory e-Learning course on "Introduction to Sustainability", while new hires benefit from virtual training on the same course, provided by our Sustainability division.

Beyond this foundation, we utilise training programmes, brown bag sessions and internal communication tools to highlight and foster discussion around current and specific sustainability-related issues, thus deepening our employees' understanding of the fast-evolving ESG landscape.

During FY2024, we continued our partnership with WWF's Asia Sustainable Finance Initiative ("ASFI") Academy to develop specific competencies at the intersection of sustainability and finance. This training is vital as it complements our efforts to launch additional green financing products and position such products as a key driver of our ESG and business agendas alike.

In our ongoing efforts to foster a culture of sustainability within the organisation, we organised our annual HLB Sustainability Month in November 2023. This month-long initiative focused on raising awareness and training employees on ESG issues through a variety of channels, including webinars, workshops, posters and social media.

During Sustainability Month, we hosted four webinars, covering introductions to Greenhouse Gas ("GHG") and materiality assessment, and presentations on two social enterprises we support: Primus Wellness and Refiller Mobile. We also released infographics periodically throughout the month on topics such as our sustainability initiatives and climate action.

Summary of employee engagement activities for HLB Sustainability Month.

Management Discussion & Analysis

BUSINESS OPERATIONS REVIEW

To further enhance sustainability awareness within the organisation and secure support from our top management, we conduct annual expert engagement sessions for senior management, featuring discussions on current topics in the evolving sustainability landscape.

Two sessions were held in FY2024:

- In July 2023, we held a session on green buildings led by Dr. Serina Hijjas, Vice President of the Malaysia Green Building Council.
- The second session, titled "Getting the Net Zero Pathway Right" and conducted by McKinsey & Co in June 2024, addressed the importance – and the challenges and opportunities – of developing a credible Net Zero strategy.

Posters for the annual expert engagement sessions.

Acknowledging the Best of Our Talents

HLB's three key pillars of employee engagement, employee appreciation and employee wellness form the foundation for the Bank to offer employees impactful experiences with us at every stage of their professional career.

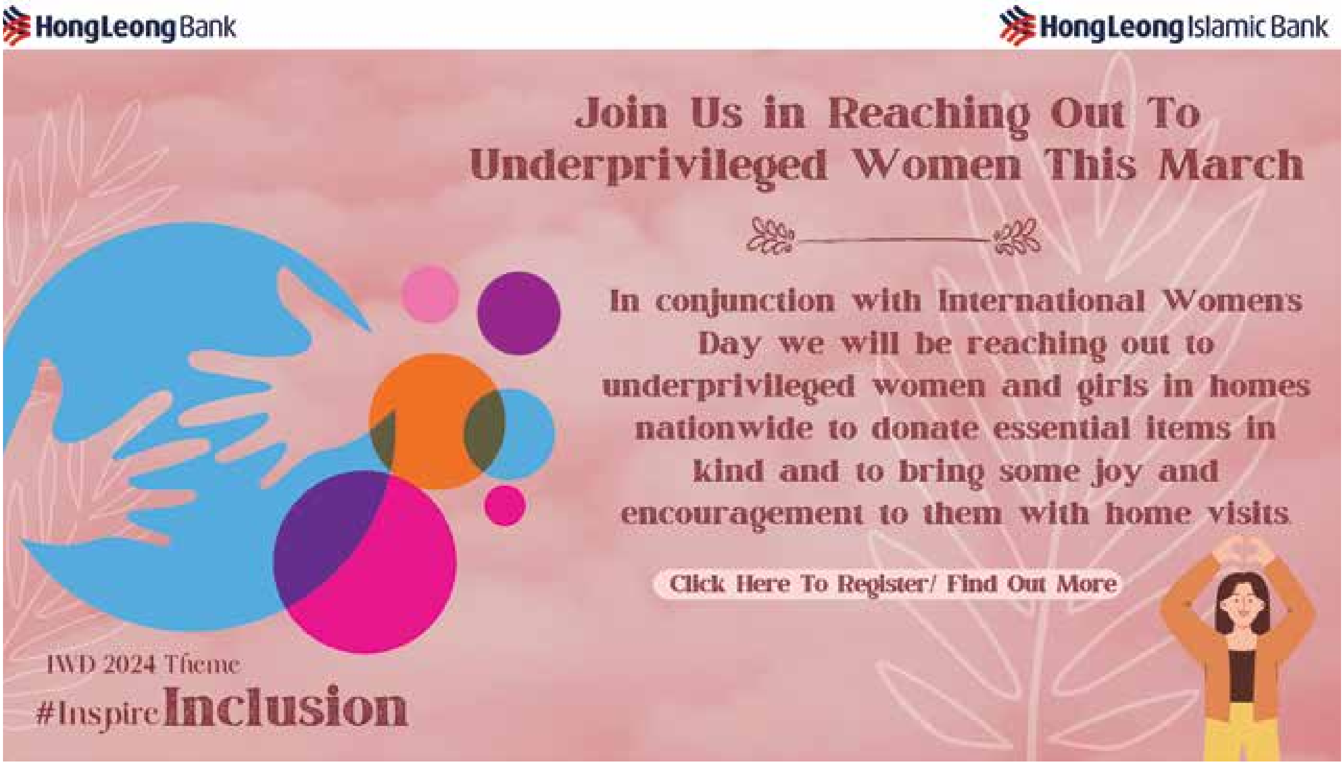
Purposeful Employee Engagement

In FY2024, we continued to sharpen our lenses to drive aspiration and growth, build a healthier workforce, both physically and mentally to create more opportunities for employees to engage with one another.

Driving Aspiration & Growth	Building A Healthier Workforce	Engagement Opportunities
• "Career Coach" Virtual Brown Bag • Job Alert Email • Go1 Curated Learning Email • PlusVibes Newsletter	• "Doctor in the House" Virtual Brown Bag • Health Screening Activities • Physical Challenges • Sports Gathering • Awareness Days • Virtual Exercise Sessions	• Employee Appreciation Month & eTOUCH Platform • Awareness Days Contests • Thematic Contests and Giveaways

Table: Overview of our key focus areas and actions for employee engagement

In celebration of International Women's Day ("IWD"), we organised a CSR outreach initiative under the theme "Inspire Inclusion", reaching out to homes with women residents nationwide. Additionally, we hosted sharing sessions featuring inspirational speakers to empower and equip our employees with new skills. Other activities included celebrating International Family Day, hosting online contests showcasing Malaysian cuisines and reinstating physical games like badminton.



In celebration of IWD, we organised a CSR outreach initiative under the theme "Inspire Inclusion", reaching out to homes with women residents nationwide.

Fun activities such as sharing of favourite food enabled employees to participate and get to know each other more.

For International Family Day, we asked employees to share their favourite moments with their family, showing a side of employees outside of work.

Physical games such as badminton were reintroduced, providing a platform for employees to engage with each other outside the workplace.

Meaningful Employee Appreciation

Our unwavering commitment to recognising outstanding employee contributions is exemplified through our eTOUCH platform. The year-long eTOUCH campaign culminates in Appreciation Month, themed "Our Heartbeat". We organised a Virtual Walk for Heart Health Challenge and wellness fairs focused on heart health. Additionally, we held a pledge contest on our eTOUCH platform to encourage employees to commit to new behaviours and actions in alignment with our new operating rhythm and way of working.

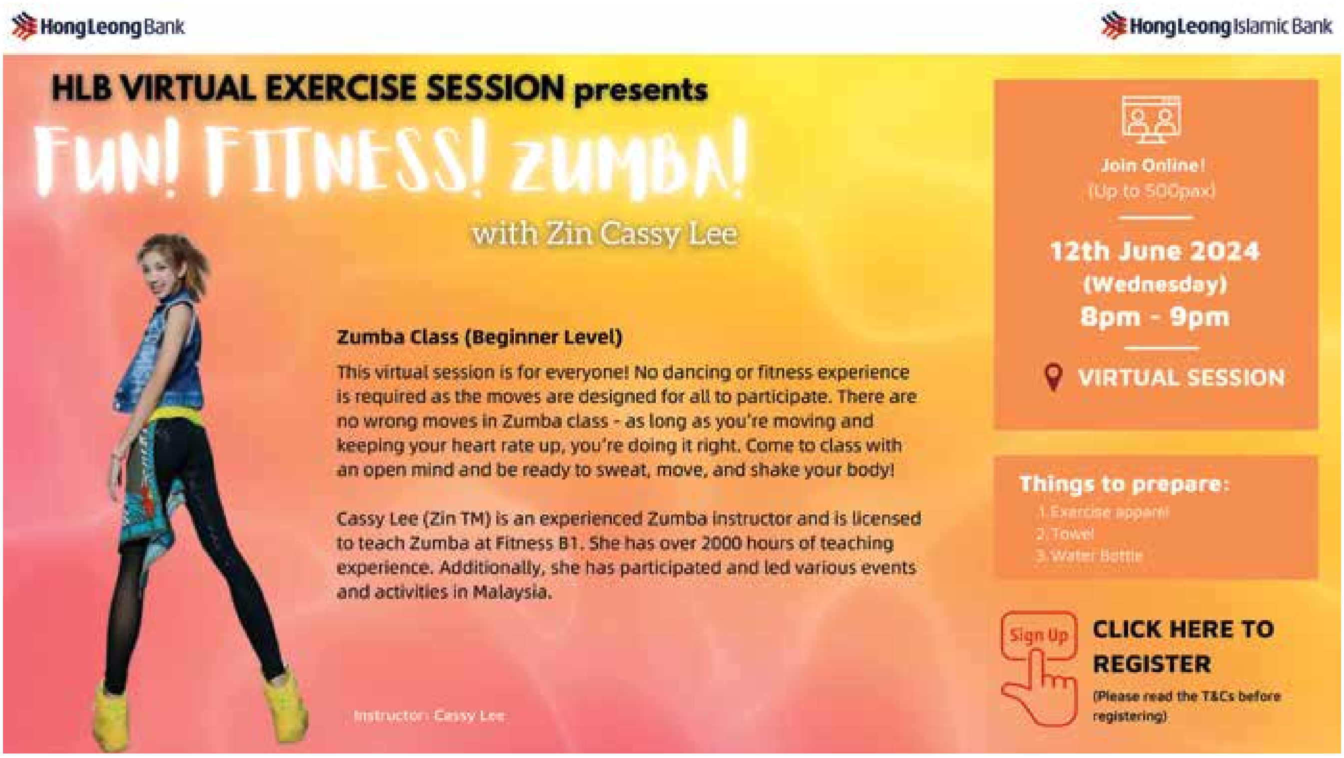
The Virtual Walk For Heart Health Challenge encouraged employees to incorporate exercise into their daily routines and keep heart health top of mind.

The Appreciation Month eTOUCH Pledge Contest encouraged employees to demonstrate actions aligned to our HLB Brand Values and our new operating rhythm named "Our Heartbeat".

Our eTOUCH platform remains key in cultivating a culture of appreciation for colleagues who have gone above and beyond their duty to help customers, colleagues or others around them.

Committing to Employee Wellness

Recognising the importance of the physical, emotional and mental well-being of our employees, we have implemented various wellness activities. This year, we organised several virtual events, including exercise sessions and brown bag discussions on physical and mental health, ensuring our employees are well cared for.



Our wellness activities provide a holistic platform for employees to practise and nurture long-lasting habits to improve their quality of life.

We proudly offer PlusVibes, a mobile-first wellbeing platform, as a vital resource to support our employees in building personal resilience and enhancing their physical and mental wellbeing. Accessible to all employees, PlusVibes covers a wide range of topics including finance, family, leadership, self-development and relationships. The platform features a Wheel of Life, a visual assessment tool that helps employees identify areas needing more attention, empowering them to practice self-care as needed.

For those requiring additional support, PlusVibes enables employees to connect with qualified counsellors directly through the app. Additionally, the platform provides a comprehensive list of relevant associations, allowing employees to explore and connect with these resources as they see fit.

Moving Forward

As we move forward, we remain committed to identifying opportunities that will enhance our organisational transformation initiatives and improve our core actions throughout the various stages of the employee lifecycle. We will continue to work closely with stakeholders across the Bank to ensure our workforce is prepared to support our objective of becoming the Best Run Bank. A key aspect of our enhancement efforts is the ongoing HR digitalisation journey, which is marked by the automation and simplification of HR processes, coupled with the progressive application of AI to drive efficiency and productivity improvements.

The PlusVibes all-in-one well-being app includes a visual representation of the user's life areas ("Wheel of Life"). Users also have the option to speak to qualified listeners through messaging, relaxation activities and inspirational content for employee self-care.

Sustainability Statement

ABOUT THIS STATEMENT

This Sustainability Statement outlines our strategies, initiatives and performance relating to key environmental, social and governance ("ESG") issues during the financial year from 1 July 2023 to 30 June 2024 ("FY2024"). It encompasses data from Hong Leong Bank ("HLB") and Hong Leong Islamic Bank ("HLISB") (collectively termed "the Bank") in Malaysia, along with our regional operations in Singapore, Hong Kong, Vietnam and Cambodia.

This statement has been prepared in accordance with the following regulations, standards and guidelines:

- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations Sustainable Development Goals ("UN SDGs")

Additionally, we have begun benchmarking our disclosures against the newly developed International Sustainability Standards Board's ("ISSB") International Financial Reporting Standards ("IFRS") S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Our standalone Sustainability Report 2024 provides a thorough disclosure of our sustainability practices, covers our contributions to the UN SDGs, and includes GRI, TCFD and International Sustainability Standards Board's ("ISSB") Standards content indexes.

FY2024 Sustainability Highlights

29% decrease in operational (Scope 1 and 2) emissions in Malaysia from FY2019, placing us on track to exceed our targeted reduction of 15% to 25% by 2026

FY2023: 26%

5% decrease in energy consumption in Malaysia from FY2023

FY2023: 3%

19.1 tonnes of waste diverted from disposal

FY2023: 17.7 tonnes

68,262 reams of paper purchased

FY2023: 78,953 reams

RM3.5 billion in approved renewable energy financing

FY2023: RM3.2 billion

RM1.2 billion in outstanding green car loans

FY2023: RM0.8 billion

RM14.6 billion in outstanding green building/ township and affordable property financing provided

FY2023: RM13.2 billion

71 HLB@Kampung projects initiated, with **27** active

FY2023: 15 projects; 8 projects active

26 new schools transitioned to cashless operations under HLB@School, bringing the total to **94**

FY2023: 68 cashless schools in total

94.6% of total procurement spent on local suppliers, amounting to **RM549.7 million**

FY2023: 94.0%; RM509.3 million

2 new social enterprises supported under HLB Jumpstart, bringing the total to **7**

FY2023: 5 social enterprises in total

3,091 volunteer hours contributed by **1,214** employees under the HLB Employee CSR Programme

FY2023: 7,943 hours; 443 employees

RM476,600 invested in local communities, impacting **9,013** direct beneficiaries and **1,535** indirect beneficiaries

FY2023: No data available as we started data collection in FY2024

626,972 hours of training completed, equating to **77** training hours per employee

FY2023: 650,409 hours of training; 79 hours per employee

0 work-related fatalities

FY2023: 0 work-related fatalities

Lost Time Incident Rate of **0.025**

FY2023: 0.064

Cumulatively, more than **9,000** employees and **234** contract staff Bank-wide received mandatory ABC training

FY2023: Cumulatively, more than 8,000 employees; more than 400 contract staff

Global ESG Indices & Assessments

FTSE4Good

FTSE4Good Bursa Malaysia Index

- Included in the FTSE4Good Bursa Malaysia index for the seventh consecutive year
- Ranked in the top 30% by ESG ratings among public listed companies in the FBM EMAS Index, which is assessed by FTSE Russell
- Achieved a score of 3.9 out of 5.0, surpassing the banking sector average of 3.1

MSCI

Morgan Stanley Capital International ("MSCI") ESG Rating

- Achieved an ESG rating of A with a score of 5.2 in the 2024 MSCI ESG rating assessment, rising from 5.0 in 2023 and surpassing the average industry score of 5.1

S&P Global

S&P Global Corporate Sustainability Assessment

- Scored 48 out of 100 as of 31 December 2023, which compares favourably to the banking industry average of 27
- Currently ranked in the 86th percentile within the banking sector

SUSTAINALYTICS

Sustainalytics

- Achieved a low-risk rating score with an ESG risk rating of 17.6 for 2024, an improvement compared to last year's rating of 18.6 and significantly lower than the year's industry average of 24.4

Note: For Sustainalytics, the lower the score, the better the performance

OUR APPROACH TO SUSTAINABILITY

Our commitment to sustainability is driven by ethical responsibility and a focus on creating lasting social and environmental value.

We continuously refine our five Sustainability Themes based on stakeholder engagement, targeting areas for meaningful impact. Strong governance supports this and ensures our strategies and initiatives align with evolving expectations and trends.

Our Sustainability Framework

Our Corporate Vision

To be a highly digital and innovative ASEAN financial services company

Our Mission

To help customers succeed through simple, relevant, personal and fair banking
To provide our people with the best opportunities to realise their potential
To create stakeholder value

Our Sustainability Themes

Environmental Management	Socially Responsible Business	Community Investment	Digital at the Core	Workforce Readiness
• Building Climate Resilience to Facilitate a Low-Carbon Transition • Managing Our Operational Environmental Footprint	• Good Governance & Ethical Business Conduct • Sound Risk Management & Compliance • Sustainable & Responsible Financing • Fair Treatment & Dealing of Customers • Sustainable Supply Chain	• Supporting Social Enterprises & Communities • Financial Inclusion & Literacy	• Digital Finance & Innovation • Customer Experience & Satisfaction • Privacy, Data Protection & Cybersecurity	• Talent Attraction, Development & Retention • Diverse & Inclusive Workforce • Employee Well-Being, Health & Safety • Fostering a Sustainability-Driven Culture

Our Net Zero Ambition

We have established clear targets to drive progress on our climate action journey. Through operational measures, carbon offsetting and innovative financing solutions, we aim to achieve Net Zero emissions across Scopes 1, 2 and 3 by June 2050.

Net Zero Ambition[1]

By June 2026	By June 2030	By June 2050
15% to 25% reduction to Scope 1 and 2 GHG emissions	Net Zero for Scope 1 and 2 GHG emissions	Net Zero for Scope 1, 2 and 3 GHG emissions

Efforts and Measures Taken to Achieve the Ambition

Managing Our Environmental Footprint	Towards a Low-Carbon Economy	Carbon Offsetting
• Optimising resource efficiency • Instilling environmental ownership	• Climate risk management • Offering sustainable and responsible financing solutions • Adopting our sustainable finance framework	• Undertaking our mangrove restoration project • Obtaining Bursa Carbon Exchange Renewable Energy Certificates ("BCX RECs")

[1] *All ambitions are based on our FY2019 emissions baseline except for those relating to our Scope 3 financed emissions*

MATERIALITY

In FY2024, we conducted a desktop materiality validation exercise to identify any shifts in business and stakeholder priorities. By comparing our existing material matters with those of other banks and financial services providers and researching new sustainability trends, we concluded that our current material matters remain relevant. Consequently, no changes were made to our material matters in this year's report.

Our FY2024 Material Matters

Sustainability Themes	Sustainability Material Matter	Description
Environmental Management	Building Climate Resilience to Facilitate a Low-Carbon Transition	Identifying and integrating climate-related risks into our strategies, business operations and across our value chain via our risk management framework, in order to facilitate a just transition to a low-carbon economy (e.g. reducing exposure to high-risk sectors, supporting low-carbon solutions).
	Managing Our Operational Environmental Footprint	Responsibly optimising resource consumption to effectively manage the environmental footprint of our operations (e.g. energy management, waste management, water consumption, GHG emissions).
Socially Responsible Business	Good Governance & Ethical Business Conduct	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency and accountability, in order to maintain stakeholders' trust in the organisation.
	Sound Risk Management & Compliance	Throughout the organisation to ensure compliance to applicable laws, regulations, and standards as well as the prevention of financial crime (e.g. 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.
	Sustainable & Responsible Financing	Integrating ESG factors into the design, evaluation, and management of our financial products and services (e.g. green loans, green bonds, islamic finance for sustainability) to encourage higher adoption of sustainability principles by customers.
	Fair Treatment & Dealing of Customers	Ensuring fair treatment of our customers and clients in the conduct of our business by prioritising their financial needs and risk appetite, as well as providing them transparent, accurate, sufficient and easily understood information about our products and services.
	Sustainable Supply Chain	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment and engagement practices, whilst also encouraging supplier diversity to include local businesses.

Sustainability Themes	Sustainability Material Matter	Description
Community Investment	Supporting Social Enterprises & Communities	Developing strategic partnerships with social enterprises to implement community empowerment programmes that create long-term environmental and social impact for underserved communities across our operations.
	Financial Inclusion & Literacy	Enabling the accessibility of affordable financial services to all segments of society and promoting financial literacy, thus empowering individuals and businesses to improve their financial well-being.
Digital at the Core	Digital Finance & Innovation	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, whilst simultaneously increasing accessibility of our offerings to new and existing customers.
	Customer Experience & Satisfaction	Embedding a customer-centric culture within the organisation and undertaking initiatives to improve end-to-end customer experience as well as customer satisfaction; leading to increased customer retention.
	Privacy, Data Protection & Cybersecurity	Protecting employees' and customers' data from unauthorised access, cyber attacks and threats via responsible collection, handling, storage and protection of personal and proprietary data.
Workforce Readiness	Talent Attraction, Development & Retention	Investing in talent attraction, development and retention to cultivate a pool of high-quality talent, whilst also fostering a growth mindset in our employees to ensure their adaptability in today's ever-changing business and technological landscape.
	Diverse & Inclusive Workforce	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus fostering productivity and innovation.
	Employee Well-Being, Health & Safety	Creating an inclusive and supportive work environment which supports employee health and safety, promotes their well-being and improves work-life balance via effective policies, processes and labour standards.
	Fostering a Sustainability-Driven Culture	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation (e.g. encouraging employee volunteerism, implementing ESG capacity-building programmes)

Our Sustainability Governance

Sustainability governance at HLB is spearheaded by the Board of Directors ("Board"), which is the highest governing body within the Bank and oversees the work of committees and departments that are responsible for developing strategies and managing risks across key issues, including climate action.

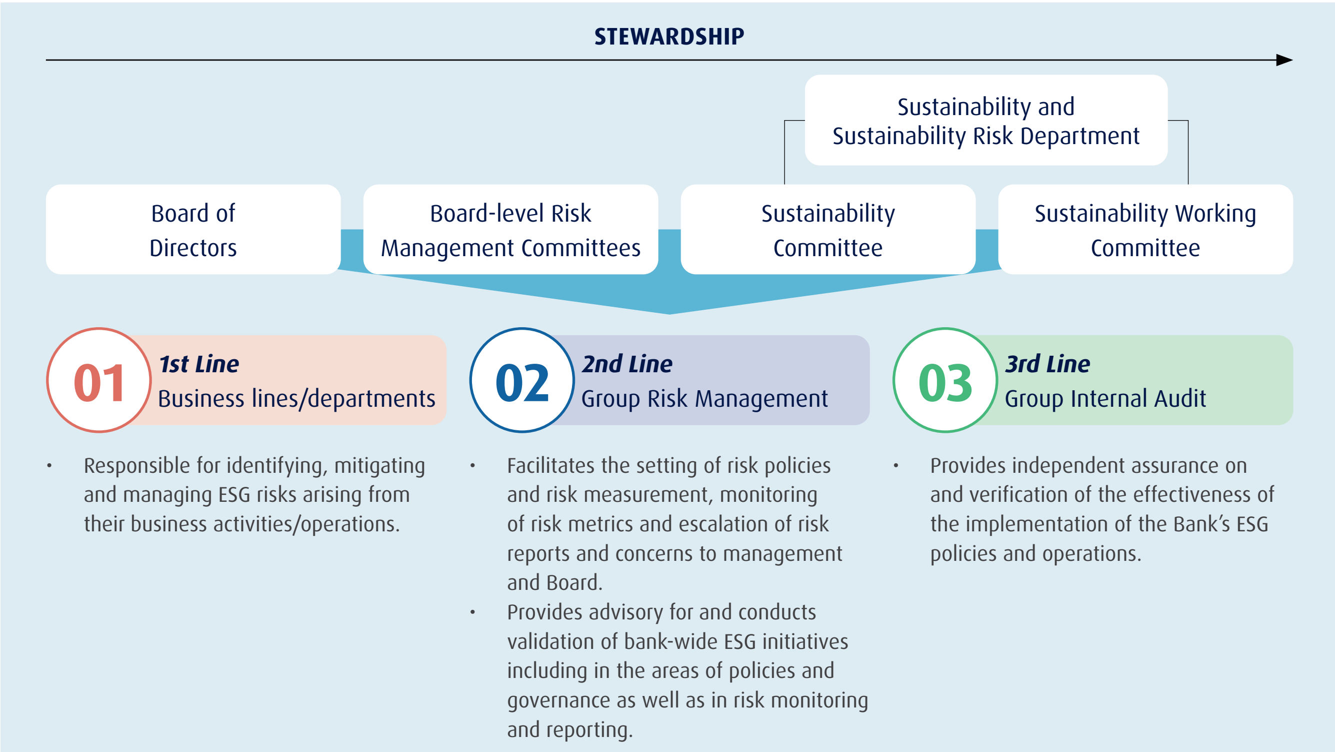
Body	Role	Number of meetings in FY2024
HLB BOARD / HLISB BOARD	Establishes a sound governance structure for the implementation of sustainability efforts and practices in our business operations, ensuring that sustainability is integrated into every aspect of our business	HLB Board: 8 of which 4 had a sustainability-related agenda HLISB Board: 7 of which 3 had a sustainability-related agenda
BOARD RISK MANAGEMENT COMMITTEE ("BRMC") – HLB / BOARD AUDIT & RISK MANAGEMENT COMMITTEE ("BARMC") – HLISB	Supports the Board in overseeing the management of the Bank's sustainability strategy and ESG risks	8 BRMC 5 BARMC
SUSTAINABILITY COMMITTEE ("SC")	Comprising senior management, the SC facilitates our sustainability and Value-Based Intermediation ("VBI") strategies and initiatives, as well as our climate-related goals	5
SUSTAINABILITY WORKING COMMITTEE ("SWC")	Comprising managers and senior officers from our Business Units ("BU"), the SWC is responsible for executing policies, procedures and practices in relation to sustainability and VBI at the operational level	2
GROUP SUSTAINABILITY ("GS")	Coordinates and monitors the Bank's sustainability efforts and integrates financial and non-financial results with sustainability initiatives	
SUSTAINABILITY RISK DEPARTMENT WITHIN GROUP RISK MANAGEMENT ("GRM")	Reviews and validates sustainability and climate-related risks while monitoring the progress of associated initiatives	

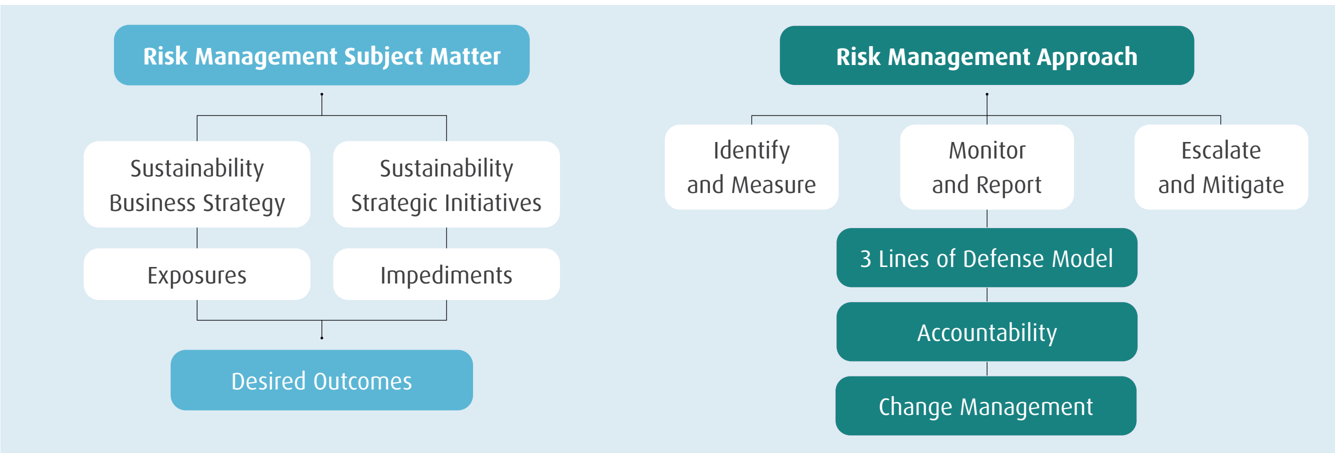
Sound Risk Management & Compliance

Our Sustainability Risk Governance Framework and risk management strategies comprehensively integrate sustainability and ESG risks into our operations. This framework is a crucial component of our approach to sustainability, providing a systematic and structured approach to advance our sustainability efforts.

We utilise a structured risk management approach to address and mitigate identified ESG risks, including climate-related physical and transition risks. Leveraging the Three Lines of Defense ("3LOD") model, we manage exposures and challenges that could impact our corporate objectives, simultaneously ensuring that mitigation outcomes align with our Sustainability Themes.

This process is coordinated and monitored by our Sustainability and Sustainability Risk departments, with management providing periodic reports to the BRMC on execution status and results.





In support of effective ESG risk management, we continued to develop our Sustainability Risk Monitoring Reports in FY2024, through which we comprehensively track our ESG initiatives and their implementation. The insights gleaned from these reports are leveraged to facilitate discussions on potential improvements at SC and BRMC meetings.

ENVIRONMENT MANAGEMENT

BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

Minimising negative impacts while managing climate-related risks within our transition to a low-carbon economy.

Identifying & Managing Our Climate-related Risks

We broadly categorise climate-related risks into physical and transition risks, each of which we monitor over the short, medium and long term.

Physical Risk	Transition Risk
Risks arising from acute (event-driven) or chronic (long-term shift) climate-related events • Acute risk is damage to assets or infrastructure from climate-related events such as floods • Chronic risk is long-term changes in weather patterns such as rising temperatures	Risks arising from changes made to adapt to a low-carbon economy, for example: • Changes to public policy and regulations • Technological innovations • Changing consumer and investor expectations

Additionally, we are aware that climate-related risks may bring about potential financial and non-financial concerns for our business and our customers. These potential impacts, mapped to the specific risks we have identified, can be found within our standalone Sustainability Report 2024.

Undertaking Scenario Analysis

The use of scenario analysis helps us make strategic decisions that take into account the complexity and uncertainty of climate change, thereby enhancing the resilience and flexibility of our strategies.

To mitigate climate-related risks under simulated stresses, we have formulated ESG frameworks or policies from both business and operational perspectives. Furthermore, we have adapted our stress testing exercise to map the impact of specific climate scenarios to key high-risk economic sectors, taking into account the unique nature of each sector. Currently, we are in the initial stage of collecting data to determine the respective physical and transition risks relevant to each sector.

In addition to this, we have since FY2022 conducted a scenario analysis exercise by which the risks emanating from our Higher ESG Risk Corporate Sectors were assessed using the Herfindahl-Hirschmann Index ("HHI"), a measurement to quantify ESG concentration risk. This calculation takes into account customers that are active and performing — assessed as being High E&S Risk.

Based on the HHI recommendations, the HHI Granularity Adjustment was calibrated for credit concentration risk through four concentration levels as depicted below:

Concentration Level	Lower Bound	Upper Bound	Granularity Adjustment ("GA")
Very Low	0.000	≤0.001	2%
Low	>0.001	≤0.0010	4%
Medium	>0.010	≤0.040	6%
High	>0.040	≤1.000	8%

A lower concentration level was derived at 2% for both HLB and HLISB. This means that an additional 2% would be applied to the economic capital charged to a corporate customer assessed to be in a "Very Low" concentration level sector. Meanwhile, a customer in a "High" concentration level sector would see their charge increase by 8%.

Following this premise, we have assessed our BCB customers internally classified as "High E&S Risk" and applied relevant stress test parameters and assumptions to account for the respective Additional Provisions under our regulatory stress testing exercises. Furthermore, we consider ESG stress on bonds held in GM portfolios with high ESG risk investment (i.e. the bond issuer is classified as "High E&S Risk").

Meanwhile, in a progressive stride, we have fortified our Internal Capital Adequacy Assessment Process ("ICAAP") and Stress Test practice with strategic ESG and climate-related risk assessments. We have also included an ESG component within our Internal Capital Threshold settings as a further guard against climate-related risks.

For more information on our scenario analysis efforts, please refer to our standalone Sustainability Report 2024.

Capitalising on Climate-related Opportunities

In addition to becoming more attuned to our climate-related risks, we have also uncovered various opportunities in the low-carbon economy which balance our climate commitments and business objectives.

Green and Sustainable Products, Services & Market	SME, Commercial and Corporate Customers	Retail Customers
Green Financing	Renewable Energy Financing	Solar Plus Financing
	Green Mortgage and Affordable Property Financing	Green Mortgage and Affordable Property Financing
		Green Car Financing
Sustainable Investing	Green Securities: Green Bond/Green Debt Financing	Green Securities: Green Bond/Green Debt Financing

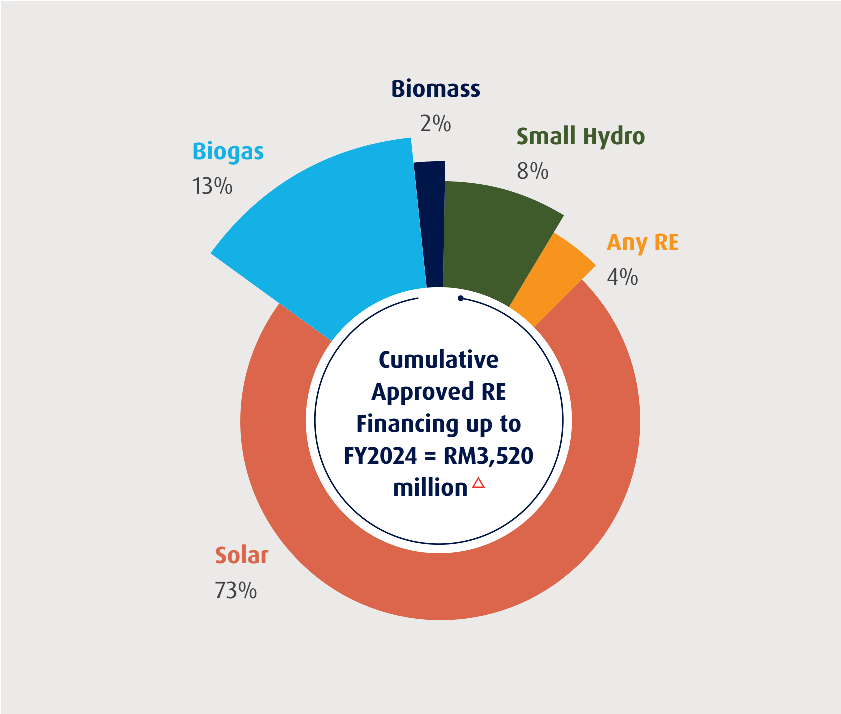
By aligning our investments with environmentally friendly projects and initiatives in renewable energy ("RE"), clean technologies, green infrastructure and electric vehicles ("EVs"), we are building our capabilities and presence in growth sectors brought about by the global decarbonisation drive and helping our customers achieve their climate action ambitions – a win-win outcome.

At the same time, we are decarbonising our own operations by adopting resource-efficient technologies and lower-emission energy sources, with our efforts in this area bringing us closer to achieving our short, medium and long-term emissions reduction goals.

<u>Supporting RE Uptake</u>

Our RE financing solutions support businesses of all sizes to make the transition to cleaner sources of energy including solar, hydro power and bioenergy.

Our solutions have significantly impacted a growing market: since setting an initial 5-year target of RM500 million for RE financing in 2019, we have repeatedly raised our goals. By the end of FY2024, we had approved over RM3.5 billion in RE financing, supporting our customers' decarbonisation efforts and contributing to the Malaysian Government's goal of achieving a 31% RE share in the national capacity mix by 2025. Our efforts also earned us the Runner-Up Special Award for RE Financing by a Domestic Bank at the National Energy Awards 2023, highlighting our leadership in the sector.



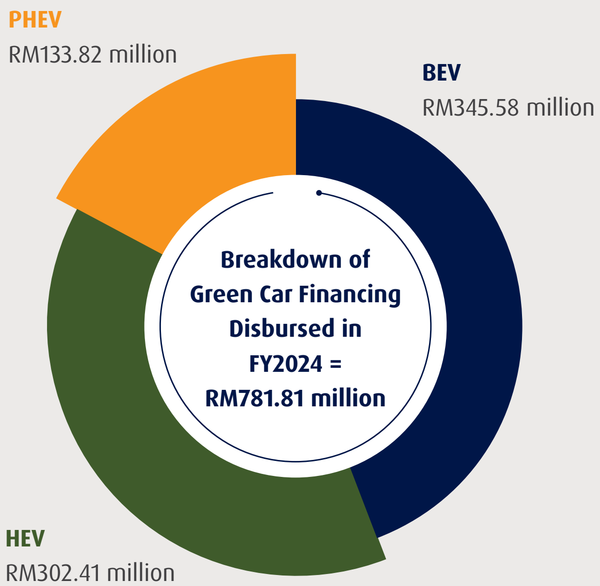
△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

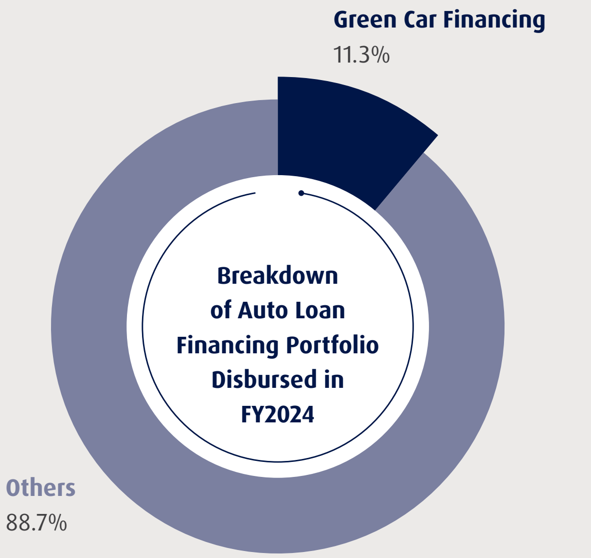
Sustainability Statement

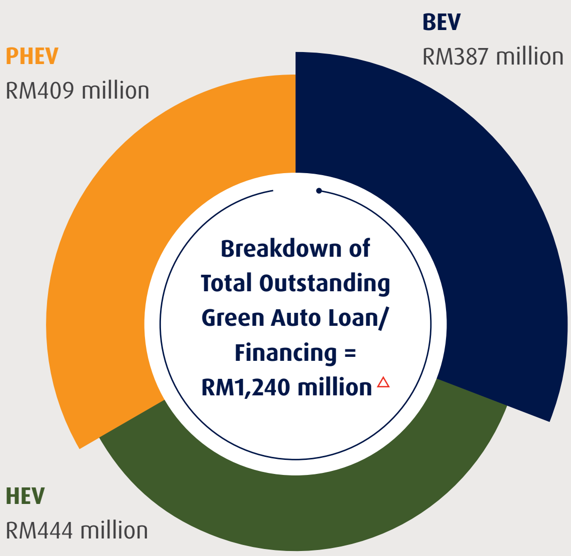
Driving Adoption of EVs

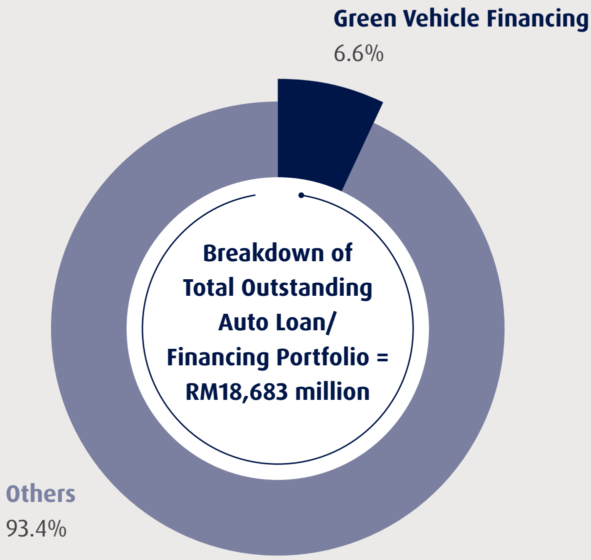
We aim to increase the uptake of green vehicles and facilitate the transition to a low carbon economy. In doing so, we maintain a strict definition of what constitutes a "green vehicle" that encompasses only battery EVs ("BEV"), hybrid EVs ("HEV") and plug-in hybrid EVs ("PHEV").

We currently have RM1.2 billion in outstanding green car loans, surpassing our FY2024 target of RM960 million. This achievement was supported by close relationships with EV manufacturers and distributors as well as an always-on drive to educate potential customers on the benefits of making the switch.









△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

Empowering Green Developments

We provide end financing for the development of green buildings/townships, as well as affordable property development, supporting property developers in undertaking projects that emphasise environmental and social value creation.

In FY2024, we assessed approximately 900 projects under the ESG Assessment for green buildings/townships, reflecting growing interest in our financing solutions.

We had a target of RM14.4 billion in total outstanding Green Building/Township and Affordable Property Financing within our mortgage portfolio. To date, we have successfully financed RM14.6 billion, equivalent to 14.4% of our entire mortgage portfolio of RM101.4 billion.

Total Outstanding Mortgage Portfolio: RM101.4 billion

Total Outstanding Green, Affordable and Green & Affordable Mortgage Portfolio: RM14.6 billion

Pioneering in Green Bonds

Our green debt financing was introduced through the HLB Green Bond Framework, as part of our efforts to ramp up the adoption of sustainability strategies and provision of ESG-compliant financing options. Developed in FY2022, the framework is in accordance with the ASEAN Green Bond Standards issued by ASEAN Capital Markets Forum and the globally recognised Green Bond Principles issued by the International Capital Market Association. The proceeds from the green bond issuances are used to finance or refinance new or existing green projects and assets, falling into the categories of RE, Energy Efficiency, Green Building, Waste Management and Sustainable Transportation, and each meeting the eligibility criteria outlined in the framework.

As of June 2024, the nominal value of our green bonds issued stood at RM900 million, while the Green Bond Portfolio has since grown in outstanding balance from RM1.5 billion in FY2023 to over RM2.5 billion in FY2024. These assets and projects fall within the categories of RE, Green Building and Sustainable Transportation.

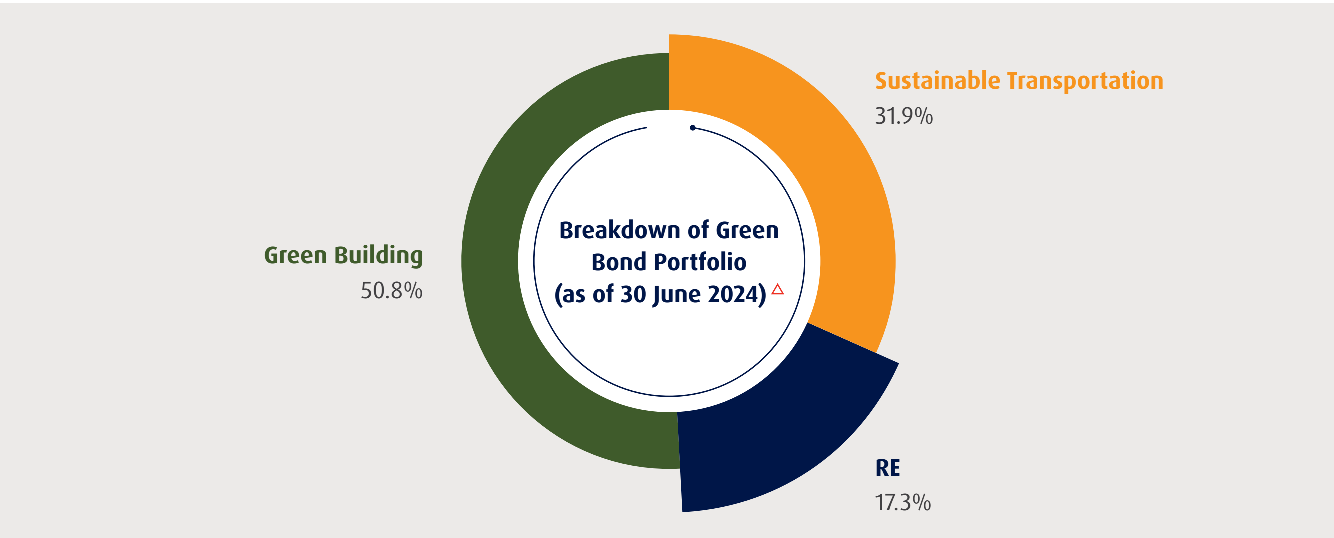
△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

Sustainability Statement

Green Bond Portfolio

Eligible Assets/ Projects	Renewable Energy	Green Building	Sustainable Transportation
Description	Proceeds may be allocated towards the financing of Large Scale Solar Photovoltaic ("LSSPV") projects	Purchase of highly-rated green properties by consumers (Gold and above)	Purchase of Electric Vehicle or Hybrid Vehicles by consumers (tailpipe CO_2 emissions of less than 75g per km per passenger car)
Outstanding Balance	RM430.6 million △	RM1,267.5 million △	RM796.3 million △
FY2024 Impact	• Capacity: 161 MW • Annual Generation: 225,597 MWh • Annual Carbon Avoidance: 175,965.48 tonnes of CO_2	• Enabled 2,773 retail customers to purchase homes with green building certifications of Gold and above, as awarded by recognised certification bodies • Platinum Green Building certified properties: 607 • Gold Green Building certified properties: 2,166	• Financed 5,329 electric and hybrid vehicles with CO_2 emissions of less than 75g per km per passenger car • Battery electric vehicles financed: 2,352 • Plug in Hybrid vehicles financed: 2,977

* *Figures on solar PV assets/projects are based on the assumption that the plants commence operations and perform at the declared capacity*



A highlight of our green financing journey in FY2024 was the completion of our maiden green assets transaction worth a total of RM300 million to fund green properties. The transaction was funded by the issuance of Cagamas Berhad's one-year ASEAN Green Bond worth RM210 million and one-year ASEAN Green SRI Sukuk worth RM90 million under their RM60 billion Conventional/Islamic Medium Term Notes programme. This is an important milestone as it marks Malaysia's first corporate issuances relating to green housing loans and financing.

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

MANAGING OUR OPERATIONAL FOOTPRINT

Adopting a proactive approach to water, energy and waste management to significantly reduce our environmental footprint and achieve our Net Zero commitment.

Driving Resource Efficiency

During the past few years, we have introduced various Energy Efficiency & Conservation ("EE&C") measures including installing solar panels on the rooftop of PJ City Tower A, upgrading our chillers to optimise energy consumption, installing energy-efficient air conditioning units and retrofitting LED lights in our branches. We have completed this EE&C exercise in nine branches across Malaysia, and are set to complete the implementation of these measures across 10 more branches by the end of 2024.

We are also making progress in reducing our consumption of paper by digitalising key business processes, further details of which can be found within the "Digital Finance & Innovation" topic of this statement.

These efforts are guided by our Environmental Policy on Energy, Water and Waste Management, which details best practices in relation to resource use, and are underscored by rigorous tracking of our energy and water consumption. In FY2024, we monitored water consumption across Hong Leong Tower and PJ City Tower A, and commenced efforts to collect more granular data across our business towards estimating our water consumption across all branches.

Progressing to Net Zero

Operational and business travel as well as employee commuting emissions from our regional branches in Hong Kong, Singapore, Cambodia and Vietnam

Our Scope 3 financed emissions under the Auto Loans and Mortgage categories, within Category 15: Investment

medium and long term. During the past year, we continued to lay the groundwork towards achieving these goals by expanding our emissions disclosures to include:

The inclusion of our Auto Loans and Mortgage financed emissions in this year's report is part of a broader drive to calculate and disclose the emissions we finance through our products and solutions, with a focus on seven asset classes including Listed Equities and Corporate Bonds, Business Loans & Unlisted Equity, Project Finance, Commercial Real Estate and Sovereign Debt.

This ongoing exercise is guided by the methodology of PCAF, to which we became a signatory in June 2023, and will facilitate the establishment of a Group-wide financed emissions baseline. This will enable us to develop specific emissions reduction targets and strategies for priority sectors in the future.

On a related note, we are in the process of adopting our Sustainable Finance Framework (SFF), which will be used to finance Green Projects in areas such as renewable energy, energy efficiency technologies, green buildings and affordable properties, waste management and transport and logistics, thus driving further reductions to our Scope 3 emissions.

Meanwhile, our ongoing emissions reduction efforts have resulted in a 29% decrease in operational (Scope 1 and 2) emissions compared to our baseline year of FY2019, placing us well ahead of achieving our short-term goal of a 15-25% reduction by 2026.

Offsetting Our Emissions

Investing in nature-based solutions is vital to meeting our medium-term and long-term emissions reduction goals. To this end, we have collaborated with the Malaysian Nature Society to plant 50,000 mangrove trees in Kuala Selangor. Upon maturity, the trees are expected to remove an average of more than 1,200 tonnes of $CO2$ equivalent from the atmosphere, offsetting a significant portion of our emissions while contributing to coastal resilience against climate change impacts.

We are complementing such solutions with the purchase of renewable energy certificates, and in FY2024 we successfully secured two years' worth of Bursa Carbon Exchange Renewable Energy Certificates ("BCX RECs") as an option to fully offset our Scope 2 emissions. The BCX RECs may only be redeemed when we are nearing our Net Zero for operational emissions by 2030 timeline.

OUR PERFORMANCE

Energy Consumption

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

Energy Consumption from Malaysian Operations

	Hong Leong Tower (kWh)	PJ City (Tower A & B) (kWh)	Other HLB premises (branches, data centre & operation centres) (kWh)	Total (kWh)	Total (MWh)
FY2019	6,850,336	9,393,887	30,082,406	46,326,629	46,326.63
FY2020	6,634,579	8,524,211	28,906,953	44,065,743	44,065.74
FY2021	6,562,314	7,939,797	26,534,392	41,036,503	41,036.50
FY2022	6,394,492	8,067,162	23,713,199	38,174,853	38,174.85
FY2023	7,264,098	8,246,790	21,375,623	36,886,511	36,886.51
△ **FY2024**	7,568,498	7,647,377	19,905,141	35,121,016	35,121.02

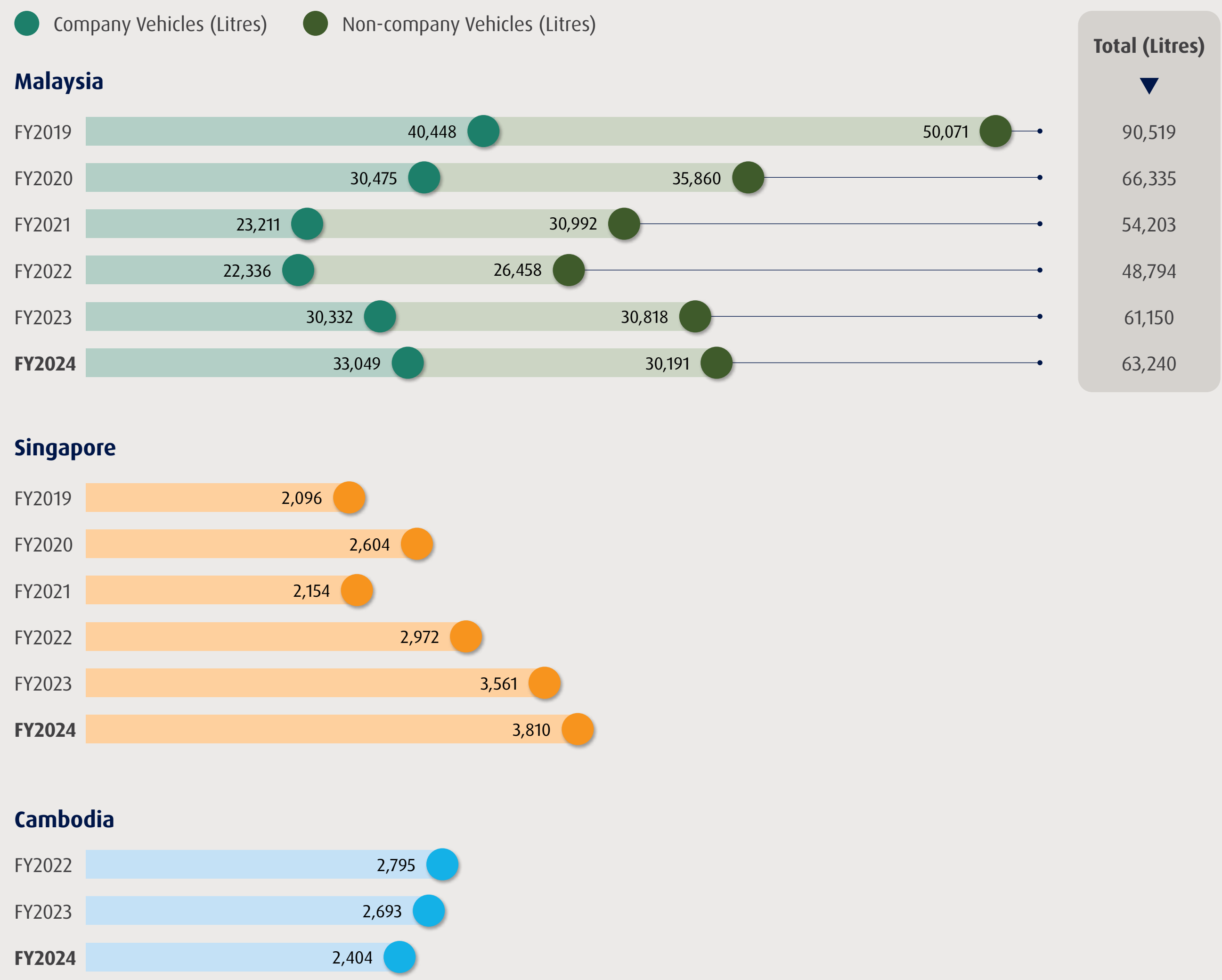
Regional Energy Consumption

	Singapore (kWh)	Hong Kong (kWh)	Cambodia (kWh)	Vietnam (kWh)	Total (kWh)	Total (MWh)	Bank-wide Total Energy Consumption (MWh)
FY2019	633,767	57,695		382,393	1,073,855	1,073.86	47,400.48
FY2020	640,269	54,455		395,110	1,089,834	1,089.83	45,155.58
FY2021	634,291	51,630	564,549	400,354	1,650,824	1,650.82	42,687.33
FY2022	618,597	50,136	676,131	403,076	1,747,940	1,747.94	39,922.79
FY2023	625,519	47,866	660,126	405,913	1,739,424	1,739.42	38,625.93
△ **FY2024**	584,379	47,265	674,965	390,917	1,697,526	1,697.53	36,818.54

Notes:
1. *Electricity consumption of Singapore operations for FY2019 and FY2020 have been included for this reporting year.*
2. *HLB Cambodia's energy consumption for FY2019 and FY2020 is in the midst of data collection and will be reported when the data collection is completed.*
3. *Electricity consumption for Singapore and Cambodia operations is inclusive of purchased chilled water for cooling.*
4. *Assumptions were made for the electricity consumption of Malaysian and Singapore operations whereby abnormal electricity consumption was averaged.*
5. *Due to rounding differences, the numbers may not add up precisely to the total energy consumption disclosed.*

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

Fuel Consumption[1,2]



Notes:

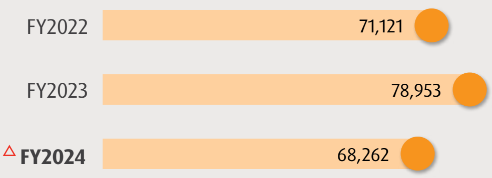
1. *We track fuel consumption through the fuel cards of company-owned vehicles and non company-owned vehicles for our Malaysian operations. The tracking of company-owned vehicles for Malaysian operations is only limited to Hong Leong Tower since all vehicles owned by the Bank are located here. Non-company owned vehicles are staff-owned vehicles that are used for business purposes. Fuel consumption of non-company owned vehicles is inclusive of petrol and diesel and is limited to the fuel cards provided to sales staff.*
2. *Fuel consumption for Malaysia from FY2019 until FY2023 has been restated as company vehicles were incorrectly labelled as non-company vehicles while one non-company vehicle was incorrectly labelled as a company vehicle, with this error since rectified.*

Sustainability Statement

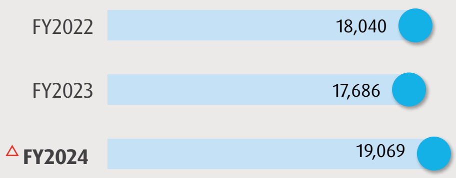
Paper Consumption

We purchased 13.5% less paper (in reams) during FY2024, spearheaded by our Bank-wide digitalisation drive.

Total Office Paper Purchased (in reams) for Entire Malaysia Operations

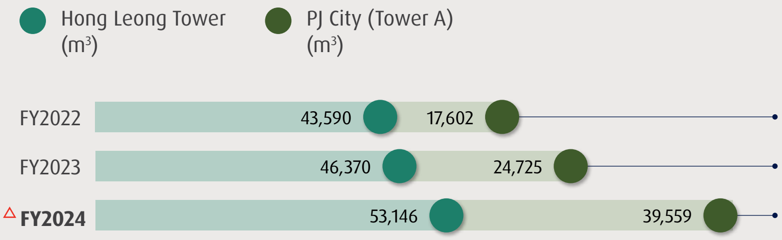


Total Paper Recycled (kg) for HLT and PJCA (office buildings) only



Water Consumption

Bank-wide water consumption in FY2024 increased by 29% compared to the year before



	Branches (m³)*	Total (m³)*	Total (megaliters)
FY2022	117,518	178,710	178.7
FY2023	127,057	198,152	198.2
△ FY2024	135,334	228,039	228.0

Note:
Water consumption figures presented for branches are an estimation calculated on a best-effort basis.

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

Waste Diverted from Disposal

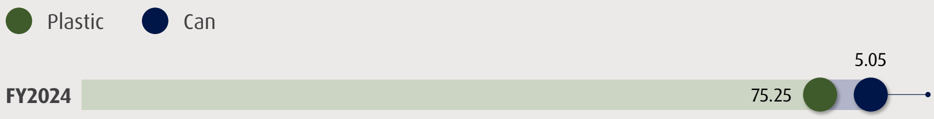
Paper

Total Paper Recycled (kg) for HLT and PJCA Only

	Total (kg)	Total (tonnes)
FY2022	18,040	18.04
FY2023	17,686	17.68
FY2024	19,069	19.06

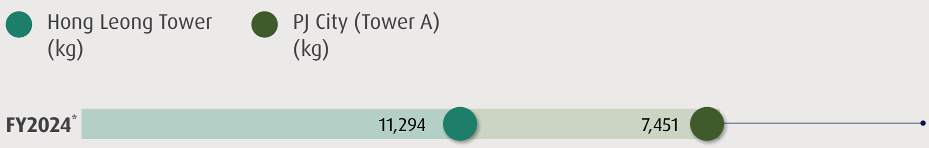
Plastic & Cans

Total Plastic & Cans Recycled for HLT and PJCA (kg) Only



	Total (kg)	Total (tonnes)
FY2024	80.3	0.08

Waste Diverted from Disposal



	Total (kg)	Total (tonnes)
FY2024*	18,745	18.75

Note:
As we only commenced the tracking of wet waste in March 2024, this total covers the period of March 2024 to June 2024 only

GHG Emissions

Malaysia

	Total Scope 1 Emissions (tCO_2e)	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019	196	35,596	12,328	48,120
FY2020	168	32,653	10,165	42,986
FY2021	151	32,017	7,361	39,529
FY2022	94	27,360	9,054	36,508
FY2023	124	26,533	11,931	38,588
△ **FY2024**	103	25,220	13,388	38,711

Singapore

	Total Scope 1 Emissions (tCO_2e)	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019	5	259	99	363
FY2020	6	261	76	343
FY2021	5	259	52	316
FY2022	7	258	82	347
FY2023	8	261	95	364
△ **FY2024**	9	244	123	376

Hong Kong

	Total Scope 1 Emissions (tCO_2e)	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019		47	58	105
FY2020		39	52	91
FY2021		37	36	73
FY2022		34	32	66
FY2023		32	38	70
△ **FY2024**		31	33	64

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

GHG Emissions (continued)

Cambodia

	Total Scope 1 Emissions (tCO_2e)	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019			52	52
FY2020			51	51
FY2021	2	353	102	457
FY2022	9	423	136	568
FY2023	9	413	167	589
△ **FY2024**	9	422	172	603

Vietnam

	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019	341	77	418
FY2020	365	51	416
FY2021	370	55	425
FY2022	372	53	425
FY2023	375	105	480
△ **FY2024**	361	108	469

Group Wide

	Total Scope 1 Emissions (tCO_2e)	Total Scope 2 Emissions (tCO_2e)	Total Scope 3 Emissions (tCO_2e)	Total GHG Emissions
FY2019	200	36,243	12,615	49,058
FY2020	174	33,318	10,395	43,887
FY2021	158	33,036	7,605	40,799
FY2022	110	28,447	9,357	37,914
FY2023	141	27,614	12,336	40,091
FY2024	121	26,278	13,824	40,223

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

Cultivating a culture of professionalism and ethics to underpin sustained and sustainable growth.

Upholding High Standards of Ethics & Integrity

Our Code of Conduct & Ethics

Pillared on seven key principles, our Code of Conduct and Ethics ("Code") defines the standards of professionalism and ethics required of all employees, subsidiaries and affiliated business partners. To maintain these standards, we require our Board and all employees to affirm their understanding of the Code on an annual basis.

Our Code is available on our corporate website, scan this QR code to read more:

Standing Against Bribery & Corruption

Our Anti-Bribery & Corruption Policy

We take a zero-tolerance stance against bribery and corruption, guided by our Bank-wide Anti-Bribery and Corruption ("ABC") Policy and the Anti-Bribery and Corruption Compliance Programme ("ABC Programme"). This programme is designed to manage and mitigate risks associated with bribery and corruption, ensuring our policies and strategies remain aligned with regulatory requirements and best practices.

Further to this, ABC and Whistleblowing clauses must be incorporated into standard template agreements entered between the Bank and its service providers, vendors and business associates. In the respective provisions, reference is made to the Bank's ABC Policy, which is available on our corporate website.

ABC Risk Assessments

Taking a proactive stance, we conduct a Bank-wide corruption risk assessment every two years, covering the Bank's overall operations, with the assessment leading to enhancements to our oversight and training.

There is no data for FY2023 as our ABC risk assessment is done on a biennial basis.

ABC Compliance Training

Our ABC Compliance training programme reinforces our firm stance against any and all corrupt practices across our workforce.

Mandatory training and awareness courses on ABC matters are delivered through e-Learning courses on HLB@Workday, our people and performance management platform. An awareness programme on ABC was conducted from June to August 2023, featuring a tone-from-the-top message from the GMD, ABC pop-up banners, video competitions and other initiatives.

In FY2024

0 confirmed incidents of corruption

Over **9,000** employees and **234** contract staff Bank-wide received mandatory, role-based ABC training cumulatively

Anti-Corruption Training by Employee Category

Employee Category	FY2022*	FY2023	FY2024
Senior Manager	56%	100%	**100%**
Manager	51%	100%	**100%**
Executive	52%	100%	**100%**
Non-Executive	19%	100%	**100%**

Note:
The Anti-Corruption training was launched in May 2021 to new hires only. The training was then rolled out to all employees from July 2022 onwards.

Promoting a Culture of Compliance

Our Compliance Framework

We are committed to upholding high standards of compliance with local regulations across all jurisdictions where we operate, including Malaysia, Singapore, Hong Kong, Cambodia and Vietnam. This adherence is vital to maintaining our customers' trust.

To further protect their interests and reinforce confidence in our operations, Group Compliance has established a robust Compliance Framework that seeks to uphold transparency, ensure data protection and prevent fraud. The framework is accessible via our Sustainability Report 2024.

Compliance Training Programmes

Our Compliance Framework is reinforced by continuous training and development for both new and existing employees, fostering a strong culture of compliance across the Bank. Group Compliance leads these efforts, engaging with all staff, including senior management, to ensure a thorough understanding of and adherence to legal and regulatory requirements.

We require all employees to complete mandatory e-Learning courses on compliance, covering regulatory compliance such as financial crime compliance, ABC, Understanding Mis-selling, and Data Protection and Banking Secrecy.

Beyond this Bank-wide training, selected employees are required to undergo additional role-based courses tailored to their specific responsibilities. Following these courses, employees must achieve a minimum score of 70% on the post-training assessment within 30 days, with up to five attempts allowed. Employees who do not pass must re-attend the training.

In addition, the following compliance training and development initiatives were carried out during FY2024:

Compliance and Financial Crime Compliance ("CFCC") Academy Programme

- This ongoing programme aims to support our employees' role development and promote a strong compliance culture across by providing them with extensive knowledge in regulatory compliance, ABC and financial crime compliance
- Four CFCC sessions were held during the year

Compliance Advisory Clinic ("CAC")

- This platform fosters collaborative discussions between Group Compliance and our business units on critical compliance issues
- Four CAC sessions were held during the year

Shariah Compliance

A core element of our Islamic Banking activities is the comprehensive integration of Shariah principles into all our business transactions and operations.

In maintaining the culture of Shariah compliance, we offer multiple training sessions annually that cut across all branches, ensuring that Shariah principles are well understood and effectively applied in the Bank's daily operations and business activities. In addition, we celebrate the annual Shariah Compliance Month in September, organising weekly huddles, One Point Lessons and sharing sessions with the Bank's Shariah Committee or external experts to enhance employees' knowledge and awareness of Shariah principles and requirements relevant to Islamic financial institutions.

Enabling a Culture of Whistleblowing

To strengthen a culture of accountability and ethical conduct within the Bank, we have established a Whistleblowing Policy. This policy supports operational integrity by empowering all employees, associates and customers to report any concerns pertaining to improper conduct involving or occurring within the organisation.

Reports can be made anonymously and may cover integrity issues or criminal offences such as criminal breach of trust, fraud, theft, corruption, bribery and blackmail. Whistleblowers who make a disclosure in good faith are protected from retaliation, as outlined in our policy and legal provisions in our markets of operation.

Preventing Financial Crime

To bolster our ecosystem's resilience to financial crime, we implemented the AML SIRON system in FY2021. The system enhances our screening capabilities for new and existing customers during onboarding and monitoring, thereby enhancing safety and effectiveness for our customers and stakeholders. Our team consistently supports the transition to this advanced system from both functional and technical perspectives, streamlining our operations.

SUSTAINABLE & RESPONSIBLE FINANCING

Supporting sustainable transitions by integrating ESG standards into our financing assessment processes, implementing value-based intermediation ("VBI") practices and contributing to industry-wide sustainability efforts.

ENHANCING OUR VBI IMPLEMENTATION

We are committed to advancing VBI by focusing on the impact of Islamic banking on prosperity, people and planet while ensuring strong returns for shareholders, with Shariah propositions central to this strive. To this end, HLISB has embedded VBI principles into its business strategy and operations and actively monitors and evaluates its initiatives according to the 3Ps:

Focus	Prosperity	People	Planet
	Economic resiliency via products and services	Good self-governance and best conduct, and social empowerment initiatives	Green economy, sustainability and environmental practices

HLISB's current engagement phase focuses on expanding opportunities to drive its VBI initiatives across three key areas: Products & Services, People and Disclosures.

HLISB's VBI Adoption Progress

Products & Services

- Enhancing our SME financial ecosystem with BizHalal
- Promoting cashless zakat-related transactions through the HLB Connect platform
- Boosting the growth of the Halal ecosystem in Malaysia by offering Shariah-compliant financing, complemented by Halal advisory support from our in-house Halal Industry Specialists

People

- Offering social financing for underserved communities through HLB Jumpstart - Micro Business, which is part of the iTEKAD programme (a social finance programme established under BNM)
- Advancing the Earth Hero project for the fourth year in collaboration with Animal Projects & Environmental Education Sdn. Bhd. ("APE") in Kinabatangan, Sabah, through which we planted 2,500 trees (1st batch) in 2024 at the Lower Kinabatangan Wildlife Sanctuary
- Participating in social impact projects in collaboration with myZakat and myWakaf under the Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM")
- Supporting social enterprises through purchase of items (i.e. purchasing Suri tote bags and aromatherapy eye pillows from Asli & Co.)
- Collaborating in joint programmes (i.e. PlusVibes, a social enterprise providing mental health support through the launch of "Projek Kasih Harmoni", targeted at highlighting mental wellness and involving approximately 600 students from Universiti Teknologi MARA Kampus Seremban)
- Undertaking community engagement activities including:
  - The ongoing financial literacy programme - 'Celik Muamalat' - which targets schools, universities and social enterprises
  - Participation in financial inclusion-related events (i.e. iTEKAD Marketplace@Sasana Symposium)
  - Participation in financial literacy awareness programmes (i.e. Jom Cakna: Program Daya Tahan Kewangan PPR by PIDM and the #JanganKenaScam campaign)

Disclosures

- Engaging consistently with BNM on its VBI documentation, including:
  - Climate Change and Principle-based Taxonomy ("CCPT")
  - VBI Financing and Investment Impact Assessment Framework - Guidance Document ("VBIAF") Sectoral Guides for:

    Construction & Infrastructure | Manufacturing | Oil & Gas

  - Malaysian Financial Sector Blueprint 2022-2026 (Social Finance)
- Disclosing data on our VBI financing, investments and deposits in the VBI AIBIM Data Report 2023

CONTRIBUTING TO REGULATORY & INDUSTRY-WIDE ESG EFFORTS

As an active participant in the sub-committees under BNM's Joint Committee for Climate Change ("JC3"), we work with senior officials from Bank Negara Malaysia, Securities Commission Malaysia, Financial Institutions, and other key industry players to build climate resilience within the Malaysian financial sector. Our work here is geared towards building the capacity of market participants, identifying key issues, challenges and priorities in the transition to a low-carbon economy, and supporting the integration of effective solutions to address climate change and climate-related risks.

Details on the JC3 sub-committees and BNM working groups that we contribute to can be found within our Sustainability Report 2024.

Further to this, we are an early adopter of Capital Markets Malaysia's ("CMM") Simplified ESG Disclosure Guide ("SEDG"), which was introduced in October 2023. The SEDG consolidates and simplifies the many complex global and local ESG-related frameworks to improve the availability of ESG data and information for Malaysian SMEs. It comprises 35 priority disclosures that are aligned with local and global sustainability guidelines, categorised into "Basic", "Intermediate" and "Advanced" levels, catering to the different levels of sustainability maturity across the SME community.

SUPPORTING OUR SME, COMMERCIAL AND CORPORATE CUSTOMERS

In FY2020, we launched the BCB ESG Policy & Assessment Framework in consultation with WWF. The framework is divided into three key strategic execution drivers, collectively serving the sustainability agenda of the Bank, empowering our people and driving the advancement of our customers in ESG.

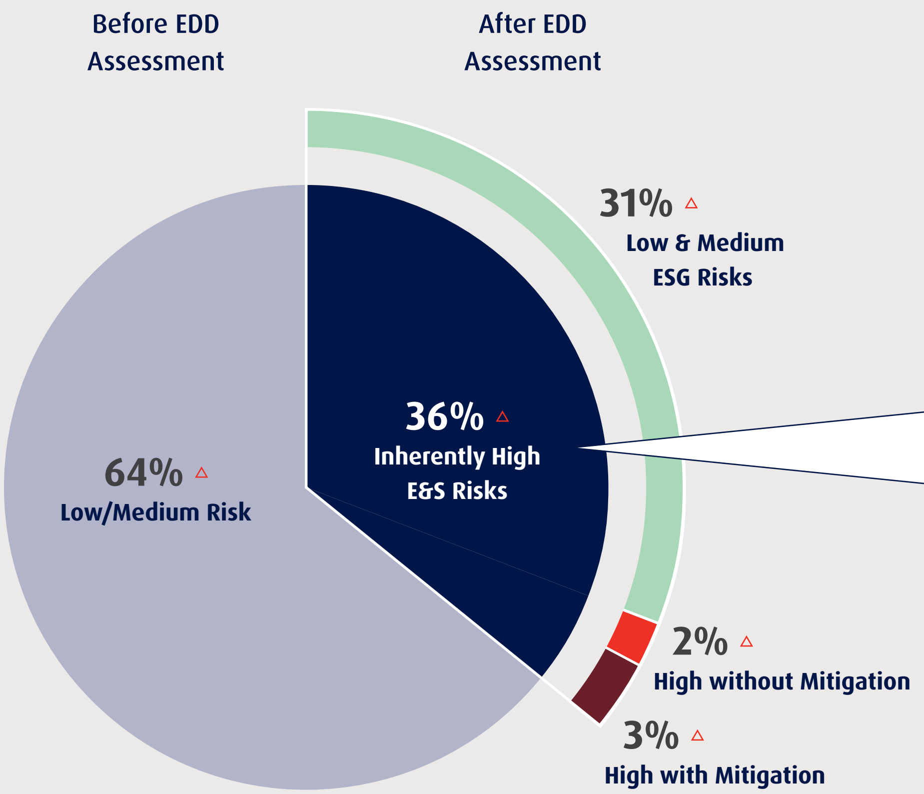
Policies (BCB ESG Policy and Assessment Framework)	Assisting our customers and stakeholders in transitioning to more sustainable business practices and providing a framework for us to assess their ESG risk
People (Internal Capacity Building)	Building capacity whilst inculcating a paradigm shift among our employees to ensure they stay abreast of the latest ESG developments and risk considerations to better support our customers' transition journey.
Public Offerings (ESG Customer Engagements and Product Offerings)	Empowering our stakeholders through ongoing engagement and knowledge-sharing sessions such as the HLB Sustainability Roundtables, HLB ESG Readiness Programme and Sustainable Product Offerings.

The framework facilitates the assessment of our SME, corporate and commercial customers by their level of ESG risk, enabling us to channel funding towards sustainable business ventures and guide our customers towards better ESG practices.

In FY2024, we expanded our classification of HLB's Inherently High Risk Sectors to include selected business activities from the "Construction" sector in view of the high GHG emissions, biodiversity and ecosystem disruption, health & safety and both foreign and local labour risks posed in this sector.

We have also broadened our ESG Due Diligence ("EDD") screening approach to subject all customers to an environmental risk assessment, and an additional social risk assessment for customers from Inherently High Risk Social Risk Sectors. EDD includes a 7-step risk management process that emphasises strong risk identification and mitigation and includes the completion of an ESG checklist. After the completion of the checklist and based on the comprehensiveness of the mitigations provided, customers are tiered into four categories - High without Mitigation, High with Mitigation, Medium & Low.

The latest EDD assessment, carried out in FY2024, led us to determine that, while 36% of our business portfolio is deemed to be operating in HLB's Identified Inherently High-Risk Sectors, 31% are classified as having a Low & Medium ESG risk (as they have implemented robust ESG measures against relevant E&S risks), 3% as High with Mitigation (as they have made commitments to enhancing their ESG measures in the near to medium term) and 2% as High Without Mitigation. The breakdown is provided in the table below.



Portfolio Exposure
18% Selected Manufacturing
8% Selected Construction
5% Agriculture, Forestry, Palm Oil (Upstream), and Fishing
3% Transportation
2% Electric, Gas, Steam, and Air-Cond Supply
<1% Others

Notes:
1. *Others include customers from the mining & quarrying sector and customers involved in more than one HLB's Identified Inherently High Risk Sectors.*
2. *"Water, Sewerage and Waste Management" is tagged under the manufacturing sector and represents <0.3% of the entire manufacturing sector exposure.*

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

FACILITATING SUSTAINABILITY KNOWLEDGE SHARING

We are dedicated to advancing ESG awareness among our SME, commercial and corporate banking customers. To achieve this, we have rolled out several capacity-building and engagement strategies to increase our customers' awareness and support their transition to more sustainable practices.

In FY2021, we introduced the HLB Sustainability Roundtable to promote awareness and drive change through knowledge sharing. This initiative brings together industry experts, ESG practitioners, government agencies, research houses, trade associations and key decision-makers to share market insights, and engage in open dialogues and discussions on best practices towards driving shared direction and improvement in ESG adoption, performance and disclosure. We have since held 11 Roundtables on key topics of shared interest in the evolving ESG landscape.

Additionally, we launched our inaugural HLB ESG Readiness Programme in May 2024, which was delivered in collaboration with PwC and Thoughts in Gear and designed to equip our customers with valuable ESG insights, transition strategies and disclosure best practices.

KP Rajesh, Head of Growth Segment, Senior Banker and Network Banking (Business & Corporate Banking) speaking at the 11th Sustainability Roundtable in 2024.

FAIR TREATMENT & DEALING OF CUSTOMERS

Treating our customers fairly to enhance our reputation and reinforce our credibility as a trusted financial institution.

EMBEDDING FAIR DEALING IN OUR CULTURE

Recognising the pivotal role of managing conduct risk within our overall risk management framework, we have fully integrated BNM's Fair Treatment of Financial Consumers ("FTFC") policy into our operations. Based on six core principles, this policy sets clear standards for financial institutions to uphold fair practices and bolster customer confidence.

By enhancing our policies and practices in line with the FTFC, we reinforce our commitment to high standards of fairness, responsibility and professionalism in our customer interactions. This strengthens our operational integrity while contributing to a more resilient and progressive financial system.

To reinforce our understanding and commitment to these principles, we conduct regular "huddle" sessions to encourage discussion among peers, creating awareness of the importance of maintaining fair treatment practices. Effective March 2024, we have further enhanced our FTFC training module to reflect the enhancements made to the FTFC Policy Document to cater for the new joiners on their onboarding session.

SUSTAINABLE SUPPLY CHAIN

Practising responsible sourcing and supporting local vendors to further environmental protection and foster shared prosperity.

OPTIMISING ESG INTEGRATION IN PROCUREMENT

To promote sustainable practices across our supply chain, we introduced a Vendor Sustainability Self-Assessment element within our Procurement Policy in FY2021. This facilitates the impartial evaluation of the merits of all our suppliers and vendors over time using four scoring metrics: "Best in Class", "Satisfactory", "Improvement Needed" and "Exit Within Duration".

The pilot assessment in FY2022 involved 39 top vendors ranked in Tier 1[2]. By FY2024, we expanded this assessment to include all 99 Tier 1 vendors.

Tier 1 Vendors	No. of Vendors Assessed	No. of Vendors Rated "Best in Class"	No. of Vendors Rated "Satisfactory"	No. of Vendors Rated "Improvement Need"	No. of Vendors Rated "Exit within Duration"
Pilot assessment (FY2022)	39	24 (61.5%)	14 (35.9%)	1 (2.6%)	0
FY2024 assessment△	**99**	**70 (71%)**	**27 (27%)**	**1 (1%)**	**1 (1%)**

[2] *Tier 1 is defined by their annual spend value with the Bank.*

△ *Data has been independently assured. For more details, refer to the Independent Limited Assurance Report in the Sustainability Report 2024 on page 151.*

SUPPORTING MALAYSIAN SUPPLIERS & SERVICES

Reinforcing our commitment to fostering a vibrant local business environment, we prioritise supporting local businesses. As evidence of this, 2,736 out of 2,873 vendors – approximately 95% that supply us with products and services are Malaysian companies.

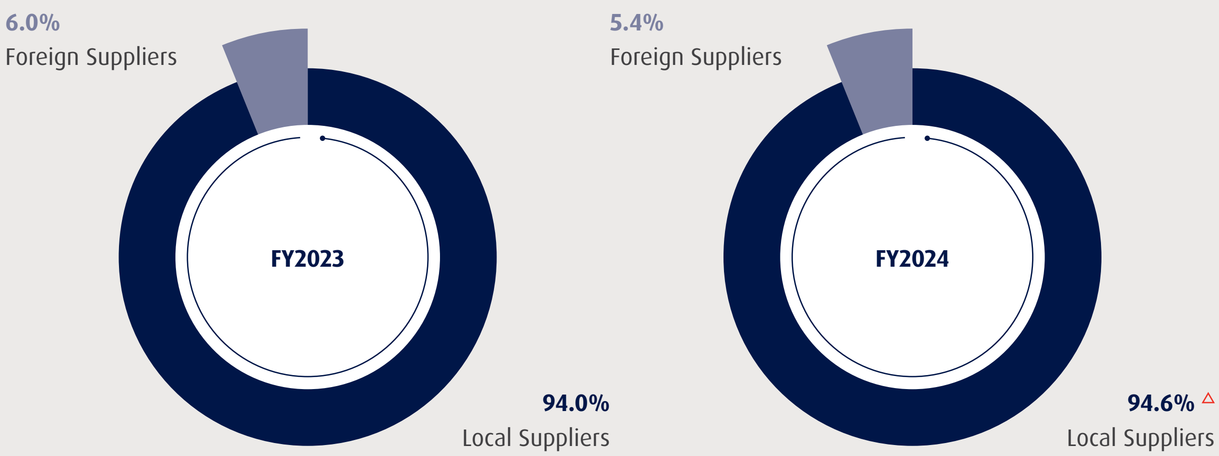
We engage Malaysian vendors for various services, including security, telecommunications, office equipment, furniture and fittings, maintenance, cleaning, real estate, data lines, courier services and security devices. In addition, we partner with multinational suppliers that maintain a local presence to ensure we secure the latest and most efficient IT solutions.

OUR PERFORMANCE

Proportion of Spending on Local Suppliers

In FY2024, we spent RM549.7 million on local suppliers, which is defined as businesses incorporated in Malaysia, and RM31.4 million on foreign suppliers. These totals encompass both OPEX and CAPEX spending, and include spending from paid and unpaid invoices.

Proportion of Spending on Local Suppliers



	FY2023		FY2024	
	RM	%	RM	%
Local	RM509,322,300	94.0%	**RM549,694,873**	**94.6%**
Foreign	RM32,597,221	6.0%	**RM31,428,756**	**5.4%**

Notes:
1. *As the amounts for non-Malaysian suppliers were in multiple currencies, we converted them to RM based on the conversion rate taken on June 28, 2024 to ensure consistency.*
2. *The total spending on local and foreign suppliers for FY2023 has been recalculated to align with the methodology from Bursa Common Indicator C7(a): Proportion of spending on local suppliers.*

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

COMMUNITY INVESTMENT

SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Protecting livelihoods and fostering positive and lasting development in local communities.

Supporting Micro-Businesses & Social Enterprises

HLB Jumpstart

The HLB Jumpstart programme supports early-stage Malaysian startups and entrepreneurs that are focused on developing sustainable solutions, fostering innovation and tackling pressing environmental challenges. By offering access to our resources, expertise and network of professionals in finance, branding, advertising, business, innovation and volunteerism, we enhance their impact and drive their development of groundbreaking technologies and solutions.

Since the programme's inception in 2018, we have partnered with several social enterprises – including Coffee for Good, The Asli. Co, Benak Raya and Green Hero – providing support across five Pillars of Support: Financial Knowledge, Tools and Digitisation, Branding and Marketing, Commercialisation and Volunteerism. In FY2024, we welcomed Primus Wellness and Refiller Mobile into the programme, offering:

- Workshops to upskill them in work productivity tools, analytics, branding, social media marketing and ESG readiness
- Marketing campaigns and branding support such as brand videos, digital media, public relations and social media, to help build their brand and drive awareness
- Registration on our BizBuddy merchant app so they can receive customer payments via DuitNow QR codes
- On-ground activations at Hong Leong Tower, PJ City Tower and other relevant locations
- Social procurement to promote product sales

HLB Jumpstart@65

Jumpstart@65 is a community hub designed to inspire and educate the community on living purposefully and developing digital skills. It also serves as a collaborative space for creating innovative solutions that serve both our needs and that of our local communities.

Equipped with advanced tools like eye tracking technology and 3D printing facilities, Jumpstart@65 offers a unique environment where our employees can engage in customer immersion sessions, including focus groups, ethnographic studies and co-creation sessions, enabling them to develop more impactful and effective solutions.

HLB JumpStart - Micro Business

In FY2023, HLISB 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, to start their own businesses.

Under the programme, HLISB distributes funding via two key partners: MADCash, a microfinancing platform for women entrepreneurs, and AlfieTech, a digital microfinance app. Both parties offer zero-profit financing and capital for starting a business, along with mentorship and business training. Since the programme's launch, we have onboarded 20 businesses through MADCash and 22 through AlfieTech, disbursing over RM100,000 in microloans.

In FY2024, the programme was recognised by BNM for fulfilling the iTEKAD components of seed capital, microfinance and structured training, making HLISB one of the participating banks in the iTEKAD initiative. The programme also aligns with BNM's Financial Sector Blueprint 2022 – 2026, which focuses on integrating social finance into the Islamic finance ecosystem.

Empowering Employee Volunteerism

Our Employee CSR Programme encourages staff to support welfare homes during festive seasons and participate in various volunteer activities. Employees are entitled to up to two working days of CSR leave annually for these initiatives.

In FY2024, 1,214 employees contributed 3,091 volunteer hours across five pillars: Environment, Food Security, Festive (Community), Financial Literacy and Social Enterprise. This effort resulted in an investment of RM476,600 in local communities, benefiting 9,013 direct beneficiaries and 1,535 indirect beneficiaries.

For a full breakdown of our CSR efforts during the year, please refer to our standalone Sustainability Report 2024.

DIGITAL AT THE CORE

DIGITAL FINANCE & INNOVATION

Innovating cutting-edge digital products and solutions to meet our customers' exacting expectations, thus strengthening our position in a competitive banking and financial services landscape.

Improving the In-Branch Experience

We have leveraged digital technology to enhance the in-branch experience. Two key examples are our InBranch Tablets for account openings and transactions, and our iconic branches, which are equipped with the following digital features:

- Wireless terminals and applications, which allow customers the flexibility to perform banking transactions anywhere within the premises, thereby minimising queue lines
- Personalised Teller tablets, which help staff reduce paper consumption and our carbon footprint
- Teller Assisted Units, which are capable of accepting, recycling and dispensing notes and are placed in open areas instead of traditional spaces behind banking counters, thus improving accessibility and efficiency

Developing Inclusive Products & Solutions

We strive to create products and solutions that inclusively meet the needs of all, regardless of age or level of ability, thus widening access to the financial ecosystem. An example of such a solution is the HLB Pocket Connect app.

HLB Pocket Connect

Achievements in FY2024
- Recorded over 36,800 HLB Pocket Connect sign-ups
- Issued more than 62,000 HLB/HLISB Junior Debit Cards
- Opened more than 99,300 new HLB 3-in-1 Junior Accounts

Innovating Tailored Digital Solutions

Digital banking solutions are vital to our business as they enable us to widen access, improve customer convenience and offer a range of personalised, tailored services. As such, we have invested concertedly in launching and continuously improving our internet and mobile banking platforms, which are expanded on in detail below.

For Retail Customers

Apply@HLB & HLB Wallet

FY2024 Achievements
- Registered 27,200 new accounts

FY2024 Enhancements
- Incorporated the e-Know Your Customer ("eKYC") channel – a digital onboarding process to evaluate customers' identities and verify their information – for sole proprietors
- Included the Pay&Save feature for individual accounts and sole proprietors to simplify banking experiences
- Enabled HLB Wallet accounts to be opened via InBranch Tablets

HLB Connect Online

FY2024 Achievements
- Amassed more than 2.9 million total users
- Logged RM108.5 billion in retail transaction value for retail internet banking

FY2024 Enhancements
- Enabled mortgage services for requesting loan documents, early interest/profit instalments and increased instalment amounts
- Launched an enhanced version of FPX and DuitNow Online Banking/Wallets to allow customers to complete transactions and pay using their CASA/CASA-i or Credit Card via HLB Connect more seamlessly
- Improved online and mobile banking safety for customers by
  - Requiring AppAuthorise for secure authorisation of first-party and favourite transfers
  - Activating the cooling-off period for contact information updates
  - Replacing SMS TAC with HLB Connect Code for registration, security resets, picture changes, device binding and AppAuthorise enrolment

HLB Connect App

FY2024 Achievements
- Amassed more than 2.6 million total users
- Logged RM127.2 billion in financial transactional value for retail mobile banking
- Logged more than 1.79 million unique financial transaction users for retail mobile banking, representing close to 20% year-on-year growth
- 89% of total HLB Connect users are now HLB Connect App users
- 69% of all transactions are mobile banking transactions

FY2024 Enhancements
- Refreshed the app to feature a cleaner interface
- Enabled direct application of product offerings through the app

For SME, Commercial & Corporate Customers

HLB ConnectFirst and Digital Onboarding for Businesses

FY2024 Achievements
- Surpassed 100,000 companies on our CIB platform
- Opened over 62,000 accounts digitally
- Registered 11% growth in active user base year-on-year

FY2024 Enhancements
- Introduced the e-Know Your Business ("eKYB") Account Opening feature

HLB BizBuddy App

Key Enhancements in FY2024
- Provides multilingual support via profile setting and preferred language selection for merchants to manage business with ease
- Enables merchants to use the app in English, Chinese or Bahasa Malaysia to monitor dashboard and transactions
- Enables one merchant with up to five cashiers

Achievements in FY2024
- Amassed more than 61,000 total users
- Acquired more than 44,000 merchants
- Logged more than 13 million transactions, exceeding RM450 million in value

Our continued focus on internet and mobile banking led to a 11% increase in corporate internet banking users in FY2024, with more than 22 million corporate digital financial transactions carried out during the year. This strong performance led, in turn, to a digital penetration rate across the Bank of over 88% for non-individual customers with corporate internet banking.

Encouraging Cashless Transitions

We strive to empower businesses and consumers to adopt cashless transactions and realise its varied benefits, as illustrated by our continuing Cashless Kampung and HLB@School initiatives.

Cashless Kampung

FY2024 Achievements
- Opened 9,900 accounts with a total of RM39.9 million in account balances
- Initiated 71 projects, with 27 active projects[3], an increase of 237.5% from FY2023[4]

HLB@School

FY2024 Achievements
- Opened more than 34,900 HLB Junior Accounts
- Onboarded 26 new cashless schools, bringing the total to 94 and marking a 38% increase compared to FY2023[5]
- Provided more than 1,900 POS terminals to 167 school merchants

Cashless Zakat

FY2024 Achievements
- In FY2024, we facilitated 1,373 Zakat transactions amounting to over RM170,000 through HLB Connect – a 16% increase in transactions compared to FY2023.

[3] *Refers to projects with at least 25 accounts*
[4] *In FY2023, 15 projects were initiated, eight of which were active*
[5] *In FY2023, there were 69 schools in total*

CUSTOMER EXPERIENCE & SATISFACTION

Meeting raised customer expectations for convenience, personalisation and security to stay competitive and foster greater loyalty and retention.

Innovating through the Customer Experience Lab

Our Customer Experience ("CX") Lab engages with customers to understand their pain points and expectations, leveraging their input along with expertise from cross-functional teams and external partners to:

- Facilitate new technology, product and service prototyping and experimentation
- Provide design thinking training and workshops
- Host customer co-creation sessions
- Spearhead user experience ("UX") and user interface ("UI") design
- Conduct rapid prototyping and usability testing

These initiatives drive continuous customer experience improvements, keeping us ahead of the competition.

Customer Satisfaction

We engage with our customers frequently to canvas feedback on their experience with our services and understand their evolving needs. In FY2024, we captured a total of 386,381 feedback submissions through our Voice of Customer ("VOC") platform and facilitated more than 26,519 customer engagements through our community platform, HLB Designed By You ("DBY").

Leveraging the insights from the feedback we receive, we engage concertedly with business owners to significantly enhance their experience, with this collaborative approach leading to a notable increase in our customer satisfaction scores for FY2024, compared to FY2023.

Customer Satisfaction Score ("CSAT")

	Q3 FY2024	Q4 FY2024	Total
Mean CSAT Score	4.22	4.22	**4.22**
Percentage of respondents who gave us one of the two highest ratings	82%	82%	**82%**
No. of participants	930	710	**1,640**

Net Promoter Score ("NPS")

	Q3 FY2024	Q4 FY2024	Total
NPS Score	+20	+22	**+21**
No. of participants	930	710	**1,640**

Customer Effort Score ("CES")

	Q3 FY2024	Q4 FY2024	Total
Mean CSAT Score	4.19	4.21	**4.20**
Percentage of respondents who gave us one of the two highest ratings	80%	81%	**81%**
No. of participants	930	710	**1,640**

PRIVACY, DATA PROTECTION & CYBERSECURITY

Securing our operations and safeguarding our customers' interests in the fast-evolving digital threat landscape.

Maintaining Digital Vigilance

We continually enhance our cybersecurity measures to safeguard our corporate customers and uphold the integrity of our banking system, with examples of improvements made during the past few years including:

- The introduction of AppAuthorise, which allows customers to securely view and approve transaction details directly within the HLB Connect App
- Our "one mobile device per customer" policy, ensuring that each customer can link only one mobile device to the HLB Connect App at any time
- An emergency lock feature allowing customers to lock their HLB Connect account to prevent unauthorised transactions
- Spearhead user experience ("UX") and user interface ("UI") design
- Cooling-off periods for mobile app binding, transaction limit increases and changes to customer information

In parallel, we continuously promote and reinforce a culture of cyber risk awareness within our organisation, delivering a range of educational programmes and initiatives that aim to ensure every employee understands their role in protecting the confidentiality of our customers and the Bank. For more information on these initiatives, please read our standalone Sustainability Report 2024.

Managing Fraud Proactively

We continuously review and analyse transactional data to identify irregular patterns, unusual behaviour and potential fraud, thereby enhancing our transaction monitoring capabilities. This is achieved through our real-time fraud detection system, which employs a combination of rule-based parameters and machine learning models.

To boost scam and fraud awareness, our corporate website features a Security Alert and Scam Prevention section with comprehensive fraud information. Additionally, we offer a 24/7 Contact Centre at 03-7626 8899 for reporting or inquiring about scams, supported by our Fraud Management Unit ("FMU").

OUR PERFORMANCE

Data Protection & Privacy

Cybersecurity Breaches

In FY2024, we recorded zero substantiated complaints concerning breaches of customer privacy or losses of customer data, demonstrating the resilience and effectiveness of our internal protocols in safeguarding our customers' privacy.

FY2022	FY2023	FY2024
0	0	0

FINANCIAL INCLUSION & LITERACY

Empowering access to financial services and literacy to reduce inequalities and drive sustainable economic value.

Enhancing Financial Accessibility & Knowledge

We work at the grassroots level to build financial knowledge, empowering smarter personal finance decision-making amongst various key population groups.

HLB DUITSMART

HLB DuitSmart

Key Enhancements in FY2024

- Enhanced the workshop modules to include Malay and Chinese translations, increasing accessibility and outreach to schools more fluent in these languages
- Launched a standalone scam awareness module in September 2023 with HLB's FMU, covering types of scams, how scams work, monetary loss statistics and prevention tips
- Integrated scam awareness elements into existing DuitSmart modules for primary, secondary and university students, ensuring comprehensive education
- Added sustainability-related content – covering climate change, resource management and quality of life – to empower our target communities to make more informed financial decisions

Achievements in FY2024

- Conducted 73 DuitSmart workshops at primary and secondary schools, universities and community centres:
  - surpassing the FY2023/2024 target of 55
  - reaching nearly 8,000 beneficiaries
  - supported by 216 volunteers
- Acquired 580 new bank customers through DuitSmart workshops held as part of HLB DuitSmart Month

HLB DuitSmart Month

HLB DuitSmart Month is an annual, nationwide financial literacy and scam awareness programme which includes financial literacy and scam awareness held in primary schools, plus other collaborations with schools, corporate entities and underserved communities.

HLB Talking ATMs

As of FY2024, our network includes 17 HLB Talking ATMs across West and East Malaysia, each of which come complete with a braille keypad and headphone socket to enable access for the visually impaired community.

WORKFORCE READINESS

TALENT ATTRACTION, DEVELOPMENT & RETENTION

Attracting and retaining top talent while cultivating future leadership to drive and sustain our business success.

Attracting High-Quality Talent

Our drive to build a strong and sustainable workforce begins with a focused approach to recruitment that assesses candidates based on their abilities, potential for growth and affinity with our HLB Brand Values. This ensures that we select candidates with the best 'fit for growth' skillsets and competencies to operate within the dynamic banking landscape.

These efforts apply to all new hires as well as candidates that are pipelined into our structured internships and graduate trainee programmes, as outlined below.

Internship Programme	Graduate Trainee Programme	Protégé Programme
A three-month attachment for students to immerse themselves in the organisation	A 12-to-15-month programme offering graduates valuable experience and knowledge across various divisions	An eight-month internship that fast-tracks graduates into targeted roles within the Bank

Our recruitment efforts are bolstered by partnerships with universities, where we engage potential hires through career fairs and other events. In FY2024, we held 25 such sessions.

New employees complete a virtual onboarding programme within 60 days, covering key internal policies, sustainability efforts and ethical banking principles. This ensures they have a solid understanding of our values and standards.

Developing & Upskilling Our People

We empower employees to take charge of their development, offering on-the-job exposure, training programmes and flexibility in tailoring their growth pathways. Each employee is expected to complete 40 hours of training annually, supported by a wide range of digital resources, interpersonal learning opportunities, and the option to pursue accreditations under our 70:20:10 Learning Framework.

In FY2024, we introduced Go1, a fully digital learning library that enhances our 'anytime, anywhere' learning approach. Integrated with our HLB@Workday platform, Go1 provides access to over 80,000 modules from 200+ content providers, significantly broadening development opportunities across various subjects and competencies.

In FY2024, 626,972 training hours were completed Bank-wide – an average of 77 training hours per employee.

Each employee is responsible for their own Individual Development Plan ("IDP"), in line with performance management discussions with their Line Managers at the Goal Setting, Mid-Year Review and Year-End Review checkpoints throughout the financial year. In addition, we offer our employees the chance to undertake accreditations that are relevant to their career paths. These qualifications empower them to become experts in their field, creating value for our business in the process.

Total Hours of Training by Employee Category

	FY2022	FY2023	FY2024
Senior Manager	19,965	13,021	**17,291**
Manager	17,256	145,495	**163,231**
Executive	344,525	325,423	**372,772**
Non-Executive	80,967	166,470	**73,678**

Supporting Long-Term Development & Retention

Our talent and succession planning framework focuses on developing skilled individuals through two key strategies:

nurturing internal talent and identifying potential external hires. We support lateral and vertical career growth by regularly advertising internal job openings and offering diverse career pathways.

In FY2024, we launched the Extraordinary Sales Leadership ("ESL") Programme for Senior Sales Managers and Heads, developed by Cohen Brown Management Group Inc. The programme uses hybrid learning methods, including workshops and video-based sessions. So far, 380 employees have completed the ESL Programme.

Providing Competitive Remuneration & Benefits

We view remuneration as a crucial tool to attract top talent and promote ethical and sustainable behaviours. Our Remuneration Policy Framework ties compensation to non-financial KPIs such as adherence to our Code of Conduct & Ethics, risk management, meritocracy, prudent risk-taking and alignment with our values, alongside selected ESG measures.

Additionally, our benefits package includes various leave options, medical coverage, financial assistance, study and scholarship awards and subsidies. These investments aim to enhance employee satisfaction and overall well-being.

Upholding Freedom of Association & Collective Bargaining

We are dedicated to upholding the right to freedom of association and collective bargaining, with 14% of our employees currently covered by collective bargaining agreements. Our engagements with employee unions enable us to better understand employee needs and implement solutions that drive improved satisfaction and enhanced retention.

DIVERSE & INCLUSIVE WORKFORCE

Ensuring equal opportunities for all employees to realise their career aspirations, thus boosting our human capital and driving greater levels of employee satisfaction and retention.

Monitoring Our Gender Pay Ratio

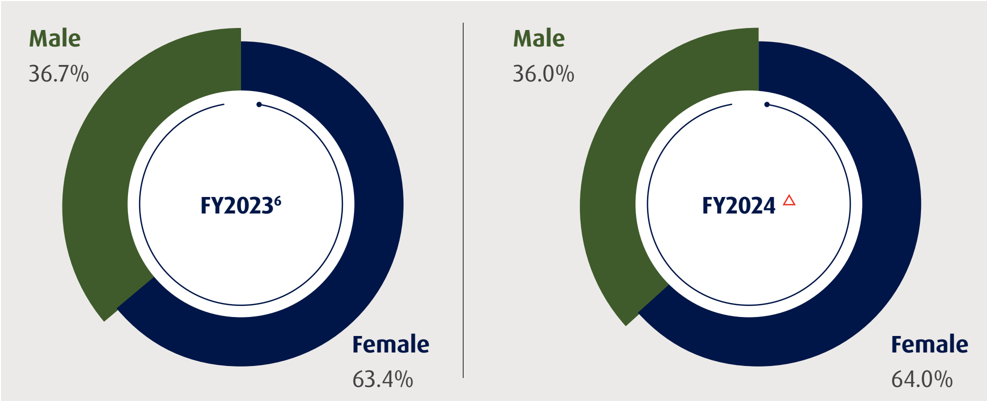
We monitor and review our remuneration data to calculate our ratio of average pay between female to male employees across different employee categories. This is done by indexing average male pay to 1.00 and expressing average female pay as a proportion of this figure.

In FY2024, the gender pay gap narrowed within the Senior Manager and Manager categories. This improvement follows a review of our data, where FY2023 average salaries included C-Level executives and expatriates. To provide a more accurate representation of the wider Bank population, we excluded these groups from our calculations starting in FY2024.

Gender Pay Ratio	FY2023		FY2024	
	Male	Female	Male	Female
Senior Manager (M1 and above)	1.00	0.75	**1.00**	**0.92**
Manager (M5 to M2)	1.00	0.89	**1.00**	**0.91**
Executive (E4 to E1)	1.00	1.00	**1.00**	**0.99**
Non-Executives (Clerical, Non-Clerical, Others)	1.00	1.12	**1.00**	**1.12**

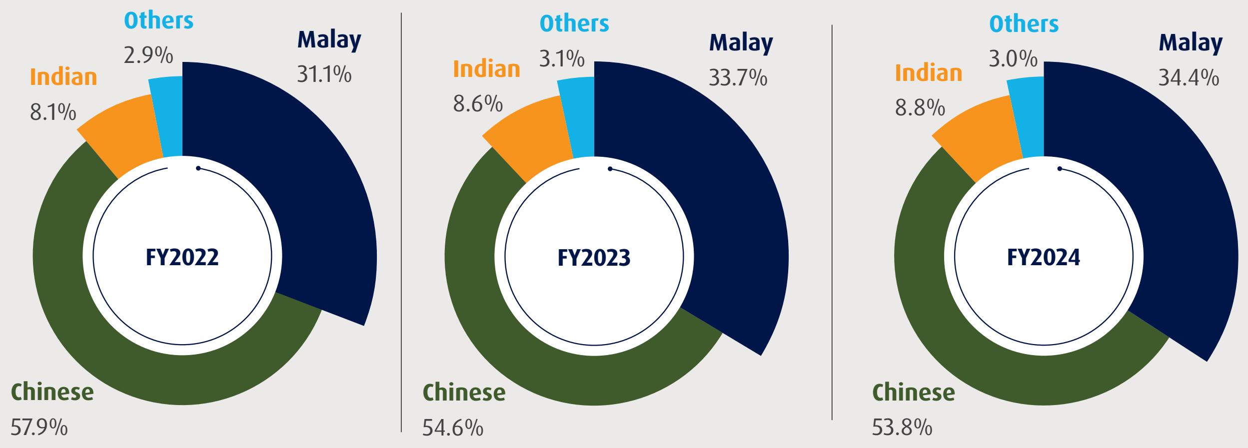
Driving Workforce Diversity

In FY2024, the relative proportion of males and females within our workforce remained similar to FY2023, with females making up a slightly larger percentage, at 64.0% compared to 63.3% in FY2023.



Similarly, our workforce has maintained a consistent racial composition over the past three years.

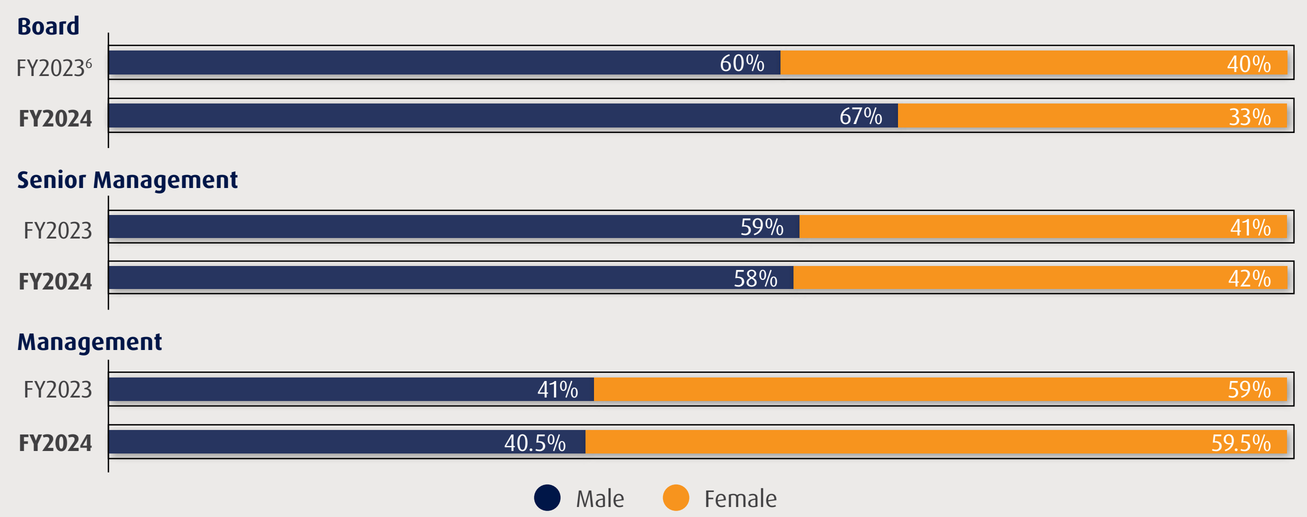
Diversity at a Glance (by Ethnicity)



Supporting Gender Diversity in Leadership Roles

In FY2024, we continued to maintain a balance of male and female staff in management-level positions and our Board.

Gender Diversity at Board and Management Level



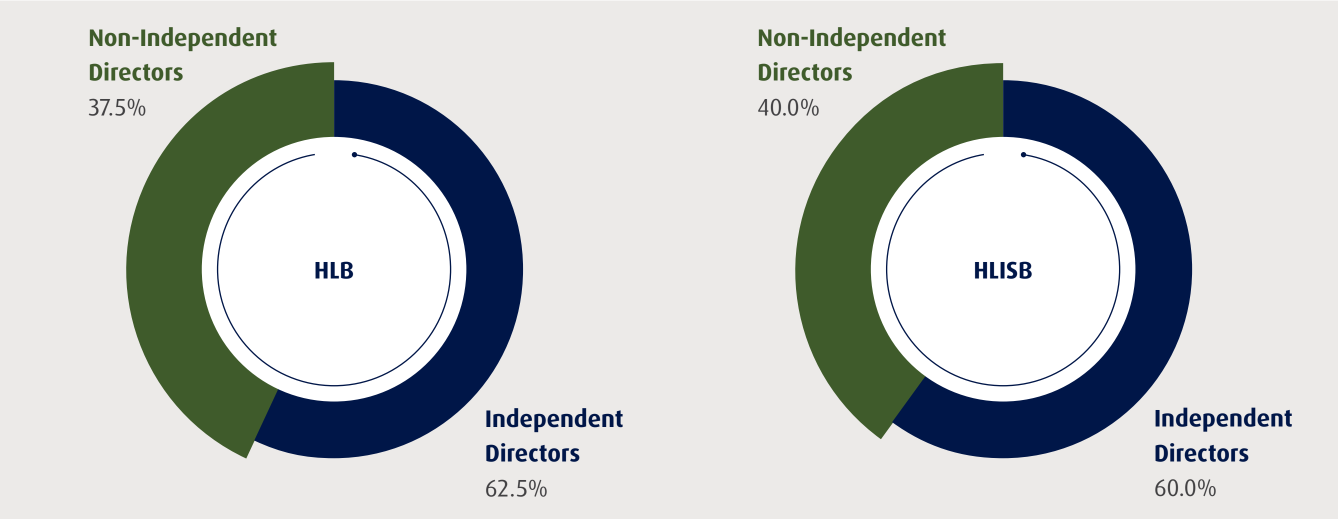
[6] *The number has been restated to include both HLB and HLISB Board of Directors.*

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

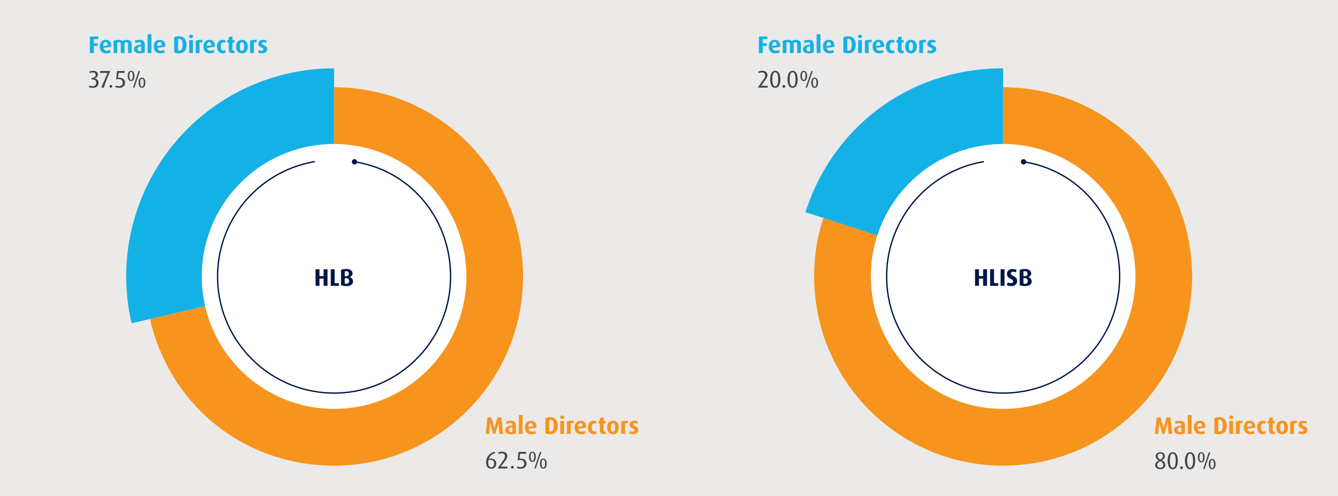
Driving Workforce Diversity

Our commitment to fostering diversity and inclusivity extends to our Board. We nominate and appoint all Directors based on merit, with no discrimination based on gender, race or religion. Furthermore, we strive to maintain an appropriate balance between Independent and Non-Independent Directors to promote sound and balanced Board decision-making.

Breakdown of Board by Independence



Breakdown of Board by Gender



Standing against Discrimination

In line with Principle 7: Work Environment of our Code, we are committed to ensuring a safe and non-violent working environment and will address any unacceptable behaviours. To that end, we will not tolerate any form of discrimination, harassment (including sexual harassment) or intimidation, and all allegations will be taken seriously and thoroughly investigated.

As the Code forms part of the terms and conditions of employment, our employees are required to adhere to a high standard of professionalism and ethics in their work, professional activities and personal lives. Non-compliance constitutes misconduct and may result in disciplinary action, including termination of employment or engagement.

In FY2024, there were zero substantiated complaints concerning human rights violations.

△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

EMPLOYEE WELL-BEING, HEALTH & SAFETY

Looking after the well-being, health and safety of our employees to minimise risks and maximise our potential as a business.

Strengthening Occupational Safety & Health

Developed in line with national-level health and safety regulations, our Occupational Safety and Health ("OSH") Standard Operating Procedure ("SOP") establishes a comprehensive framework for managing OSH risks, ensuring consistency in safety and health standards throughout the Bank.

Guided by this protocol, our inspection team conducts regular risk assessments to effectively identify, evaluate and address hazards across our workplaces. Meanwhile, our OSH Committee – which consists of both management and employee representatives for balanced decision-making – oversees the implementation of OSH practices across the Bank.

These efforts are complemented by OSH-related modules and workshops, curated and rolled out by our Learning & Development team in partnership with the Property & Facilities Management ("PFM") team, as guided by Malaysia's latest 2022 amendment to the OSH Act 1994. This includes extensive and up-to-date modules approved by the Department of Occupational Safety & Health ("DOSH") on OSH-Coordinator training and First Aider training to enhance employee capability and ensure Bank-wide compliance with safety and health regulations.

In FY2024, we expanded our OSH training programme to include a mandatory e-Learning module for Bank-wide learning, with 9,272 employees completing it during the year. In addition, we recorded zero fines or non-monetary sanctions for workplace safety violations.

Health & Safety Performance	FY2022	FY2023	FY2024
Absenteeism Rate (%)	1.29	2.39	**2.65** △
Number of work-related fatalities	NIL	NIL	**NIL** △
Number of accidents inside workplace premises	4	5	**3**
Number of days lost due to accidents inside workplace premises[7]	191.50	67	**34**
Lost Time Incident Rate (LTIR)	0.034	0.064	**0.025**

Adhering Strictly to Labour Laws

We stay abreast of and compliant with labour laws by diligently monitoring updates to relevant labour legislations, such as Malaysia's Employment Act 1955, Industrial Relations Act 1967 and Trade Union Act 1959.

Our commitment to staying informed is further reinforced by attending seminars and conferences that provide crucial updates on legislative changes and best practices. Additionally, we are an Executive Committee Member of the MCBA, a platform dedicated to discussing updates to labour laws and their implications.

In FY2024, we recorded zero fines or non-monetary sanctions related to incidents of non-compliance with labour laws.

[7] *Calculated based on our reporting to Malaysia's Department of Occupational Safety and Health ("DOSH").*
△ *This data has been independently assured. Refer to independent limited assurance report in our Sustainability Report on page 151.*

Fostering Employee Engagement & Satisfaction

We promote open communication between employees and senior management across the Bank, seeking to foster an environment where our team members feel they can raise issues that they are facing. In FY2024, 10 employee matters were raised and resolved, with financial support provided to the employee in question where necessary.

In addition to this, we support the holistic physical, mental and social health of our employees through the following initiatives:

Driving Aspiration & Growth	Building A Healthier Workforce	Engagement Opportunities
• 'Career Coach' Virtual Brown Bag • Job alert email • Go1 curated learning email • PlusVibes newsletter	• 'Doctor in the House' Virtual Brown Bag • Health screening activities • Physical challenges • Sports gathering • Awareness days • Virtual exercise sessions	• eTOUCH platform • Employee Appreciation Month • Awareness Days contests • Thematic contests and giveaways

For further information on our initiatives, please refer to our standalone Sustainability Report 2024.

FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

Empowering our employees to be champions of our ESG mission, amplifying positive change for natural environments and the communities we serve.

Strengthening Sustainability Knowledge across the Bank

We strive to drive awareness of sustainability across our workforce and upskill them in relevant areas of competency so that they may become champions of our ESG mission. As a basis, all employees are required to complete an annual mandatory e-Learning course on "Introduction to Sustainability", while new hires benefit from virtual training on the same course, provided by our Group Sustainability Division.

Beyond this foundation, we utilise internal and external training programmes, brown bag sessions and internal communication tools to highlight and foster discussion around current and specific sustainability-related issues. Moreover, employees with sustainability-related roles attend modules on specific sustainability and climate-related topics, including sustainable finance, green, social and sustainable bonds, climate risk management, carbon capture utilisation and storage, sustainability reporting and measuring, and managing environmental and social ("E&S") impacts and risks, among others.

To further enhance sustainability awareness within the organisation and secure support from our top management, we conduct annual expert engagement sessions for senior management, featuring discussions on current topics in the evolving sustainability landscape.

Lastly, we organise our annual HLB Sustainability Month, a month-long initiative focused on raising awareness and training employees on ESG issues through a variety of channels, including webinars, workshops and posters.

For more information, please read our Sustainability Report 2024.

Corporate Information

DIRECTORS

Tan Sri Quek Leng Chan *(Chairman)*

Tan Kong Khoon

Kwek Leng Hai

Datuk Dr Md Hamzah bin Md Kassim

Lau Souk Huan

Cheong Soo Ching

Datuk Manharlal A/L Ratilal

GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

Kevin Lam Sai Yoke

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
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50490 Kuala Lumpur
Tel : 03-2088 8818
Fax : 03-2088 8990
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REGISTERED OFFICE

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50490 Kuala Lumpur
Tel : 03-2080 9888
Fax : 03-2080 9801
Email : cosec-hlfg@hongleong.com.my

WEBSITE

www.hlb.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 Bank Berhad ("HLB") and was appointed to the Board of Directors ("Board") of HLB on 3 January 1994. He is the Chairman of the Credit Supervisory Committee ("CSC") of HLB.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad ("HLCM"), a public company; Chairman of Hong Leong Financial Group Berhad ("HLFG"), 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

**Executive Director/
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 HLB on 1 July 2013 and is a member of the CSC, Executive Committee and Nomination Committee ("NC") of HLB.

Mr Tan is the Chairman of Hong Leong Capital Berhad and a Director of HLFG, 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

KWEK LENG HAI

Non-Executive Director/
Non-Independent

Singaporean | 71 | Male

Mr Kwek Leng Hai is qualified as a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate.

Mr Kwek was appointed to the Board of HLB on 3 January 1994. He is also a director of HLCM, a public company in Malaysia and the ultimate holding company of HLB.

Mr Kwek is the Executive Chairman of Guoco Group Limited ("GGL"). He was appointed as a Director of GGL in 1990 and assumed the position of President, Chief Executive Officer from 1995 to 1 September 2016. He is also the Chairman of Lam Soon (Hong Kong) Limited ("LSHK"). Both GGL and LSHK are listed on The Stock Exchange of Hong Kong Limited. He is a non-executive director of GuocoLand Limited (GGL's subsidiary listed on Singapore Exchange Securities Trading Limited). He is also a non-executive director of Bank of Chengdu Co. Ltd., an associate company of HLB and listed on The Shanghai Stock Exchange.

DATUK DR MD HAMZAH BIN MD KASSIM

Non-Executive Director/
Independent

Malaysian | 75 | Male

YBhg Datuk Dr Md Hamzah bin Md Kassim holds a PhD in Business from Aston University, United Kingdom and a Master in Business Administration. He was inducted in 2012 into the Alumni Hall of Achievement of Monmouth College in Illinois, USA where he did his undergraduate education.

YBhg Datuk Dr Md Hamzah had over 20 years of experience as strategy and management consultant in global firms specialising in large scale technology and business transformation, working across several sectors with established organisations, ranging from banks to telecommunication companies, public institutions and foreign governments. He is the Co-Founder of The iA Group, where he currently serves as an Advisor. The iA Group, which was established in 2002, specialises in business and public sector transformation, technology and human capital.

Prior to The iA Group, he was the Executive Director/Partner of international firm of Ernst & Young, Vice President and Country Head of the global consulting firm of Cap Gemini and member of the global management team and Country Head of PA Consulting Group.

Before joining the consulting industry in 1995, YBhg Datuk Dr Md Hamzah held various senior positions in government for over 18 years related to industrial R&D management and public policy on technology development and innovation. He also served as a member of expert/advisory groups in various national and international organisations such as United Nations Conference on Trade and Development and Islamic Development Bank, Jeddah. He was the Project Director for the Industrial Technology Master Plan for Malaysia in the Institute of Strategic and International Studies and subsequently took up the position as Director of Science and Technology, Ministry of Science, Technology and Environment to spearhead the implementation of the plan as part of the national strategies to accelerate economic growth and technology development.

In 2006, YBhg Datuk Dr Md Hamzah was appointed as the Consulting Advisor to the National Implementation Task Force chaired by the Prime Minister to oversee the 9th Malaysia Development Plan and in 2009, he was appointed as member of the National Economic Advisory Council (NEAC). YBhg Datuk Dr Md Hamzah was a member of the Review and Operational Panel to the Malaysian Anti-Corruption Commission from 2013 to February 2015. In 2015, he was appointed as member of the Anti-Corruption Advisory Board by the DYMM Yang Di Pertuan Agong and completed his term in 2018 and re-appointed for a second term in 2020 until 18 May 2023.

YBhg Datuk Dr Md Hamzah was appointed to the Board of HLB on 19 May 2016 and is a member of the Remuneration Committee ("RC") and Board Information and Technology Committee ("BITC") of HLB and Hong Leong Islamic Bank Berhad ("HLISB").

YBhg Datuk Dr Md Hamzah is also the Board Chairman of HLISB, a public company.

LAU SOUK HUAN

Non-Executive Director/ Independent

Malaysian | 60 | Female

Ms Lau Souk Huan holds a Bachelor Degree in Accounting (Honours) from the University of Malaya and she is a Certified Public Accountant from the Malaysian Institute of Certified Public Accountants. Ms Lau is also a member of the Malaysian Institute of Accountants.

Ms Lau has more than 30 years of experience in accounting garnered from the accounting profession and the working experience with a global international financial institution and an accounting standard setter. As a former bank Chief Financial Officer ("CFO"), Ms Lau has in-depth knowledge of the banking industry, its operations, drivers and challenges, risk management, critical areas of corporate governance and controls. Ms Lau was a Project Director with the Malaysian Accounting Standards Board ("MASB"), an independent authority which develops and sets accounting standards in Malaysia. Prior to joining MASB in 2010, Ms Lau was with J.P. Morgan Chase Bank Berhad ("JP Morgan") primarily as the CFO for a period of 14 years. In addition, Ms Lau was also co-Country Operating Officer, Director of subsidiary entities, trustee of JP Morgan's retirement fund, country coordinator for philanthropy and company secretary for JP Morgan. Ms Lau was appointed to the Board of JP Morgan in 2002 and served as the Executive Director from 2006 until June 2009. She left JP Morgan in June 2009 but continued to serve as a Non-Executive Director and later Independent Director of JP Morgan until September 2017.

Prior to joining JP Morgan, Ms Lau was with Price Waterhouse (now known as PricewaterhouseCoopers PLT) and assumed various positions over 7 years from December 1987 to June 1995; the last being Senior Manager, Audit and Business Advisory.

Ms Lau was appointed to the Board of HLB on 6 September 2019 and is the Chairman of the Board Audit Committee ("BAC") and NC, and a member of the Board Risk Management Committee ("BRMC"). She is also the Chairman of BITC of HLB and HLISB.

CHEONG SOO CHING

Non-Executive Director/ Independent

Malaysian | 64 | Female

Ms Cheong Soo Ching is a Certified Public Accountant of Malaysian Institute of Certified Public Accountants (MICPA), a Certified Information System Auditor of the Information Systems Audit and Control Association (ISACA) and a member of the Malaysian Institute of Accountants (MIA). Ms Cheong is also a fellow member of the Life Management Institute (LOMA).

Ms Cheong has more than 35 years of experience in governance, risk management, compliance and auditing work. She began her career with Ernst and Whinney (now known as Ernst and Young ("EY")) in 1980. She was seconded to the London office of EY for 2 years where she was trained in information system auditing. She continued her career in information system auditing in Malayan Banking Berhad for 2 years and 2 government agencies in Australia for 5 years.

Ms Cheong joined Great Eastern Life Assurance Malaysia Berhad ("GE") upon returning to Malaysia from Australia in 1996. During her tenure in GE, she has served in key positions in internal audit, strategic planning, special projects and risk management function. The last position she held was Chief Risk Officer where she was responsible for governance, risk management, compliance, Business Continuity Management, Anti-Money Laundering and market conduct. She retired from GE in January 2020.

Ms Cheong was appointed to the Board of HLB on 18 May 2022 and is a member of the BAC, BRMC and RC of HLB.

Board of Directors' Profile

DATUK MANHARLAL A/L RATILAL

Non-Executive Director/
Independent

Malaysian | 65 | Male

YBhg Datuk Manharlal holds a Master in Business Administration from the University of Aston in Birmingham, United Kingdom in 1984 and a Bachelor of Arts (Honours) degree in Accountancy from the City of Birmingham Polytechnic (now known as Birmingham City University, United Kingdom) in 1982. YBhg Datuk Manharlal is a Fellow of the Asian Institute of Chartered Bankers.

YBhg Datuk Manharlal was the Executive Vice President & Group Chief Financial Officer of Petroliam Nasional Berhad ("PETRONAS"), a member of the Board and Executive Leadership Team of PETRONAS and sat on the Board of several subsidiaries of PETRONAS until his retirement in 2018. Prior to joining PETRONAS in 2003, he was attached with a local merchant bank for 18 years, concentrating in corporate finance where he was involved in advisory work in mergers and acquisitions, and the capital markets.

YBhg Datuk Manharlal was appointed to the Board of HLB on 15 September 2023. He is presently the Chairman of the RC and BRMC, and a member of the BAC and NC of HLB. He is also a member of the BITC of HLB and HLISB.

YBhg Datuk Manharlal is an Independent Non-Executive Director of Genting Berhad, Deleum Berhad, both companies listed on the Main Market of Bursa Securities. He is also an Independent Non-Executive Director of HLIB, a public company.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   YBhg Tan Sri Quek Leng Chan and Mr Kwek Leng Hai are brothers. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of HLB.

2. ***Conflict of Interest/Potential Conflict of Interest***
   None of the Directors has any conflict of interest or potential conflict of interest, including any interest in any competing business with HLB and 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 Statement on Corporate Governance Overview, Risk Management and Internal Control in the Annual Report.

Key Senior Management of the Group

KEVIN LAM SAI YOKE

Group Managing Director/ Chief Executive Officer

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 Hong Leong Bank Berhad ("HLB") on 1 July 2023. He is a member of both the HLB Credit Supervisory Committee and Executive Committee. 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 five key markets in Southeast Asia, namely Singapore, Malaysia, Indonesia, Thailand and Vietnam. He has a broad range of experience in strategic planning, business management, marketing, product development, sales and distribution, banking infrastructure development, and 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 ("HLISB"), a wholly-owned subsidiary of HLB.

MALKIT SINGH MAAN

Chief Financial Officer

Malaysian | 58 | Male

Mr Malkit Singh Maan is a Chartered Accountant with the Malaysian Institute of Accountants and a fellow member of CPA Australia. He graduated with a Bachelor of Business in Accounting from Curtin University of Technology, Perth, Western Australia and a Master of Business Administration from Victoria University, Melbourne.

Mr Malkit joined HLB on 22 July 2019 as Chief Financial Officer ("CFO").

Mr Malkit has over 33 years of banking and finance experience. He is primarily responsible for the financial management of HLB. Prior to joining HLB, he was with BIMB Holdings Berhad as the Group CFO. Mr Malkit had also previously served as the CFO of Bank Islam Berhad, CFO of ABN AMRO Bank Berhad and Vice President-Finance at RHB Bank Berhad.

Mr Malkit is a director of HLF Credit (Perak) Bhd and Promilia Berhad, both wholly-owned subsidiaries of HLB.

Key Senior Management of the Group

ANDREW JONG ANN KEE

Managing Director, Personal Financial Services

Malaysian | 49 | Male

Mr Andrew Jong Ann Kee holds a LL.B. (Honours) from the University of Nottingham, United Kingdom and an MBA (Distinction) from Imperial College, London. He was a Chevening scholar at both graduate and post-graduate levels. He also holds the CFP CERT TM certification.

Mr Andrew Jong joined Hong Leong Group in 2005 and has since held numerous senior positions in different management and operating entities in the group.

Mr Andrew Jong has over 20 years of diverse professional experience across financial services, consultancy, manufacturing, e-commerce and conglomerate management, having built a successful track record in the areas of strategic planning, banking merger and integration, franchise regionalisation, business growth, capability building and consumer banking.

His most recent roles saw him leading the Mortgage and Retail Wealth businesses in the Personal Financial Services ("PFS") division of HLB. He also led strategy and planning initiatives for PFS. He assumed his current position on 2 April 2022.

YOW KUAN TUCK

Managing Director, Business and Corporate Banking

Malaysian | 53 | Male

Mr Yow Kuan Tuck holds a Bachelor of Laws and Letters degree from University of Leicester, United Kingdom as well as a Certificate of Legal Practice from the Legal Qualifying Board, Malaysia.

Mr Yow joined HLB on 2 May 2017 as Managing Director, Business and Corporate Banking.

Mr Yow has over 25 years of experience in the financial services sector having built a successful track record in growing corporate and financial institutions businesses, managing portfolios such as financial institutions, public sector and other industry group.

Prior to HLB, Mr Yow was with Standard Chartered Bank Malaysia as Managing Director, Head of Financial Institutions between 2013 and 2017. He commenced his banking career with Citibank Malaysia in the Country Compliance for a number of years before a career change into institutional banking where over the next 15 years, he held various senior positions including Head of Financial Institutions & Public Sector Group in Citibank Malaysia's Corporate Bank.

HOR KWOK WAI

**Managing Director,
Regional Wealth Management**

Malaysian | 51 | Male

Mr Hor Kwok Wai holds a Bachelor of Science in Actuarial Mathematics and Statistics from Heriot-Watt University, United Kingdom. In addition to this, Mr Hor is a Chartered Banker awarded by AICB.

Mr Hor joined HLB on January 2011 as Managing Director, Global Markets and assumed his current position on 2 April 2022.

Mr Hor brings with him over 27 years of banking experience, mainly in the fields of fixed-income, derivatives, asset-liability management and risk management. Prior to HLB, he was Head of Global Markets for The Royal Bank of Scotland Malaysia where he spent seven years developing their sales and trading business across foreign exchange, fixed income, derivatives and structured products. He has also worked for several major foreign banks in Malaysia such as JP Morgan Chase Bank, Standard Chartered Bank and OCBC Bank in various roles.

DAFINAH AHMED HILMI

**Chief Executive Officer,
HLISB, a wholly-owned subsidiary of HLB**

Malaysian | 47 | Female

Puan Dafinah Ahmed Hilmi holds a Bachelor of Arts (Honours) in Accounting and Financial Management from University of Essex, United Kingdom and has a Master of Business Administration (MBA) from the Alliance Manchester Business School, University of Manchester, United Kingdom. She is also a Certified Expert in Sustainable Finance by the Frankfurt School of Finance and Management.

Puan Dafinah was appointed as the Chief Executive Officer of HLISB on 6 June 2023.

Puan Dafinah brings with her more than two decades of conventional and Islamic banking experience. She has previously held leadership roles across various areas of banking, including her last role as Head and Director of Commercial Banking at HSBC Amanah Malaysia Berhad. For the past 19 years, Puan Dafinah has been with HSBC, covering roles in Global Banking and Markets, Global Trade and Receivable Finance as well as managing Shariah-compliant Commercial Banking products and solutions. Prior to HSBC, she started her career in United Overseas Bank (Malaysia).

Key Senior Management of the Group

AARON HO WAI CHOONG

Managing Director, China Operations

Malaysian | 69 | Male

Mr Aaron Ho Wai Choong holds a Bachelor of Engineering (Honours) from University of Malaya and a Master of Business Administration from University of Rochester, USA.

Mr Aaron Ho joined HLB in April 2008 as Chief Operating Officer of International Banking of HLB China and assumed his current position on 1 September 2016. He was appointed as Director and Vice Chairman of Bank of Chengdu Co., Ltd. ("BOCD") since July 2008 and a member of the Board of Directors of JinCheng Consumer Finance Company ("JCCFC") since February 2010. Both BOCD and JCCFC are associate companies of HLB.

Mr Aaron Ho has 40 years' experience in the banking and financial services related industries. Prior to HLB, he had held various managerial positions such as Manager of Operations/Credit of American Express (Malaysia), General Manager of MBf Card Services (Malaysia), Head of RHB Bank Card Centre (Malaysia), Vice President/Senior Country Operations Officer, Citibank Malaysia and Citibank Taiwan as well as General Manager/Director of Citicorp Software and Technology Services (Shanghai) Ltd under CitiGroup China.

NG WEE LEE

Managing Director & Chief Executive, HLB Singapore Branch

Singaporean | 56 | Female

Ms Ng Wee Lee graduated from the National University of Singapore with a Bachelor in Business Administration.

Ms Ng joined HLB on 1 October 2019 as Managing Director & Chief Executive of HLB Singapore Branch.

Prior to HLB, Ms Ng was Managing Director, Head of Local Corporates & Middle Markets and Deputy Head of Commercial Banking from Standard Chartered Bank, Singapore. Prior to that, Ms Ng took on senior roles with CIMB, ANZ Banking Group, ABN AMRO and Citibank in Singapore. She brings with her more than 30 years of experience in Corporate and Commercial Banking, holding senior positions in relationship management, risk & control, product & business development and marketing.

TERRENCE TEOH YIH MIN

Managing Director & Chief Executive Officer, HLBCAM, a wholly-owned subsidiary of HLB

Malaysian | 45 | Male

Mr Terrence Teoh Yih Min holds a Bachelor of Business, major in Banking, Finance and International Trade from La Trobe University, Melbourne, Australia.

Mr Terrence Teoh joined HLBCAM on 15 February 2021 as Managing Director & Chief Executive Officer of HLBCAM.

Mr Terrence Teoh has more than 20 years of working experience in the banking industry. Prior to his current appointment in HLBCAM, he was Head of SME Banking of HLB Malaysia since 2012. HLB has been named Best SME Bank in Malaysia.

Prior to HLB, Mr Terrence Teoh spent 11 years in various senior positions in Citibank, Southern Bank and UOB Malaysia, his last position being the Senior Vice President of Business Banking in UOB.

DUONG DUC HUNG

Managing Director & General Director, HLBVN, a wholly-owned subsidiary of HLB

Vietnamese | 48 | Male

Mr Duong Duc Hung holds a Master of Business Administration from Katholieke Universiteit Leuven, Belgium and a Bachelor of Arts in International Economics at Foreign Trade University (Vietnam).

Mr Duong joined HLBVN on 2 January 2018 and was appointed as General Director of HLBVN on 14 February 2018.

Prior to HLBVN, Mr Duong had more than 20 years of banking and financial services experience, with his most recent role as a member of Techcombank's Management Committee as Transformation Director. Prior to that, he had been with ANZ Vietnam for more than 10 years, holding various key portfolios in Product, Performance Management, Wealth Management, Sales & Services before he was appointed to head the entire Retail Banking and Operations.

He is well versed in regional and international business practices, having served in world class organisations such as JP Morgan Chase as the Head of Financial Institutions segment for Vietnam and Cambodia. He was also with HSBC heading the cash management division and the Financial Controller in Baxter Healthcare and Auditor in KPMG, both in Vietnam and abroad.

Key Senior Management of the Group

JASON WONG POH JIN

Managing Director & Chief Executive, HLB Hong Kong Branch

Malaysian | 47 | Male

Mr Jason Wong holds a Master of Finance and a Bachelor of Commerce from the University of Western Australia.

Mr Jason Wong was appointed as the Chief Executive of HLB Hong Kong Branch on 1 June 2023.

Mr Jason Wong has been with HLB since June 2011. Before his current appointment, Mr Jason Wong had been spearheading the Regional Credit & Equity Trading team, which manages the Bank's credit fixed income trading and investments, as well as having an oversight of the Global Markets departments in HLBCAM and HLBVN.

Mr Jason Wong has over 23 years' experience in the financial industry. He started his career as a consultant in financial risk management and derivatives. Mr Jason Wong has experience in Hong Kong's market when he joined Rabobank International Hong Kong as Director of Asian Credit Debt & Derivatives. Prior to joining HLB, Mr Jason Wong was the Head of Credit Investments at OSK Investment Bank Bhd.

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 HLB.

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 HLB and 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 Committee Report

CONSTITUTION

The Board Audit Committee ("BAC") of HLB has been established since 18 August 1994 and was re-designated as the Board Audit & Risk Management Committee ("BARMC") on 10 January 2002. Subsequently, on 2 October 2006, the Board of Directors decided to reconstitute the BAC separately from the Board Risk Management Committee ("BRMC").

COMPOSITION

MS LAU SOUK HUAN
(Chairman, Independent Non-Executive Director)

MS CHEONG SOO CHING
(Independent Non-Executive Director)

YBHG DATUK MANHARLAL A/L RATILAL
(Independent Non-Executive Director)
(Appointed with effect from 15 September 2023)

SECRETARY

The Secretary(ies) to the BAC are the Company Secretary(ies) of the Bank.

TERMS OF REFERENCE

The terms of reference ("TOR") of the BAC are published on the Bank's website at www.hlb.com.my.

AUTHORITY

The BAC 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 in this respect, all employees are directed to co-operate with any request made by the BAC, including but not limited to providing the BAC with sufficient support and resources required to investigate any matter within the mandates of the BAC.

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

MEETINGS

The BAC meets at least eight (8) 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 Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Auditor, Chief Compliance Officer, employees and external auditors may be invited to attend the BAC meetings, whenever required. At least twice a year, the BAC will have separate sessions with the external auditors without the presence of Executive Directors and Management.

The BAC will also engage privately with the Chief Internal Auditor on a regular basis to provide the opportunity for the Chief Internal Auditor to discuss issues faced by the internal audit function.

Issues raised, discussions, deliberations, decisions and conclusions made at the BAC meetings are recorded in the minutes of the BAC meetings. A BAC 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 BAC meeting where the material transaction or material arrangement or conflict of interest situation is being deliberated by the BAC.

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

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

Board Audit Committee Report

ACTIVITIES

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

During the financial year ended 30 June 2024, eight (8) BAC meetings were held and the attendance of the BAC members were as follows:

Members	Attendance
Ms Lau Souk Huan	8/8
Ms Cheong Soo Ching	8/8
YBhg Datuk Manharlal A/L Ratilal [1]	6/6

Notes:
[1] Appointed as BAC member with effect from 15 September 2023

HOW THE BAC DISCHARGES ITS RESPONSIBILITIES

FINANCIAL REPORTING

The BAC reviewed the interim financial reports and annual financial statements of the Bank 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.

In the course of reviewing the interim financial reports and annual financial statements, BAC had made enquiries and sought explanations from the Senior Management including Chief Financial Officer on any significant changes between the current and corresponding quarter/period.

EXTERNAL AUDIT

The external auditors of the Group for the financial year ended 30 June 2024 is PricewaterhouseCoopers PLT ("PwC PLT"). The BAC 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 years' 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 Internal Control and Risk Management.

The BAC reviewed the report and audit findings of the external auditors and considered management's responses to the external auditors' audit findings and investigations. The BAC also had three (3) separate sessions with the external auditors without the presence of the Executive Directors and management whereby matters discussed included key reservations noted by the external auditors during the course of their audit; whilst the BAC Chairman maintained regular contact with the audit partner throughout the year.

The BAC reviewed the external auditors' fees and their scope of services. The approved and incurred fees for the financial year ended 30 June 2024 amounted to RM4,237,085, of which RM370,750 was payable in respect of non-audit services. Non-audit services accounted for 12% of the total fees payable. The BAC assessed the objectivity and independence of the external auditors prior to the appointment of the external auditors for ad-hoc non-audit services.

The BAC also evaluated the performance of PwC PLT in the following areas in relation to their re-appointment as auditors for the financial year ended 30 June 2024 and considered PwC PLT to be independent:

(a) level of knowledge, capabilities, experience and quality of previous work;

(b) level of engagement with the BAC;

(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 timeframe;

(f) non-audit services rendered by PwC PLT does not impede independence;

(g) ability to demonstrate unbiased stance when interpreting the standards/policies adopted by HLB; and

(h) risk of familiarity threat in respect of PwC PLT's appointment as external auditors.

PwC PLT, in accordance with professional ethical standards, have provided the BAC with confirmation of their independence for the duration of the financial year ended 30 June 2024 and the measures used to control the quality of their work.

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

RELATED PARTIES TRANSACTIONS AND CONFLICT OF INTEREST

The BAC 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 ensure 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 BAC 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.

The BAC assisted the Board in reviewing and monitoring any conflict of interest and potential conflict of interest situations within the Bank. In this regard, the BAC reviewed and endorsed for the Board's approval the revised Board Policy on Directors' Conflict of Interest of the Bank, 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 amended Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad.

There were no conflicts of interest and potential conflicts of interest reported in the financial year ended 30 June 2024, other than related party transactions and RRPT.

CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES

The Group is guided by the Guidelines on Credit Transactions and Exposures with Connected Parties to ensure that credit transactions with connected parties are carried out on an arm's length basis on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and creditworthiness.

The BAC had conducted quarterly review of credit transactions of the Group with connected parties to ensure compliance with the said Guidelines.

WHISTLEBLOWING

The Group has in place Whistleblowing policy and procedures to provide an avenue for all employees and directors of the Group, as well as any (legal or natural) person including those providing services to, or having a business relationship with the Group, to raise genuine concerns about any improper conduct or wrongful act ("Improper Conduct") that is committed involving the Group and/or the Group's employees and business partners through the Group's whistleblowing channels on a confidential basis.

The BAC reviews the Group's Whistleblowing Policy on an annual basis and as required, to ensure the policy is adequate and relevant to the Group, with compliance to applicable laws and regulation in relation to Whistleblowing. The BAC reviews and performs oversight on the effective implementation of the policies and procedures on Whistleblowing for the Group.

Upon receipt of any whistleblower report over Improper Conduct involving the Group, the Chairman of BAC shall decide whether the report should proceed to investigation and where applicable, forward the report to the appropriate person(s) in the Group to carry out the necessary actions. The BAC deliberates the outcome of whistleblowing reports and matters in a restricted Whistleblowing agenda at the BAC meetings, to:

i. discuss and review the investigation reports;

ii. deliberate on the findings and recommendation from the report; and

iii. decide on further steps to be taken in accordance with the Group's Whistleblowing policy and procedures.

Board Audit Committee Report

INTERNAL AUDIT

The BAC reviewed the adequacy of internal audit scope, internal audit plan and resources of the various internal audit functions within Group Internal Audit Division ("GIAD").

During the financial year, BAC noted that GIAD had effectively carried out internal audits to all business entities of the Group, and reviewed the GIAD's reports on the audits performed on the Group as set out in the Internal Audit Function section below.

The BAC has reviewed the audit findings and recommendations of the GIAD, including any findings of internal investigations, and has ensured that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements and policies. The BAC also reviewed at every BAC meeting the status update of management's corrective action plans for the resolution of internal audit's findings and recommendations. Recommendations were made by BAC to ensure that the root causes raised by GIAD in their audit reports were effectively resolved and that any outstanding audit findings be tracked for timely resolution.

GROUP INTERNAL AUDIT DIVISION

The GIAD of HLB assists the BAC in the discharge of its duties and responsibilities. GIAD employs a risk-based assessment approach in auditing the Bank's 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 potential risk exposure and impact.

During the financial year ended 30 June 2024, GIAD carried out its duties covering risk-based audits on Personal Financial Services, Regional Wealth Management, Business Corporate Banking, Branch Operations and Global Markets businesses, Group Operations, Group Functions, Group Information and Technology, investigations and any other assignments as directed. These audits are performed in line with the BNM Guidelines on Internal Audit Function.

Besides performing internal audit functions to the Bank Group, GIAD, through a service agreement, also provides internal audit services to Hong Leong Investment Bank Berhad, Hong Leong Assurance Berhad, and Hong Leong MSIG Takaful Berhad in regards to reviews of IT infrastructure, operations and information security management. The cost incurred for the Internal Audit function of the Bank Group in respect of the financial year ended 30 June 2024 was RM15.0 million.

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

Board Risk Management Committee (BRMC) Report

CONSTITUTION

The Board Risk Management Committee ("BRMC") is established to support the Board in discharging the following responsibilities:

1. Oversee Management's implementation of the Bank's governance framework and internal control framework/ policies.

2. Ensure Management meets the expectations on risk management as set out in the policy document on Risk Governance.

3. Oversee Management's implementation of compliance risk management.

4. Promote the adoption of sound corporate governance principles as set out in the Policy Document on Corporate Governance within the Bank and its subsidiaries (collectively known as "the Bank").

5. Consider Environmental, Social and Governance (ESG) issues when reviewing risk management policies, as well as oversee progress against goals and targets for addressing climate related issues.

COMPOSITION

The BRMC shall:

(a) have at least three directors;

(b) comprise only non-executive directors, with a majority of them being independent directors;

(c) be chaired by an independent director who is not the Chairman of the Board;

(d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee; and

(e) include the Chair of the Board Audit Committee.

SECRETARY

The Secretariat to the BRMC is the Group Risk Management ("GRM") of the Bank.

TERMS OF REFERENCE

RISK MANAGEMENT

1. To review Management's activities in managing principal risks such as (but are not limited to) capital adequacy, credit risk, market risk, liquidity risk, interest rate risk in the banking book, operational risk, compliance risk, and environmental, social and governance (ESG) risk.

2. To review Management's reporting to the Board on measures taken to:

   (a) Identify and examine principal risks faced by the Company.

   (b) Implement appropriate systems and internal controls to manage these risks.

3. To review Management's major risk management strategies, policies and risk tolerance for Board's approval.

4. To review Management's overall framework on the Internal Capital Adequacy Assessment Process ("ICAAP"), annual risk appetite and Capital Management Plan for Board's approval.

5. To review Management's development and effective implementation of the ICAAP.

6. To review Management's stress testing governance including the evaluation of the capital stress test scenarios, parameters, key assumptions, climate risk pathways and results.

7. To review Management's periodic reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities.

8. To review the adequacy and effectiveness of Management's internal controls and risk management process.

9. To review the adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.

10. To review risk management function's infrastructure, resources and systems and to ensure the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk-taking activities.

Board Risk Management Committee (BRMC) Report

11. To receive and review reports from pertinent management committees.

12. To review Management's implementation of risk management as set out in BNM's policy documents on Risk Governance, Approaches to Regulating and Supervising Financial Group and Corporate Governance.

13. To review and advise on the appointment, remuneration, removal and redeployment of the Chief Risk Officer.

14. To engage privately with the Chief Risk Officer on a regular basis (and in any case at least twice annually) to provide opportunity for the Chief Risk Officer to discuss issues faced by the risk management function.

15. Other risk management functions as may be agreed to by the Board.

COMPLIANCE

1. To assist the Board in the oversight of the management of compliance risk by:

   (a) reviewing compliance policies and overseeing management's implementation of the same;

   (b) reviewing the establishment of the compliance function and the position of the Chief Compliance Officer to ensure the compliance function and Chief Compliance Officer has appropriate standing, authority and independence;

   (c) discussing and deliberating compliance issues regularly and ensuring such issues are resolved effectively and expeditiously;

   (d) reviewing annually the effectiveness of the Company's overall management of compliance risk, having regard to the assessments of Senior Management and internal audit and interactions with the Chief Compliance Officer;

   (e) overseeing the Management's implementation of the principles set out in the Policy Document on Fair Treatment of Financial Consumers, including to promote the adoption of a sound corporate culture within the Bank which reinforces ethical, prudent and professional conduct and behaviour; and

   (f) updating the Board on all compliance matters, including providing its views on (a) to (e) above.

2. In relation to the role of the Chief Compliance Officer, support the Board in meeting the expectations on compliance management as set out in BNM's policy document on Compliance by:

   (a) reviewing and advising on the appointment, remuneration, removal and redeployment of the Chief Compliance Officer;

   (b) ensuring that the Chief Compliance Officer has sufficient stature to allow for effective engagement with the CEO and other members of Senior Management;

   (c) engaging privately with the Chief Compliance Officer on a regular basis (and in any case at least twice annually) to provide the opportunity for the Chief Compliance Officer to discuss issues faced by the compliance function;

   (d) ensuring that the Chief Compliance Officer is supported with sufficient resources to perform duties effectively; and

   (e) where the Chief Compliance Officer also carries out responsibilities in respect of other control functions, the BRMC shall be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by the Chief Compliance Officer.

3. Other compliance functions as may be agreed to by the Board.

GOVERNANCE

1. Noted that:

   (a) The Bank, as a company with licensed subsidiary companies has overall responsibility for ensuring the establishment and operation of a clear governance structure within its subsidiaries.

   (b) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the Bank.

   (c) The Bank's risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation within the Bank.

   (d) The respective subsidiaries' board of directors and Senior Management must validate that the objectives, strategies, plans, governance framework and policies set at the Bank level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of Bank policies.

AUTHORITY

The BRMC is authorised by the Board to:

1. review any activities of the Bank within its terms of reference;
2. seek any information it requires from any Director or member of Senior Management and in this respect, all employees are directed to co-operate with any request made by the BRMC, including but not limited to providing the BRMC with sufficient support and resources to investigate any matter within the mandates of the BRMC; and
3. obtain independent legal or other professional advice if it considers necessary.

The Board remains fully accountable for any authority delegated to the BRMC.

MEETINGS

The BRMC meets at least eight (8) times a year and additional meetings may be called at any time as and when necessary.

The Group Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Audit, Chief Compliance Officer, other Senior Management, employees and external auditors may be invited to attend the BRMC meetings, whenever required.

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

Two (2) members of the BRMC, who shall be independent and non-executive, shall constitute a quorum. No business shall be transacted at any BRMC meeting unless a quorum is present at the commencement of the meeting and when conducting the business of the meeting.

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

REVISION OF THE TERMS OF REFERENCE

Any revision or amendment to the Terms of Reference, as proposed by the BRMC, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.

ACTIVITIES

The BRMC carried out its duties in accordance with its Terms of Reference supported by the Group Risk Management and Group Compliance functions.

For the financial year ended 30 June 2024, eight (8) BRMC meetings were held and the attendance of the BRMC members is recorded as follows:

Member	Attendance
Datuk Manharlal A/L Ratilal (1)	6/6
Ms. Lau Souk Huan	8/8
Ms. Cheong Soo Ching	8/8

Notes:
(1) Appointed as BRMC Chairman with effect from 15 September 2023

The BRMC reviewed major risk management strategies, policies and risk appetite levels for Board's approval. In addition, the BRMC regularly reviews risk management reports which covers global and regional economic developments, risk headwinds, capital adequacy, stress tests, credit risk, market risk, interest rate risk in the banking book, compliance risk, liquidity risk, operational risk, technology risk and environment, social and governance (ESG) risk.

The Committee's holistic oversight of risk management and internal control is supplemented by reviews of risk management related matters submitted to the Board Audit Committee (BAC), the Board Information Technology Committee (BITC), and the Remuneration Committee (RC).

The BRMC also regularly reviews regulatory compliance and financial crime compliance reports which include new regulatory updates, compliance assurance reports, non-compliant incidents report and financial crime compliance trends. The BRMC continuously provides oversight of the Bank's compliance and ABC (Anti-Bribery and Corruption) activities to ensure that the Bank is in compliance to all established policies and external regulations.

Board Risk Management Committee (BRMC) Report

The BRMC deliberated on stress test results formulated against the backdrop of a highly stressed economic environment, which provided insightful and timely updates particularly on the Bank's financial, capital and liquidity impacts, as well as Management's efforts taken to mitigate any impact.

The BRMC also reviewed reports on Management's sustainability initiatives within the Bank's business and operations. The BRMC deliberated on the progress of the Bank's adoption of BNM's Climate Change & Principle-based Taxonomy (CCPT), Climate Risk Management and Scenario Analysis (CRMSA) and Climate Risk Stress Testing (CRST), as well as the enhancements to ESG-related assessments and initiatives. Furthermore, the BRMC evaluates our disclosure developments through the adoption of the Taskforce on Climate-Related Financial Disclosures (TCFD). In managing climate-related risk, the BRMC endorsed the embedding of a risk appetite statement on climate change resiliency, as we set towards the Bank's development of relevant risk metrics to manage climate-related risks.

In relation to the developed HLFG recovery plan, the recovery planning process has been integrated within the Bank's overall risk appetite and risk management framework with review and endorsement from the BRMC. The recovery plan was developed to enhance the HLFG and the Bank's readiness in managing severe stress events that may threaten their viability.

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 Bank in relation to this statement is published on the Bank's website, www.hlb.com.my ("the Bank's Website").

The Board also reviewed the manner in which the Bank Negara Malaysia's ("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 Bank 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 and published on the Bank's Website. The Board Charter was last reviewed in September 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 Bank is managed by the Group Managing Director/Chief Executive Officer ("GMD/CEO") who is assisted by the management team. The GMD/CEO and his management team are accountable to the Board for the performance of the Bank. 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 and internal controls to the Board Audit Committee ("BAC"); and risk management to the Board Risk Management Committee ("BRMC"). The Nomination Committee ("NC") is delegated the authority to, inter alia, assess and review Board, Board Committees and GMD/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 GMD/CEO. This division of responsibilities between the Chairman and the GMD/CEO ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

SECTION A. ROLES AND RESPONSIBILITIES OF THE BOARD (CONTINUED)

The GMD/CEO is responsible for formulating the vision and recommending policies and the strategic direction of the Bank for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Bank and tracking compliance and business progress.

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 Bank and its shareholders.

The Board is responsible to promote sustainability through appropriate environmental, social and governance ("ESG") considerations in the Bank'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 Bank in September 2024 and Hong Leong Bank Group ("HLB Bank") Code of Conduct & Ethics, which are published on the Bank's Website. Details of the Hong Leong Bank Group Code of Conduct & Ethics are set out in Section F of this Statement.

SECTION B. BOARD COMPOSITION

The Board currently comprises seven (7) Directors. The seven (7) Directors are made up of six (6) Non-Executive Directors, of whom four (4) are independent. The profiles of the members of the Board are set out in this Annual Report.

The Bank 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 Bank. Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Bank 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 two (2) are women Directors. The Board will work towards maintaining diversity participation on the Board in line with the MCCG.

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 Bank.

SECTION C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the discharge of its duties.

(A) BAC

The composition of the BAC and a summary of its activities in the discharge of its functions and duties for the financial year and explanation on how the BAC had met its responsibilities are set out in the BAC Report in this Annual Report.

The BAC's functions and responsibilities are set out in the TOR which is published on the Bank's Website.

(B) BRMC

The composition of the BRMC and a summary of its activities in the discharge of its functions and duties for the financial year and explanation on how the BRMC had met its responsibilities are set out in the BRMC Report of this Annual Report.

The BRMC's functions and responsibilities are set out in the TOR which is published on the Bank's Website.

(C) NC

The composition of the NC is as follows:

- Ms Lau Souk Huan (Chairman)
- Mr Tan Kong Khoon
- YBhg Datuk Manharlal A/L Ratilal

The NC's functions and responsibilities are set out in the TOR which is published on the Bank's Website.

SECTION C. BOARD COMMITTEES (CONTINUED)

(C) NC (CONTINUED)

The Bank has in place a Fit and Proper ("F&P") Policy for Directors and Chief Executive Officer ("CEO") as a guide for the process and procedure for assessment of inter alia, (i) new appointments and re-appointments of Chairman, Directors and GMD/CEO, (ii) appointment of Board Committee members, and (iii) annual F&P assessment of Chairman, Directors and GMD/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:

Identification of candidates	Meeting with candidates	• Assessment against Assessment Criteria and BNM Guidelines • F&P Declaration by candidates • Relevant Credit Bureau Checks • CTOS (Bankruptcy) Search • Independent Background Checks • Recommendation by the NC	Deliberation by the Board and decision thereof

In assessing the candidates for Board appointments, the NC 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 Bank will also conduct independent background checks to verify the information disclosed in the F&P Declarations. The Bank 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 GMD/CEO, the NC will take into account the candidate's knowledge and experience in the industry, market and segment. The NC 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:

• Assessment against Assessment Criteria and BNM Guidelines • F&P Declaration • Relevant Credit Bureau Checks • CTOS (Bankruptcy) Search • Independent Background Checks • Recommendation by the NC	Deliberation by the Board and decision thereof

For re-appointments, the Chairman, Directors and GMD/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 NC 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.

SECTION C. BOARD COMMITTEES (CONTINUED)

(C) NC (CONTINUED)

(iii) Board Committees Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committees Appointments") is as follows:

Identification of Directors for Board Committees membership

- Assessment against Assessment Criteria and BNM Guidelines
- Recommendation by the NC

Deliberation by the Board and decision thereof

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.

(iv) Annual F&P Assessment

The annual F&P assessment process is as follows:

- Directors to complete:
  - the Board Annual Assessment Form
  - the F&P Declaration
- CEO to complete the F&P Declaration
- Independent Background Checks

- Assessment against Assessment Criteria and BNM Guidelines
- Recommendation by the NC

Deliberation by the Board and decision thereof

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 GMD/CEO pursuant to the BNM Guidelines. Directors and GMD/CEO 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 NC 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 1 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-à-vis the complexity, size, scope and operations of the Bank; 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 Bank 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.

SECTION C. BOARD COMMITTEES (CONTINUED)

(C) NC (CONTINUED)

(iv) Annual F&P Assessment (Continued)

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

During the financial year ended 30 June 2024 ("FY2024"), two (2) NC meetings were held and the attendance of the NC members were as follows:

Member	Attendance
Ms Lau Souk Huan	2/2
Mr Tan Kong Khoon	2/2
YBhg Datuk Manharlal A/L Ratilal [(1)]	1/1

[(1)] *Appointed as NC member with effect from 15 September 2023*

The NC carried out the following activities in the discharge of its duties in accordance with its TOR during the FY2024:

- 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 Bank. 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 Bank and was satisfied that the Independent Directors met the regulatory requirements for Independent Directors;
- Reviewed the F&P Declarations by Directors, GMD/CEO and Company Secretary in line with the BNM policy document on F&P Criteria and was satisfied that the Directors, GMD/CEO and Company Secretary met the requirements as set out in BNM policy document on F&P Criteria;
- Reviewed the term of office and performance of the BAC and each of its members in accordance with the TOR of BAC and was of the view that the BAC and each of its members had carried out their duties in accordance with the BAC TOR for the period 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 Director who is due for retirement at the Annual General Meeting pursuant to the Constitution of the Bank; and
- Reviewed the Board Policy on Succession Planning of the Board and recommended to the Board for consideration and approval.

(D) REMUNERATION COMMITTEE ("RC")

The composition of the RC is as follows:

- YBhg Datuk Manharlal A/L Ratilal (Chairman)
- YBhg Datuk Dr Md Hamzah bin Md Kassim
- Ms Cheong Soo Ching

The RC's functions and responsibilities are set out in the TOR which is published on the Bank's Website.

During the FY2024, one (1) RC meeting was held and the attendance of the RC members were as follows:

Member	Attendance
YBhg Datuk Manharlal A/L Ratilal (Chairman) [(1)]	1/1
YBhg Datuk Dr Md Hamzah bin Md Kassim	1/1
Ms Cheong Soo Ching	1/1

[(1)] *Appointed as RC Chairman with effect from 15 September 2023*

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.

SECTION C. BOARD COMMITTEES (CONTINUED)

(D) REMUNERATION COMMITTEE ("RC") (CONTINUED)

The RC, 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 Bank 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 Bank at its Annual General Meeting ("AGM"), and payable in cash to INEDs upon approval of the shareholders of the Bank.

The detailed remuneration of each Director during the FY2024 is as set out in Note 40 of the Audited Financial Statements in this Annual Report.

Remuneration Philosophy & Framework

Hong Leong Bank Group's (HLBG) remuneration strategy supports and promotes a high performance culture to deliver the Bank's Vision to be a highly digital & innovative ASEAN financial services company. It also forms a key part of our Employer Value Proposition with the aim to drive the right behaviours, create a workforce of strong values, high integrity, clear sense of responsibility and high ethical standards.

The remuneration framework provides a balanced approach between fixed and variable components that is measured using a robust and rigorous performance management process that incorporates meritocracy in performance, HLB values, prudent risk-taking and key behaviours in accordance to our Code of Conduct and risk and compliance management as part of the key performance indicators for remuneration decisions.

Overview of Remuneration Policy Framework

A. Philosophy

Remuneration philosophy hinges on:
- Our values and commitment to the employees of the Bank
- High performance culture
- Strong alignment between prudent risk taking and reward

B. Principles

Remuneration principles are based on 3 key principles:
- Oversight by Remuneration Committee & Board of Directors
- Prudent Risk Taking
- Governance Process for Bonus, Increment and Promotion (BIP)

C. Practices

Remuneration practices:
- Details how the remuneration principles will be achieved in practice
- Includes remuneration structures, design, implementation and workflow/procedures

SECTION C. BOARD COMMITTEES (CONTINUED)

(D) REMUNERATION COMMITTEE ("RC") (CONTINUED)

Guiding Principles

Principle 1 — Oversight by Remuneration Committee & Board of Directors

The RC's responsibilities are to recommend to the Board, framework and policies that govern the remuneration of the Directors, Shariah Committee, Chief Executive Officer, senior management officers and other material risk takers. The RC ensures that the remuneration system is in line with the business and risk strategies, corporate values and long-term interests of the Bank and that it has a strong link between rewards and individual performance and is periodically benchmarked to market/industry. The Board must ensure that the CG disclosures on remuneration are accurate, clear, and presented in a manner that is easily understood by its shareholders, customers and other relevant stakeholders.

Principle 2 — Prudent Risk Taking

Remuneration for employees within the Bank must be aligned with prudent risk-taking. Hence, remuneration outcomes must be symmetric with risk outcomes. This includes ensuring that remuneration is adjusted to account for all types of risk, and must be determined by both quantitative measures and qualitative judgement

Principle 3 — Governance Process for Bonus, Increment and Promotion ("BIP")

The Bank has established an end-to-end BIP process to ensure proper governance and sufficient control is in place. Provision for variable remuneration is tied to the performance of the Bank and the pool is allocated according to the performance of each business unit. To safeguard the independence and authority of individuals engaged in control functions, the Bank ensures that the remuneration of such individuals is based principally on the achievement of control functions objectives and determined in a manner that is independent from the business lines they oversee. No increment is accorded to an employee with performance rating 1 (Below Expectations) or 2 (Meets Some Expectations, Needs Improvement). For an employee with a rating of 2, a nominal bonus may be given at the discretion of the division head. If the employee has tendered his/her resignation, the employee would not be eligible for the increment or bonus. The Bank has the discretion to impose an employment bond on employees who have received salary adjustments outside of the BIP cycle.

Remuneration Practices

Measurement of Performance

The Bank's performance is determined in accordance with a balanced scorecard which includes 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) in a balanced scorecard. It focuses on the achievement of key objectives which are aligned to value creation for our shareholders and multiple stakeholders. At the end of the year, performance of the employee is assessed through the performance management framework which is based on 70% of KRAs (with mandatory weightage for Compliance and Training) and 30% of HLB Values, which now includes a prompt under the Here For The Long Term value for employees to share their efforts in sustainability.

The Bank shall ensure the performance measure of the employee promotes the Bank's core values and desired conduct and behaviour to achieve Fair Treatment of Financial Consumers ("FTFC") and all relevant regulatory policies outcomes. Apart from quantitative targets, performance measures shall include qualitative criteria that closely reflect the delivery of FTFC and all relevant regulatory policies outcomes.

Every senior management officer has a responsibility to embed sustainability in all initiatives in their division. This is linked to performance considerations and in turn, total remuneration received.

Pay Mix Delivery and its Purpose

The overall Total Compensation for the GMD/CEO and members of the Senior Management team 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 organisations for attraction and retention purposes.

SECTION C. BOARD COMMITTEES (CONTINUED)

(D) REMUNERATION COMMITTEE ("RC") (CONTINUED)

Remuneration Practices (continued)

Pay Mix Delivery and its Purpose (continued)

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 the Bank'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 mechanism are in place. Variable bonus awards for individuals in senior management position and in excess of a certain thresholds will be deferred over a period of time.

3. Long term incentives

   In addition, the Bank also recognises and rewards individuals for their contributions towards the Bank'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 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, Financial Misstatements, Material Risks and/or Malfeasance of Fraud.

   The variable portion of remuneration (both Performance-based variable pay and long-term incentives) 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 HLB's corporate and risk culture in promoting prudent risk taking behaviours.

4. Employee Benefits and Programmes

   Employee benefits (e.g. screening, health and medical, leave passage) are used to foster employee value proposition and wellness to ensure the overall well-being of our employees. These are being reviewed annually to ensure HLB remains competitive in the industry and that the employees are well taken care of.

SECTION C. BOARD COMMITTEES (CONTINUED)

(D) REMUNERATION COMMITTEE ("RC") (CONTINUED)

Remuneration Practices (continued)

Remuneration Disclosure

The following depicts the total value of remuneration awarded to the Senior Management team (including GMD/CEO) and Material Risk Takers for the FY2024:

i) GMD/CEO

	No. of officers received	Unrestricted (RM)	Deferred (RM)	Total amount of outstanding deferred remuneration as at 30.6.2024 (RM)	Total amount of outstanding deferred remuneration paid out/ share vested in FYE2024 (RM)
Fixed Remuneration					
Cash-based	1	2,495,100		-	-
Shares and share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Variable Remuneration					
Cash-based	1	867,315	123,893	123,893	-
Shares and share-linked instruments	1	-	123,884*	123,884*	2,863,941*
Other	-	-	-	-	-

ii) Senior Management

	No. of officers received	Unrestricted (RM)	Deferred (RM)	Total amount of outstanding deferred remuneration as at 30.6.2024 (RM)	Total amount of outstanding deferred remuneration paid out/ share vested in FYE2024 (RM)
Fixed Remuneration					
Cash-based	26	23,666,189		-	-
Shares and share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Variable Remuneration					
Cash-based	26	14,096,475	1,474,319	2,037,959	1,301,177
Shares and share-linked instruments	22	-	1,597,963*	2,253,567*	3,976,531*
Other	-	-	-	-	-

Senior Management refers to management staff who have primary and significant responsibility for the management and performance of significant business activities of the Bank and any person who assumes primary or significant responsibility for key control functions of the Bank.

SECTION C. BOARD COMMITTEES (CONTINUED)

(D) REMUNERATION COMMITTEE ("RC") (CONTINUED)

Remuneration Practices (continued)

Remuneration Disclosure (continued)

The following depicts the total value of remuneration awarded to the Senior Management team (including GMD/CEO) and Material Risk Takers for the FY2024: (continued)

iii) Material Risk Takers

	No. of officers received	Unrestricted (RM)	Deferred (RM)	Total amount of outstanding deferred remuneration as at 30.6.2024 (RM)	Total amount of outstanding deferred remuneration paid out/ share vested in FYE2024 (RM)
Fixed Remuneration					
Cash-based	13	7,726,396		-	-
Shares and share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Variable Remuneration					
Cash-based	13	3,313,401	299,274	534,683	358,005
Shares and share-linked instruments	6	-	260,234*	473,672*	308,620*
Other	-	-	-	-	-

Other material risk takers refers to an officer who is not a member of Senior Management Officers of the Bank and who can materially commit or control significant amounts of the Bank's resources or whose actions are likely to have a significant impact on the Bank's risk profile.

*Note: * The value of share is based on the valuation used for MFRS2 Accounting.*

(E) BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("BITC")

The BITC was established on 1 January 2020 to jointly support the Boards of Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad 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").

SECTION C. BOARD COMMITTEES (CONTINUED)

(E) BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("BITC") (CONTINUED)

The composition of the BITC is as follows:

- Ms Lau Souk Huan (Chairman)
  (Redesignated as BITC Chairman with effect from 15 July 2024)
- YBhg Datuk Dr Md Hamzah bin Md Kassim
- YBhg Datuk Manharlal A/L Ratilal
  (Appointed as BITC member with effect from 15 July 2024)
- Puan Fa'izah binti Mohamed Amin
  (Resigned as BITC Chairman with effect from 15 July 2024)

The BITC's functions and responsibilities are set out in the TOR which is published on the Bank's Website.

During the FY2024, four (4) BITC meetings were held and the attendance of the BITC members was as follows:

Member	Attendance
Ms Lau Souk Huan	4/4
YBhg Datuk Dr Md Hamzah bin Md Kassim	4/4
Puan Fa'izah binti Mohamed Amin [(1)]	4/4

(1) *Resigned as BITC Chairman with effect from 15 July 2024*

YBhg Datuk Manharlal A/L Ratilal was appointed as BITC member after the close of the FY2024 and as such, did not attend any of the BITC meetings held during the FY2024.

The BITC carried out the following activities in discharge of its duties in accordance with its TOR during the FY2024:

- Reviewed the IT strategy and monitored the progress against management plan;
- Reviewed the IT capital budget and updates;
- Reviewed the Group's adoption of emerging technologies, including the adoption status and corresponding capabilities;
- Deliberated on the digital disruption, IT innovation and ongoing development in digital trends in the financial services industry, and assessed impact, if any on the digital strategy of the Group;
- Reviewed the cyber security strategy/framework and progress update of the information security roadmap;
- Reviewed the progress update of key IT Projects;
- Reviewed the production incidents and trends, as well as the incident management practices of the Bank;
- Reviewed the progress update of the information security enhancement plan;
- Reviewed the management of technology obsolescence risk;
- Reviewed the state of compliance and progress updates on action items in relation to the BNM RMiT Policy;
- Reviewed and assessed IT-related policies, guidelines and TOR;
- Reviewed the risk assessment on IT outsourcing and insourcing arrangements of the Group, and the performance assessment of critical technology service providers;
- Reviewed the audit findings identified by the Group Internal Audit Division and the External Auditors on IT-related matters and monitored the resolutions and action items in relation thereto;
- Reviewed the Business Continuity Management of the Group, including critical system downtime and disaster recovery plans;
- Reviewed the critical patch development activities for critical IT infrastructure;
- Reviewed the implementation of Electronic Know-Your-Customer (eKYC), including the observations and mitigation controls;
- Reviewed the BNM Cyber Risk Maturity Assessment (CRMA) Overview;
- Reviewed the results on Independent Compromise Assessments on Bank's IT Infrastructure; and
- Reviewed the Risk Appetite Statement of Technology Risk for the FY2023/2024.

SECTION 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 Bank 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 Bank has in place a policy in relation to the tenure for Independent Directors of the Bank ("Tenure Policy") under the F&P Policy for Directors and CEO of the Bank. 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 Bank. 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.

SECTION 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. This ensures that their commitment, resources and time are focused on the affairs of the Bank 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 Bank 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 Bank 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 Bank's expense, in consultation with the Chairman or the GMD/CEO of the Bank.

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 or conflict of interest situation shall not be present at the Board meeting where the material transaction or material arrangement or conflict of interest situation is being deliberated by the Board.

The Board met eight (8) 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	8/8
Mr Tan Kong Khoon	8/8
Mr Kwek Leng Hai	8/8
YBhg Datuk Dr Md Hamzah bin Md Kassim	8/8
Ms Lau Souk Huan	8/8
Ms Cheong Soo Ching	8/8
Datuk Manharlal A/L Ratilal (1)	7/7
Puan Fa'izah binti Mohamed Amin (2)	8/8

(1) *Appointed as Director with effect from 15 September 2023*
(2) *Resigned as Director with effect from 15 July 2024*

The Bank recognises the importance of continuous professional development and training for its Directors.

SECTION E. COMMITMENT (CONTINUED)

The Bank is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Bank. The Induction Programme is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Bank's business, governance process, roles and responsibilities as Director of the Bank. The CPD encompasses areas related to the industry or business of the Bank, 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 Bank 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 Bank will complete MAP Part II within the prescribed timeframe.

The Bank 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 Bank has prepared for the use of its Directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a Director vis-a-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, information technology, 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 Bank'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 Bank.

The Directors of the Bank 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 Bank, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Asia School of Business ("ASB") - Board Oversight of Climate Risks and Opportunities
- ASB - ESG and Islamic Finance: Implications for Boards and Corporate Governance
- ASB – Financial Institutions Directors' Education (FIDE) Core Programme
- Bank of Singapore - Levelling Up Cooperation via Johor-Singapore Special Economic Zone
- 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 - BNM Sasana Symposium:
  (1) Addressing medical inflation - A-whole-of-nation approach
  (2) Ringgit, Bonds and Equity Market
  (3) Diversifying funding sources in the economy
  (4) Structural reforms - Making it a reality for Malaysia
  (5) Micro, Small and Medium Enterprises ("MSME") Growth: Supporting the backbone of Malaysia's economy
  (6) Roles of finance in implementing structural reform
- BNM – Engagement session to share key insights derived from the assessment of FI's gap analysis and implementation plan of the climate risk management and scenario analysis document.
- BNM – FIDE Forum - Dialogue on:
  (1) Cloud Requirements in Risk Management in Technology (RMiT) Policy Document; and
  (2) Artificial Intelligence & Machine Learning (AI/ML) Adoption Landscape in the Industry
- 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 - Market Surveillance Industry Dialogue (MSID) 2023
- Deutsche Bank Malaysia Berhad - Mid-year Chief Investment Officer Outlook

SECTION E. COMMITMENT (CONTINUED)

- Emnes Events Sdn Bhd - 3rd Islamic Fintech Leaders Summit
- Ernst & Young - Key development of the climate-related disclosure regulations
- FIDE Forum - 2023 Chairman's Dialogue, Financing the Digital Economy: Supporting the Madani Framework
- FIDE Forum - AI and Financial Institutions: Friend or Foe
- FIDE Forum - Engagement Lunch with Nomination Committee Chairs: Discussing the Future of Board Talent in Financial Services Industry
- FIDE Forum - Fireside Chat with Former Central Bank Governors on "Central Banking in an Evolving International Financial System"
- FIDE Forum - National Climate Governance Summit 2023 by Climate Governance Malaysia
- FIDE Forum - Responsibility Mapping Engagement with Directors of Financial Institutions
- GuocoLand Limited - Briefing on Cyber Security
- HLB - Extraordinary sales leadership (ESL) 2.0 training for Regional Community General Managers (as a facilitator)
- HLB - Director's Induction Program
- HLB - Anti-Bribery and Corruption (2022)
- HLB - Anti-Bribery and Corruption (2023)
- HLB - Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT and TFS") (2023)
- HLB - Code of Conduct & Ethics (2022)
- HLB - Cyber Security and Cyber Risk Management (2023)
- HLB - Data Protection and Banking Secrecy (2022)
- HLB - Fair Treatment of Financial Consumers (2022)
- 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
- HLCB Group - AML/CFT and TFS: Adopt, Evolve, Transform Towards an Effective Compliance
- HSBC Bank - Asia Pacific Outlook
- Institute of Corporate Directors Malaysia ("ICDM") - MAP Part II on Sustainability for Directors: Leading for Impact
- ICDM - Powertalk Series: Generative AI - An Opportunity or Risk?
- International Shariah Research Academy for Islamic Finance (ISRA) - Islamic Finance for Board of Directors Programme
- J.P. Morgan Chase Bank - South-east Asia Investment Strategy
- Khazanah Nasional Berhad - Khazanah Megatrends Forum 2023
- KPMG - International Sustainability Standards Board (ISSB) Standards: Understanding what they mean for global companies
- Malaysian Digital Economy Corporation (MDEC) - Islamic Digital Economy Industry Conference 2023
- Malaysian Institute of Accountants (MIA) - Integrating ESG into Organisational Financial Reporting Framework
- Malaysian Institute of Economic Research - National Economic Outlook Conference
- McKinsey & Co/HLB - Leadership Expert Engagement Workshop - Getting The Net Zero Pathway Right
- Ministry of Economy - KL20 Summit 2024
- Mizuho Bank - Asia Pacific Market Updates
- NEXEA - Maintaining Malaysia's #1 Position as The Leader in Islamic Fintech - What Does It Take?
- NEXEA - OpenAI and Governance: Do Startups Need Boards?
- PricewaterhouseCoopers (PwC) - Asia Pacific Workforce Hopes and Fears Survey 2023 - Is your workforce reinvention ready?
- SIDC - Cybersecurity & Data Privacy: The Fight Against Financial Crime
- Universiti Malaya - Round Table Discussion with Industry on UM Innovation & Entrepreneurship Ecosystem

SECTION F. STRENGTHENING CORPORATE GOVERNANCE CULTURE

OUR APPROACH TO CORPORATE GOVERNANCE

Nurturing a strong corporate governance culture encompasses not only the policies or processes that we already have in place but also training that is practical and based on everyday scenarios that can be applied in an employee's work. Our approach to corporate governance includes the following:

1 Code of Conduct & Ethics	2 Policies & Processes	3 Continuous Development
The HLBG Code of Conduct & Ethics ("CoCE") ensures that our employees commit to a high standard of professionalism and ethics in the conduct of our business and professional activities. The HLBG CoCE is fundamental to align employee behaviour, drive a high performance culture bankwide and achieve business results	In addition to the HLBG CoCE, the Talent Management Board Policy, Remuneration Board Policy and the Learning & Development Management Policy aim to promote a culture of compliance underpinned by the Bank's values, whilst striking a balance between prudent risk-taking and reward	Continuously strengthening corporate governance through cumulative learning across all touchpoints: key learnings from Risk, Compliance Governance and Disciplinary Committee Meetings, feedback from customer complaint management channels, BUCO and BUCR meetings and bankwide/ divisional learning for employees

CoCE

Employees are guided by HLB Group's values, which seek to ensure that we conduct business with honour to build trust *(Honour)*; we embed strong ESG values in our operations and strengthen our commitment to customers, employees, communities we work in and CSR activities *(Here For The Long Term)*; we embrace change, take smart risks and challenge the status quo when warranted *(Innovation)*. At the same time, employees are encouraged to consistently demonstrate reliable performance, treat people with respect and seek win-win relationships *(Collaborate To Win)* and to think like an entrepreneur to seek opportunities *(Entrepreneurship)*.

The Bank's values, together with the seven principles stated in the HLBG CoCE, is fundamental to align employee behaviour, drive a high performance culture bankwide and achieve business results.

Specifically, in upholding the value of 'Here for the Long Term', the HLB Group commits to a high standard of professionalism and ethics in the conduct of our business and professional activities as set out in the HLBG CoCE.

The HLBG CoCE is applicable to:

- All employees who work in the HLB Group across the jurisdictions in which we operate – including but not limited to permanent, part-time and temporary employees;
- Board of Directors of the HLB Group; and
- Any other persons permitted to perform duties or functions within the HLB Group – including but not limited to contractors, secondees, interns, industrial attachment and agency staff.

As the HLBG CoCE forms part of the terms and conditions of employment, our employees are required to adhere to a high standard of professionalism and ethics in the conduct of their business, professional activities and personal lives, which might otherwise reflect poorly on the reputation of the HLB Group.

SECTION F. STRENGTHENING CORPORATE GOVERNANCE CULTURE (CONTINUED)

OUR APPROACH TO CORPORATE GOVERNANCE (CONTINUED)

Code of Conduct & Ethic (continued)

Principles

There are seven key pillars to the HLBG CoCE:

Principle 1
Competence

The HLB Group is committed to ensuring that its employees develop and maintain the relevant knowledge, skills and behaviour to ensure that our activities are conducted professionally and proficiently.

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

Principle 2
Compliance

The HLB Group operates in a highly regulated environment and our employees are responsible to ensure that they fully understand and comply with all applicable laws, regulations and regulatory requirements.

Principle 3
Integrity

The HLB Group's Vision, Mission and Values identifies a strong values-based culture to guide decisions, actions and interactions with stakeholders as a key enabler for the success of the HLB Group. The HLB Group relies on our employees to practice sound decision-making with integrity and take actions that will preserve our HLB Group's values.

Principle 4
Fairness

A core mission of the HLB Group is to help our clients succeed through simple, relevant, personal and fair banking. We must act responsibly and be fair and transparent in our business practices, including treating our colleagues, customers and business partners with respect. We must consider the impact of our decisions and actions on all stakeholders

Principle 5
Confidentiality

The HLB Group is committed to providing a safe, reliable and secured banking environment and experience for our customers.

Principle 6
Objectivity

Employees must not allow any conflict of interest, bias or undue influence of others to override their business and professional judgment. Employees must not be influenced by friendships or association in performing their role.

Employees are to exercise good judgment at all times and avoid any actions that would create an actual, perceived, or potential conflict of interest.

Principle 7
Work Environment

The HLB Group is committed to provide a safe and non-violent working environment and will remove any unacceptable behaviours from the workplace. The HLB Group will not tolerate any form of discrimination, harassment (including sexual harassment) or intimidation.

In addition, the HLB Group is committed to reduce the effect of our operations on the environment so that we are able to build our franchise in a safe and healthy environment. We aim to do this by managing the resources we use across the HLB Group and raising staff awareness about the importance of caring for the environment.

The HLB Group will be mindful of its activities with employees, business partners and the community we operate within to ensure human rights are safeguarded. Where there are adverse impacts, we are committed to addressing these.

SECTION F. STRENGTHENING CORPORATE GOVERNANCE CULTURE (CONTINUED)

OUR APPROACH TO CORPORATE GOVERNANCE (CONTINUED)

Policies & Processes

In addition to the HLBG CoCE, the Talent Management Board Policy, Remuneration Board Policy and the Learning & Development Management Policy aim to promote a culture of compliance underpinned by the Bank's values, whilst striking a balance between prudent risk-taking and reward. The policies are designed to create and cultivate a highly engaged workforce, focused on delivering strategic goals. This highly engaged workforce is expected to maintain high standards of responsibility, professional conduct and behaviour, and are able to be role models to other employees and industry peers.

Policy Name	Purpose
HLBG Code of Conduct & Ethics	The HLBG CoCE ensures that our employees commit to a high standard of professionalism and ethics in the conduct of our business and professional activities. All employees are required to attest to the CoCE on an annual basis.
Talent Management Board Policy	The Talent Management Policy aims to set out our talent management strategy in recruiting, developing, retaining talent and succession planning to support and drive the execution of the business strategy with the ambition to build an organization that builds talent to cater for our needs from within
Learning & Development Management Policy	The Learning & Development ("L&D") Policy sets out principles that will govern the Bank's L&D strategy and execution plans. The aim is to cultivate a highly engaged workforce, focused on delivering strategic goals, maintain high standards of responsibility, professional conduct and behaviour, and are role models to other employees and industry peers.
Remuneration Board Policy	The Remuneration Policy aims to maintain a competitive remuneration strategy, enabling us to attract and retain talent and at the same time balance risk and performance outcomes, with an eye on prudent risk-taking.
Whistleblowing Policy	The Bank's Whistleblowing Policy provides a structured channel for all employees of the HLB Group and any other persons providing services to, or having a business relationship with the HLB Group, to report genuine concerns about any improper conducts or wrongful acts committed within the HLB Group. The Whistleblowing Policy is published on the Bank's Website.

Continuous Development

The Bank's efforts to continuously strengthen corporate governance is the result of cumulative efforts across every touchpoint. Key learnings from each Risk and Compliance Governance Committee (RCGC) meeting is summarized and circulated to all attendees, BUCRs (Business Unit Compliance Representative), BUCOs (Business Unit Compliance Officer) and respective business units to act upon. Disciplinary Committee Key Learnings which brings to life cases tabled to the Disciplinary Committee for violation of the HLBG CoCE is also disseminated to bankwide employees on a monthly basis. BUCOs meet with the L&D team in Human Resources on a bi-monthly basis to review and request for any ad hoc compliance training requirements. Our online and offline customer touchpoints (on social media and via the feedback form on our website and via our branches and contact centre respectively) also serve to provide feedback directly. On bankwide learning, divisions such as Group Technology and Sustainability create content on key topics of interest, in addition to Group Compliance topics and videos available on Workday for huddles and the quarterly Mandatory eLearning modules. The seven pillars of the HLBG CoCE, consists of Competence, Compliance, Integrity, Fairness, Confidentiality, Objectivity and Work Environment, provide further guidance to our people and we ensure that we have the necessary development interventions to support each pillar.

SECTION G. ACCOUNTABILITY AND AUDIT

The Bank has put in place a framework of processes whereby Board committees provide oversight on critical processes of the Bank'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 BAC, which assesses the integrity of financial statements with the assistance of the external auditors.

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 BRMC is delegated with the responsibility to provide oversight of the Bank's management of critical risks that the Group faces while the BAC is delegated with the responsibility to review the effectiveness of internal controls implemented in the Bank.

The Statement on Risk Management and Internal Control as detailed under Section J 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 BAC, which also reviews the remuneration of the external auditors. The BAC reviews the suitability and independence of the external auditors annually. In this regard, an annual assessment is conducted by the BAC to evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the reappointment of the external auditors.

The Bank 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 BAC 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 BAC 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 BAC members at least twice a year without the presence of Executive Directors and management.

SECTION H. DISCLOSURE

The Bank 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 Bank's Website after release to Bursa.

SECTION I. 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 Bank'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 Bank's Website for information such as the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/ briefings, financial information, products information and investor relations. The Minutes of the AGM are published on the Bank's Website.

SECTION I. SHAREHOLDERS (CONTINUED)

I. DIALOGUE BETWEEN COMPANIES AND INVESTORS (CONTINUED)

The Board has identified Ms Lau Souk Huan, the Chairman of the BAC, 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 following persons to direct queries and provide feedback to the Group:

GENERAL MANAGER, COMMUNICATION & CSR
Tel No. : 03-2081 8888 ext. 61914
Fax No. : 03-2081 7801
E-mail address: capr@hongleong.com.my

HEAD, CORPORATE FINANCE & INVESTOR RELATIONS
Tel No. : 03-2081 2974
Fax No. : 03-2081 8924
E-mail address: IR@hlbb.hongleong.com.my

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.

All Directors of the Bank and the GMD/CEO attended the last AGM held on 30 October 2023 to engage with shareholders and address issues of concern raised by the shareholders.

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa, all resolutions tabled at the AGM held on 30 October 2023 were put to a vote by way of a poll and the voting results were announced at the meetings and through Bursa. The Bank 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 Bank.

SECTION J. 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 BAC and the BRMC to ensure that the Bank maintains a sound system of internal controls and good risk management practices that foster good governance. 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. BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for the risk management and internal control environment and its effectiveness in safeguarding shareholders' interests and the Bank's assets. The risk management and internal control framework is designed to manage rather than to eliminate the risk of failure in the achievement of goals and objectives of the Bank, and therefore only provide reasonable assurance and not absolute assurance, against material misstatement or loss.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

II. BOARD RESPONSIBILITIES (CONTINUED)

The system of risk management and internal control instituted throughout the Bank 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 Board policies, Management policies and standard operating procedures ("SOP") on risk management and internal control.

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The organisational structure of the Bank clearly defines the lines of accountability and responsibility. On-going risk assessment and evaluation are an integral part of the Bank's strategic planning cycle and are responsive to the business environment and opportunities. Management committees are appropriately set up to ensure proper utilisation and investment of the Bank's assets for effective risk return rewards or to limit losses. The Group Risk Management ("GRM") and Group Compliance ("GC") divisions 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.

Operationally, the Bank establishes multiple lines of defence to effect a robust control framework. At the first level, the operating business and support units are responsible for the day-to-day management of risks inherent in the various business activities. Business compliance and operational risk units are set up in the various lines of business and support units. They oversee the day-to-day compliance to policies, regulatory requirements, business and process controls. At the second level, GRM is responsible for setting the risk management framework, reviewing portfolio risks, and developing tools and methodologies for the identification, measurement, monitoring, and control of risks; whereas GC is responsible for ensuring that controls to manage compliance, financial crime, bribery and corruption risks are adequate and operating as intended. At the third level, the Group Internal Audit division complements GRM and GC by monitoring and evaluating the effectiveness of internal control systems. It also provides an independent perspective and assessment on the adequacy and effectiveness of the risk management and compliance policies, process, governance and systems.

The above is depicted in the following diagram:

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Business and Support Units	Group Risk Management Group Compliance	Group Internal Audit
Manage inherent risks and ensure compliance to policies and SOPs in day-to-day activities.	*Sets policies, reviews portfolio risks and provides oversight of risk management and compliance matters.*	*Independent assessment of adequacy and effectiveness of policies and processes.*

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management

Managing risks is an integral part of the Bank's overall business strategy. It involves a process of identifying, assessing and managing risks and uncertainties that could inhibit the Bank's ability to achieve its strategy and 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.

The Bank's risk management framework incorporates the components depicted in the diagram below:

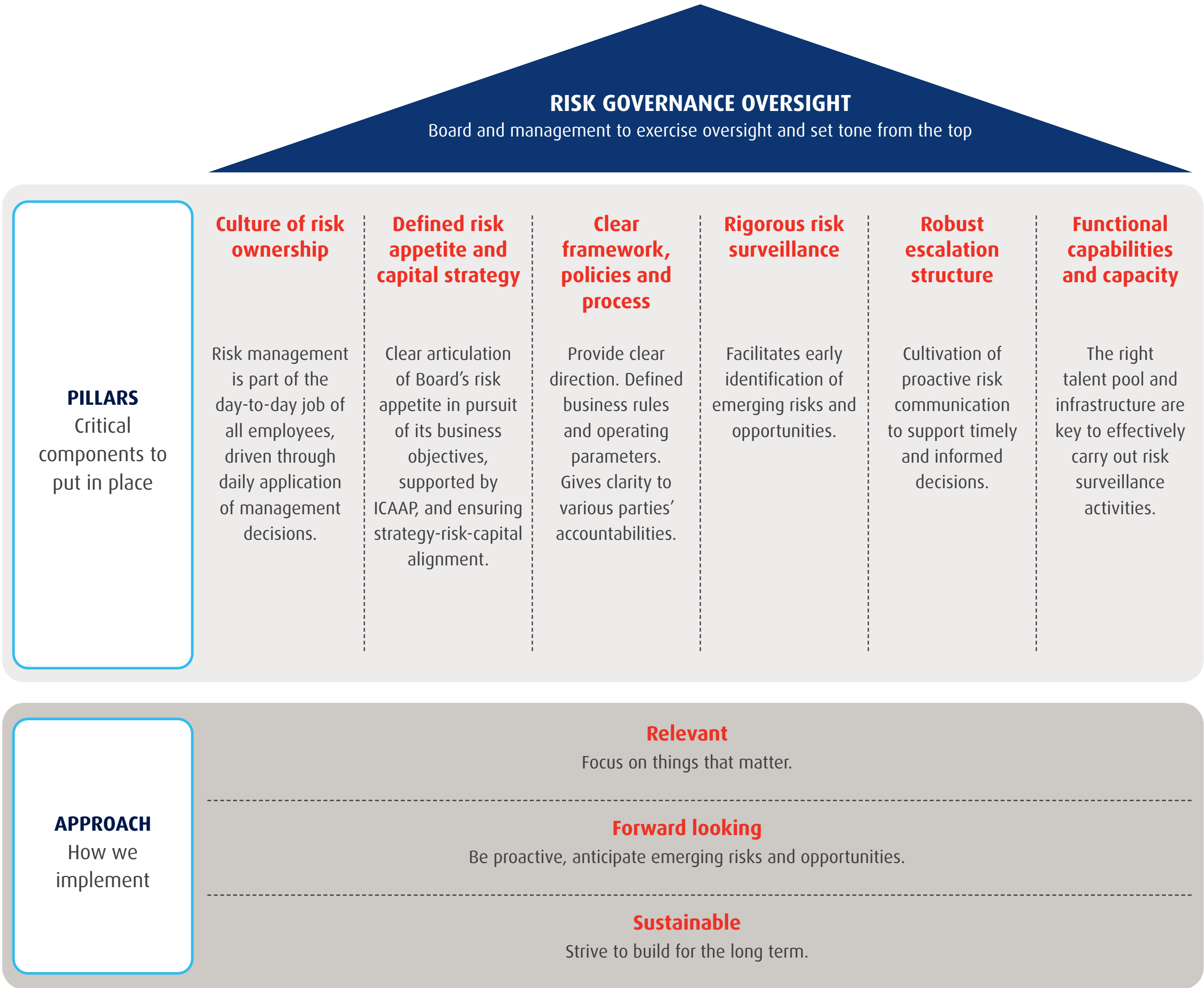

Figure 1: Risk Management Framework

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

In addition, the risk management framework is effected through an organisational construct and escalation structure as depicted below:

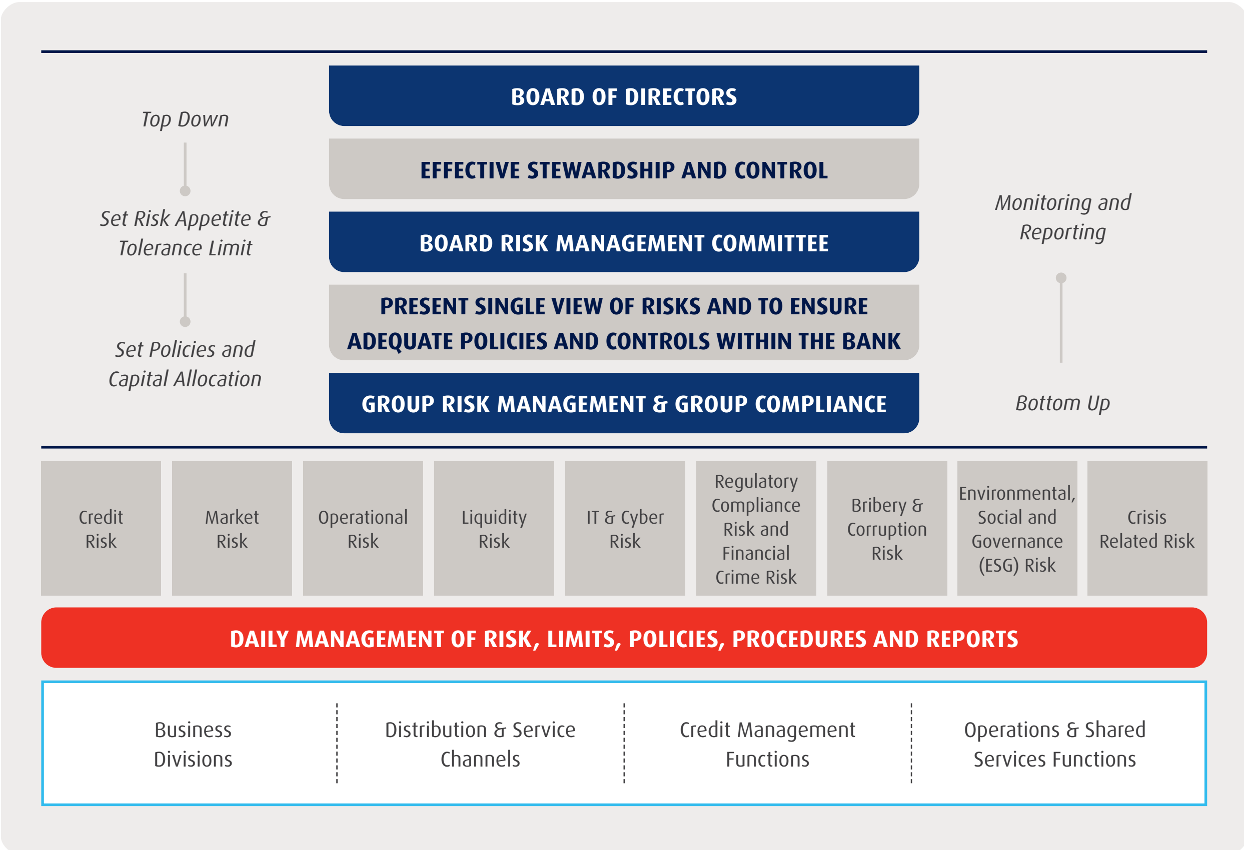

Figure 2: Risk Management Structure

The Board has the overall responsibility to ensure there is proper oversight of the management of risks in the Bank. The Board sets the risk appetite and tolerance level, and allocates the Bank's capital that is consistent with the Bank's overall business objectives and desired risk profile. GRM monitors and reports the Bank's Credit, Market, Liquidity, Operational and IT Risks. GC identifies, assesses, monitors and reports compliance, financial crime, bribery and corruption risks matters in addition to advising, providing guidance and training on the relevant risk areas. These risks are presented to BRMC regularly.

The BRMC deliberates and evaluates the reports prepared by GRM and GC, and provides updates to the Board, and where appropriate, make necessary recommendations to the Board.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
CREDIT RISK Credit Risk arises as a result of customers or counterparties not being able to or willing to fulfill their financial and contractual obligations as and when they fall due.	• The Bank has established a credit risk management framework (via the Board Policy on Credit Risk Governance) to ensure that exposure to credit risk is kept within the Bank's financial capacity to withstand potential future losses. Financing activities are also guided by internal credit policies. The above policies are subject to reviews and enhancements, at least on an annual basis. • Credit portfolio strategies are developed to achieve a desired portfolio risk tolerance level and sector concentration distribution. • To assess the credit risk of retail customers, the Bank employs risk scoring models and lending templates that are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts. • To assess the credit risk of SME, commercial and corporate customers, they are evaluated based on the assessment of relevant factors such as the customer's financial position, industry outlook, types of facilities and collaterals offered; and are assigned with a credit rating. • The Bank has a comprehensive credit approving process. While the business units are responsible for credit origination, the credit decisioning function rests mainly with the Credit Evaluation Departments, the MCC and the CSC. The Board delegates the approving and discretionary authority to the MCC and various personnel based on job function and designation. • For any new products/product variation, credit risk assessment also forms part of the new product/product variation sign-off process to ensure that the new product complies with the appropriate policies and guidelines, prior to their introduction. • Credit risk reports are presented to the relevant Management and Board level committees. Such reports identify adverse credit trends and asset quality to enable the Bank to take prompt corrective actions and/or take appropriate risk-adjusted decisions. • GRM conducts independent credit reviews on a portfolio basis, which cover the Personal Financial Services, Business and Corporate Banking, Global Markets, Financial Institution's portfolios and portfolios of overseas subsidiaries and branches, providing an independent and where appropriate, countervailing perspective on credit risk management issues including business performance, credit decisions, overall assets quality and credit operations robustness. • In addition, the Bank also conducts periodic stress testing of its credit portfolios to ascertain the credit risk impact to capital under the relevant stress scenarios.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
OPERATIONAL RISK Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which also include outsourcing and business continuity risks.	• Management oversight on Operational Risk Management ("ORM") matters are effected through the Risk and Compliance Governance Committee ("RCGC") whilst Board oversight is effected through the BRMC. • The Bank's ORM strategy is based on a framework of continuous improvements, good governance structure, policies and procedures as well as the employment of risk mitigation strategies. The objective is to create a strong risk and internal control culture by ensuring awareness of the significance of operational risk, its methodology of identification, analysis, assessment, control and monitoring. • The Bank adopts ORM tools such as loss event reporting, risk and control self-assessment and key risk indicators to manage operational risks and are used to assess risk by taking into consideration key business conditions, strategies and internal controls.
MARKET RISK Market Risk is the risk of loss in financial instruments or the balance sheet due to adverse movements in market factors such as interest and exchange rates, prices, spreads, volatilities, and/or correlations.	• Market risk is primarily managed through various risk limits and controls following an in-depth risk assessment and review. The types and level of market risk that the Bank is able and willing to take in pursuit of its business objectives and risk-taking strategies are used as a basis for setting market risk appetite for the Bank. • Market risk limits, the monitoring and escalation processes, delegation of authority, model validation and valuation methodologies are built into the Bank's market risk policies, which are reviewed and concurred by the Group Asset and Liability Management Committee ("Group ALCO"), endorsed by the BRMC and approved by the Board. • Regular market risk stress tests are conducted on the trading book to measure the loss vulnerability under stressed market conditions.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
LIQUIDITY RISK Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets, inability to liquidate assets in a timely manner and/or inability to meet financial obligations as they fall due.	• The Bank adopts a prudent liquidity management approach that includes establishing comprehensive policies and procedures, implementation of risk controls which are supported by periodic reviews and monitoring. The liquidity risk policies and governance are reviewed by Group ALCO, endorsed by the BRMC and approved by the Board. • The Bank seeks to manage liquidity to ensure that our obligations will continue to be honored under normal as well as adverse circumstances. The key elements of liquidity risk management includes proactive monitoring and management of cashflow, maintenance of high quality liquid assets, diversification of funding sources and maintaining a liquidity compliance buffer to meet any unexpected cash outflow. • The Bank strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The funding strategy is anchored on the strength of our core deposit franchise. The Bank also designs and conducts regular stress test programmes in accordance with the board-approved risk appetite and risk management policies. The appropriate management action plans would be developed and recommended to the Board if there are any potential vulnerabilities identified during the stress test exercise.
IT & CYBER RISK Information Technology Risk is the risk of technological failure which may disrupt business operations such as system defects or service outages. This also includes cyber security risk, which is the risk of possible threat that might exploit a vulnerability to breach system security and therefore cause possible harm.	• New technology initiatives are subjected to a rigorous evaluation process which assesses the potential risks and readiness of the initiative prior to its implementation. • The Bank performs continuous monitoring on system performance to ensure minimal system disruption, while ensuring that redundancies in IT infrastructure and Disaster Recovery Plans are regularly tested. • In addition to continuously improving the Bank's cyber resilience by upgrading technology capabilities to mitigate cyber threats, cyber risks are also managed by closely monitoring key risk metrics and progressively enhancing its cyber threat intelligence gathering capabilities to improve the Bank's situational awareness. • Management oversight on IT and cyber risk management matters are effected through the IT Steering Committee ("ITSC") whilst Board oversight is effected through the Board Information Technology Committee ("BITC").

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
REGULATORY COMPLIANCE RISK Regulatory Compliance Risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation as a result of failure to comply with laws and regulations.	• The Bank undertakes robust monitoring of developments in laws and regulations and assesses its impact to its processes, where applicable. The assessments are undertaken to identify gaps in existing processes so that actions are taken within defined timeframes to ensure that the Bank is in compliance. • The Bank participates in providing feedback to the regulators and industry through consultation papers and exposure drafts on policy documents and enhancement activities. • Management oversight on regulatory compliance risk is effected through the Management level Risk and Compliance Governance Committee ("RCGC") whilst Board oversight is effected through BRMC.
FINANCIAL CRIME RISK Financial Crime Risk is the risk of legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions requirements.	• In mitigating the risk of financial crime, the Bank undertakes monitoring of developments of laws and regulations and assesses its impact to internal policies, processes and procedures. The Bank leverages on digital automated transactions monitoring and onboarding solutions to strengthen our capabilities in detection, monitoring and reporting of potential suspicious activities. • The Bank continuously maintains robust controls as a gatekeeper to the financial system against Money Laundering, Terrorist Financing and Proliferation Financing risks. • Management oversight on financial crime matters is effected through the Management level Financial Crime Governance Committee ("FCGC"), whilst Board oversight is effected through the BRMC.
BRIBERY AND CORRUPTION RISK Bribery and Corruption Risk is the risk of offering, paying or receiving a bribe through an officer, employee, subsidiary, intermediary or any third party (individual or corporate) acting on the Bank's behalf.	• The Board approves and monitors the implementation of the Bank's Anti-Bribery and Corruption ("ABC") Programme. The objective of the ABC Programme is to manage the bribery and corruption risks within the Bank. • The Bank ensures that the Management team conducts bribery and corruption risk assessment of the overall Bank's operations periodically to identify, analyse, assess and prioritise actions needed to mitigate internal and external bribery and corruption risks. • Management also reviews risk assessment reports, consider improvements to the Bank's policies and procedures, and provides training to internal and external stakeholders in combating corruption and bribery risks. • The ABC policy is communicated to all our employees, who are required to undergo mandatory training and assessment on completion of training in the subject matter. • Clauses relating to ABC have also been incorporated in written agreements to ensure that suppliers to the Bank understand their obligations and abide by the relevant laws and regulations. There is continuous reinforcement of communications to our suppliers on our expectations in relation to ABC.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
	• Management oversight on bribery and corruption risk is effected through Management level Risk and Compliance Governance Committee whilst Board oversight of bribery and corruption risk is effected through the BRMC and BAC. The Bank has a Whistleblowing Policy and accompanying procedures in place, where whistleblowing reports can be addressed directly to the Chairman of the BAC.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK Environmental, Social and Governance (ESG) Risk is the adverse impacts of material "Environmental", "Social" and "Governance" risks that could subsequently translate to financial risks and potential losses that could affect the business operations and stability of the Bank. The 'Environmental' factor considers organisational safeguards for the environment, including corporate policies addressing climate change. The 'Social' factor examines how we manage relationships with employees, suppliers, customers and our communities. The 'Governance' factor relates to the stewardship of the organization by its leadership, discharge of the Board and Management's accountabilities in accordance to ethical business practices, and implementation of good internal control frameworks.	• The Bank has policies, principles and codes of conduct to ensure the interests of the Bank are aligned with the interests of stakeholders on responsible lending/financing. These include assessments to screen for and review environmental and social risks, financial evaluation of existing and potential customers, and the provision of basic banking products to the underserved segment so that they can participate in the financial system. • Credit policies are in place which requires sales and credit staff to review the borrowers' compliance with applicable environmental and social laws and review of the same at annual reviews of loan/financing facilities to ensure ongoing compliance. • The Bank manages its environmental footprint through reduction of waste (such as paper and water) and efficient usage of energy. • The Bank evaluates climate-related risks i.e. physical and transition risk to understand the vulnerabilities of the Bank's businesses and operations towards such risks. • The Bank has an independent Tender Review Committee that assesses diligence reviews of suppliers across a number of risks, not just financial strength and operational performance. We take into account considerations on environment and social track record and policies, business continuity plans and cyber security capabilities. Suppliers have to satisfy our zero tolerance for corruption and unfair practices. • Management oversight on sustainability matters is effected through the Management level Sustainability Committee ("SC"), whilst Board oversight is effected through the BRMC.

SECTION J. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

(a) Risk Management (continued)

HONG LEONG BANK'S KEY RISKS

Type of Risk	Mitigating Actions Taken / Strategy
CRISIS RELATED RISK Crisis related risk is the risk of loss arising from increased volatility and uncertainty, resulting in impact to the Bank's customers, financial markets and interruption on the Bank'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 Bank has a strategic plan in place to ensure that its operations and services remain fully operational in the event of a crisis. • The Bank remains cognizant of the need to continuously build and maintain resilience, through close and proactive monitoring of potentially high impact events in the short term and longer term horizon. The Bank continuously simulates and tests preparedness to navigate through crisis conditions, while challenging and refining its Business Continuity Management (BCM) plans and processes based on various scenarios. Consequently, the Bank continuously enhances its BCM plans and processes to strengthen its resilience to endure future crises. • In managing credit risk exposures, the Bank regularly conducts stress tests which incorporate consideration for permutations arising from the pandemic. This is done to assess potential vulnerabilities and provide a forward looking view on areas of potential vulnerabilities given the current operating environment.

(b) Basel II and III

The Bank places great importance on Basel II and III and views Basel II and III as a bank-wide initiative that will ensure that the Bank continues to meet international best practices for the Bank's credit, market, operational and liquidity risk management practices. By adopting Basel II and III, the Bank is able and will continue to enhance and embed sound risk management practices within the Bank and be equipped with the right risk management discipline, practices, processes and systems.

For Basel II Pillar 1, the Bank is in compliance with the regulatory standards and is progressively employing advance risk measurement in the respective businesses. For Basel II Pillar 2, the Bank's Board Policy on Internal Capital Adequacy Assessment Process ("ICAAP") forms an integrated approach to manage the Bank's risk, capital and business strategy. For Basel II Pillar 3, which is related to market discipline and disclosure requirements, the Bank has provided the disclosures under a separate Pillar 3 section in this Annual Report.

For Basel III, the Bank is in compliance with the regulatory requirements and will continuously strengthen its capital and liquidity profile in all the countries that the Bank operates in, to ensure sufficient capital and liquidity is maintained to allow for business growth and sound capital / liquidity buffer management.

(c) Internal Audit

The Bank's Group Internal Audit Division ("GIAD") performs the internal auditing function for the various entities in the Bank. GIAD regularly reviews the critical operations (as defined in BNM Guidelines on Internal Audit Function of Licensed Institutions) and critical controls in the Information Technology environment (as outlined in the BNM Risk Management in Technology Policy Document) of the Bank to ensure that the internal controls are in place and working effectively.

The results of the audits conducted by GIAD are reported to the BAC. Follow-up actions and the review of the status of corrective action plans are carried out by Management via the RCGC chaired by the GMD/CEO, whose members comprise senior management. The minutes of meetings of RCGC are tabled to the BRMC and BAC for notation.

Implementation of corrective action plans are followed up on a monthly basis and reported to the BAC. Highlights of the BAC meetings are submitted to the Board for review and further deliberation.

IV. ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the GMD/CEO, Chief Financial Officer, Chief Risk Officer, Chief Internal Auditor and Chief Compliance Officer 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 Bank.

Based on the assurance it has received from Management, the Board is of the view that the Bank'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.

In addition, internal controls are also effected through the following processes:

- The Board receives and reviews regular reports from Management on the key operating statistics, business dynamics, legal matters and regulatory issues that would have implications on internal control measures.
- The BAC regularly reviews and holds discussions with Management on the actions taken on internal control issues identified in reports prepared by GIAD, external auditors and regulatory authorities.
- Policies on delegation and authority limits are strictly implemented to ensure a culture that respects integrity and honesty, and thereby reinforce internal controls.
- Policies and procedures are set out in operation manuals and disseminated throughout the organisation in support of a learning culture, so as to reinforce an environment of internal controls discipline.
- Policies for recruitment, promotion and termination of staff are in place to ensure the Group's human resources comply with internal controls.

V. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa, 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 Bank.

SECTION K. 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 Bank for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Bank for the FY2024, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that the 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 have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of commercial banking business and in the provision of related services. The principal activity of the significant subsidiary consists of Islamic Banking services. Other subsidiary companies are primarily engaged in property investment and management, investment holding and nominee services. The details of the subsidiary companies are disclosed in Note 13 to the financial statements.

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

For the financial year under review, the Malaysian economy continued to expand at a decent pace of 3.6% in 2023, despite distortion from the high base of a 8.9% expansion in 2022. Post-pandemic, the Malaysian economy has grown at an average rate of 5.3% per annum through 2021 to 2023, exceeded the average growth of 5.0% in the three years prior to the pandemic from 2017 to 2019. Continuous expansion in domestic demand led by private consumption, further reinforced by public spending and investment activities, were the main growth pillars. Consumer spending continued to piggyback on further improvement in the labour market and policy support, while the retail sector benefitted from further recovery in tourism activities. On the supply side, all key sectors registered positive growth, with the services and construction sectors taking the lead.

Driven by our brand promise of "Built Around You" to our customers, where customers are at the centre of everything we do, the Bank continues to deliver products based on the lifestyle and needs of customers, to make their lives better. In addition, we strive to prudently manage our expenditure while capitalising on new growth opportunities, to deliver resilient and sustainable returns to our stakeholders amidst the challenging operating environment, without compromising on our strict credit standards and robust liquidity management. As sustainability is increasingly essential to enhance the quality of life today, the Bank is steadfast in integrating environmental, social and governance ("ESG") practices across our entire value creation chain.

OUTLOOK AND BUSINESS PLAN FOR NEW FINANCIAL YEAR

We are cautiously optimistic over continued modest growth outlook in the global economy going forward. The US economy has remained resilient so far paving the way for a soft landing while the China economy is still expected to chart decent growth of close to 5.0% despite looming challenges from its domestic real estate sector, alongside internal shifts towards a service and high value-added production economy. While recovery is still forthcoming, downside risks stemming from geo-political uncertainties, potential delay in policy easing, as well as adverse impact of sticky inflation on real consumption, could potentially weigh on overall growth outlook in 2024.

Against a backdrop of sustained growth in the world economy, the Malaysian economy is expected to expand at a faster pace of 4-5% in 2024, driven by further recovery in domestic demand and rebound in exports, underpinned by an upswing in the global tech cycle and favourable commodity prices. Notably, private consumption will remain the main growth pillar, with added support from further recovery in investment activities and tourism related spending.

We remain resolute in the execution of our 3-5 Year Strategic Plan to pursue business opportunities that will emerge from the economic recovery, both domestically and in the region. Guided by our brand promise of "Built Around You", we strive to leverage our digital innovation and customer insights to develop personalised products and solutions to customers. In addition, we will continue to double down on our digital capabilities, foster strategic partnerships, develop world class talent pool and step up sustainability efforts to deliver meaningful impact to all of our stakeholders.

PERFORMANCE REVIEW AND MANAGEMENT REPORTS

The Board receives and reviews regular reports from the Management on key financial and operating statistics as well as legal and regulatory matters. The performance of each business unit is assessed against the approved budgets and business objectives whilst explanation is provided for significant variances.

CREDIT INFORMATION RATING

During the year, Rating Agency Malaysia Berhad has reaffirmed the Bank's long-term and short-term ratings, underpinned by our established domestic retail and SME franchises, robust asset quality and strong capitalisation. Moody's Investors Services Ltd has also reaffirmed the Bank's long-term rating at A3 and short-term rating at P2, with a stable outlook.

The ratings indicate that in the long-term, the Bank is adjudged to offer high safety for timely payment of financial obligations while in the short-term, the Bank is adjudged to have superior capacities for timely payment of obligations.

Details of the rating of the Bank and its debt securities are as follows:

Rating Agency	Date Accorded	Rating Classification
Rating Agency Malaysia Berhad	28 June 2024	Long-Term Rating: AAA Short-Term Rating: P1 Subordinated Notes: AA1 Additional Tier 1 Capital Securities: A1 Medium Term Notes: AAA Commercial Papers: P1
Moody's Investors Services Ltd	27 February 2024	Long-Term Rating: A3 Short-Term Rating: P2

FINANCIAL RESULTS

	The Group RM'000	The Bank RM'000
Profit before taxation	5,134,247	3,831,030
Taxation	(938,035)	(945,625)
Net profit for the financial year	4,196,212	2,885,405

Directors' Report

for the financial year ended 30 June 2024

DIVIDENDS

Since the last financial year ended 30 June 2023, a final single tier dividend of 38 sen per share amounting to RM778,675,458 in respect of the financial year ended 30 June 2023, was paid on 22 November 2023.

An interim single tier dividend for the financial year ended 30 June 2024 of 25 sen per share amounting to RM512,435,543 was paid on 26 March 2024.

The Directors have declared a final single tier dividend of 43.0 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 53 to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Subsequent events after the financial year are disclosed in Note 54 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no new ordinary shares or debentures issued during the financial year.

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.

DIRECTORS

The Directors of the Bank 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:

YBhg Tan Sri Quek Leng Chan	(Chairman, Non-Executive Non-Independent)
Mr Tan Kong Khoon	(Non-Independent Executive Director)
Mr Kwek Leng Hai	(Non-Independent Non-Executive Director)
YBhg Datuk Dr Md Hamzah bin Md Kassim	(Independent Non-Executive Director)
Ms Lau Souk Huan	(Independent Non-Executive Director)
Ms Cheong Soo Ching	(Independent Non-Executive Director)
YBhg Datuk Manharlal A/L Ratilal (Appointed with effect from 15 September 2023)	(Independent Non-Executive Director)
Puan Fa'izah binti Mohamed Amin (Resigned with effect from 15 July 2024)	(Independent Non-Executive Director)

The Directors of the Bank'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:

Encik Alan Hamzah Sendut
Puan Rowina Ghazali Seth
Mr Tang Hong Cheong
Mr Malkiat Singh @ Malkit Singh Maan A/L Delbara Singh
Ms Han Chin May
Mr Quek Kon Sean
Mr Matthew Nicholas Rendall
Mr Tan Khee Meng
Mr Lawrence Peh Yeow Beng
Mr John Hing Vong
Mr Duong Duc Hung
Ms Stella Lo Sze Man
Mr Lam Sai Yoke (Appointed with effect from 1 November 2023)
Ms Chow Siu Ling Shirley (Appointed with effect from 20 October 2023)
Ms Chan Lap Yuen (Resigned with effect from 20 October 2023)

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Bank and its subsidiaries for the financial year are as follows:

	The Group RM'000	The Bank RM'000
Directors of the Bank		
Director fees	1,529	1,331
Directors' other emoluments	184	153
Directors of the Bank's Subsidiaries		
Director fees	914	-
Directors' other emoluments	3,916	-

There was no amount paid to or receivable by any third party for services provided by Directors of the Bank and its subsidiaries.

During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and the Bank subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the holding company was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the holding company was RM85,500 (2023: RM71,250) and the apportioned amount of the said premium paid by the Group and the Bank was RM74,315 (2023: RM60,561) and RM63,352 (2023: RM51,376) respectively.

Details of Directors' remuneration are set out in Note 40 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Bank 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 Bank 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 arising from the vesting of share grant*/ 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 YBhg 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 Mr Tan Kong Khoon in:				
Hong Leong Financial Group Berhad	125,122*	-	(125,122)*(7)	-
	250,246	125,122*(7)	-	375,368
Interests of Mr Kwek Leng Hai in:				
Hong Leong Company (Malaysia) Berhad	420,500	-	-	420,500
Hong Leong Industries Berhad	190,000	-	-	190,000
Hong Leong Financial Group Berhad	2,526,000	-	-	2,526,000
Hong Leong Bank Berhad	5,510,000	-	-	5,510,000
Hume Cement Industries Berhad	205,200	105,571(9)	-	310,771
	73,900(8)	-	(73,900)**(9)	-
Malaysian Pacific Industries Berhad	71,250	-	-	71,250

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' INTERESTS (CONTINUED)

	Directors' deemed interests Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired arising from the vesting of share grant*/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 YBhg 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
[8] Redeemable convertible unsecured loan stocks
[9] Conversion of redeemable convertible unsecured loan stocks to new ordinary shares

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank received or became entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments 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 Bank or of related corporations) by reason of a contract made by the Bank 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, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions 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 Bank or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the share options granted pursuant to the Executive Share Scheme.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Bank present a true and fair view of the state of affairs of the Group and the Bank as at 30 June 2024 and of the financial results and cash flows of the Group and of the Bank for the financial year ended 30 June 2024.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

Directors' Report

for the financial year ended 30 June 2024

EXECUTIVE SHARE SCHEME ("ESS 2022")

The Bank had on 10 March 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 HLB and its subsidiaries (Group) (such executive and directors, "Eligible Executives"). The ESS 2022 shall be in force until terminated by the Board of HLB.

The ESS 2022 will enable the Bank to align the long-term interests of Eligible Executives with those of the shareholders of the Bank, as well as to motivate and reward them.

(i) Status on ESOS

There were no share options granted under the ESS 2022 of the Bank during the financial year ended 30 June 2024 and since the commencement of the ESS 2022.

(ii) Status on ESGS

The Bank had granted 497,333 grants under the ESS 2022 of the Bank during the financial year ended 30 June 2024.

As at 30 June 2024, a total of 999,301 grants had been granted under the ESS 2022, out of which 521,692 grants had been vested, with 469,521 grants remain outstanding. The aggregate grants granted to Directors and chief executives of the HLB Group under the ESS 2022 amounted to 588,197, out of which 321,335 grants had been vested, with 266,862 grants remain outstanding.

In addition, a total of 430,786 grants granted under the Executive Share Scheme established by the Bank in 2013 ("ESS 2013"), including 184,294 grants granted to Directors and chief executives of the HLB 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 430,786 grants had been vested to the Eligible Executives.

As at 30 June 2024, the actual percentage of total grants granted to the Directors and senior management of HLB Group under the ESS 2022 was 0.04% of the total number of issued shares (excluding treasury shares) of the Bank and the actual percentage granted to the Directors and senior management of the HLB Group during the financial year ended 30 June 2024 was 0.02% of the issued shares (excluding treasury shares) of the Bank.

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 Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance with MFRS 132, the shares purchased for the benefit of the ESS holdings are recorded as "Treasury Shares for ESS", in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the statements of financial position.

For further details on the ESS, refer to Note 55 to the financial statements on equity compensation benefits.

STATUTORY INFORMATION REGARDING THE GROUP AND THE BANK

(I) As at the end of the financial year

(a) Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps:

(i) 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

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

(b) In the opinion of the Directors, the results of the operations of the Group and the Bank during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

(a) The Directors are not aware of any circumstances:

(i) 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 Bank, inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and the Bank misleading; and

(iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

(b) In the opinion of the Directors:

(i) the results of the operations of the Group and the Bank for the financial year ended 30 June 2024 are not likely 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

(ii) no contingent or other liability 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 Bank to meet their obligations as and when they fall due.

Directors' Report

for the financial year ended 30 June 2024

STATUTORY INFORMATION REGARDING THE GROUP AND THE BANK (CONTINUED)

(III) As at the date of this report

(a) There are no charges on the assets of the Group and the Bank which had arisen since the end of the financial year to secure the liabilities of any other person.

(b) There are no contingent liabilities which had arisen since the end of the financial year.

(c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and the Bank which would render any amount stated in the financial statements misleading.

DISCLOSURE OF SHARIAH COMMITTEE

The Group's Islamic banking activity is 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 approved by BNM.

The primary role of the Shariah 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.

HOLDING AND ULTIMATE HOLDING COMPANIES

The holding and ultimate holding companies are Hong Leong Financial Group Berhad and Hong Leong Company (Malaysia) Berhad respectively. Both companies are incorporated in Malaysia.

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Bank are RM4,237,000 (2023: RM4,819,000) and RM3,840,000 (2023: RM3,970,000) respectively. Details of auditors' remuneration are set out in Note 36 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 19 September 2024. Signed on behalf of the Board of Directors:

Tan Kong Khoon

Lau Souk Huan

Kuala Lumpur
19 September 2024

Statements of Financial Position

as at 30 June 2024

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Cash and short-term funds	3	**5,790,159**	8,206,803	**3,866,491**	6,362,228
Deposits and placements with banks and other financial institutions	4	**661,521**	436,877	**1,034,791**	1,343,553
Securities purchased under resale agreements		**297,315**	-	**-**	-
Financial assets at fair value through profit or loss	5	**3,415,191**	5,654,937	**3,390,256**	4,916,952
Financial investments at fair value through other comprehensive income	6	**41,099,194**	33,886,670	**35,868,198**	30,109,200
Financial investments at amortised cost	7	**31,152,156**	31,194,065	**22,566,813**	22,201,564
Loans, advances and financing	8	**193,304,468**	179,902,847	**144,048,721**	135,092,761
Other assets	9	**4,243,571**	2,454,415	**4,190,388**	2,398,503
Derivative financial instruments	10	**1,362,654**	2,168,424	**1,309,701**	2,071,669
Amount due from subsidiaries	11	**-**	-	**104,124**	143,862
Statutory deposits with Central Banks	12	**3,214,478**	3,396,920	**2,320,111**	2,509,021
Subsidiary companies	13	**-**	-	**2,656,848**	2,655,317
Investment in associated companies	14	**9,639,404**	8,712,976	**2,087,699**	2,087,699
Property and equipment	15	**994,351**	1,055,391	**441,329**	488,040
Intangible assets	16	**353,477**	362,435	**318,725**	326,216
Right-of-use assets	17	**167,705**	175,946	**216,520**	261,308
Goodwill	18	**1,831,312**	1,831,312	**1,771,547**	1,771,547
Deferred tax assets	19	**262,116**	410,436	**187,679**	317,985
Total assets		**297,789,072**	279,850,454	**226,379,941**	215,057,425
Liabilities					
Deposits from customers	20	**220,432,800**	211,651,819	**165,753,434**	162,732,948
Investment accounts of customers	21	**2,166,534**	2,250,513	**-**	-
Deposits and placements of banks and other financial institutions	22	**11,370,939**	9,593,826	**10,786,903**	8,269,491
Obligations on securities sold under repurchase agreements		**9,823,649**	7,399,583	**9,823,649**	7,399,583
Bills and acceptances payable		**282,547**	211,431	**238,413**	155,202
Lease liabilities	23	**171,369**	178,928	**225,039**	269,713
Other liabilities	24	**7,223,979**	5,946,050	**6,988,164**	5,566,750
Derivative financial instruments	10	**1,805,207**	2,387,886	**1,698,702**	2,301,936
Recourse obligation on loans/financing sold to Cagamas Berhad ("Cagamas")	25	**3,277,003**	2,972,220	**1,728,635**	1,514,646
Senior debts	26	**549,912**	-	**344,204**	-
Tier 2 subordinated bonds	27	**1,500,545**	1,501,750	**1,500,545**	1,501,750
Multi-currency Additional Tier 1 capital securities	28	**1,718,671**	1,719,509	**1,718,671**	1,719,509
Provision for taxation		**171,829**	50,287	**124,845**	39,545
Total liabilities		**260,494,984**	245,863,802	**200,931,204**	191,471,073
Equity					
Share capital	29	**7,739,063**	7,739,063	**7,739,063**	7,739,063
Reserves	30	**30,257,699**	26,956,355	**18,412,348**	16,556,055
Less: Treasury shares	31	**(702,674)**	(708,766)	**(702,674)**	(708,766)
Total equity		**37,294,088**	33,986,652	**25,448,737**	23,586,352
Total equity and liabilities		**297,789,072**	279,850,454	**226,379,941**	215,057,425
Commitments and contingencies	45	**311,897,584**	260,170,634	**294,327,279**	246,285,659

The accompanying notes form an integral part of the financial statements

Statements of Income

for the financial year ended 30 June 2024

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income	32a	**8,677,088**	7,370,454	**8,391,870**	7,115,026
Interest income for financial assets at fair value through profit or loss	32b	**106,136**	160,370	**106,136**	160,370
Interest expense	33	**(4,961,438)**	(3,846,739)	**(4,812,987)**	(3,727,577)
Net interest income		**3,821,786**	3,684,085	**3,685,019**	3,547,819
Income from Islamic Banking business	34	**985,948**	963,368	**-**	-
		4,807,734	4,647,453	**3,685,019**	3,547,819
Non-interest income	35	**963,286**	1,038,056	**1,927,800**	1,020,599
Net income		**5,771,020**	5,685,509	**5,612,819**	4,568,418
Overhead expenses	36	**(2,338,876)**	(2,233,282)	**(1,925,051)**	(1,854,063)
Operating profit before allowances		**3,432,144**	3,452,227	**3,687,768**	2,714,355
Write back of/(allowance for) impairment losses on loans, advances and financing	37	**114,263**	(115,382)	**142,356**	11,536
(Allowance for)/write back of impairment losses on financial investments and other assets	38	**(1,100)**	306	**906**	2,968
		3,545,307	3,337,151	**3,831,030**	2,728,859
Share of results of associated companies	14	**1,588,940**	1,289,480	**-**	-
Profit before taxation		**5,134,247**	4,626,631	**3,831,030**	2,728,859
Taxation	41	**(938,035)**	(808,435)	**(945,625)**	(651,823)
Net profit for the financial year		**4,196,212**	3,818,196	**2,885,405**	2,077,036
Attributable to:					
Owners of the parent		**4,196,212**	3,818,196	**2,885,405**	2,077,036
Earnings per share for profit attributable to owners of the parent (sen):					
- basic	42	**204.7**	186.4	**140.8**	101.4
- diluted	42	**204.7**	186.3	**140.8**	101.3

The accompanying notes form an integral part of the financial statements

Statements of Comprehensive Income

for the financial year ended 30 June 2024

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit for the financial year		**4,196,212**	3,818,196	**2,885,405**	2,077,036
Other comprehensive income in respect of:					
(i) Item that will not be reclassified to profit or loss:					
Equity instruments at fair value through other comprehensive income					
- Net fair value changes		**19,148**	14,264	**19,148**	14,264
(ii) Items that may be reclassified subsequently to profit or loss:					
(a) Share of other comprehensive income/(loss) of associated company		**103,739**	(15,045)	**-**	-
(b) Currency translation differences		**7,263**	62,380	**9,155**	105,538
(c) Debt instruments at fair value through other comprehensive income					
- Net fair value changes	43	**330,559**	406,406	**288,020**	257,468
- Changes in expected credit losses	43	**987**	285	**966**	283
(d) Net fair value changes in cash flow hedge	43	**-**	362	**-**	362
Income tax relating to components of other comprehensive income	43	**(70,474)**	(88,321)	**(60,311)**	(66,479)
Other comprehensive income for the financial year, net of tax		**391,222**	380,331	**256,978**	311,436
Total comprehensive income for the financial year		**4,587,434**	4,198,527	**3,142,383**	2,388,472
Attributable to:					
Owners of the parent		**4,587,434**	4,198,527	**3,142,383**	2,388,472

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

for the financial year ended 30 June 2024

		Attributable to owners of the parent					
The Group	Note	Share capital RM'000	Treasury shares* RM'000	Regulatory reserves ^ RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 July 2023		7,739,063	(708,766)	1,002,061	936,591	25,017,703	33,986,652
Comprehensive income							
Net profit for the financial year		-	-	-	-	4,196,212	4,196,212
Share of other comprehensive income of associated company		-	-	-	103,739	-	103,739
Financial assets measured at fair value through other comprehensive income							
- Equity instruments							
- Net fair value changes		-	-	-	19,148	-	19,148
- Debt instruments	43						
- Net fair value changes		-	-	-	260,085	-	260,085
- Changes in expected credit losses		-	-	-	987	-	987
Currency translation differences		-	-	-	7,263	-	7,263
Total comprehensive income		-	-	-	391,222	4,196,212	4,587,434
Transactions with owners							
Transfer to regulatory reserve		-	-	257,579	-	(257,579)	-
Dividends paid:							
- final dividend for the financial year ended 30 June 2023	44	-	-	-	-	(778,675)	(778,675)
- interim dividend for the financial year ended 30 June 2024	44	-	-	-	-	(512,436)	(512,436)
ESS exercised		-	6,092	-	(15,749)	9,657	-
Option charge from ESS granted		-	-	-	11,113	-	11,113
Total transactions with owners		-	6,092	257,579	(4,636)	(1,539,033)	(1,279,998)
At 30 June 2024		7,739,063	(702,674)	1,259,640	1,323,177	27,674,882	37,294,088

* Treasury shares consist of two categories which are detailed in Note 31

^ Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM1,245,616,000 (2023: RM990,816,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM14,024,000 (2023: RM11,245,000).

Statements of Changes in Equity

for the financial year ended 30 June 2024

		Attributable to owners of the parent					
The Group	**Note**	**Share capital RM'000**	**Treasury shares* RM'000**	**Regulatory reserves^ RM'000**	**Other reserves RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 July 2022		7,739,063	(713,690)	654,386	581,235	22,727,982	30,988,976
Comprehensive income							
Net profit for the financial year		-	-	-	-	3,818,196	3,818,196
Share of other comprehensive loss of associated company		-	-	-	(15,045)	-	(15,045)
Financial assets measured at fair value through other comprehensive income							
- Equity instruments							
- Net fair value changes		-	-	-	14,264	-	14,264
- Debt instruments	43						
- Net fair value changes		-	-	-	318,173	-	318,173
- Changes in expected credit losses		-	-	-	285	-	285
Net fair value changes in cash flow hedge	43	-	-	-	274	-	274
Currency translation differences		-	-	-	62,380	-	62,380
Total comprehensive income		-	-	-	380,331	3,818,196	4,198,527
Transactions with owners							
Transfer to regulatory reserve		-	-	347,675	-	(347,675)	-
Dividends paid:							
- final dividend for the financial year ended 30 June 2022	44	-	-	-	-	(757,932)	(757,932)
- interim dividend for the financial year ended 30 June 2023	44	-	-	-	-	(430,294)	(430,294)
ESS exercised		-	4,924	-	(12,350)	7,426	-
Option written back arising from ESS lapsed		-	-	-	(12,625)	-	(12,625)
Total transactions with owners		-	4,924	347,675	(24,975)	(1,528,475)	(1,200,851)
At 30 June 2023		7,739,063	(708,766)	1,002,061	936,591	25,017,703	33,986,652

* Treasury shares consist of two categories which are detailed in Note 31

^ Comprise regulatory reserves maintained by the Group's banking subsidiaries of RM990,816,000 (2022: RM643,141,000) in accordance with BNM's Guideline and the banking subsidiary in Vietnam with the State Bank of Vietnam of RM11,245,000 (2022: RM11,245,000)

Statements of Changes in Equity

for the financial year ended 30 June 2024

		Non-distributable				Distributable	
The Bank	Note	Share capital RM'000	Treasury shares* RM'000	Regulatory reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 July 2023		7,739,063	(708,766)	825,318	2,905	15,727,832	23,586,352
Comprehensive income							
Net profit for the financial year		-	-	-	-	2,885,405	2,885,405
Financial assets measured at fair value through other comprehensive income							
- Equity instruments							
- Net fair value changes		-	-	-	19,148	-	19,148
- Debt instruments	43						
- Net fair value changes		-	-	-	227,709	-	227,709
- Changes in expected credit losses		-	-	-	966	-	966
Currency translation differences		-	-	-	9,155	-	9,155
Total comprehensive income		-	-	-	256,978	2,885,405	3,142,383
Transactions with owners							
Transfer to regulatory reserve		-	-	194,359	-	(194,359)	-
Dividends paid:							
- final dividend for the financial year ended 30 June 2023	44	-	-	-	-	(778,675)	(778,675)
- interim dividend for the financial year ended 30 June 2024	44	-	-	-	-	(512,436)	(512,436)
ESS exercised		-	6,092	-	(15,749)	9,657	-
Option written back arising from ESS lapsed		-	-	-	11,113	-	11,113
Total transactions with owners		-	6,092	194,359	(4,636)	(1,475,813)	(1,279,998)
At 30 June 2024		7,739,063	(702,674)	1,019,677	255,247	17,137,424	25,448,737

* Treasury shares consist of two categories which are detailed in Note 31

Statements of Changes in Equity

for the financial year ended 30 June 2024

The Bank	Note	Non-distributable Share capital RM'000	Non-distributable Treasury shares* RM'000	Non-distributable Regulatory reserve RM'000	Non-distributable Other reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 July 2022		7,739,063	(713,690)	536,432	(283,556)	15,120,482	22,398,731
Comprehensive income							
Net profit for the financial year		-	-	-	-	2,077,036	2,077,036
Financial assets measured at fair value through other comprehensive income							
- Equity instruments							
- Net fair value changes		-	-	-	14,264	-	14,264
- Debt instruments	43						
- Net fair value changes		-	-	-	191,077	-	191,077
- Changes in expected credit losses		-	-	-	283	-	283
Net fair value changes in cash flow hedge	43	-	-	-	274	-	274
Currency translation differences		-	-	-	105,538	-	105,538
Total comprehensive income		-	-	-	311,436	2,077,036	2,388,472
Transactions with owners							
Transfer to regulatory reserve		-	-	288,886	-	(288,886)	-
Dividends paid:							
- final dividend for the financial year ended 30 June 2022	44	-	-	-	-	(757,932)	(757,932)
- interim dividend for the financial year ended 30 June 2023	44	-	-	-	-	(430,294)	(430,294)
ESS exercised		-	4,924	-	(12,350)	7,426	-
Option charge arising from ESS granted		-	-	-	(12,625)	-	(12,625)
Total transactions with owners		-	4,924	288,886	(24,975)	(1,469,686)	(1,200,851)
At 30 June 2023		7,739,063	(708,766)	825,318	2,905	15,727,832	23,586,352

* Treasury shares consist of two categories which are detailed in Note 31

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before taxation	**5,134,247**	4,626,631	**3,831,030**	2,728,859
Adjustments for:				
Depreciation of property and equipment	**101,524**	110,039	**86,102**	92,850
Depreciation of right-of-use assets	**47,144**	48,456	**69,899**	71,556
Amortisation of intangible assets	**67,217**	58,132	**59,983**	50,869
Net gain on disposal of property and equipment	**(8,560)**	(228)	**(8,527)**	(133)
Share of results of associated companies	**(1,588,940)**	(1,289,480)	**-**	-
Property and equipment written off	**211**	1,134	**209**	727
Intangible assets written off	**2**	2,607	**2**	2,606
Amortisation of upfront fees	**(3,930)**	(1,228)	**(3,301)**	(1,228)
Net realised (gain)/loss on financial instruments:				
- financial assets at fair value through profit or loss	**(57,104)**	(85,177)	**(62,513)**	(86,447)
- derivatives financial instruments	**36,417**	53,230	**36,417**	55,103
- financial investments at fair value through other comprehensive income	**(13,031)**	(34,943)	**(13,031)**	(34,943)
- financial investments at amortised cost	**(186)**	-	**(186)**	-
Allowance for impairment losses on loans, advances and financing	**154,471**	343,095	**79,177**	176,517
Impaired loans, advances and financing written off	**24,475**	29,519	**17,461**	22,962
Net unrealised (gain)/loss on revaluation of financial instruments:				
- financial assets at fair value through profit or loss	**(47,707)**	5,403	**(43,650)**	6,631
- derivatives financial instruments	**14,051**	(111,379)	**14,051**	(112,433)
Net realised gain on fair value changes arising from fair value hedges	**(8,025)**	(8,265)	**(8,025)**	(8,265)
Net loss/(gain) arising from fair value hedges	**1,204**	(853)	**1,204**	(853)
Allowance for/(write back) of impairment losses on financial investments and other assets	**1,100**	(306)	**(906)**	(2,968)
Interest expense on:				
- Recourse obligation on loans/financing sold to Cagamas	**125,329**	77,409	**64,043**	29,263
- Senior debts	**10,260**	-	**4,800**	-
- Tier 2 subordinated bonds	**64,029**	66,958	**64,029**	66,958
- Multi-currency Additional Tier 1 capital securities	**78,054**	81,186	**78,054**	81,255
- Lease liabilities	**8,163**	8,737	**11,228**	13,251

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income from:				
- financial investments at fair value through other comprehensive income	**(1,398,668)**	(871,880)	**(1,398,586)**	(871,573)
- financial investments at amortised cost	**(698,639)**	(669,395)	**(697,912)**	(668,660)
- subordinated facilities *	**-**	-	**(41,982)**	(43,937)
Dividend income from:				
- subsidiary company	**-**	-	**-**	(330)
- associated companies	**-**	-	**(994,999)**	(5,992)
- financial assets at fair value through profit or loss	**(49,735)**	(88,826)	**(48,773)**	(89,277)
- financial investments at fair value through other comprehensive income	**(435)**	(2,175)	**(435)**	(2,175)
Share option expenses	**11,113**	(12,625)	**11,113**	(12,625)
Operating profit before working capital changes	**2,004,051**	2,335,776	**1,105,976**	1,457,568
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	**282,070**	237,426	**282,256**	534,285
Securities purchased under resale agreements	**(297,315)**	-	**-**	-
Financial assets at fair value through profit or loss	**2,344,562**	1,694,133	**1,632,859**	2,103,626
Loans, advances and financing	**(13,575,126)**	(13,789,491)	**(9,047,157)**	(8,548,355)
Derivative financial instruments	**496,056**	(547,176)	**511,153**	(500,604)
Other assets	**(1,353,718)**	(168,814)	**(1,396,613)**	(612,089)
Amount due from subsidiaries	**-**	-	**39,738**	(52,752)
Statutory deposits with Central Banks	**182,442**	(2,876,270)	**188,910**	(2,236,883)
Increase/(Decrease) in operating liabilities				
Deposits from customers	**9,039,947**	14,667,682	**3,221,555**	7,996,401
Investment accounts of customers	**(83,979)**	(417,895)	**-**	-
Deposits and placements of banks and other financial institutions	**1,777,113**	3,271,576	**2,517,412**	3,094,071
Securities sold under repurchase agreements	**2,424,066**	3,428,279	**2,424,066**	3,428,279
Bills and acceptances payable	**71,116**	(29,930)	**83,211**	1,783
Derivative financial instruments	**(581,656)**	651,354	**(603,234)**	590,497
Other liabilities	**1,192,898**	195,922	**1,418,642**	172,826
Cash flows generated from operations	**3,922,527**	8,652,572	**2,378,774**	7,428,653
Taxation paid	**(652,872)**	(1,030,371)	**(517,509)**	(859,773)
Net cash generated from operating activities	**3,269,655**	7,622,201	**1,861,265**	6,568,880

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities				
Net purchases of financial investments at fair value through other comprehensive income *	**(6,849,768)**	(8,351,170)	**(5,438,778)**	(8,502,423)
Net proceeds from/(purchases of) financial investments at amortised cost *	**42,096**	1,164,402	**(365,063)**	942,981
Purchase of property and equipment	**(82,468)**	(132,069)	**(77,611)**	(129,203)
Net proceeds from sale of property and equipment	**9,434**	377	**9,399**	161
Purchase of intangible assets	**(17,647)**	(37,156)	**(15,003)**	(30,773)
Interest income received from:				
- financial investments at fair value through other comprehensive income *	**1,398,668**	871,880	**1,398,586**	871,573
- financial investments at amortised cost *	**698,639**	669,395	**697,912**	668,660
- subordinated facilities *	**-**	-	**41,422**	41,718
Investment in subordinated facilities	**-**	-	**-**	(27,402)
Dividends received from:				
- subsidiary company	**-**	-	**-**	330
- associated company	**330,808**	-	**330,808**	-
- financial assets at fair value through profit or loss	**49,735**	88,826	**48,773**	89,277
- financial investments at fair value through other comprehensive income	**435**	2,175	**435**	2,175
Net cash used in investing activities	**(4,420,068)**	(5,723,340)	**(3,369,120)**	(6,072,926)
Cash flows from financing activities				
Dividends paid	**(1,291,111)**	(1,188,226)	**(1,291,111)**	(1,188,226)
Repayment of Senior debts	**(95,000)**	-	**(95,000)**	-
Repayment of Tier 2 subordinated loan	**(1,000,000)**	(500,000)	**(1,000,000)**	(500,000)
Repayment of Multi-currency Additional Tier 1 capital securities	**(400,000)**	(400,000)	**(400,000)**	(400,000)
Repayment of lease liabilities	**(44,356)**	(44,402)	**(68,081)**	(66,236)
Repayment of recourse obligation on loans/financing sold to Cagamas	**-**	(962,930)	**-**	(300,020)
Proceeds from debt issuance:				
- Recourse obligation on loans/financing sold to Cagamas	**300,000**	2,300,000	**210,000**	1,300,000
- Senior debts	**645,000**	-	**440,000**	-
- Tier 2 subordinated bonds	**1,000,000**	500,000	**1,000,000**	500,000
- Multi-currency Additional Tier 1 capital securities	**400,000**	400,000	**400,000**	400,000
Interest paid:				
- Recourse obligation on loans/financing sold to Cagamas	**(122,738)**	(66,196)	**(62,204)**	(17,395)
- Senior debts	**(8,286)**	-	**(4,142)**	-
- Tier 2 subordinated bonds	**(63,780)**	(66,533)	**(63,780)**	(66,533)
- Multi-currency Additional Tier 1 capital securities	**(78,513)**	(78,858)	**(78,513)**	(78,927)
- Lease liabilities	**(8,163)**	(8,737)	**(11,228)**	(13,251)
Net cash used in financing activities	**(766,947)**	(115,882)	**(1,024,059)**	(430,588)

Statements of Cash Flows

for the financial year ended 30 June 2024

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net (decrease)/increase in cash and cash equivalents		**(1,917,360)**	1,782,979	**(2,531,914)**	65,366
Effects of exchange rate changes		**7,430**	160,892	**9,671**	104,577
Cash and cash equivalents at the beginning of financial year		**7,925,863**	5,981,992	**6,288,977**	6,119,034
Cash and cash equivalents at the end of financial year		**6,015,933**	7,925,863	**3,766,734**	6,288,977
Cash and cash equivalents comprise the following:					
Cash and short-term funds	3	**5,790,159**	8,206,803	**3,866,491**	6,362,228
Deposits and placements with banks and other financial institutions	4	**661,521**	436,877	**1,034,791**	1,343,553
		6,451,680	8,643,680	**4,901,282**	7,705,781
Less:					
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		**(435,747)**	(717,817)	**(1,134,548)**	(1,416,804)
		6,015,933	7,925,863	**3,766,734**	6,288,977

* During the year, the Group and the Bank have changed the presentation of interest income received from financial investments measured at fair value through other comprehensive income and at amortised cost in the Group's and the Bank's statements of cash flows. This interest income which was previously included as part of "net purchases of financial investments at fair value through other comprehensive income" and "net proceeds from/(purchases of) financial investments at amortised cost" is now presented separately as part of cash flows from investing activities. Comparatives have been adjusted accordingly.

In addition to the above, the Bank has changed the presentation of interest income received from subordinated facilities in the Bank's statement of cash flow. This interest income which was previously presented as part of "interest income from subordinated facilities" in cash flows from operating activities has been reclassified as part of cash flows from investing activities. Comparatives have been adjusted accordingly.

The above adjustments have no impact to the net decrease/increase in cash and cash equivalents during the year or the cash and cash equivalent balances of the Group and the Bank as at end of financial year.

Statements of Cash Flows

for the financial year ended 30 June 2024

An analysis of changes in liabilities arising from financing activities is as follows:

The Group	Recourse obligation on loans/ financing sold to Cagamas RM'000	Senior debts RM'000	Tier 2 subordinated bonds RM'000	Multi-currency Additional Tier 1 capital securities RM'000	Lease liabilities RM'000	Total RM'000
2024						
Balance at the beginning of the financial year	**2,972,220**	**-**	**1,501,750**	**1,719,509**	**178,928**	**6,372,407**
Proceeds from issuance	**300,000**	**645,000**	**1,000,000**	**400,000**	**-**	**2,345,000**
Repayment and redemption	**-**	**(95,000)**	**(1,000,000)**	**(400,000)**	**(44,356)**	**(1,539,356)**
Interest paid	**(122,738)**	**(8,286)**	**(63,780)**	**(78,513)**	**(8,163)**	**(281,480)**
Accrued interest	**125,329**	**10,260**	**64,029**	**78,054**	**8,163**	**285,835**
Amortisation	**-**	**(2,094)**	**(1,454)**	**(382)**	**-**	**(3,930)**
Other non-cash	**2,192**	**32**	**-**	**3**	**36,797**	**39,024**
Balance at the end of the financial year	**3,277,003**	**549,912**	**1,500,545**	**1,718,671**	**171,369**	**7,217,500**
2023						
Balance at the beginning of the financial year	1,623,937	-	1,502,206	1,715,695	210,981	5,052,819
Proceeds from issuance	2,300,000	-	500,000	400,000	-	3,200,000
Repayment and redemption	(962,930)	-	(500,000)	(400,000)	(44,402)	(1,907,332)
Interest paid	(66,196)	-	(66,533)	(78,858)	(8,737)	(220,324)
Accrued interest	77,409	-	66,958	81,186	8,737	234,290
Amortisation	-	-	(881)	(347)	-	(1,228)
Other non-cash	-	-	-	1,833	12,349	14,182
Balance at the end of the financial year	2,972,220	-	1,501,750	1,719,509	178,928	6,372,407

Statements of Cash Flows

for the financial year ended 30 June 2024

An analysis of changes in liabilities arising from financing activities is as follows: (continued)

The Bank	Recourse obligation on loans/ financing sold to Cagamas RM'000	Senior debts RM'000	Tier 2 subordinated bonds RM'000	Multi-currency Additional Tier 1 capital securities RM'000	Lease liabilities RM'000	Total RM'000
2024						
Balance at the beginning of the financial year	**1,514,646**	**-**	**1,501,750**	**1,719,509**	**269,713**	**5,005,618**
Proceeds from issuance	**210,000**	**440,000**	**1,000,000**	**400,000**	**-**	**2,050,000**
Repayment and redemption	**-**	**(95,000)**	**(1,000,000)**	**(400,000)**	**(68,081)**	**(1,563,081)**
Interest paid	**(62,204)**	**(4,142)**	**(63,780)**	**(78,513)**	**(11,228)**	**(219,867)**
Accrued interest	**64,043**	**4,800**	**64,029**	**78,054**	**11,228**	**222,154**
Amortisation	**-**	**(1,465)**	**(1,454)**	**(382)**	**-**	**(3,301)**
Other non-cash	**2,150**	**11**	**-**	**3**	**23,407**	**25,571**
Balance at the end of the financial year	**1,728,635**	**344,204**	**1,500,545**	**1,718,671**	**225,039**	**5,517,094**
2023						
Balance at the beginning of the financial year	502,798	-	1,502,206	1,715,695	325,365	4,046,064
Proceeds from issuance	1,300,000	-	500,000	400,000	-	2,200,000
Repayment and redemption	(300,020)	-	(500,000)	(400,000)	(66,236)	(1,266,256)
Interest paid	(17,395)	-	(66,533)	(78,927)	(13,251)	(176,106)
Accrued interest	29,263	-	66,958	81,255	13,251	190,727
Amortisation	-	-	(881)	(347)	-	(1,228)
Other non-cash	-	-	-	1,833	10,584	12,417
Balance at the end of the financial year	1,514,646	-	1,501,750	1,719,509	269,713	5,005,618

Notes to the Financial Statements

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.

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Bank 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 have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments).

The financial statements incorporate the activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The 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 revenue and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

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 57.

A Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Bank

The Group and the Bank have applied the following amendments for the first time for the financial year beginning on 1 July 2023:

(i) Amendments to MFRS 101 and MFRS Practice Statement 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.

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.

1 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 Bank (continued)

(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, fair value of an asset or liability and depreciation for property, plant and equipment.

(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, companies 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.

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.

1 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 Bank (continued)

Disclosures (continued)

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.

The adoption of the amendments to published standards above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

B IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS Accounting Standards, the Group and the Bank consider all agenda decisions published by the IFRS Interpretations committee. Where relevant, the Group and the Bank 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 Bank.

C Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank that have been issued but not yet effective

(i) Financial year beginning on/after 1 July 2024

* 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.

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.

1 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 Bank that have been issued but not yet effective (continued)

(i) Financial year beginning on/after 1 July 2024 (continued)

* 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 leaseback transaction that 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.

* 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.

* 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.

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 Bank.

* 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).

1 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 Bank that have been issued but not yet effective (continued)

(i) Financial year beginning on/after 1 July 2024 (continued)

* Amendments to MFRS 9 and MFRS 7 on classification and measurement of financial instruments ("the Amendments") - effective 1 January 2026 (continued)

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.

* 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'.

1 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 Bank that have been issued but not yet effective (continued)

(i) Financial year beginning on/after 1 July 2024 (continued)

* MFRS 18 'Presentation and Disclosure in Financial Statements' - effective 1 January 2027 (continued)

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 Bank have not early adopted this standard and are in the process of assessing the impact of initial application when it becomes effective.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

A 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 Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

A Consolidation (continued)

(i) Subsidiaries (continued)

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.

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.

(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.

(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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

A Consolidation (continued)

(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 interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses 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 ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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 ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures 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.

(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 post-acquisition in reserves is recognised 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

A Consolidation (continued)

(v) Associated companies (continued)

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 and associated companies

In the Bank's separate financial statements, investments in subsidiaries and associated companies are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries and associated companies, the difference between disposal proceeds and the carrying amount of investments are recognised in the statements of income.

Investments in debt instruments issued by subsidiary companies at amortised cost are measured in accordance with Note D.

B 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

B Recognition of interest/profit income and interest/profit expense (continued)

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 Bank 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).

C Recognition of fees and other income

The Group and the Bank earn 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 and the Bank have 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 and the Bank generally satisfy 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 and the Bank do 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.

Other income recognition are as follows:

a) 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

C Recognition of fees and other income (continued)

b) 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.

D Financial assets

(i) Classification

The Group and the Bank 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 Bank reclassify debt investments when and only when its business model for managing those assets changes. The Group and the Bank 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.

<u>Business model assessment</u>

The Group and the Bank 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.

<u>Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")</u>

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 Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Bank 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 Bank 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 Bank have transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

D Financial assets (continued)

(iii) Measurement

At initial recognition, the Group and the Bank 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 Bank'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 Bank 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/profit 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 37 and Note 38) 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/profit rate method. Foreign exchange gains and losses are presented in other income and impairment losses are presented as separate line item (as per Note 38) 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 Bank 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 basis. Fair value changes are recognised in statements of income and presented net within net unrealised gain or loss on revaluation in the period which it arises.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

D Financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group and the Bank 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 Bank'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 Bank'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 Bank change their business model for managing the assets. In such cases, the Group and the Bank 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.

E 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 and the Bank have 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 on different basis.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

E 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.

F 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 Bank 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 basis to write off the cost of the assets 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 freehold land	2%
Buildings on leasehold land	Over the remaining period of the lease or 50 years (2%) whichever is shorter
Office furniture, fittings, equipment and renovations and computer equipment	10% - 33%
Motor vehicles	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 the carrying amount of an asset is greater than its estimated recoverable amount, it is written down 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.

Leased assets presented under Property and equipment and Prepaid lease payments are right-of-use assets within the scope of MFRS 16. See Note H for the accounting policies on right-of-use assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

G 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 the acquisition date fair value of 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 net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed. 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 allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

H 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 Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank 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 Bank 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 Bank 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 Bank, and affects whether the Group and the Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

H 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 Bank 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 Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank 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 Bank, an incremental borrowing rate is used in determining the discount rate which assumes the interest/profit rate that the Group and the Bank 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 Bank 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 other interest expenses in the statements of income.

Short term leases and leases of low value assets

The Group and the Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

I 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.

J 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 profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. 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 charged to the tax expense in the statements of income as under provision 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 recognised 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 income 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.

Deferred tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures 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 ventures. 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 liability is not recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

J Current and deferred income taxes (continued)

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.

K Derivative financial instruments and hedging

The Group and the Bank have elected an accounting policy choice under MFRS 9 to continue to apply the hedge accounting requirements under MFRS 139 for fair value macro hedges 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 and the Bank recognise profits immediately.

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 and the Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

K Derivative financial instruments and hedging (continued)

The Group and the Bank have 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 and the Bank have assumed that the IBOR interest rate on which the Group's and the Bank'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 and the Bank have assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges are based is not altered by IBOR reform.

* The Group and the Bank had recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

The Group and the Bank have 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 and the Bank 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:

  a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;

  b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

  c) amending the description of the hedging instrument.

The Group and the Bank 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 and the Bank to discontinue its hedge relationships.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 10 to the financial statements. Movements on the hedging reserve in shareholders' equity are shown in Note 30.

(i) Fair value hedge

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 Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

K Derivative financial instruments and hedging (continued)

(i) Fair value hedge (continued)

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 hedge

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.

L 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 Bank'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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

L Currency translations (continued)

(ii) Foreign currency transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments 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 statements of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets 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 other comprehensive income.

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 other 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 profit or loss. 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

L Currency translations (continued)

(iii) Group companies (continued)

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.

M 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 Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Bank has 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.

The Group and the Bank 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 financial period to which they relate. Once the contributions have been paid, the Group and the Bank have 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 Bank operates an equity-settled, share-based compensation plan for the employees of the Bank under which the Bank receives services from employees as consideration for equity instruments (options) of the Bank. 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 Bank revises its estimates of the number of share options that are expected to vest based on the non-market vesting conditions. 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

M Employee benefits (continued)

(iii) Share-based compensation (continued)

A trust has been set up for the Executive Share Option Scheme ("ESOS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust.

In accordance with MFRS 132 'Financial Instruments: Presentation', the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares" in equity on the statements of financial position. The cost of operating the ESOS scheme would be charged to the statements of income when incurred in accordance with accounting standards.

When the options are exercised, the Bank transfers the Treasury shares for ESOS scheme to the ESOS holder. The Treasury shares and share options reserve would be adjusted against the retained earnings.

When the options are exercised, the Bank may also 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.

N Impairment of financial assets

The Group and the Bank assess on a forward-looking basis the expected credit losses ("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 Bank assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Bank first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank 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.

The Group and the Bank have adopted the general approach for ECL.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

N Impairment of financial assets (continued)

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)

(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.

Significant increase in credit risk

At each reporting date, the Group and the Bank 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 Bank consider both quantitative and qualitative information and assessments based on the Group's and the Bank'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.

Definition of default and credit-impaired financial assets

At each reporting period, the Group and the Bank 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 aligned 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 Bank 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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

N Impairment of financial assets (continued)

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)

Measurement of ECL (continued)

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 Bank have internally developed methodologies for the application of forward-looking macroeconomic variables ("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

The Group and the Bank apply three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which are backed by consensus forecast from various sources.

Best and Worst case: These 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

N Impairment of financial assets (continued)

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)

Modification of loans/financing

The Group and the Bank may renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms.

The Group and the Bank do 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 and the Bank 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 and the Bank 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 and the Bank 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).

O 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

O Derecognition of financial assets and financial liabilities other than on a modification (continued)

Collateral furnished by the Bank under standard repurchase agreements transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

P 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 an 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.

Q Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Bank 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.

R Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell.

S Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

T Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

(i) the Group and the Bank 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 Bank 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

T Provisions (continued)

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.

U 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.

V 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.

W 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.

Notes to the Financial Statements

for the financial year ended 30 June 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

W Share capital (continued)

(iv) Purchase of own shares

The Bank has repurchased its shares and designated as treasury shares in accordance with MFRS 132 'Financial Instruments: Presentation'. Treasury shares consist of those own shares purchased pursuant to Section 127 of the Companies Act 2016 and those purchased pursuant to ESOS scheme.

Where the Bank or its subsidiaries purchases the Bank'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 Bank's equity holders as treasury shares until they are cancelled, reissued or disposed off. 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.

X 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.

Y Sale and repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank 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 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 the 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.

Z Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

* the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares.
* 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Z Earnings per share (continued)

(ii) 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.

AA 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 Bank's subsidiary, Hong Leong Islamic Bank Berhad ("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 Bank such as purpose and/or period for investment. The RIA is based on shariah principle of Wakalah bi Al-Istithmar, an agency contract where the investor authorises the Bank'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.

AB 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 such schemes that addresses identified costs or expenses incurred by the Group and the Bank 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'.

3 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	**2,391,215**	2,429,758	**2,054,240**	1,898,001
Money at call and deposit placements maturing within one month	**3,399,149**	5,777,248	**1,812,657**	4,465,228
	5,790,364	8,207,006	**3,866,897**	6,363,229
Less: Expected credit losses	**(205)**	(203)	**(406)**	(1,001)
	5,790,159	8,206,803	**3,866,491**	6,362,228

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks	**640,283**	422,332	**1,034,805**	1,344,797
Central banks	**21,400**	14,565	**-**	-
	661,683	436,897	**1,034,805**	1,344,797
Less: Expected credit losses	**(162)**	(20)	**(14)**	(1,244)
	661,521	436,877	**1,034,791**	1,343,553

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (''FVTPL'')

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Money market instruments				
Bank Negara Malaysia bills	**-**	1,197,414	**-**	997,852
Government treasury bills	**277,607**	620,126	**277,607**	225,937
Malaysian Government securities	**1,365,915**	305,143	**1,365,915**	305,143
Malaysian Government investment certificates	**751,945**	1,518,578	**720,539**	1,353,463
Cagamas bonds	**-**	15,078	**-**	15,078
	2,395,467	3,656,339	**2,364,061**	2,897,473
Quoted securities				
Shares in Malaysia	**231,767**	62,637	**154,716**	11,249
Shares outside Malaysia	**-**	9,352	**-**	9,352
Wholesale fund/unit trust	**226,756**	1,307,176	**311,176**	1,380,727
Portfolio Investment Accounts (Note)	**898**	1,282	**-**	-
Foreign currency bonds outside Malaysia	**18,623**	-	**18,623**	-
	478,044	1,380,447	**484,515**	1,401,328
Unquoted securities				
Corporate bonds and sukuk	**107,550**	190,885	**107,550**	190,885
Shares in Malaysia	**384,329**	364,985	**384,329**	364,985
Foreign currency bonds outside Malaysia	**49,801**	37,281	**49,801**	37,281
Redeemable preference shares	**-**	25,000	**-**	25,000
	541,680	618,151	**541,680**	618,151
	3,415,191	5,654,937	**3,390,256**	4,916,952

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

The comparative balance of unquoted securities at the Group and the Bank 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 issuers.

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At fair value				
(a) Debt instruments	**40,982,397**	33,789,020	**35,751,401**	30,011,550
(b) Equity instruments	**116,797**	97,650	**116,797**	97,650
	41,099,194	33,886,670	**35,868,198**	30,109,200
(a) Debt instruments				
Money market instruments				
Government treasury bills	**2,246,646**	1,820,701	**2,246,646**	1,820,701
Malaysian Government securities	**5,785,506**	4,493,298	**5,785,506**	4,493,298
Malaysian Government investment certificates	**12,686,527**	9,726,037	**8,337,741**	6,297,637
Negotiable instruments of deposit	**675,809**	1,306,322	**78,759**	1,306,322
Cagamas bonds	**2,967,651**	2,535,068	**2,967,651**	2,535,068
Khazanah bonds	**279,463**	363,416	**279,463**	363,416
	24,641,602	20,244,842	**19,695,766**	16,816,442
Quoted securities				
Government sukuk	**889,288**	860,644	**889,288**	860,644
Foreign currency bonds in Malaysia	**1,734,169**	1,124,945	**1,734,169**	1,124,945
Foreign currency bonds outside Malaysia	**2,929,890**	2,451,262	**2,929,890**	2,451,262
	5,553,347	4,436,851	**5,553,347**	4,436,851
Unquoted securities				
Government sukuk	**-**	30,768	**-**	30,768
Corporate bonds and sukuk	**7,952,937**	7,896,424	**7,672,257**	7,553,461
Foreign currency bonds outside Malaysia	**2,834,511**	1,180,135	**2,830,031**	1,174,028
	10,787,448	9,107,327	**10,502,288**	8,758,257
	40,982,397	33,789,020	**35,751,401**	30,011,550

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 and the Bank amounting to RM2,742,628,000 (2023: RM2,918,310,000).

The comparative balances of quoted securities and unquoted securities at the Group and the Bank 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 issuers.

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.

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

Movements in expected credit losses of debt instruments at FVOCI are as follows:

The Group	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2024				
At 1 July	**2,014**	**-**	**4,287**	**6,301**
New financial assets originated or purchased	**1,749**	**-**	**-**	**1,749**
Financial assets derecognised	**(1,076)**	**-**	**-**	**(1,076)**
Changes due to change in credit risk	**297**	**-**	**-**	**297**
Exchange differences	**17**	**-**	**-**	**17**
At 30 June	**3,001**	**-**	**4,287**	**7,288**

The Group	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2023				
At 1 July	1,729	-	4,287	6,016
New financial assets originated or purchased	959	-	-	959
Financial assets derecognised	(199)	-	-	(199)
Changes due to change in credit risk	(576)	-	-	(576)
Exchange differences	101	-	-	101
At 30 June	2,014	-	4,287	6,301

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

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

The Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2024				
At 1 July	**2,007**	**-**	**4,287**	**6,294**
New financial assets originated or purchased	**1,722**	**-**	**-**	**1,722**
Financial assets derecognised	**(1,078)**	**-**	**-**	**(1,078)**
Changes due to change in credit risk	**301**	**-**	**-**	**301**
Exchange differences	**21**	**-**	**-**	**21**
At 30 June	**2,973**	**-**	**4,287**	**7,260**

The Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2023				
At 1 July	1,724	-	4,287	6,011
New financial assets originated or purchased	959	-	-	959
Financial assets derecognised	(193)	-	-	(193)
Changes due to change in credit risk	(581)	-	-	(581)
Exchange differences	98	-	-	98
At 30 June	2,007	-	4,287	6,294

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

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

The Group and the Bank 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 and The Bank	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**

The Group and The Bank	Fair value RM'000	Dividend income recognised during the financial year RM'000
2023		
Securities:		
RAM Holdings Berhad	6,432	2,175
Payments Network Malaysia Sdn Bhd	89,975	-
Others	1,243	-
	97,650	2,175

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7 FINANCIAL INVESTMENTS AT AMORTISED COST

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Money market instruments				
Government treasury bills	**60,785**	60,676	**60,785**	60,676
Malaysian Government securities	**5,473,628**	5,427,423	**5,473,628**	5,427,423
Malaysian Government investment certificates	**23,241,501**	22,985,651	**15,504,541**	14,847,344
Cagamas bonds	**1,517,030**	1,658,260	**813,594**	954,692
Khazanah bonds	**-**	14,393	**-**	14,393
Other Government securities	**362,242**	421,343	**303,837**	357,609
	30,655,186	30,567,746	**22,156,385**	21,662,137
Quoted securities				
Foreign currency bonds outside Malaysia	**-**	19,117	**-**	19,117
Unquoted securities				
Government sukuk	**-**	30,611	**-**	30,611
Corporate bonds and sukuk	**496,984**	576,609	**410,428**	489,699
	496,984	607,220	**410,428**	520,310
Less: Expected credit losses	**(14)**	(18)	**-**	-
	31,152,156	31,194,065	**22,566,813**	22,201,564

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 and the Bank amounting to RM7,060,071,000 (2023: RM4,478,710,000).

7 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

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

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

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

7 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

Movements in the carrying amount of financial investments at amortised cost that contributed to changes in the expected credit losses are as follows:

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 July	**31,194,083**	**-**	**-**	**31,194,083**
New financial assets originated or purchased	**2,264,151**	**-**	**-**	**2,264,151**
Financial assets derecognised	**(2,119,356)**	**-**	**-**	**(2,119,356)**
Changes in interest/profit accrual and accretion/amortisation	**(185,844)**	**-**	**-**	**(185,844)**
Exchange differences	**(864)**	**-**	**-**	**(864)**
At 30 June	**31,152,170**	**-**	**-**	**31,152,170**

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 July	32,358,482	-	-	32,358,482
New financial assets originated or purchased	4,478,324	-	-	4,478,324
Financial assets derecognised	(5,506,752)	-	-	(5,506,752)
Changes in interest/profit accrual and accretion/amortisation	(172,486)	-	-	(172,486)
Exchange differences	36,515	-	-	36,515
At 30 June	31,194,083	-	-	31,194,083

7 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

Movements in the carrying amount of financial investments at amortised cost that contributed to changes in the expected credit losses are as follows: (continued)

The Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 July	**22,201,564**	**-**	**-**	**22,201,564**
New financial assets originated or purchased	**2,264,151**	**-**	**-**	**2,264,151**
Financial assets derecognised	**(1,770,320)**	**-**	**-**	**(1,770,320)**
Changes in interest accrual and accretion/amortisation	**(131,862)**	**-**	**-**	**(131,862)**
Exchange differences	**3,280**	**-**	**-**	**3,280**
At 30 June	**22,566,813**	**-**	**-**	**22,566,813**

The Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 July	23,144,545	-	-	23,144,545
New financial assets originated or purchased	3,131,595	-	-	3,131,595
Financial assets derecognised	(3,988,642)	-	-	(3,988,642)
Changes in interest accrual and accretion/amortisation	(119,436)	-	-	(119,436)
Exchange differences	33,502	-	-	33,502
At 30 June	22,201,564	-	-	22,201,564

The comparative figures of changes in interest/profit accrual and accretion/amortisation at the Group and the Bank of RM3,922,224,000 and RM2,575,495,000 respectively are reclassified to new financial assets originated or purchased, to conform to the current year's presentation.

8 LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Overdrafts	**3,858,994**	4,077,891	**2,468,545**	2,603,155
Term loans/financing:				
- Housing and shop loans/financing	**103,049,863**	97,387,797	**79,140,084**	75,068,963
- Hire purchase receivables	**22,250,979**	19,914,072	**15,322,144**	14,287,272
- Ijarah receivables	**249,051**	249,054	**-**	-
- Other term loans/financing and syndicated term loans	**37,367,992**	35,065,848	**25,096,607**	23,546,880
Credit/charge card receivables	**3,489,171**	3,202,663	**3,489,171**	3,202,663
Bills receivable	**2,947,444**	1,936,868	**2,513,500**	1,522,981
Trust receipts	**384,096**	441,074	**264,018**	301,326
Claims on customers under acceptance credits	**9,407,373**	8,936,884	**7,720,195**	7,558,692
Revolving credit	**11,802,126**	10,339,502	**9,050,514**	8,142,773
Staff loans/financing	**120,325**	125,058	**100,865**	108,093
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798
Fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges	**(9,212)**	(14,700)	**(7,239)**	(11,788)
Allowance for impairment losses:				
- Expected credit losses	**(1,613,734)**	(1,759,164)	**(1,109,683)**	(1,238,249)
Total net loans, advances and financing	**193,304,468**	179,902,847	**144,048,721**	135,092,761

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group and the Bank amounting to RM3,136,775,000 (2023: RM2,917,197,000) and RM1,640,761,000 (2023: RM1,463,428,000) respectively.

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(i) The maturity structure of loans, advances and financing is as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Maturing within:				
- One year	**36,339,322**	32,945,837	**28,716,634**	26,641,266
- One year to three years	**6,441,024**	7,231,435	**5,182,551**	5,321,960
- Three years to five years	**11,506,456**	10,654,145	**8,826,290**	8,184,124
- Over five years	**140,640,612**	130,845,294	**102,440,168**	96,195,448
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798

(ii) The loans, advances and financing are disbursed to the following types of customers:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Domestic non-bank financial institutions other than stockbroking companies	**1,862,581**	2,228,815	**1,639,598**	1,878,916
Domestic business enterprises:				
- Small and medium enterprises	**37,538,518**	33,030,609	**25,837,011**	23,810,665
- Others	**28,606,782**	27,819,048	**22,523,710**	20,975,027
Government and statutory bodies	**816**	1,108	**-**	-
Individuals	**122,667,183**	115,372,002	**91,196,300**	86,802,501
Other domestic entities	**32,223**	100,246	**4,872**	5,374
Foreign entities	**4,219,311**	3,124,883	**3,964,152**	2,870,315
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798

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8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iii) Loans, advances and financing analysed by interest rate/profit rate sensitivity are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate:				
- Housing and shop loans/financing	**5,422,715**	4,875,610	**4,105,549**	3,661,786
- Hire purchase receivables	**22,213,647**	19,856,028	**15,294,541**	14,248,349
- Credit card	**3,489,171**	3,202,663	**3,489,171**	3,202,663
- Other fixed rate loans/financing	**4,938,592**	5,438,263	**3,566,536**	4,190,957
Variable rate:				
- Standardised base rate/base rate/ base lending rate plus	**131,252,699**	123,357,618	**99,387,683**	93,672,546
- Cost plus	**27,563,602**	24,846,899	**19,319,008**	17,358,416
- Other variable rates	**46,988**	99,630	**3,155**	8,081
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798

(iv) Loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Purchase of securities	**1,134,734**	945,964	**885,364**	769,222
Purchase of transport vehicles	**21,938,558**	19,574,851	**14,975,061**	13,920,233
Residential property (housing)	**94,770,034**	89,114,464	**71,872,713**	67,773,624
Non-residential property	**23,825,854**	21,976,096	**17,402,417**	16,577,973
Purchase of fixed assets (excluding landed properties)	**1,719,202**	1,672,034	**1,193,949**	1,140,245
Personal use	**4,110,940**	3,885,235	**2,566,904**	2,616,759
Credit card	**3,489,171**	3,202,663	**3,489,171**	3,202,663
Construction	**5,836,501**	4,197,939	**4,086,722**	2,886,552
Working capital	**36,876,709**	35,949,262	**27,879,760**	26,681,549
Other purpose	**1,225,711**	1,158,203	**813,582**	773,978
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(v) Loans, advances and financing analysed by their geographical distribution are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
In Malaysia	**180,917,221**	167,711,542	**135,503,347**	126,928,323
Outside Malaysia:				
- Singapore	**9,619,561**	9,367,686	**9,619,561**	9,367,686
- Hong Kong	**42,735**	46,789	**42,735**	46,789
- Vietnam	**2,127,381**	1,956,082	**-**	-
- Cambodia	**2,220,516**	2,594,612	**-**	-
Gross loans, advances and financing	**194,927,414**	181,676,711	**145,165,643**	136,342,798

(vi) Impaired loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Purchase of securities	**62**	125	**-**	-
Purchase of transport vehicles	**76,078**	42,881	**45,385**	27,129
Residential property (housing)	**388,241**	404,337	**234,277**	254,059
Non-residential property	**126,314**	119,107	**107,783**	105,087
Purchase of fixed assets (excluding landed properties)	**7,123**	4,627	**7,123**	4,627
Personal use	**28,490**	47,205	**17,740**	27,991
Credit card	**26,655**	30,445	**26,655**	30,445
Construction	**25,225**	24,851	**6,291**	5,575
Working capital	**294,711**	274,325	**222,896**	201,728
Other purpose	**68,300**	93,981	**7,984**	19,959
Gross impaired loans, advances and financing	**1,041,199**	1,041,884	**676,134**	676,600

(vii) Impaired loans, advances and financing analysed by their geographical distribution are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
In Malaysia	**963,209**	982,267	**675,675**	675,119
Outside Malaysia:				
- Singapore	**459**	1,481	**459**	1,481
- Vietnam	**940**	928	**-**	-
- Cambodia	**76,591**	57,208	**-**	-
Gross impaired loans, advances and financing	**1,041,199**	1,041,884	**676,134**	676,600

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Group	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2024				
At 1 July	**966,265**	**381,755**	**411,144**	**1,759,164**
Changes in ECL due to transfer within stages	**(55,354)**	**(132,819)**	**188,173**	**-**
Transfer to Stage 1	**14,515**	**(14,492)**	**(23)**	**-**
Transfer to Stage 2	**(69,094)**	**143,140**	**(74,046)**	**-**
Transfer to Stage 3	**(775)**	**(261,467)**	**262,242**	**-**
New financial assets originated	**51,454**	**700**	**118**	**52,272**
Financial assets derecognised	**(15,177)**	**(45,024)**	**(19,011)**	**(79,212)**
Changes due to change in credit risk	**(9,085)**	**169,144**	**88,159**	**248,218**
Modifications to contractual cash flows of financial asset	**26**	**2,039**	**5**	**2,070**
Changes in models/risk parameters	**(35,058)**	**(33,942)**	**-**	**(69,000)**
Amount written off	**-**	**-**	**(286,664)**	**(286,664)**
Exchange difference	**(248)**	**48**	**18**	**(182)**
Other movements	**-**	**-**	**(12,932)**	**(12,932)**
At 30 June	**902,823**	**341,901**	**369,010**	**1,613,734**

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

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2024				
At 1 July	**712,146**	**265,808**	**260,295**	**1,238,249**
Changes in ECL due to transfer within stages	**(38,909)**	**(96,098)**	**135,007**	**-**
Transfer to Stage 1	**10,638**	**(10,620)**	**(18)**	**-**
Transfer to Stage 2	**(49,290)**	**96,592**	**(47,302)**	**-**
Transfer to Stage 3	**(257)**	**(182,070)**	**182,327**	**-**
New financial assets originated	**35,608**	**511**	**-**	**36,119**
Financial assets derecognised	**(10,912)**	**(28,913)**	**(12,226)**	**(52,051)**
Changes due to change in credit risk	**(6,357)**	**105,790**	**45,094**	**144,527**
Modifications to contractual cash flows of financial asset	**2**	**1,428**	**5**	**1,435**
Changes in models/risk parameters	**(26,307)**	**(24,806)**	**-**	**(51,113)**
Amount written off	**-**	**-**	**(199,175)**	**(199,175)**
Exchange difference	**73**	**3**	**-**	**76**
Other movements	**-**	**-**	**(8,384)**	**(8,384)**
At 30 June	**665,344**	**223,723**	**220,616**	**1,109,683**

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

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ix) 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 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 July	**173,926,480**	**6,708,347**	**1,041,884**	**181,676,711**
Total transfer within stages	**(1,361,127)**	**863,180**	**497,947**	**-**
Transfer to Stage 1	**2,214,573**	**(2,214,859)**	**286**	**-**
Transfer to Stage 2	**(3,541,704)**	**4,633,599**	**(1,091,895)**	**-**
Transfer to Stage 3	**(33,996)**	**(1,555,560)**	**1,589,556**	**-**
New financial assets originated	**22,593,588**	**51,377**	**304**	**22,645,269**
Financial assets derecognised	**(9,257,287)**	**(361,571)**	**(41,052)**	**(9,659,910)**
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	**63,753**	**5,605**	**-**	**69,358**
Amount written off	**-**	**-**	**(286,172)**	**(286,172)**
Exchange difference	**110,402**	**307**	**443**	**111,152**
At 30 June	**187,084,517**	**6,801,698**	**1,041,199**	**194,927,414**

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 July	150,930,362	16,483,913	819,750	168,234,025
Total transfer within stages	8,010,442	(8,717,341)	706,899	-
Transfer to Stage 1	11,965,339	(11,962,495)	(2,844)	-
Transfer to Stage 2	(3,890,107)	4,788,028	(897,921)	-
Transfer to Stage 3	(64,790)	(1,542,874)	1,607,664	-
New financial assets originated	20,914,513	802,354	1,011	21,717,878
Financial assets derecognised	(7,178,642)	(326,908)	(63,199)	(7,568,749)
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 difference	1,181,668	4,583	632	1,186,883
At 30 June	173,926,480	6,708,347	1,041,884	181,676,711

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ix) Movements in the gross carrying amount of loans, advances and financing that contributed to changes in the expected credit losses are as follows: (continued)

The Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 July	**130,850,369**	**4,815,829**	**676,600**	**136,342,798**
Total transfer within stages	**(695,576)**	**350,352**	**345,224**	**-**
Transfer to Stage 1	**1,628,670**	**(1,636,278)**	**7,608**	**-**
Transfer to Stage 2	**(2,316,726)**	**3,052,029**	**(735,303)**	**-**
Transfer to Stage 3	**(7,520)**	**(1,065,399)**	**1,072,919**	**-**
New financial assets originated	**16,799,126**	**43,080**	**1**	**16,842,207**
Financial assets derecognised	**(7,046,334)**	**(272,678)**	**(26,962)**	**(7,345,974)**
Changes due to additional drawdown/partial settlement	**(134,226)**	**(349,995)**	**(119,663)**	**(603,884)**
Modifications to contractual cash flows and unwinding of modification impact	**39,764**	**3,229**	**-**	**42,993**
Amount written off	**-**	**-**	**(199,075)**	**(199,075)**
Exchange difference	**86,468**	**101**	**9**	**86,578**
At 30 June	**139,899,591**	**4,589,918**	**676,134**	**145,165,643**

The Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 July	115,303,564	12,102,340	647,646	128,053,550
Total transfer within stages	6,035,464	(6,442,609)	407,145	-
Transfer to Stage 1	8,688,017	(8,689,569)	1,552	-
Transfer to Stage 2	(2,631,078)	3,280,395	(649,317)	-
Transfer to Stage 3	(21,475)	(1,033,435)	1,054,910	-
New financial assets originated	15,112,650	12,801	1,011	15,126,462
Financial assets derecognised	(5,510,694)	(244,181)	(49,277)	(5,804,152)
Changes due to additional drawdown/partial settlement	(1,100,494)	(633,176)	(102,008)	(1,835,678)
Modifications to contractual cash flows and unwinding of modification impact	38,990	19,071	-	58,061
Amount written off	-	-	(227,996)	(227,996)
Exchange difference	970,889	1,583	79	972,551
At 30 June	130,850,369	4,815,829	676,600	136,342,798

Notes to the Financial Statements

for the financial year ended 30 June 2024

9 OTHER ASSETS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Foreclosed properties	**46**	46	**46**	46
Sundry debtors and other prepayments	**618,814**	209,513	**605,612**	199,360
Settlement accounts	**1,946,768**	850,808	**1,945,754**	849,543
Treasury related receivables	**622,028**	159,021	**609,026**	159,021
Cash collateral pledged for derivative transactions	**843,084**	1,076,611	**843,084**	1,076,611
Other receivables	**212,831**	158,416	**186,866**	113,922
	4,243,571	2,454,415	**4,190,388**	2,398,503

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	The Group		The Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Derivatives at fair value through profit or loss:					
- Interest rate swaps		**635,616**	715,585	**634,583**	715,585
- Cross currency swaps		**242,243**	217,004	**185,799**	217,004
- Foreign currency forwards		**262,369**	993,558	**245,459**	892,575
- Foreign currency options		**14,737**	46,942	**14,780**	46,975
- Futures		**2,690**	26,173	**2,690**	26,173
- Equity options		**74,694**	63,994	**74,693**	63,994
- Swaption		**215**	908	**21,670**	7,213
- Commodity swap		**1,611**	1,142	**1,611**	1,142
- Total return swap		**120,174**	92,605	**120,173**	92,605
Derivatives designated as fair value hedge:					
- Interest rate swaps	(a)	**8,305**	10,513	**8,243**	8,403
Total derivative financial instruments assets		**1,362,654**	2,168,424	**1,309,701**	2,071,669

10 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
Derivatives at fair value through profit or loss:					
- Interest rate swaps		**(749,212)**	(909,410)	**(711,616)**	(878,339)
- Cross currency swaps		**(409,599)**	(415,845)	**(353,778)**	(415,845)
- Foreign currency forwards		**(387,230)**	(852,853)	**(374,212)**	(797,941)
- Foreign currency options		**(15,378)**	(33,915)	**(15,421)**	(33,948)
- Futures		**(11,409)**	(874)	**(11,409)**	(874)
- Equity options		**(81,085)**	(61,479)	**(81,084)**	(61,479)
- Swaption		**(29,450)**	(19,739)	**(29,444)**	(19,739)
- Commodity swap		**(1,524)**	(1,131)	**(1,524)**	(1,131)
- Total return swap		**(120,174)**	(92,605)	**(120,173)**	(92,605)
Derivatives designated as fair value hedge:					
- Interest rate swaps	(a)	**(146)**	(35)	**(41)**	(35)
Total derivative financial instruments liabilities		**(1,805,207)**	(2,387,886)	**(1,698,702)**	(2,301,936)

(a) Fair value hedge

The Group and the Bank's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of financial assets and financial liabilities due to movement in interest rates. The Group and the Bank have undertaken fair value hedges on interest rate risk of RM1,480,952,000 (2023: RM659,524,000) and RM1,250,000,000 (2023: RM541,667,000) respectively on certain receivables using interest rate swaps. The total fair value gain of the said interest rate swaps related to these hedges amounted to RM8,158,000 (2023: RM10,478,000) and RM8,202,000 (2023: RM8,368,000) for the Group and the Bank respectively.

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 and The Bank 2024 RM'000	The Group and The Bank 2023 RM'000
(Loss)/gain on hedging instruments	**(80)**	9,903
Loss on the hedged items attributable to the hedged risks	**(1,124)**	(9,050)
	(1,204)	853

11 AMOUNT DUE FROM SUBSIDIARIES

	The Bank	
	2024 RM'000	**2023 RM'000**
Intercompany settlement	**104,124**	143,862

Amount due from subsidiaries is unsecured, interest free, repayable on demand and is denominated in Ringgit Malaysia.

12 STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by the Bank and its subsidiary 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 subsidiary of the Group and a foreign branch of the Bank also maintained non-interest bearing statutory deposits with their respective central banks in compliance with the respective applicable legislations.

13 SUBSIDIARY COMPANIES

	The Bank	
	2024 RM'000	**2023 RM'000**
Investment in subsidiary companies		
Unquoted shares, at cost:		
- In Malaysia	**961,322**	961,322
- Outside Malaysia	**775,989**	775,989
	1,737,311	1,737,311
Subordinated facilities issued by subsidiary companies, at amortised cost:		
Multi-currency Additional Tier 1 subordinated sukuk wakalah financing facility issued by HLISB	**403,966**	404,018
Tier 2 subordinated sukuk murabahah financing facility issued by HLISB	**400,888**	400,788
Subordinated financing facility issued by Hong Leong Bank (Cambodia) PLC	**114,683**	113,200
	919,537	918,006
	2,656,848	2,655,317

13 SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies of the Bank are as follows:

Name	Percentage (%) of equity held 2024	2023	Principal activities
(a) Hong Leong Islamic Bank Berhad ("HLISB")	**100**	100	Islamic Banking business and related financial services
(b) HLB Principal Investments (L) Limited and its subsidiary company:	**100**	100	Investment holding
- Promino Sdn Bhd	**100**	100	Holding of pooled motor vehicles for HLBB group's usage
(c) EB Nominees (Tempatan) Sendirian Berhad	**100**	100	In member's voluntary liquidation
(d) EB Realty Sendirian Berhad	**100**	100	In member's voluntary liquidation
(e) OBB Realty Sdn Bhd	**100**	100	Property investment
(f) HLF Credit (Perak) Bhd and its subsidiary companies:	**100**	100	Investment holding
(i) Gensource Sdn Bhd and its subsidiary company:	**100**	100	Investment holding
- Pelita Terang Sdn Bhd	**100**	100	Dormant
(ii) Promidah Sdn Bhd*	**100**	100	Dormant
(iii) Promizul Sdn Bhd	**100**	100	In member's voluntary liquidation
(iv) HLB Realty Sdn Bhd	**100**	100	Property investment
(g) HLB Nominees (Tempatan) Sdn Bhd	**100**	100	Agent and nominee for Malaysian clients
(h) HLB Nominees (Asing) Sdn Bhd	**100**	100	Agent and nominee for foreign clients
(i) HLB Trade Services (Hong Kong) Limited*	**100**	100	Ceased operations
(j) Hong Leong Bank Vietnam Limited*	**100**	100	Commercial banking business
(k) Hong Leong Bank (Cambodia) PLC*	**100**	100	Commercial banking business
(l) Promilia Berhad	**100**	100	Holding of motor vehicles for HLBB group's usage
(m) DC Tower Sdn Bhd	**100**	100	Property management
(n) Unincorporated trust for ESOS Ω *	**-**	-	Special purpose vehicle
(o) Hong Leong Wholesale Equity Fund 2 Ω	**100**	100	Unit trust funds

* Not audited by PricewaterhouseCoopers PLT

Ω Deemed subsidiaries pursuant to MFRS 10 'Consolidated Financial Statements'

All the subsidiary companies are incorporated in Malaysia with the exception of HLB Trade Services (Hong Kong) Limited which is incorporated in Hong Kong, Hong Leong Bank Vietnam Limited which is incorporated in Vietnam and Hong Leong Bank (Cambodia) PLC which is incorporated in Cambodia.

14 INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Quoted shares outside Malaysia, at cost	**2,054,828**	2,054,828	**2,063,022**	2,063,022
Unquoted shares in Malaysia, at cost	**20**	20	**20**	20
Unquoted shares outside Malaysia, at cost	**24,657**	24,657	**24,657**	24,657
Cumulative share of results, net of dividends received	**6,575,318**	5,793,135	**-**	-
Equity conversion option	**57,932**	57,937	**-**	-
Cumulative share of changes in other comprehensive income/(loss)	**86,598**	(17,141)	**-**	-
Exchange fluctuation reserve	**840,051**	799,540	**-**	-
	9,639,404	8,712,976	**2,087,699**	2,087,699

(a) Information about associated companies

Name	Country of incorporation	The Group Percentage (%) of equity held 2024	2023	Principal activities
Bank of Chengdu Co., Ltd. ("BOCD")	China	**19.8%**	19.8%	Commercial banking
Community CSR Sdn Bhd ("CCSR")	Malaysia	**20.0%**	20.0%	Investment holding
Sichuan Jincheng Consumer Finance Limited Company ("JCCFC")	China	**12.0%**	12.0%	Consumer financing

Nature of relationship

(i) BOCD

On 25 October 2007, 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 into the promising and growing financial services sector of China. It will strengthen and diversify the earnings 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 Bank's equity interest of the enlarged capital in BOCD 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 Bank's equity interest in BOCD has been revised to 19.8%.

The market value of BOCD's shares held by the Bank is RM7.43 billion (2023: RM5.94 billion) at RM9.86 (2023: RM7.88) per share as at 30 June 2024.

The Group deems BOCD as a material associated company.

14 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Information about associated companies (continued)

Nature of relationship (continued)

(i) BOCD (continued)

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) CCSR

In 2011, HLB subscribed to RM50 million Cumulative Redeemable Preference Shares ("CRPS") in Jana Pendidikan Malaysia Sdn Bhd. For every RM1 million of subscription of CRPS, the Bank is entitled to subscribe for 1 ordinary share of RM1 each in CCSR. As such, the Bank 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 Rights Issue of RM1 each.

CCSR is a private company and there is no quoted market price available for its shares.

(iii) 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 Bank's strategic partnership in BOCD and affirms the Bank's vision and belief in the huge potential of China.

In March 2017, the Board of Directors had approved the divestment of 37% of the Bank's stake through non-subscription of the issuance of new share capital by JCCFC and selling down the original share capital held by the Bank 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 held on JCCFC's Board of Directors.

14 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) The summarised financial information of the material associated companies which is accounted for using the equity method is as follows:

(i) BOCD

	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

	The Group	
	2024 RM'000	2023 RM'000
Interest income	**26,864,943**	23,809,371
Interest expenses	**(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**	-
Share of results of associated companies (%)	**19.8%**	19.8%
Share of results of associated companies (RM'000)	**1,589,015**	1,266,273
Dividends received from the associated company (RM'000)	**330,808**	-

(ii) JCCFC

	The Group	
	2024 RM'000	2023 RM'000
Total assets	**7,979,884**	6,788,841
Total liabilities	**(6,904,367)**	(5,691,966)
Net assets	**1,075,517**	1,096,875

14 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) The summarised financial information of the material associated companies which is accounted for using the equity method is as follows: (continued)

(ii) JCCFC (continued)

	The Group	
	2024 RM'000	2023 RM'000
Interest income	**876,885**	923,853
Interest expenses	**(224,286)**	(238,288)
Non-interest income	**6,572**	15,257
Profit before taxation	**153,246**	258,435
Profit after taxation	**114,571**	193,392
Dividends declared by the associated company during the financial year	**27,111**	40,488
Share of results of associated companies (%)	**12.0%**	12.0%
Share of results of associated companies (RM'000)	**(75)**	23,207
Dividends received from the associated company (RM'000)	**4,373**	2,082

(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) BOCD

	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/(loss) 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 companies (%)	**19.8%**	19.8%
Interest in associated companies (RM'000)	**9,510,342**	8,581,351

14 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: (continued)

(ii) JCCFC

	The Group	
	2024 RM'000	**2023 RM'000**
Opening net assets as at 1 July	**1,096,875**	962,255
(Loss)/profit for the financial year	**(627)**	193,392
Dividends declared	**(27,111)**	(40,488)
Exchange fluctuation reserve	**6,380**	(18,284)
Closing net assets as at 30 June	**1,075,517**	1,096,875
Interest in associated companies (%)	**12.0%**	12.0%
Interest in associated companies (RM'000)	**129,062**	131,625

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.

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15 PROPERTY AND EQUIPMENT

The Group	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years* RM'000	Leasehold land 50 years or more* RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2024											
Cost											
At 1 July	144,189	583,033	1,092	40,547	2,636	111,637	527,556	901,812	6,976	69,807	2,389,285
Additions	-	-	-	-	-	-	9,061	22,526	9	50,872	82,468
Reclassification/Transfer	-	-	-	-	-	-	2,232	742	-	(43,789)	(40,815)
Disposals/Write off	(230)	(675)	-	-	-	(769)	(13,384)	(8,150)	(370)	(61)	(23,639)
Exchange fluctuation	-	-	-	-	-	-	(123)	(783)	19	(102)	(989)
At 30 June	143,959	582,358	1,092	40,547	2,636	110,868	525,342	916,147	6,634	76,727	2,406,310
Accumulated depreciation											
At 1 July	-	86,164	503	6,238	1,584	31,093	459,967	743,468	4,877	-	1,333,894
Charge for the financial year	-	11,639	17	423	54	2,093	21,381	65,104	813	-	101,524
Disposals/Write off	-	(633)	-	-	-	(425)	(13,211)	(7,915)	(370)	-	(22,554)
Exchange fluctuation	-	-	-	-	-	-	(158)	(763)	16	-	(905)
At 30 June	-	97,170	520	6,661	1,638	32,761	467,979	799,894	5,336	-	1,411,959
Net book value as at 30 June 2024	143,959	485,188	572	33,886	998	78,107	57,363	116,253	1,298	76,727	994,351

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2H.

15 PROPERTY AND EQUIPMENT (CONTINUED)

The Group	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years* RM'000	Leasehold land 50 years or more* RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2023											
Cost											
At 1 July	133,847	583,033	1,092	40,547	2,636	111,637	528,138	977,005	6,230	68,523	2,452,688
Additions	10,342	-	-	-	-	-	5,822	28,075	1,312	86,518	132,069
Reclassification/Transfer	-	-	-	-	-	-	1,674	6,700	-	(85,490)	(77,116)
Disposals/Write off	-	-	-	-	-	-	(10,481)	(112,240)	(762)	(14)	(123,497)
Exchange fluctuation	-	-	-	-	-	-	2,403	2,272	196	270	5,141
At 30 June	144,189	583,033	1,092	40,547	2,636	111,637	527,556	901,812	6,976	69,807	2,389,285
Accumulated depreciation											
At 1 July	-	74,523	486	5,815	1,534	28,991	445,258	780,986	4,489	-	1,342,082
Charge for the financial year	-	11,641	17	423	50	2,102	23,034	71,775	997	-	110,039
Reclassification/Transfer	-	-	-	-	-	-	-	65	-	-	65
Disposals/Write off	-	-	-	-	-	-	(10,327)	(111,124)	(762)	-	(122,213)
Exchange fluctuation	-	-	-	-	-	-	2,002	1,766	153	-	3,921
At 30 June	-	86,164	503	6,238	1,584	31,093	459,967	743,468	4,877	-	1,333,894
Net book value as at 30 June 2023	144,189	496,869	589	34,309	1,052	80,544	67,589	158,344	2,099	69,807	1,055,391

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2H.

15 PROPERTY AND EQUIPMENT (CONTINUED)

The Bank	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years* RM'000	Leasehold land 50 years or more* RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2024											
Cost											
At 1 July	63,827	51,161	628	40,116	3,269	107,210	483,876	859,932	5,124	66,076	1,681,219
Additions	-	-	-	-	-	-	6,811	21,604	-	49,196	77,611
Reclassification/Transfer	-	-	-	-	-	-	2,234	157	-	(39,574)	(37,183)
Disposals/Write off	(230)	(675)	-	-	-	(769)	(13,294)	(8,018)	(370)	(61)	(23,417)
Exchange fluctuation	-	-	-	-	-	-	79	103	11	2	195
At 30 June	63,597	50,486	628	40,116	3,269	106,441	479,706	873,778	4,765	75,639	1,698,425
Accumulated depreciation											
At 1 July	-	20,652	222	6,220	1,386	27,515	426,647	706,921	3,616	-	1,193,179
Charge for the financial year	-	1,015	15	423	90	2,017	19,091	62,935	516	-	86,102
Disposals/Write off	-	(633)	-	-	-	(425)	(13,122)	(7,785)	(370)	-	(22,335)
Exchange fluctuation	-	-	-	-	-	-	62	79	9	-	150
At 30 June	-	21,034	237	6,643	1,476	29,107	432,678	762,150	3,771	-	1,257,096
Net book value as at 30 June 2024	63,597	29,452	391	33,473	1,793	77,334	47,028	111,628	994	75,639	441,329

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2H.

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15 PROPERTY AND EQUIPMENT (CONTINUED)

The Bank	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years* RM'000	Leasehold land 50 years or more* RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2023											
Cost											
At 1 July	53,485	51,161	628	40,116	3,269	107,210	485,615	934,406	4,629	64,522	1,745,041
Additions	10,342	-	-	-	-	-	4,357	27,467	1,000	86,037	129,203
Reclassification/Transfer	-	-	-	-	-	-	1,675	6,700	-	(84,467)	(76,092)
Disposals/Write off	-	-	-	-	-	-	(8,668)	(109,825)	(645)	(15)	(119,153)
Exchange fluctuation	-	-	-	-	-	-	897	1,184	140	(1)	2,220
At 30 June	63,827	51,161	628	40,116	3,269	107,210	483,876	859,932	5,124	66,076	1,681,219
Accumulated depreciation											
At 1 July	-	19,635	207	5,796	1,297	25,489	414,274	746,840	3,514	-	1,217,052
Charge for the financial year	-	1,017	15	424	89	2,026	20,244	68,405	630	-	92,850
Reclassification/Transfer	-	-	-	-	-	-	-	54	-	-	54
Disposals/Write off	-	-	-	-	-	-	(8,551)	(109,202)	(645)	-	(118,398)
Exchange fluctuation	-	-	-	-	-	-	680	824	117	-	1,621
At 30 June	-	20,652	222	6,220	1,386	27,515	426,647	706,921	3,616	-	1,193,179
Net book value as at 30 June 2023	63,827	30,509	406	33,896	1,883	79,695	57,229	153,011	1,508	66,076	488,040

* These are the right-of-use assets within the scope of MFRS 16. Refer to accounting policies for leases as disclosed in Note 2H.

16 INTANGIBLE ASSETS

The Group	Computer software RM'000
2024	
Cost	
At 1 July	**936,338**
Additions	**17,647**
Reclassification/Transfer	**40,815**
Disposals/Write off	**(2,465)**
Exchange fluctuation	**(1,109)**
At 30 June	**991,226**
Amortisation and impairment	
At 1 July	**573,903**
Amortisation during the financial year	**67,217**
Disposals/Write off	**(2,462)**
Exchange fluctuation	**(909)**
At 30 June	**637,749**
Net book value as at 30 June 2024	**353,477**

The Group	Computer software RM'000
2023	
Cost	
At 1 July	868,355
Additions	37,156
Reclassification/Transfer	77,116
Disposals/Write off	(57,397)
Exchange fluctuation	11,108
At 30 June	936,338
Amortisation and impairment	
At 1 July	563,606
Amortisation during the financial year	58,132
Reclassification/Transfer	(65)
Disposals/Write off	(54,783)
Exchange fluctuation	7,013
At 30 June	573,903
Net book value as at 30 June 2023	362,435

16 INTANGIBLE ASSETS (CONTINUED)

The Bank	Computer software RM'000
2024	
Cost	
At 1 July	**841,292**
Additions	**15,003**
Reclassification/Transfer	**37,183**
Disposals/Write off	**(2,454)**
Exchange fluctuation	**711**
At 30 June	**891,735**
Amortisation and impairment	
At 1 July	**515,076**
Amortisation during the financial year	**59,983**
Disposals/Write off	**(2,452)**
Exchange fluctuation	**403**
At 30 June	**573,010**
Net book value as at 30 June 2024	**318,725**

The Bank	Computer software RM'000
2023	
Cost	
At 1 July	784,389
Additions	30,773
Reclassification/Transfer	76,092
Disposals/Write off	(57,347)
Exchange fluctuation	7,385
At 30 June	841,292
Amortisation and impairment	
At 1 July	514,744
Amortisation during the financial year	50,869
Reclassification/Transfer	(54)
Disposals/Write off	(54,741)
Exchange fluctuation	4,258
At 30 June	515,076
Net book value as at 30 June 2023	326,216

17 RIGHT-OF-USE ASSETS

The Group	Properties RM'000
2024	
At 1 July	**175,946**
Depreciation charge for the financial year	**(47,144)**
Modification	**12,090**
Addition	**31,676**
Disposals	**(304)**
Exchange fluctuation	**(4,559)**
At 30 June	**167,705**

The Group	Properties RM'000
2023	
At 1 July	211,718
Depreciation charge for the financial year	(48,456)
Modification	(6,387)
Addition	23,613
Disposals	(8,934)
Exchange fluctuation	4,392
At 30 June	175,946

17 RIGHT-OF-USE ASSETS (CONTINUED)

The Bank	Properties RM'000
2024	
At 1 July	**261,308**
Depreciation charge for the financial year	**(69,899)**
Modification	**2,350**
Addition	**27,661**
Disposals	**(304)**
Exchange fluctuation	**(4,596)**
At 30 June	**216,520**

The Bank	Properties RM'000
2023	
At 1 July	321,446
Depreciation charge for the financial year	(71,556)
Modification	(6,133)
Addition	22,520
Disposals	(8,091)
Exchange fluctuation	3,122
At 30 June	261,308

18 GOODWILL

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cost				
As at 1 July/30 June	**1,831,312**	1,831,312	**1,771,547**	1,771,547

18 GOODWILL (CONTINUED)

Allocation of goodwill to cash-generating units ("CGUs")

Goodwill has been allocated to the following CGUs:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personal Financial Services	**1,188,705**	1,188,705	**1,149,911**	1,149,911
Business & Corporate Banking	**479,437**	479,437	**463,791**	463,791
Global Markets	**163,170**	163,170	**157,845**	157,845
	1,831,312	1,831,312	**1,771,547**	1,771,547

Impairment test for goodwill

The recoverable amount of CGUs is determined based on value-in-use calculations. Value-in-use is the present value of the future cash flows expected to be derived from the CGUs or groups of CGUs. This calculation uses pre-tax cash flow projections based on the 2025 financial budget, which is approved by the Board of Directors with a further projection of 3 years (2023: 3 years). Cash flows beyond the 4 years period are extrapolated using an estimated growth rate of 4.1% (2023: 4.2%) representing the forecasted Gross Domestic Product 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 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 rates used in determining the recoverable amount are as follows:

	Discount rate	
	2024 %	2023 %
Personal Financial Services	**9.40**	11.66
Business & Corporate Banking	**9.47**	11.79
Global Markets	**9.37**	11.91

The discount rates used are pre-tax and reflect specific risks relating to the CGUs.

Based on the impairment test performed, impairment was not required for goodwill arising from all CGUs for the financial year ended 30 June 2024. Management believes that any reasonable possible change to the key assumptions applied would not cause the carrying value of any CGU to exceed its recoverable amount.

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for the financial year ended 30 June 2024

19 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 authority. The following amounts determined after appropriate set off, are shown in the statements of financial position:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets	**262,116**	410,436	**187,679**	317,985

The analysis of deferred tax assets and deferred tax liabilities after appropriate set off is as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets				
- To be recovered within 12 months	**267,923**	341,317	**208,994**	274,767
- To be recovered after more than 12 months	**(5,807)**	69,119	**(21,315)**	43,218
	262,116	410,436	**187,679**	317,985

19 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

The Group	Note	Property and equipment and right-of-use assets RM'000	Financial instruments at FVOCI RM'000	Cash flow hedge reserve RM'000	Expected credit losses RM'000	Provisions RM'000	Total RM'000
Deferred tax assets/(liabilities)							
2024							
At 1 July		**(79,427)**	**147,816**	**-**	**237,856**	**104,191**	**410,436**
Credited/(Charged to) statements of income	41	**7,641**	**-**	**-**	**(69,504)**	**(15,969)**	**(77,832)**
Charged to equity	43	**-**	**(70,474)**	**-**	**-**	**-**	**(70,474)**
Exchange difference		**(45)**	**53**	**-**	**3**	**(25)**	**(14)**
At 30 June		**(71,831)**	**77,395**	**-**	**168,355**	**88,197**	**262,116**
2023							
At 1 July		(70,460)	235,181	88	248,106	115,856	528,771
Charged to statements of income	41	(8,512)	-	-	(10,389)	(11,169)	(30,070)
Charged to equity	43	-	(88,233)	(88)	-	-	(88,321)
Exchange difference		(455)	868	-	139	(496)	56
At 30 June		(79,427)	147,816	-	237,856	104,191	410,436

19 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows: (continued)

The Bank	Note	Property and equipment and right-of-use assets RM'000	Financial instruments at FVOCI RM'000	Cash flow hedge reserve RM'000	Expected credit losses RM'000	Provisions RM'000	Total RM'000
Deferred tax assets/(liabilities)							
2024							
At 1 July		**(77,607)**	**119,986**	**-**	**177,779**	**97,827**	**317,985**
Credited/(Charged to) statements of income	41	**8,006**	**-**	**-**	**(53,373)**	**(24,640)**	**(70,007)**
Charged to equity	43	**-**	**(60,311)**	**-**	**-**	**-**	**(60,311)**
Exchange difference		**(41)**	**53**	**-**	**-**	**-**	**12**
At 30 June		**(69,642)**	**59,728**	**-**	**124,406**	**73,187**	**187,679**
2023							
At 1 July		(68,985)	185,509	88	177,197	109,857	403,666
(Charged)/Credited to statements of income	41	(8,140)	-	-	582	(12,030)	(19,588)
Charged to equity	43	-	(66,391)	(88)	-	-	(66,479)
Exchange difference		(482)	868	-	-	-	386
At 30 June		(77,607)	119,986	-	177,779	97,827	317,985

20 DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortised cost				
Fixed deposits	**115,136,963**	112,228,229	**86,974,344**	82,199,282
Negotiable instruments of deposits	**9,308,765**	10,914,720	**5,301,246**	7,472,536
Short-term placements	**18,479,033**	19,449,279	**11,270,297**	15,682,791
	142,924,761	142,592,228	**103,545,887**	105,354,609
Demand deposits	**47,695,760**	42,617,712	**38,940,998**	35,491,124
Savings deposits	**23,921,621**	22,479,000	**19,460,943**	18,473,887
Others	**340,249**	398,549	**216,875**	255,610
	214,882,391	208,087,489	**162,164,703**	159,575,230
At fair value through profit and loss				
Structured deposits linked to interest rate derivatives	**5,804,820**	3,874,742	**3,785,946**	3,430,059
Fair value changes arising from designation at fair value through profit or loss *	**(254,411)**	(310,412)	**(197,215)**	(272,341)
	5,550,409	3,564,330	**3,588,731**	3,157,718
	220,432,800	211,651,819	**165,753,434**	162,732,948

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

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

The carrying amount of the structured deposits of the Group is RM227,231,000 (2023: RM292,750,000) lower than the contractual amount at maturity and the Bank is RM177,799,000 (2023: RM255,672,000) lower than the contractual amount at maturity.

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

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Due within:				
- six months	**120,661,513**	119,505,166	**86,163,215**	87,245,822
- six months to one year	**19,092,939**	20,115,668	**15,427,941**	16,140,440
- one year to five years	**2,264,001**	2,196,854	**1,053,722**	1,204,005
- more than five years	**906,308**	774,540	**901,009**	764,342
	142,924,761	142,592,228	**103,545,887**	105,354,609

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20 DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) The deposits are sourced from the following customers:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Government and statutory bodies	**3,217,463**	4,821,242	**363,053**	1,041,589
Business enterprises	**102,827,248**	99,971,567	**74,606,333**	75,325,101
Individuals	**111,914,422**	104,615,970	**88,903,682**	84,671,220
Others	**2,473,667**	2,243,040	**1,880,366**	1,695,038
	220,432,800	211,651,819	**165,753,434**	162,732,948

21 INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unrestricted investment accounts				
Mudarabah with maturity	**2,165,636**	2,249,231	**-**	-
Restricted investment accounts				
Wakalah bi Al-Istithmar	**898**	1,282	**-**	-
	2,166,534	2,250,513	**-**	-

21 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
2024		
At 1 July	**2,249,231**	**1,282**
Funding inflows/(outflows)		
New placement/Renewal during the year	**7,257,915**	**-**
Redemption during the year	**(7,356,557)**	**(439)**
	2,150,589	**843**
Profit payable to Investment Account Holder	**15,047**	**55**
At 30 June	**2,165,636**	**898**
2023		
At 1 July	2,659,311	9,097
Funding inflows/(outflows)		
New placement/Renewal during the year	11,645,422	1,316
Redemption during the year	(12,068,129)	(9,097)
	2,236,604	1,316
Profit payable to Investment Account Holder	12,627	(34)
At 30 June	2,249,231	1,282

Notes to the Financial Statements

for the financial year ended 30 June 2024

21 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
2024		
Investment Asset		
House financing	**557,439**	**-**
Term financing	**1,075,294**	**-**
Personal financing	**258,071**	**-**
Cash and cash equivalent	**259,785**	**-**
Unit trusts	**-**	**843**
Total investment	**2,150,589**	**843**
2023		
Investment Asset		
House financing	580,926	-
Term financing	1,115,411	-
Personal financing	268,392	-
Cash and cash equivalent	271,875	-
Unit trusts	-	1,316
Total investment	2,236,604	1,316

(ii) Profit Sharing Ratio ("PSR") and Rate of Return ("ROR"):

The Group	2024 Average PSR %	2024 Average ROR %	2023 Average PSR %	2023 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

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks	**9,837,914**	7,866,784	**9,274,915**	6,564,588
Licensed investment banks	**-**	230,021	**-**	230,021
Central banks (Note)	**1,533,025**	1,497,021	**1,511,988**	1,474,882
	11,370,939	9,593,826	**10,786,903**	8,269,491

Note:
Deposits and placements from central banks includes monies received by the Group and the Bank under the various government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending amounting to RM1,533,025,000 (2023: RM1,497,021,000) and RM1,511,988,000 (2023: RM1,474,882,000) respectively at concession rates.

23 LEASE LIABILITIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease liabilities	**171,369**	178,928	**225,039**	269,713
Scheduled repayment of lease liabilities				
- Not later than one year	**41,320**	39,773	**69,736**	66,654
- Later than one year and not later than five years	**101,571**	107,561	**126,082**	169,023
- Later than five years	**28,478**	31,594	**29,221**	34,036
	171,369	178,928	**225,039**	269,713

24 OTHER LIABILITIES

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Zakat		**350**	350	**-**	-
Post employment benefits obligation					
- Defined contribution plan		**277**	300	**277**	300
Loan advance payment		**3,515,763**	3,666,443	**2,909,342**	3,016,782
Amount due to subsidiary companies	(a)	**-**	-	**432,252**	432,107
Treasury and cheque clearing		**255,702**	204,026	**246,237**	123,742
Cash collateral pledged for derivative transactions		**316,352**	298,332	**316,352**	299,063
Sundry creditors and accruals		**524,041**	418,352	**504,548**	401,350
Provision for bonus and staff related expenses		**179,811**	170,302	**166,426**	157,584
Expected credit losses on financial guarantee contracts	(b)	**8,089**	8,110	**7,528**	7,413
Provision for reinstatement cost		**20,820**	21,137	**26,150**	26,360
Settlement accounts		**2,115,051**	889,467	**2,114,945**	885,337
Others		**287,723**	269,231	**264,107**	216,712
		7,223,979	5,946,050	**6,988,164**	5,566,750

(a) Amount due to subsidiary companies is unsecured, interest free, repayable on demand and is denominated in Ringgit Malaysia.

24 OTHER LIABILITIES (CONTINUED)

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

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

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

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for the financial year ended 30 June 2024

24 OTHER LIABILITIES (CONTINUED)

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

The Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
2024				
At 1 July	**6,051**	**1,362**	**-**	**7,413**
Changes in ECL due to transfer within stages	**(3)**	**3**	**-**	**-**
Transfer to Stage 1	**35**	**(35)**	**-**	**-**
Transfer to Stage 2	**(38)**	**38**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
New financial assets originated	**413**	**-**	**-**	**413**
Financial assets derecognised	**(430)**	**(635)**	**-**	**(1,065)**
Changes due to change in credit risk	**1,004**	**(92)**	**-**	**912**
Exchange difference	**(151)**	**6**	**-**	**(145)**
At 30 June	**6,884**	**644**	**-**	**7,528**

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

25 RECOURSE OBLIGATION ON LOANS/FINANCING SOLD TO CAGAMAS

This represents the proceeds received from housing loans sold directly to Cagamas with recourse to the Group and the Bank. Under this agreement, the Group and the Bank undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudential criteria set by Cagamas. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position. These financial liabilities are stated at amortised cost.

26 SENIOR DEBTS

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
RM100.0 million Multi-currency Medium Term Notes, at par	(a)	100,000	-	100,000	-
Add: Interest payable		658	-	658	-
		100,658	-	100,658	-
Less: Unamortised discounts		(462)	-	(462)	-
Add: Fair value changes arising from fair value hedges		11	-	11	-
		100,207	-	100,207	-
RM200.0 million Multi-currency Islamic Medium Term Notes, at par	(b)	200,000	-	-	-
Add: Profit payable		1,316	-	-	-
		201,316	-	-	-
Less: Unamortised discounts		(524)	-	-	-
Add: Fair value changes arising from fair value hedges		21	-	-	-
		200,813	-	-	-
RM245.0 million Multi-currency Commercial Paper, at par	(c)	245,000	-	245,000	-
Less: Unamortised discounts		(1,003)	-	(1,003)	-
		243,997	-	243,997	-
RM5.0 million Multi-currency Islamic Commercial Paper, at par	(d)	5,000	-	-	-
Less: Unamortised discounts		(105)	-	-	-
		4,895	-	-	-
		549,912	-	344,204	-

26 SENIOR DEBTS (CONTINUED)

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

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

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

On 9 February 2024, the Bank issued its second tranche of RM95.0 million nominal value of 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 the Bank's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Bank.

On 9 May 2024, HLB had fully redeemed the RM95.0 million nominal value of this Senior CP.

On 9 May 2024, the Bank 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 the Bank's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Bank.

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

27 TIER 2 SUBORDINATED BONDS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
RM1.5 billion Tier 2 subordinated notes, at par	**1,500,000**	1,500,000	**1,500,000**	1,500,000
Add: Interest payable	**2,910**	2,661	**2,910**	2,661
	1,502,910	1,502,661	**1,502,910**	1,502,661
Less: Unamortised discounts	**(2,365)**	(911)	**(2,365)**	(911)
	1,500,545	1,501,750	**1,500,545**	1,501,750

On 14 June 2019, the Bank issued a third tranche of RM1.0 billion nominal value of 10-years non-callable 5 years Tier 2 Subordinated Notes ("Sub Notes") callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this third tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 14 June 2024, HLB had fully redeemed the RM1.0 billion nominal value of this Sub Notes.

On 19 June 2023, the Bank issued a fourth tranche of RM500.0 million nominal value of 10-years non-callable 5 years Sub Notes callable on 19 June 2028 (and thereafter) and due on 17 June 2033 out of its RM10.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this fourth tranche of the Sub Notes is 4.20% per annum, which is payable semi-annually in arrears from the date of the issue.

On 11 June 2024, the Bank issued a fifth tranche of RM1.0 billion nominal value of 10-years non-callable 5 years Sub-Notes callable on 11 June 2029 (and thereafter) and due on 11 June 2034 out of its Multi-Currency Tier 2 Subordinated Notes Programme ("HLB T2 Programme"). The coupon rate for this fifth tranche of the Sub Notes is 4.05% per annum, which is payable semi-annually in arrears from the date of the issue. RM400.0 million of the proceeds from the Sub-Notes were used to subscribe for RM400.0 million Tier 2 subordinated sukuk murabahah ("HLISB T2 Sukuk Murabahah") issued by its wholly-owned subsidiary, Hong Leong Islamic Bank Berhad ("HLISB") on even date. The HLISB T2 Sukuk Murabahah were issued pursuant to HLISB's multi-currency perpetual subordinated sukuk programme. The remaining proceeds from the Sub-Notes shall be utilised, without limitation, for HLB's working capital, general banking and other corporate purposes, and the refinancing of any existing borrowings incurred, subordinated debt issued by HLB and/or any existing subordinated notes issued under the HLB T2 Programme.

28 MULTI-CURRENCY ADDITIONAL TIER 1 CAPITAL SECURITIES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
RM1.7 billion Multi-currency Additional Tier-1 and Additional Tier-1 Green capital securities, at par	**1,700,000**	1,700,000	**1,700,000**	1,700,000
Add: Interest payable	**15,443**	15,902	**15,443**	15,902
	1,715,443	1,715,902	**1,715,443**	1,715,902
Less: Unamortised discounts	**(1,890)**	(1,508)	**(1,890)**	(1,508)
Add: Fair value changes arising from fair value hedges	**5,118**	5,115	**5,118**	5,115
	1,718,671	1,719,509	**1,718,671**	1,719,509

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

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

On 29 April 2022, the Bank issued a nominal value of RM900.0 million Basel III-compliant Additional Tier 1 Green capital securities ("Green Capital Securities"), pursuant to its Multi-currency Additional Tier 1 capital securities programme. The Green Capital Securities carry a distribution rate of 4.45% per annum and are perpetual and non-callable for 5 years with an Issuer's call option to redeem at the end of year 5. Proceeds from the issuance of the Green Capital Securities shall be utilised for purposes that meet the criteria as set out in the HLB Green Bond Framework, which was established by HLB on 20 February 2022 and revised in April 2022 (as may be amended, revised and/or substituted from time to time) in accordance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum in November 2017 and revised in October 2018 and the Green Bond Principles issued by the International Capital Market Association in June 2021.

On 14 October 2022, the Bank issued a nominal value of RM400.0 million Additional Tier 1 capital securities ("HLB Capital Securities"), pursuant to its multi-currency Additional Tier 1 capital securities programme. The HLB Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 4.70% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and as updated from time to time and for the refinancing of an existing tranche of RM400.0 million in nominal value of HLB Capital Securities issued previously under the HLB AT1 Programme on 30 November 2017.

On 25 March 2024, the Bank issued a nominal value of RM400.0 million Additional Tier 1 capital securities ("HLB Capital Securities"), pursuant to its multi-currency Additional Tier 1 capital securities programme. The HLB Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 4.25% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and as updated from time to time and for the refinancing of an existing tranche of RM400.0 million in nominal value of HLB Capital Securities issued previously under the HLB AT1 Programme on 29 March 2019.

29 SHARE CAPITAL

	The Group and The Bank			
	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	**2,167,718**	**7,739,063**	2,167,718	7,739,063

30 RESERVES

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Retained profits	(a)	**27,674,882**	25,017,703	**17,137,424**	15,727,832
Other reserves:					
Share options reserve	(b)	**28,570**	33,206	**28,570**	33,206
Fair value reserve	(c)				
- Financial investments at FVOCI		**(93,855)**	(477,814)	**(159,109)**	(406,932)
Exchange fluctuation reserve	(d)	**1,388,462**	1,381,199	**385,786**	376,631
Regulatory reserves	(e)	**1,259,640**	1,002,061	**1,019,677**	825,318
		2,582,817	1,938,652	**1,274,924**	828,223
		30,257,699	26,956,355	**18,412,348**	16,556,055

(a) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

(b) The share options reserve arose from share options and ordinary shares granted to eligible executives of the Bank pursuant to the Bank's ESS. Terms of the Bank's ESS are disclosed in Note 55 to the financial statements.

30 RESERVES (CONTINUED)

(c) Movement of the fair value reserve is as follows:

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
At 1 July		**(477,814)**	(795,491)	**(406,932)**	(612,556)
Equity instruments					
- Net fair value changes		**19,148**	14,264	**19,148**	14,264
Debt instruments					
- Net fair value changes		**340,463**	432,963	**297,924**	284,025
- Changes in expected credit losses		**987**	285	**966**	283
Reclassification to net profit on disposal and impairment		**(9,904)**	(26,557)	**(9,904)**	(26,557)
Deferred taxation	43	**(70,474)**	(88,233)	**(60,311)**	(66,391)
Share of fair value reserve of associated company		**103,739**	(15,045)	**-**	-
Net change in fair value reserve		**383,959**	317,677	**247,823**	205,624
At 30 June		**(93,855)**	(477,814)	**(159,109)**	(406,932)

(d) Currency translation differences arising from translation of the Bank's foreign branches, subsidiaries and associated companies are recognised in exchange fluctuation reserve.

(e) Regulatory reserves represent the Group's and the Bank'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 Bank and its 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 RM257.6 million at Group and RM194.4 million at Bank respectively have been transferred from retained profits to regulatory reserves.

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.

31 TREASURY SHARES

		The Group		The Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Purchase of own shares pursuant to Section 127, Companies Act 2016	(a)	**431,829**	431,829	**431,829**	431,829
Treasury shares for ESS	(b)	**270,845**	276,937	**270,845**	276,937
		702,674	708,766	**702,674**	708,766

(a) Purchase of own shares pursuant to Section 127 of the Companies Act 2016

The shareholders of the Bank, via an ordinary resolution passed at the Annual General Meeting held on 23 October 2013, had approved the Bank's plan to purchase its own shares up to 10% of the issued and paid-up share capital. The Directors of the Bank are committed to enhance the value of the Bank to its shareholders and believe that the share buyback plan can be applied in the best interests of the Bank and its shareholders.

As at 30 June 2024, the total number of shares bought was 81,101,700 (2023: 81,101,700) and the shares held were accounted as treasury shares in accordance with the provisions of Section 127 of the Companies Act 2016.

There was no resale or cancellation of treasury shares during the financial year. The number of issued shares with voting rights as at 30 June 2024 after deducting treasury shares purchased is 2,086,616,584 shares (2023: 2,086,616,584). Treasury shares have no rights to vote nor participation in dividends or other distribution.

(b) 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 Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance with MFRS 132, the shares purchased for the benefit of the ESS holdings are recorded as "Treasury Shares for ESS", in addition to the Treasury Shares for share buy-back, in the Shareholders' Equity on the statements of financial position.

During the financial year ended 30 June 2024, a total of 827,033 ordinary shares were vested and transferred pursuant to the Bank's ESS. As at 30 June 2024, the total number of shares held was 36,769,053 (2023: 37,596,086).

Notes to the Financial Statements

for the financial year ended 30 June 2024

32a INTEREST INCOME

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances and financing	**6,365,025**	5,566,975	**6,051,684**	5,259,695
Money at call and deposit placements with financial institutions	**191,656**	245,954	**221,046**	299,163
Securities purchased under resale agreements	**318**	867	**318**	867
Financial investments at FVOCI	**1,398,668**	871,880	**1,398,586**	871,573
Financial investments at amortised cost	**698,639**	669,395	**697,912**	668,660
Others	**22,782**	15,383	**22,324**	15,068
	8,677,088	7,370,454	**8,391,870**	7,115,026
Accretion of discount less amortisation of premium	**44,562**	(7,961)	**44,562**	(7,961)
Interest income earned on impaired loans, advances and financing during the financial year	**54,367**	41,342	**52,806**	40,548

32b INTEREST INCOME FOR FINANCIAL ASSETS AT FVTPL

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at FVTPL	**106,136**	160,370	**106,136**	160,370

33 INTEREST EXPENSE

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits and placements of banks and other financial institutions	**543,521**	370,036	**597,482**	405,917
Deposits from customers	**3,702,712**	2,667,726	**3,497,235**	2,508,100
Short-term placements	**496,116**	622,833	**496,116**	622,833
Senior debts	**4,800**	-	**4,800**	-
Tier 2 subordinated bonds	**64,029**	66,958	**64,029**	66,958
Multi-currency Additional Tier-1 capital securities	**78,054**	81,186	**78,054**	81,255
Recourse obligation on loans sold to Cagamas	**64,043**	29,263	**64,043**	29,263
Others	**8,163**	8,737	**11,228**	13,251
	4,961,438	3,846,739	**4,812,987**	3,727,577

34 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 account	**119,680**	118,629
Income attributable to depositors	**(1,622,007)**	(1,229,550)
Income attributable to depositors on investment account	**(80,726)**	(79,115)
	985,948	963,368
Financing income earned on impaired financing and advances during the financial year	**10,285**	6,556

Notes to the Financial Statements

for the financial year ended 30 June 2024

35 NON-INTEREST INCOME

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fee income				
Commissions	**245,388**	185,374	**242,020**	182,954
Service charges and fees	**38,903**	38,491	**37,668**	37,434
Guarantee fees	**25,188**	27,807	**25,085**	27,684
Credit card related fees	**233,042**	210,975	**233,042**	210,975
Commitment fees	**35,919**	37,124	**34,360**	35,603
Fee on loans, advances and financing	**47,237**	50,576	**36,174**	42,517
Other fee income	**53,886**	48,506	**53,432**	48,100
	679,563	598,853	**661,781**	585,267
Net income from securities				
Net realised gain/(loss) on financial instruments:				
- Financial assets at FVTPL	**57,104**	85,177	**62,513**	86,447
- Derivative financial instruments	**(36,417)**	(53,230)	**(36,417)**	(55,103)
- Financial investments at FVOCI	**13,031**	34,943	**13,031**	34,943
- Financial investments at amortised cost	**186**	-	**186**	-
Dividend income from:				
- Subsidiary companies	**-**	-	**-**	330
- Associated companies	**-**	-	**994,999**	5,992
- Financial assets at FVTPL	**49,735**	88,826	**48,773**	89,277
- Financial investments at FVOCI	**435**	2,175	**435**	2,175
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	**47,707**	(5,403)	**43,650**	(6,631)
- Derivative financial instruments	**(14,051)**	111,379	**(14,051)**	112,433
Net realised gain on fair value changes arising from fair value hedges	**8,025**	8,265	**8,025**	8,265
Net unrealised (loss)/gain on fair value changes arising from fair value hedges	**(1,204)**	853	**(1,204)**	853
	124,551	272,985	**1,119,940**	278,981
Other income				
Foreign exchange gain	**125,944**	144,564	**121,573**	143,357
Rental income	**19,536**	17,042	**11,077**	8,846
Gain on disposal of property and equipment	**8,742**	233	**8,708**	138
Other non-operating income	**4,950**	4,379	**4,721**	4,010
	159,172	166,218	**146,079**	156,351
	963,286	1,038,056	**1,927,800**	1,020,599

36 OVERHEAD EXPENSES

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel costs	**1,284,434**	1,202,989	**1,008,961**	939,249
Establishment costs	**530,649**	532,023	**436,048**	446,877
Marketing expenses	**180,917**	195,975	**149,542**	169,153
Administration and general expenses	**342,876**	302,295	**330,500**	298,784
	2,338,876	2,233,282	**1,925,051**	1,854,063

The overhead expenses of the Bank are net of shared services costs charged to subsidiaries.

(i) Personnel costs comprise the following:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, bonus and allowances	**1,188,037**	1,140,724	**929,612**	892,446
Medical expenses	**34,563**	31,483	**28,199**	24,982
Training and convention expenses	**11,592**	16,794	**9,877**	14,047
Staff welfare	**15,248**	9,507	**11,071**	7,476
Other employees benefits	**34,994**	4,481	**30,202**	298
	1,284,434	1,202,989	**1,008,961**	939,249

(ii) Establishment costs comprise the following:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Depreciation of property and equipment	**101,524**	110,039	**86,102**	92,850
Depreciation of right-of-use assets	**47,144**	48,456	**69,899**	71,556
Amortisation of intangible assets	**67,217**	58,132	**59,983**	50,869
Rental of premises	**2,083**	2,438	**2,195**	2,237
Information technology expenses	**221,546**	226,163	**177,637**	189,586
Security services	**24,052**	20,937	**18,300**	15,705
Electricity, water and sewerage	**22,115**	21,546	**16,050**	16,101
Hire of plant and machinery	**14,614**	13,671	**3,064**	2,889
Others	**30,354**	30,641	**2,818**	5,084
	530,649	532,023	**436,048**	446,877

36 OVERHEAD EXPENSES (CONTINUED)

The overhead expenses of the Bank are net of shared services costs charged to subsidiaries. (continued)

(iii) Marketing expenses comprise the following:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Advertisement and publicity	**21,240**	31,092	**17,531**	27,926
Sales commission and credit card related fees	**135,583**	146,393	**117,260**	127,933
Others	**24,094**	18,490	**14,751**	13,294
	180,917	195,975	**149,542**	169,153

(iv) Administration and general expenses comprise the following:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Teletransmission expenses	**17,386**	20,410	**16,921**	19,858
Stationery and printing expenses	**10,113**	10,579	**9,557**	10,006
Professional fees	**111,571**	108,835	**106,502**	103,857
Insurance fees	**53,803**	45,365	**44,398**	37,928
Stamp, postage and courier	**14,748**	13,948	**14,598**	13,650
Travelling and transport expenses	**3,780**	3,533	**2,945**	2,718
Registration and license fees	**9,151**	8,774	**7,913**	7,562
Brokerage and commission	**12,784**	11,926	**7,417**	7,700
Credit card fees	**99,362**	74,168	**99,362**	74,168
Others	**10,178**	4,757	**20,887**	21,337
	342,876	302,295	**330,500**	298,784

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:				
Malaysian firm				
- statutory audit	**2,196**	2,210	**1,955**	1,975
- regulatory related fees	**437**	908	**309**	602
- tax compliance	**73**	70	**45**	43
- other services	**371**	255	**371**	255
PwC overseas affiliated firms				
- statutory audit	**808**	1,052	**808**	771
- regulatory related fees	**249**	223	**249**	223
- tax compliance	**103**	101	**103**	101
Loss on disposal of property and equipment	**182**	5	**181**	5
Property and equipment disposal/written off	**211**	1,134	**209**	727
Intangible assets disposal/written off	**-**	2,614	**-**	2,606

37 (WRITE BACK OF)/ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Allowance for impairment losses on loans, advances and financing:				
- expected credit losses	**154,471**	343,095	**79,177**	176,517
Impaired loans, advances and financing:				
- written off	**24,475**	29,519	**17,461**	22,962
- recovered from bad debt written off	**(293,209)**	(257,232)	**(238,994)**	(211,015)
	(114,263)	115,382	**(142,356)**	(11,536)

38 ALLOWANCE FOR/(WRITE BACK OF) IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS AND OTHER ASSETS

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Expected credit losses and impairment losses on:				
- Financial investments at FVOCI	**970**	184	**945**	185
- Financial investments at amortised cost	**(1)**	(53)	**-**	-
- Cash and short-term funds	**32**	(155)	**(605)**	(114)
- Deposits and placements with banks and other financial institutions	**99**	(282)	**(1,246)**	(3,039)
	1,100	(306)	**(906)**	(2,968)

Notes to the Financial Statements

for the financial year ended 30 June 2024

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad	Ultimate holding company
Hong Leong Share Registration Services Sdn Bhd, HLCM Capital Sdn Bhd, Hong Leong Fund Management Sdn Bhd and HL Management Co Sdn Bhd	Subsidiary companies of ultimate holding company
Hong Leong Financial Group Berhad	Holding company
Subsidiary companies of Hong Leong Financial Group Berhad as disclosed in its financial statements	Subsidiary companies of holding company
Hong Leong Industries Berhad and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
HLMG Management Co Sdn Bhd (formerly known as HLI-Hume Management Co Sdn Bhd) Hume Cement Sdn Bhd Hume Construction Sdn Bhd Hume Plastics (Malaysia) Sdn Berhad Hume Quarry (Sarawak) Sdn Bhd Hongvilla Development Sdn Bhd HIMB Overseas Limited HIMB Trading Limited and Delta Touch Limited	Subsidiary companies of ultimate holding company
Guoco Group Limited and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
GuocoLand (Malaysia) Berhad and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary and associated companies of ultimate holding company
Southern Steel Berhad and its subsidiary and associated companies	Subsidiary and associated companies of ultimate holding company
Subsidiary companies of the Bank as disclosed in Note 13	Subsidiary companies of the Bank
Associated companies of the Group as disclosed in Note 14	Associated companies of the Group
Key management personnel	The key management personnel of the Bank consists of: - All Directors of the Bank, nine members of senior management of the Bank and the Chief Executive Officer of Hong Leong Islamic Bank Berhad
Related parties of key management personnel deemed as related to the Bank	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or significantly 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

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances

The Group	Parent company RM'000	Other related companies RM'000	Associated companies RM'000	Key management personnel RM'000
2024				
Income				
Interest:				
- loans	-	1,350	-	118
- redeemable preference shares	-	3,743	-	-
Commitment fee and bank charges	-	-	-	90
Dividend income	-	42,821	-	-
Commission on Group products/services sold	-	83,864	-	-
Brokerage commission	-	45	-	-
Reimbursement of shared service cost	484	9,568	-	-
	484	141,391	-	208
Expenditure				
Rental and maintenance	-	13,628	-	-
Insurance	-	34,598	-	-
Interest on current accounts and fixed deposits	-	1,461	-	7,951
Interest on short-term placements	51	3,116	-	3,724
Interest on subordinated notes and capital securities	-	-	-	-
Management fees	8,174	51,571	-	-
Other miscellaneous expenses	525	15,369	-	-
	8,750	119,743	-	11,675
Amounts due from				
Current accounts	-	-	22,177	-
Negotiable instruments of deposits	-	909,547	-	-
Loans	-	-	-	4,170
Wholesale funds	-	226,756	-	-
Derivative assets	-	144,637	-	-
Credit card balances	-	-	-	1,090
Advance rental and deposit	-	2,294	-	-
Others	-	158	-	-
	-	1,283,392	22,177	5,260
Amounts due to				
Current accounts and fixed deposits	-	30,838	-	241,093
Short-term placements	-	749,697	-	120,495
Subordinated notes and capital securities	-	175,004	-	-
Derivative liabilities	-	3,617	-	-
Others	278	1,165	-	-
	278	960,321	-	361,588
Commitments and contingencies				
Derivative related contracts	-	1,866,241	-	-

Notes to the Financial Statements

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39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

The Group	Parent company RM'000	Other related companies RM'000	Associated companies RM'000	Key management personnel RM'000
2023				
Income				
Interest:				
- loans	-	3,203	-	145
- redeemable preference shares	-	3,037	-	-
Commitment fee and bank charges	-	-	-	39
Dividend income	-	79,457	-	-
Commission on Group products/services sold	-	54,817	-	-
Brokerage commission	-	99	-	-
Reimbursement of shared service cost	511	10,775	-	-
	511	151,388	-	184
Expenditure				
Rental and maintenance	-	15,050	-	-
Insurance	54	37,150	-	-
Interest on current accounts and fixed deposits	-	2,578	-	1,914
Interest on short-term placements	44	10,917	-	4,093
Interest on subordinated notes and capital securities	-	3,990	-	-
Management fees	6,729	45,924	-	-
Other miscellaneous expenses	3,134	8,357	-	-
	9,961	123,966	-	6,007
Amounts due from				
Current accounts	-	-	21,715	-
Redeemable preference shares	-	25,000	-	-
Loans	-	35,172	-	3,105
Wholesale funds	-	1,307,176	-	-
Derivative assets	-	136,668	-	-
Credit card balances	-	-	-	699
Advance rental and deposit	-	2,530	-	-
Others	-	146	-	-
	-	1,506,692	21,715	3,804
Amounts due to				
Current accounts and fixed deposits	-	42,604	-	136,694
Short-term placements	2,501	395,423	-	93,429
Subordinated notes and capital securities	-	95,000	-	-
Derivative liabilities	-	10,149	-	-
Others	278	1,192	-	-
	2,779	544,368	-	230,123
Commitments and contingencies				
Derivative related contracts	-	1,893,395	-	-

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

The Bank	Parent company RM'000	Subsidiary companies RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
2024					
Income					
Interest:					
- loans	-	13,210	-	1,350	118
- interbank placements	-	20,096	-	-	-
- current accounts	-	-	332	-	-
- negotiable instruments of deposits	-	159	-	4,940	-
- redeemable preference shares	-	-	-	3,743	-
- subordinated facilities	-	6,666	-	-	-
Dividend income	-	-	994,999	42,821	-
Commitment fee and bank charges	-	-	-	-	89
Commission on Group products/ services sold	-	-	-	83,864	-
Brokerage commission	-	-	-	45	-
Reimbursement of shared service cost	484	252,867	-	9,568	-
	484	292,998	995,331	146,331	207
Expenditure					
Rental and maintenance	-	919	-	13,628	-
Insurance	-	-	-	34,598	-
Interest on current accounts and fixed deposits	-	1,516	-	1	7,863
Interest on short-term placements	51	-	-	3,116	3,724
Interest on lease liabilities	-	3,546	-	-	-
Interest on interbank placements	-	65,031	-	-	-
Interest on subordinated notes and capital securities	-	-	-	-	-
Management fees	8,174	-	-	51,571	-
Other miscellaneous expenses	525	3,046	-	15,369	-
	8,750	74,058	-	118,283	11,587

Notes to the Financial Statements
for the financial year ended 30 June 2024

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

The Bank	Parent company RM'000	Subsidiary companies RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
2024					
Amounts due from					
Interbank placements	-	379,639	-	-	-
Current accounts	-	-	22,177	-	-
Negotiable instruments of deposits	-	-	-	909,547	-
Loans	-	279,368	-	-	4,170
Right-of-use assets	-	65,175	-	-	-
Wholesale funds	-	-	-	311,176	-
Credit card balances	-	-	-	-	1,045
Derivative assets	-	69,937	-	144,637	-
Advance rental and deposit	-	8,783	-	2,294	-
Intercompany settlement	-	103,439	-	-	-
Others	-	684	-	158	-
	-	907,025	22,177	1,367,812	5,215
Amounts due to					
Interbank placements	-	1,315,179	-	-	-
Current accounts and fixed deposits	-	63,212	-	30,838	238,276
Short-term placements	-	-	-	749,697	120,495
Subordinated notes and capital securities	-	-	-	175,004	-
Derivative liabilities	-	6,361	-	3,617	-
Lease liabilities	-	68,945	-	-	-
Provision for reinstatement cost	-	6,940	-	-	-
Intercompany settlement	-	432,107	-	-	-
Others	-	145	-	95	-
	-	1,892,889	-	959,251	358,771
Commitments and contingencies					
Derivative related contracts	-	4,712,434	-	1,866,241	-

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

The Bank	Parent company RM'000	Subsidiary companies RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
2023					
Income					
Interest:					
- loans	-	11,870	-	3,203	145
- interbank placements	-	51,498	-	-	-
- current accounts	-	-	325	-	-
- redeemable preference shares	-	-	-	3,037	-
- subordinated facilities	-	6,089	-	-	-
Dividend income	-	330	5,992	79,457	-
Commitment fee and bank charges	-	-	-	-	39
Commission on Group products/ services sold	-	-	-	54,817	-
Brokerage commission	-	-	-	99	-
Reimbursement of shared service cost	511	231,599	-	10,775	-
	511	301,386	6,317	151,388	184
Expenditure					
Rental and maintenance	-	921	-	15,050	-
Insurance	54	-	-	37,150	-
Interest on current accounts and fixed deposits	-	1,153	-	1	1,859
Interest on short-term placements	44	-	-	10,917	4,093
Interest on lease liabilities	-	4,851	-	-	-
Interest on interbank placements	-	32,403	-	-	-
Interest on subordinated notes and capital securities	-	-	-	3,990	-
Management fees	6,729	-	-	45,924	-
Other miscellaneous expenses	3,134	2,930	-	8,357	-
	9,961	42,258	-	121,389	5,952

Notes to the Financial Statements

for the financial year ended 30 June 2024

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

The Bank	Parent company RM'000	Subsidiary companies RM'000	Associated companies RM'000	Other related companies RM'000	Key management personnel RM'000
2023					
Amounts due from					
Interbank placements	-	560,622	-	-	-
Current accounts	-	-	21,715	-	-
Redeemable preference shares	-	-	-	25,000	-
Loans	-	287,774	-	35,172	3,105
Right-of-use assets	-	94,149	-	-	-
Wholesale funds	-	-	-	1,380,727	-
Credit card balances	-	-	-	-	699
Derivative assets	-	69,236	-	136,668	-
Advance rental and deposit	-	8,783	-	2,530	-
Intercompany settlement	-	143,532	-	-	-
Others	-	330	-	146	-
	-	1,164,426	21,715	1,580,243	3,804
Amounts due to					
Interbank placements	-	850,156	-	-	-
Current accounts and fixed deposits	-	53,823	-	42,604	134,013
Short-term placements	2,501	-	-	395,423	93,429
Subordinated notes and capital securities	-	-	-	95,000	-
Derivative liabilities	-	13,213	-	10,149	-
Lease liabilities	-	102,688	-	-	-
Provision for reinstatement cost	-	6,940	-	-	-
Intercompany settlement	-	432,107	-	-	-
Others	-	-	-	122	-
	2,501	1,458,927	-	543,298	227,442
Commitments and contingencies					
Derivative related contracts	-	2,075,506	-	1,893,395	-

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions and balances (continued)

	The Group and The Bank	
	2024 RM'000	2023 RM'000
The approved limit on loans, advances and financing for key management personnel	**10,680**	10,544

(c) Key management personnel

Key management compensation

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and other short-term employee benefits	**20,036**	45,117	**19,100**	43,388
Director fees	**1,529**	1,581	**1,331**	1,388
ESS expenses	**6,275**	8,190	**6,275**	8,190

Included in the above is the Directors' remuneration which is disclosed in Note 40 to the financial statements.

Loans made to key management personnel of the Group and the Bank will be on similar terms and conditions generally available to other employees within the Group. No impairment allowances were required in 2024 and 2023 for loans made to key management personnel.

(d) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective on 1 January 2008 are as follows:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Outstanding credit exposures with connected parties	**3,335,256**	3,478,898	**2,898,081**	3,108,181
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**1.54%**	1.72%	**1.79%**	2.03%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	**0.0000%**	0.0000%	**0.0000%**	0.0000%

39 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(e) Intercompany charges

Breakdown of intercompany charges by type of services received and geographical distribution as per BNM's Guidelines on Financial Reporting issued on 29 April 2022 are as follows:

The Bank	Interest on deposits and placements of banks and other financial institutions RM'000	Interest on lease liabilities RM'000	Interest on deposits from customers RM'000	Interest on subordinated notes and capital securities RM'000	Rental and maintenance RM'000	Management fees RM'000	Insurance RM'000	Others RM'000
2024								
Malaysia	**-**	**3,546**	**4,684**	**-**	**3,303**	**59,366**	**30,775**	**18,515**
Singapore	**-**	**-**	**-**	**-**	**8,208**	**-**	**-**	**6**
Hong Kong	**-**	**-**	**-**	**-**	**3,036**	**379**	**13**	**419**
Vietnam	**41,497**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cambodia	**23,534**	**-**	**-**	**-**	**-**	**-**	**3,810**	**-**
	65,031	**3,546**	**4,684**	**-**	**14,547**	**59,745**	**34,598**	**18,940**
2023								
Malaysia	-	4,851	11,995	3,990	4,934	52,308	37,126	13,963
Singapore	-	-	120	-	8,127	-	-	12
Hong Kong	-	-	-	-	2,910	345	10	437
Vietnam	25,356	-	-	-	-	-	-	6
Cambodia	7,047	-	-	-	-	-	68	3
	32,403	4,851	12,115	3,990	15,971	52,653	37,204	14,421

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 CHIEF EXECUTIVE OFFICER ("CEO") AND DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for CEO and all Directors and for the financial year are as follows:

	The Group				The Bank			
	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000
2024								
CEO								
Mr Lam Sai Yoke[(1)]	3,363	-	2,899	6,262	3,363	-	2,899	6,262
Executive Director								
Mr Tan Kong Khoon	-	-	-	-	-	-	-	-
Non-executive Directors								
YBhg Tan Sri Quek Leng Chan	-	-	-	-	-	-	-	-
Mr Kwek Leng Hai	-	-	-	-	-	-	-	-
YBhg Datuk Dr Md Hamzah bin Md Kassim	49	398	-	447	18	200	-	218
Ms Lau Souk Huan	47	350	-	397	47	350	-	397
Ms Cheong Soo Ching	39	300	-	339	39	300	-	339
Puan Fa'izah binti Mohamed Amin	18	220	-	238	18	220	-	238
YBhg Datuk Manharlal A/L Ratilal[(2)]	31	261	-	292	31	261	-	292
	184[#]	1,529	-	1,713	153[#]	1,331	-	1,484
Directors of subsidiaries	3,401	914	515	4,830	-	-	-	-
Total CEO and Directors' remuneration	6,948	2,443	3,414	12,805	3,516	1,331	2,899	7,746

The movement and details of the Directors of the Group and the Bank in office and interests in shares and share options are reported in the Directors' report.

(1) Appointed with effect from 1 July 2023
(2) Appointed with effect from 15 September 2023
Directors' meeting allowances

Note: During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and the Bank subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the holding company was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the holding company was RM85,500 and the apportioned amount of the said premium paid by the Group and the Bank was RM74,315 and RM63,352 respectively.

40 CHIEF EXECUTIVE OFFICER ("CEO") AND DIRECTORS' REMUNERATION (CONTINUED)

Forms of remuneration in aggregate for CEO and all Directors and for the financial year are as follows: (continued)

	The Group				The Bank			
	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Director fees RM'000	Estimated money value for benefits-in-kind RM'000	Total RM'000
2023								
CEO								
Mr Domenic Fuda [(1)]	27,129	-	6,173	33,302	27,129	-	6,173	33,302
Executive Director								
Mr Tan Kong Khoon	-	-	-	-	-	-	-	-
Non-executive Directors								
YBhg Tan Sri Quek Leng Chan	-	-	-	-	-	-	-	-
Mr Kwek Leng Hai	-	-	-	-	-	-	-	-
Ms Chok Kwee Bee [(2)]	24	130	-	154	24	130	-	154
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah [(3)]	45	311	-	356	45	311	-	356
YBhg Datuk Dr Md Hamzah bin Md Kassim	51	388	-	439	19	195	-	214
Ms Lau Souk Huan	46	332	-	378	46	332	-	378
Ms Cheong Soo Ching	32	256	-	288	32	256	-	288
Puan Fa'izah binti Mohamed Amin [(4)]	14	164	-	178	14	164	-	178
	212[#]	1,581	-	1,793	180[#]	1,388	-	1,568
Directors of subsidiaries	2,588	910	500	3,998	-	-	-	-
Total CEO and Directors' remuneration	29,929	2,491	6,673	39,093	27,309	1,388	6,173	34,870

The movement and details of the Directors of the Group and the Bank in office and interests in shares and share options are reported in the Directors' report.

(1) Retired with effect from 30 June 2023
(2) Retired with effect from 1 December 2022
(3) Retired with effect from 21 June 2023
(4) Appointed with effect from 1 September 2022
Directors' meeting allowances

Note: During the financial year, Directors and Officers of the Group and the Bank are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and the Bank subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the holding company was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the holding company was RM71,250 and the apportioned amount of the said premium paid by the Group and the Bank was RM60,561 and RM51,376 respectively.

41 TAXATION

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
Income tax:					
- Current year		**941,750**	818,960	**957,317**	656,255
- Over accrual in prior years		**(81,547)**	(40,595)	**(81,699)**	(24,020)
		860,203	778,365	**875,618**	632,235
Deferred tax	19	**77,832**	30,070	**70,007**	19,588
Taxation		**938,035**	808,435	**945,625**	651,823

The effective tax rate for the Group and Bank differed from the statutory rate of taxation due to:

	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
Profit before taxation	**5,134,247**	4,626,631	**3,831,030**	2,728,859
Tax calculated at a rate of 24%	**1,232,219**	1,110,391	**919,447**	654,926
Tax effects of:				
- Income not subject to tax	**(12,866)**	(19,188)	**(11,587)**	(23,822)
- Share of net income of foreign associated companies	**(381,346)**	(309,467)	**-**	-
- Expenses not deductible for tax purposes	**100,899**	67,294	**119,464**	44,739
- Withholding tax on foreign income	**80,676**	-	**-**	-
Over accrual in prior years	**(81,547)**	(40,595)	**(81,699)**	(24,020)
Taxation	**938,035**	808,435	**945,625**	651,823

	The Group 2024 RM'000	The Group 2023 RM'000
Unused tax losses from a wholly owned subsidiary for which no deferred tax is recognised in the financial statements *	**28,248**	28,248

* 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 YA 2019.

42 EARNINGS PER SHARE

Basic earnings per share

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

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit attributable to equity holders	**4,196,212**	3,818,196	**2,885,405**	2,077,036
Weighted average number of ordinary shares in issue ('000)	**2,049,487**	2,048,753	**2,049,487**	2,048,753
Basic earnings per share (sen)	**204.7**	186.4	**140.8**	101.4

Diluted earnings per share

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

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit attributable to equity holders	**4,196,212**	3,818,196	**2,885,405**	2,077,036
Weighted average number of ordinary shares in issue ('000)	**2,049,487**	2,048,753	**2,049,487**	2,048,753
- Adjustment for ESS	**470**	805	**470**	805
	2,049,957	2,049,558	**2,049,957**	2,049,558
Diluted earnings per share (sen)	**204.7**	186.3	**140.8**	101.3

43 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME/(LOSS)

	2024			2023		
	Before tax RM'000	Tax benefits RM'000	Net of tax amount RM'000	Before tax RM'000	Tax benefits RM'000	Net of tax amount RM'000
The Group						
Debt instruments at fair value through other comprehensive income						
- Net fair value changes and changes in expected credit losses	**331,546**	**(70,474)**	**261,072**	406,691	(88,233)	318,458
Cash flow hedge						
- Net fair value gain/ (loss)	**-**	**-**	**-**	362	(88)	274
The Bank						
Debt instruments at fair value through other comprehensive income						
- Net fair value changes and changes in expected credit losses	**288,986**	**(60,311)**	**228,675**	257,751	(66,391)	191,360
Cash flow hedge						
- Net fair value gain/ (loss)	**-**	**-**	**-**	362	(88)	274

Notes to the Financial Statements

for the financial year ended 30 June 2024

44 DIVIDENDS

	The Group and The Bank			
	2024		2023	
	Gross dividends per share sen	Amount of dividends net of tax RM'000	Gross dividends per share sen	Amount of dividends net of tax RM'000
Final dividend paid				
- for financial year ended 30 June 2023	**38.0**	**778,675**	-	-
- for financial year ended 30 June 2022	**-**	**-**	37.0	757,932
Interim dividend paid				
- for financial year ended 30 June 2024	**25.0**	**512,436**	-	-
- for financial year ended 30 June 2023	**-**	**-**	21.0	430,294
	63.0	**1,291,111**	58.0	1,188,226

The Directors have declared a final single tier dividend of 43.0 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.

45 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are also not secured over the assets of the Group.

The notional amounts of the commitments and contingencies constitute the followings:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Direct credit substitutes *	**236,994**	224,515	**229,048**	217,046
Certain transaction related contingent items	**3,065,445**	2,594,402	**2,241,323**	1,819,394
Short-term self liquidating trade related contingencies	**1,135,592**	1,063,924	**988,962**	849,981
Irrevocable commitments to extend credit:				
- maturity more than one year	**16,125,330**	17,073,556	**12,265,729**	12,463,084
- maturity less than one year	**26,686,909**	26,457,159	**21,158,872**	21,025,525
Foreign exchange related contracts: ^				
- less than one year	**80,918,753**	63,906,468	**71,947,524**	60,747,086
- one year to five years	**7,228,599**	7,321,941	**7,228,601**	7,321,941
- over five years	**725,481**	737,005	**725,481**	737,005
Interest rate related contracts: ^				
- less than one year	**46,580,035**	45,361,203	**46,580,035**	45,361,203
- one year to five years	**114,446,949**	81,071,444	**116,227,207**	81,492,156
- over five years	**4,232,730**	4,399,525	**4,219,730**	4,291,746
Equity related contracts: ^				
- less than one year	**495,443**	487,429	**495,443**	487,429
- one year to five years	**1,045,424**	668,393	**1,045,424**	668,393
Credit related contracts: ^				
- less than one year	**142,845**	121,391	**142,845**	121,391
- one year to five years	**15,150**	-	**15,150**	-
- over five years	**1,435,804**	1,225,853	**1,435,804**	1,225,853
Commodity related contracts:				
- less than one year	**57,292**	554,082	**57,292**	554,082
Unutilised credit card lines	**7,322,809**	6,902,344	**7,322,809**	6,902,344
	311,897,584	260,170,634	**294,327,279**	246,285,659

^ These derivatives are revalued at gross position basis and the fair value have been reflected in Note 10 to the financial statements as derivatives assets or derivatives liabilities.

* Included in direct credit substitutes above are the financial guarantee contracts of RM155,616,204 and RM155,616,204 at Group and Bank, respectively (2023: RM163,630,721 and RM163,599,720 at Group and Bank, respectively), of which fair value at the time of issuance is nil.

46 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		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Authorised and contracted for	**108,987**	83,867	**104,712**	78,697
Authorised but not contracted for	**40,239**	17,913	**39,078**	14,593
	149,226	101,780	**143,790**	93,290

47 HOLDING AND ULTIMATE HOLDING COMPANIES

The holding and ultimate holding companies are Hong Leong Financial Group Berhad and Hong Leong Company (Malaysia) Berhad, respectively. Both companies are incorporated in Malaysia.

48 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

Overview and organisation

The Bank has implemented a risk management framework with the objective to ensure the overall financial soundness and stability of the Bank's business operations. The risk management framework outlines the overall governance structure, aspiration, values and risk management strategies which aligns the Bank'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.

From a governance perspective, the Board has the overall responsibility to define the Bank's risk appetite and ensure that a robust risk management and compliance culture prevails. The Board is supported by the Board Risk Management Committee ("BRMC") in approving the Bank'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 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 Group Risk Management ("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 Bank. The core responsibilities of the GRM function is to support line management in identification and management of key and emerging risks for the Bank, to measure these risks, to manage the risk positions and to determine the optimum capital allocations. The Bank regularly reviews its risk management framework to reflect changes in market, products, regulatory requirements and emerging best market practices.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

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 Bank.

The Bank has established a Board Policy on Credit Risk Governance to ensure that exposure to credit risk is kept within the Bank's financial capacity to withstand potential future losses. Lending activities are guided by the internal credit policies and guidelines which are reviewed and concurred by the Management Credit Committee ("MCC") and Credit Supervisory Committee ("CSC"), endorsed by 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 Bank'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 the approving and discretionary authority to the MCC, CSC and the various personnel of the Bank based on job function and designation.

For any new products/product variation, credit risk assessment also forms part of the new product/product variation sign-off process to ensure that the new product complies with the appropriate policies and guidelines, prior to the introduction of the product.

The Bank'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 Bank's credit risk assessment methods are progressively being enhanced to consider the effects of climate-related risks, as well as, its impact on the ability and willingness of customers to honour their credit obligations.

The Bank also conducts periodic stress testing of its credit portfolios to ascertain the credit risk impact to capital under the relevant stress scenarios.

The Bank's Independent Credit Review function conducts independent post approval reviews on sampling basis to ensure that the 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 Bank'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 Bank 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.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Market Risk Management (continued)

Portfolios held under the Bank'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 limits. In addition, the Bank regularly reviews the interest rate outlook and develops 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 Bank measures Earnings at Risk ("EAR") and economic value or Capital at Risk ("CAR").

The Bank also conducts periodic stress testing of the respective portfolios and on an overall basis to ascertain market risk under abnormal market conditions.

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 Bank'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 Requirements, the Bank 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 Group Assets and Liabilities 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 Bank has in place a liquidity contingency funding plan and stress test programs to minimise the liquidity risk that may arise due to unforeseen adverse changes in the marketplace. The contingency funding plan sets out the crisis escalation process, various strategies to be employed to preserve liquidity and includes an orderly communication channel during liquidity crisis scenarios. Liquidity stress tests are conducted regularly to ensure there are adequate liquidity contingency funds to meet potential shortfalls in the event of a liquidity crisis. Furthermore, the Bank has established a recovery plan framework, which identifies recovery thresholds to be monitored for liquidity, cash outflow and capital-related ratios. The framework also includes governance process for escalation of excess in thresholds and a strategy for the Bank's execution of a suite of recovery options in order to restore long-term viability, in idiosyncratic and system-wide stress events.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Crisis Related Risk Management

Crisis related risk is the risk of loss arising from increased volatility and uncertainty, resulting in impact to the Bank's customers, financial markets and interruption on the Bank'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 Bank 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 Bank 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 Bank 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 Bank continuously enhances its BCM plans and processes to strengthen its resilience to endure future crises.

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 Bank.

The Bank has incorporated ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves. The Bank has in place a Sustainability Risk Governance Framework that is aligned with the Bank's overall Risk Management Framework. This provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting ESG risks. The Sustainability Risk Governance Framework acts as a guide for the Bank to adopt pragmatic measures to ensure long-term value to its stakeholders whilst positively impacting the communities and the environment in which it operates.

Furthermore, the Bank's ESG Policy and Assessment Framework embeds ESG criteria in the Bank's credit evaluation of its corporate customers as the transition to a low carbon and climate-resilient economy. This framework includes an internal ESG risk rating system and additional guidelines for high-risk sectors such as forestry, metals and mining/quarrying, non-renewable energy and palm oil. This is supplemented by BNM's Climate Change and Principle-based Taxonomy ("CCPT") when conducting the client's ESG assessment.

Although ESG presents risks, the Bank has introduced initiatives that mitigate and adapt to these risks, allowing it to capitalise on potential opportunities to enhance resource efficiencies, adopt low-emission energy sources, develop new green products and services, gain access to new markets and strengthen its overall risk resilience.

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 Bank adheres to stringent standards when assessing its operational carbon footprint to avoid greenwashing. The Bank 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.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, 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 Bank.

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 Bank 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 and financial liabilities bearing floating interest/profit rates and fixed rate financial assets and financial liabilities carried at fair value.

	The Group		The Bank	
	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				
Increase/(Decrease)				
+100 basis points ('bps')	**156,095**	**(637,333)**	**134,271**	**(549,007)**
-100 bps	**(156,095)**	**637,333**	**(134,271)**	**549,007**
2023				
Increase/(Decrease)				
+100 basis points ('bps')	105,584	(592,562)	102,594	(509,424)
-100 bps	(105,584)	592,562	(102,594)	509,424

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

(ii) Foreign currency risk sensitivity analysis

The Group and the Bank 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 Bank:

The Group	2024 RM'000	2023 RM'000
Asset/(Liability)		
United States Dollar ("USD")	**55,196**	(496,728)
Euro ("EUR")	**(128,283)**	42,693
Great Britain Pound ("GBP")	**8,556**	30,143
Singapore Dollar ("SGD")	**(159,446)**	(119,925)
Australian Dollar ("AUD")	**53,364**	(16,118)
Chinese Yuan Renminbi ("CNY")	**(224,206)**	(16,116)
Hong Kong Dollar ("HKD")	**(383,881)**	(220,890)
Others	**325,411**	275,243
	(453,289)	(521,698)

The Bank	2024 RM'000	2023 RM'000
Asset/(Liability)		
United States Dollar ("USD")	**167,278**	(389,951)
Euro ("EUR")	**(128,527)**	47,735
Great Britain Pound ("GBP")	**(25,755)**	7,070
Singapore Dollar ("SGD")	**(160,424)**	(140,645)
Australian Dollar ("AUD")	**51,253**	(26,273)
Chinese Yuan Renminbi ("CNY")	**(233,617)**	(15,192)
Hong Kong Dollar ("HKD")	**(384,086)**	(228,759)
Others	**260,129**	143,121
	(453,749)	(602,894)

48 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 foreign currency exchange rates to the profit after tax are as follows:

The Group	2024 RM'000	2023 RM'000
Increase/(Decrease)		
-1%		
United States Dollar ("USD")	**(419)**	3,775
Euro ("EUR")	**975**	(324)
Great Britain Pound ("GBP")	**(65)**	(229)
Singapore Dollar ("SGD")	**1,212**	911
Australian Dollar ("AUD")	**(406)**	122
Chinese Yuan Renminbi ("CNY")	**1,704**	122
Hong Kong Dollar ("HKD")	**2,917**	1,679
Others	**(2,473)**	(2,092)
	3,445	3,964
+1%		
United States Dollar ("USD")	**419**	(3,775)
Euro ("EUR")	**(975)**	324
Great Britain Pound ("GBP")	**65**	229
Singapore Dollar ("SGD")	**(1,212)**	(911)
Australian Dollar ("AUD")	**406**	(122)
Chinese Yuan Renminbi ("CNY")	**(1,704)**	(122)
Hong Kong Dollar ("HKD")	**(2,917)**	(1,679)
Others	**2,473**	2,092
	(3,445)	(3,964)

48 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 foreign currency exchange rates to the profit after tax are as follows: (continued)

The Bank	2024 RM'000	2023 RM'000
Increase/(Decrease)		
-1%		
United States Dollar ("USD")	**(1,271)**	2,964
Euro ("EUR")	**977**	(363)
Great Britain Pound ("GBP")	**196**	(54)
Singapore Dollar ("SGD")	**1,219**	1,069
Australian Dollar ("AUD")	**(390)**	200
Chinese Yuan Renminbi ("CNY")	**1,775**	115
Hong Kong Dollar ("HKD")	**2,919**	1,739
Others	**(1,977)**	(1,088)
	3,448	4,582
+1%		
United States Dollar ("USD")	**1,271**	(2,964)
Euro ("EUR")	**(977)**	363
Great Britain Pound ("GBP")	**(196)**	54
Singapore Dollar ("SGD")	**(1,219)**	(1,069)
Australian Dollar ("AUD")	**390**	(200)
Chinese Yuan Renminbi ("CNY")	**(1,775)**	(115)
Hong Kong Dollar ("HKD")	**(2,919)**	(1,739)
Others	**1,977**	1,088
	(3,448)	(4,582)

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk

The tables below summarise the Group's and the Bank's exposure to interest/profit rate risks. Included in the tables are the Group's and the Bank's financial assets and financial liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statements of financial position represents the net notional amounts of all interest/profit rate sensitive derivative financial instruments. As interest rates and yield curves change over time, the Group and the Bank may be exposed to loss in earnings due to the effects of interest rates on the structure of the statement of financial position. Sensitivity to interest/profit rates arises from mismatches in the repricing dates, cash flows and other characteristics of the financial assets and their corresponding financial liabilities funding.

	The Group 2024 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	4,046,424	-	-	-	-	1,743,735	-	5,790,159
Deposits and placements with banks and other financial institutions	-	649,483	-	-	-	12,038	-	661,521
Securities purchased under resale agreements	-	199,466	96,860	-	-	989	-	297,315
Financial assets at fair value through profit or loss	-	-	-	-	-	611,086	2,804,105	3,415,191
Financial investments at fair value through other comprehensive income	1,846,808	4,024,173	4,760,620	28,762,131	1,228,277	477,185	-	41,099,194
Financial investments at amortised cost	65,011	1,160,944	1,985,926	26,602,620	1,033,099	304,556	-	31,152,156
Loans, advances and financing								
- performing	159,608,891	1,933,395	1,666,600	7,526,458	21,896,935	-	-	192,632,279
- impaired ^	115,766	2,198	9,790	69,128	475,307	-	-	672,189
Other assets	153,556	-	-	-	-	3,958,616	-	4,112,172
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	1,354,349	1,354,349
- hedging derivatives	-	-	-	8,305	-	-	-	8,305
Statutory deposits with Central Banks	-	-	-	-	-	3,214,478	-	3,214,478
Total financial assets	165,836,456	7,969,659	8,519,796	62,968,642	24,633,618	10,322,683	4,158,454	284,409,308

^ This represents outstanding impaired loans after deducting expected credit losses.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group 2024 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities								
Deposits from customers	75,420,661	43,973,323	48,236,665	6,923,025	913,821	44,965,305	-	220,432,800
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	6,632,671	2,921,542	239,172	1,514,577	21,037	41,940	-	11,370,939
Obligations on securities sold under repurchase agreements	3,523,805	6,278,895	-	-	-	20,949	-	9,823,649
Bills and acceptances payable	6,876	40,859	42,156	-	-	192,656	-	282,547
Lease liabilities	3,548	7,182	30,590	101,571	28,478	-	-	171,369
Other liabilities	8,566	1,639	4,724	686	2,131	6,905,708	-	6,923,454
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	1,805,061	1,805,061
- hedging derivatives	-	-	-	146	-	-	-	146
Recourse obligation on loans sold to Cagamas	-	600,032	1,250,035	1,402,164	-	24,772	-	3,277,003
Senior debts	9,894	238,997	-	299,047	-	1,974	-	549,912
Tier 2 subordinated bonds	-	-	-	1,497,635	-	2,910	-	1,500,545
Multi-currency Additional Tier 1 Capital Securities	-	-	-	1,703,228	-	15,443	-	1,718,671
Total financial liabilities	86,641,531	54,852,538	50,129,195	13,442,079	965,467	52,186,759	1,805,061	260,022,630
Net interest sensitivity gap	79,194,925	(46,882,879)	(41,609,399)	49,526,563	23,668,151			
Financial guarantees	-	-	-	-	-	1,164,484		
Credit related commitments and contingencies	-	-	-	-	-	50,135,048		
Treasury related commitments and contingencies (hedging)	-	-	-	1,250,000	-	-		
Net interest sensitivity gap	-	-	-	1,250,000	-	51,299,532		

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group 2023 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	6,380,482	-	-	-	-	1,826,321	-	8,206,803
Deposits and placements with banks and other financial institutions	-	280,607	146,781	-	-	9,489	-	436,877
Financial assets at fair value through profit or loss	-	-	-	-	-	1,672,161	3,982,776	5,654,937
Financial investments at fair value through other comprehensive income	1,762,429	2,461,825	1,956,743	26,621,416	730,756	353,501	-	33,886,670
Financial investments at amortised cost	719,795	-	938,218	28,200,667	1,036,012	299,373	-	31,194,065
Loans, advances and financing								
- performing	147,202,285	3,079,387	1,510,768	7,828,961	19,650,706	-	-	179,272,107
- impaired ^	60,276	9,123	6,134	89,603	465,604	-	-	630,740
Other assets	100,381	-	-	-	-	2,233,739	-	2,334,120
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	2,157,911	2,157,911
- hedging derivatives	-	-	-	6,647	3,866	-	-	10,513
Statutory deposits with Central Banks	-	-	-	-	-	3,396,920	-	3,396,920
Total financial assets	156,225,648	5,830,942	4,558,644	62,747,294	21,886,944	9,791,504	6,140,687	267,181,663

^ This represents outstanding impaired loans after deducting expected credit losses.

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Group 2023 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities								
Deposits from customers	78,758,174	41,884,491	43,922,638	5,364,619	841,095	40,880,802	-	211,651,819
Investment accounts of customers	448,208	859,166	930,546	-	-	12,593	-	2,250,513
Deposits and placements of banks and other financial institutions	2,800,306	4,945,210	310,766	1,478,344	22,139	37,061	-	9,593,826
Obligations on securities sold under repurchase agreements	2,678,098	4,718,922	-	-	-	2,563	-	7,399,583
Bills and acceptances payable	4,314	29,963	30,168	-	-	146,986	-	211,431
Lease liabilities	3,512	6,785	29,476	107,561	31,594	-	-	178,928
Other liabilities	1,894	434	1,019	183	-	5,635,151	-	5,638,681
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	2,387,851	2,387,851
- hedging derivatives	-	-	-	35	-	-	-	35
Recourse obligation on loans sold to Cagamas	-	-	-	2,950,040	-	22,180	-	2,972,220
Tier 2 subordinated bonds	-	-	1,000,000	499,089	-	2,661	-	1,501,750
Multi-currency Additional Tier 1 Capital Securities	-	-	399,345	1,304,261	-	15,903	-	1,719,509
Total financial liabilities	84,694,506	52,444,971	46,623,958	11,704,132	894,828	46,755,900	2,387,851	245,506,146
Net interest sensitivity gap	71,531,142	(46,614,029)	(42,065,314)	51,043,162	20,992,116			
Financial guarantees	-	-	-	-	-	1,044,877		
Credit related commitments and contingencies	-	-	-	-	-	50,433,059		
Treasury related commitments and contingencies (hedging)	-	-	-	469,048	72,619	-		
Net interest sensitivity gap	-	-	-	469,048	72,619	51,477,936		

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank 2024 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	2,123,613	-	-	-	-	1,742,878	-	3,866,491
Deposits and placements with banks and other financial institutions	-	572,651	-	449,505	-	12,635	-	1,034,791
Financial assets at fair value through profit or loss	-	-	-	-	-	695,505	2,694,751	3,390,256
Financial investments at fair value through other comprehensive income	1,547,559	3,629,650	4,591,987	24,685,899	993,268	419,835	-	35,868,198
Financial investments at amortised cost	50,010	870,826	1,485,154	18,901,911	1,033,099	225,813	-	22,566,813
Loans, advances and financing								
- performing	122,383,437	1,505,052	491,266	5,726,495	13,486,953	-	-	143,593,203
- impaired ^	85,350	1,703	7,548	56,162	304,755	-	-	455,518
Other assets	153,556	-	-	-	-	3,915,649	-	4,069,205
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	1,301,458	1,301,458
- hedging derivatives	-	-	-	8,243	-	-	-	8,243
Amount due from subsidiaries	-	-	-	-	-	104,124	-	104,124
Statutory deposits with Central Banks	-	-	-	-	-	2,320,111	-	2,320,111
Total financial assets	126,343,525	6,579,882	6,575,955	49,828,215	15,818,075	9,436,550	3,996,209	218,578,411

^ This represents outstanding impaired loans after deducting expected credit losses.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank 2024 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities								
Deposits from customers	56,008,931	31,091,273	36,811,794	4,460,502	901,009	36,479,925	-	165,753,434
Deposits and placements of banks and other financial institutions	5,912,429	2,886,935	427,412	1,513,944	-	46,183	-	10,786,903
Obligations on securities sold under repurchase agreements	3,523,805	6,278,895	-	-	-	20,949	-	9,823,649
Bills and acceptances payable	5,442	36,023	35,308	-	-	161,640	-	238,413
Lease liabilities	5,809	11,667	52,260	126,082	29,221	-	-	225,039
Other liabilities	887	1,603	4,423	567	2,131	6,736,731	-	6,746,342
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	1,698,661	1,698,661
- hedging derivatives	-	-	-	41	-	-	-	41
Recourse obligation on loans sold to Cagamas	-	410,019	900,013	402,137	-	16,466	-	1,728,635
Senior debts	5,000	238,997	-	99,549	-	658	-	344,204
Tier 2 subordinated bonds	-	-	-	1,497,635	-	2,910	-	1,500,545
Multi-currency Additional Tier 1 Capital Securities	-	-	-	1,703,228	-	15,443	-	1,718,671
Total financial liabilities	65,462,303	40,955,412	38,231,210	9,803,685	932,361	43,480,905	1,698,661	200,564,537
Net interest sensitivity gap	60,881,222	(34,375,530)	(31,655,255)	40,024,530	14,885,714			
Financial guarantees	-	-	-	-	-	1,015,197		
Credit related commitments and contingencies	-	-	-	-	-	40,747,410		
Treasury related commitments and contingencies (hedging)	-	-	-	1,250,000	-	-		
Net interest sensitivity gap	-	-	-	1,250,000	-	41,762,607		

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank 2023 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets								
Cash and short-term funds	4,537,357	-	-	-	-	1,824,871	-	6,362,228
Deposits and placements with banks and other financial institutions	-	753,000	146,781	434,283	-	9,489	-	1,343,553
Financial assets at fair value through profit or loss	-	-	-	-	-	1,745,712	3,171,240	4,916,952
Financial investments at fair value through other comprehensive income	1,732,427	2,461,825	1,881,168	22,992,676	730,756	310,348	-	30,109,200
Financial investments at amortised cost	629,789	-	683,474	19,634,856	1,036,012	217,433	-	22,201,564
Loans, advances and financing								
- performing	113,325,166	2,603,472	729,056	5,802,037	12,216,725	-	-	134,676,456
- impaired ^	45,742	1,518	1,976	43,640	323,429	-	-	416,305
Other assets	100,381	-	-	-	-	2,184,233	-	2,284,614
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	2,063,266	2,063,266
- hedging derivatives	-	-	-	6,482	1,921	-	-	8,403
Amount due from subsidiaries	-	-	-	-	-	143,862	-	143,862
Statutory deposits with Central Banks	-	-	-	-	-	2,509,021	-	2,509,021
Total financial assets	120,370,862	5,819,815	3,442,455	48,913,974	14,308,843	8,944,969	5,234,506	207,035,424

^ This represents outstanding impaired loans after deducting expected credit losses.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	The Bank 2023 Non-trading book							
	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	Non-interest/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities								
Deposits from customers	60,636,743	29,129,468	33,850,302	4,319,864	790,374	34,006,197	-	162,732,948
Deposits and placements of banks and other financial institutions	2,501,869	4,050,410	194,672	1,476,742	-	45,798	-	8,269,491
Obligations on securities sold under repurchase agreements	2,678,098	4,718,922	-	-	-	2,563	-	7,399,583
Bills and acceptances payable	3,669	23,655	24,410	-	-	103,468	-	155,202
Lease liabilities	5,567	11,137	49,950	169,023	34,036	-	-	269,713
Other liabilities	1,820	377	871	157	-	5,315,629	-	5,318,854
Derivative financial instruments								
- trading derivatives	-	-	-	-	-	-	2,301,901	2,301,901
- hedging derivatives	-	-	-	35	-	-	-	35
Recourse obligation on loans sold to Cagamas	-	-	-	1,500,019	-	14,627	-	1,514,646
Tier 2 subordinated bonds	-	-	1,000,000	499,089	-	2,661	-	1,501,750
Multi-currency Additional Tier 1 Capital Securities	-	-	399,345	1,304,261	-	15,903	-	1,719,509
Total financial liabilities	65,827,766	37,933,969	35,519,550	9,269,190	824,410	39,506,846	2,301,901	191,183,632
Net interest sensitivity gap	54,543,096	(32,114,154)	(32,077,095)	39,644,784	13,484,433			
Financial guarantees	-	-	-	-	-	827,597		
Credit related commitments and contingencies	-	-	-	-	-	40,390,953		
Treasury related commitments and contingencies (hedging)	-	-	-	469,048	72,619	-		
Net interest sensitivity gap	-	-	-	469,048	72,619	41,218,550		

Notes to the Financial Statements

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48 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 Bank 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 BNM's New Liquidity Framework and depositor's concentration ratios. The Group and the Bank 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 (including non-financial instruments) as at 30 June 2024 based on the remaining contractual maturity:

	The Group 2024							
	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	4,679,123	1,111,036	-	-	-	-	-	5,790,159
Deposits and placements with banks and other financial institutions	-	-	661,521	-	-	-	-	661,521
Securities purchased under resale agreements	-	-	200,126	97,189	-	-	-	297,315
Financial assets at fair value through profit or loss	173,553	107,806	-	205	-	2,290,773	842,854	3,415,191
Financial investments at fair value through other comprehensive income	138,843	1,316,581	2,660,244	1,854,792	2,433,339	32,578,598	116,797	41,099,194
Financial investments at amortised cost	-	86,656	1,362,361	1,515,517	827,427	27,360,195	-	31,152,156
Loans, advances and financing	15,697,705	8,887,386	6,891,472	3,389,688	1,096,167	157,342,050	-	193,304,468
Other assets	3,879,205	20,677	33,066	41,853	11,325	1,452	255,993	4,243,571
Derivative financial instruments	54,738	49,421	81,573	92,214	99,748	984,960	-	1,362,654
Statutory deposits with Central Banks	-	-	-	-	-	-	3,214,478	3,214,478
Investment in associated companies	-	-	-	-	-	-	9,639,404	9,639,404
Property and equipment	-	-	-	-	-	-	994,351	994,351
Intangible assets	-	-	-	-	-	-	353,477	353,477
Right-of-use assets	-	-	-	-	-	-	167,705	167,705
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	262,116	262,116
Total assets	24,623,167	11,579,563	11,890,363	6,991,458	4,468,006	220,558,028	17,678,487	297,789,072

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2024 based on the remaining contractual maturity: (continued)

	The Group 2024							
	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
Liabilities								
Deposits from customers	90,361,512	27,059,344	44,456,340	29,270,894	19,448,411	9,836,299	-	220,432,800
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	2,538,890	4,127,117	2,929,000	113,646	126,671	1,535,615	-	11,370,939
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
Lease liabilities	-	3,548	7,182	10,488	20,102	130,049	-	171,369
Other liabilities	6,938,000	167,130	14,479	2,243	13,909	67	88,151	7,223,979
Derivative financial instruments	27,255	112,998	287,620	71,421	112,519	1,193,394	-	1,805,207
Recourse obligation on loans sold to Cagamas	-	-	617,080	7,724	1,250,035	1,402,164	-	3,277,003
Senior debts	-	9,894	238,997	1,974	-	299,047	-	549,912
Tier 2 subordinated bonds	-	-	-	2,910	-	1,497,635	-	1,500,545
Multi-currency Additional Tier 1 Capital Securities	-	-	4,564	10,878	-	1,703,229	-	1,718,671
Provision for taxation	-	-	-	-	-	-	171,829	171,829
Total liabilities	100,684,913	35,441,190	55,677,764	29,848,513	20,985,125	17,597,499	259,980	260,494,984
Total equity	-	-	-	-	-	-	37,294,088	37,294,088
Total liabilities and equity	100,684,913	35,441,190	55,677,764	29,848,513	20,985,125	17,597,499	37,554,068	297,789,072
Net liquidity gap	(76,061,746)	(23,861,627)	(43,787,401)	(22,857,055)	(16,517,119)	202,960,529	17,418,507	37,294,088

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity:

	The Group 2023							
	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	7,005,872	1,200,931	-	-	-	-	-	8,206,803
Deposits and placements with banks and other financial institutions	-	-	289,248	147,629	-	-	-	436,877
Financial assets at fair value through profit or loss	103,473	1,372,049	-	272,331	342,852	1,893,633	1,670,599	5,654,937
Financial investments at fair value through other comprehensive income	291,161	1,424,461	1,664,600	244,175	1,715,650	28,448,973	97,650	33,886,670
Financial investments at amortised cost	787,556	387	22,048	98,358	876,173	29,409,543	-	31,194,065
Loans, advances and financing	14,373,246	7,321,276	7,192,416	2,685,273	979,177	147,351,459	-	179,902,847
Other assets	2,064,561	15,030	29,260	38,878	12,570	2,047	292,069	2,454,415
Derivative financial instruments	67,367	173,596	576,425	181,326	141,775	1,027,935	-	2,168,424
Statutory deposits with Central Banks	-	-	-	-	-	-	3,396,920	3,396,920
Investment in associated companies	-	-	-	-	-	-	8,712,976	8,712,976
Property and equipment	-	-	-	-	-	-	1,055,391	1,055,391
Intangible assets	-	-	-	-	-	-	362,435	362,435
Right-of-use assets	-	-	-	-	-	-	175,946	175,946
Goodwill	-	-	-	-	-	-	1,831,312	1,831,312
Deferred tax assets	-	-	-	-	-	-	410,436	410,436
Total assets	24,693,236	11,507,730	9,773,997	3,667,970	4,068,197	208,133,590	18,005,734	279,850,454

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity: (continued)

	The Group 2023							
	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
Liabilities								
Deposits from customers	85,506,966	31,977,530	42,215,852	24,447,241	19,954,278	7,549,952	-	211,651,819
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	1,776,790	1,058,774	4,945,901	142,636	169,243	1,500,482	-	9,593,826
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	4,718,645	-	-	-	-	7,399,583
Bills and acceptances payable	147,300	4,000	29,963	30,168	-	-	-	211,431
Lease liabilities	-	3,512	6,785	9,972	19,504	139,155	-	178,928
Other liabilities	5,667,523	157,488	16,701	632	14,602	50	89,054	5,946,050
Derivative financial instruments	220,700	164,000	461,114	128,523	130,981	1,282,568	-	2,387,886
Recourse obligation on loans sold to Cagamas	-	-	15,203	6,977	-	2,950,040	-	2,972,220
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 Capital Securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Provision for taxation	-	-	-	-	-	-	50,287	50,287
Total liabilities	94,619,356	35,199,337	53,279,101	25,688,833	21,712,236	15,225,598	139,341	245,863,802
Total equity	-	-	-	-	-	-	33,986,652	33,986,652
Total liabilities and equity	94,619,356	35,199,337	53,279,101	25,688,833	21,712,236	15,225,598	34,125,993	279,850,454
Net liquidity gap	(69,926,120)	(23,691,607)	(43,505,104)	(22,020,863)	(17,644,039)	192,907,992	17,866,393	33,986,652

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2024 based on the remaining contractual maturity:

	The Bank 2024							
	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	3,606,081	260,410	-	-	-	-	-	3,866,491
Deposits and placements with banks and other financial institutions	-	-	585,286	-	-	449,505	-	1,034,791
Financial assets at fair value through profit or loss	173,553	107,113	-	-	-	2,259,369	850,221	3,390,256
Financial investments at fair value through other comprehensive income	138,843	1,017,322	2,262,345	1,685,989	2,433,339	28,213,563	116,797	35,868,198
Financial investments at amortised cost	-	71,366	1,067,828	1,167,108	671,106	19,589,405	-	22,566,813
Loans, advances and financing	12,180,013	7,326,296	5,989,906	2,446,179	444,183	115,662,144	-	144,048,721
Other assets	3,976,891	19,917	31,548	39,574	11,165	1,227	110,066	4,190,388
Derivative financial instruments	51,311	46,626	82,043	83,619	97,229	948,873	-	1,309,701
Amount due from subsidiaries	-	-	-	-	-	-	104,124	104,124
Statutory deposits with Central Banks	-	-	-	-	-	-	2,320,111	2,320,111
Subsidiary companies	-	-	-	-	-	-	2,656,848	2,656,848
Investment in associated companies	-	-	-	-	-	-	2,087,699	2,087,699
Property and equipment	-	-	-	-	-	-	441,329	441,329
Intangible assets	-	-	-	-	-	-	318,725	318,725
Right-of-use assets	-	-	-	-	-	-	216,520	216,520
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	187,679	187,679
Total assets	20,126,692	8,849,050	10,018,956	5,422,469	3,657,022	167,124,086	11,181,666	226,379,941

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2024 based on the remaining contractual maturity: (continued)

	The Bank 2024							
	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
Liabilities								
Deposits from customers	71,388,155	18,360,931	31,451,100	21,549,131	15,651,682	7,352,435	-	165,753,434
Deposits and placements of banks and other financial institutions	2,066,437	3,880,015	2,896,397	369,698	60,411	1,513,945	-	10,786,903
Obligations on securities sold under repurchase agreements	446,905	3,090,111	6,286,633	-	-	-	-	9,823,649
Bills and acceptances payable	161,911	5,171	36,023	35,303	5	-	-	238,413
Lease liabilities	-	5,809	11,667	17,499	34,762	155,302	-	225,039
Other liabilities	6,287,497	167,074	14,332	2,150	4,378	432,722	80,011	6,988,164
Derivative financial instruments	26,051	110,486	285,458	62,709	114,134	1,099,864	-	1,698,702
Recourse obligation on loans sold to Cagamas	-	-	424,223	2,262	900,013	402,137	-	1,728,635
Senior debts	-	5,000	238,997	658	-	99,549	-	344,204
Tier 2 subordinated bonds	-	-	-	2,910	-	1,497,635	-	1,500,545
Multi-currency Additional Tier 1 Capital Securities	-	-	4,564	10,878	-	1,703,229	-	1,718,671
Provision for taxation	-	-	-	-	-	-	124,845	124,845
Total liabilities	80,376,956	25,624,597	41,649,394	22,053,198	16,765,385	14,256,818	204,856	200,931,204
Total equity	-	-	-	-	-	-	25,448,737	25,448,737
Total liabilities and equity	80,376,956	25,624,597	41,649,394	22,053,198	16,765,385	14,256,818	25,653,593	226,379,941
Net liquidity gap	(60,250,264)	(16,775,547)	(31,630,438)	(16,630,729)	(13,108,363)	152,867,268	10,976,810	25,448,737

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity:

	The Bank 2023							
	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	6,092,697	269,531	-	-	-	-	-	6,362,228
Deposits and placements with banks and other financial institutions	-	-	761,641	147,629	-	434,283	-	1,343,553
Financial assets at fair value through profit or loss	103,473	1,071,721	-	271,884	48,595	1,654,966	1,766,313	4,916,952
Financial investments at fair value through other comprehensive income	260,523	1,424,461	1,664,600	244,175	1,639,556	24,778,235	97,650	30,109,200
Financial investments at amortised cost	695,640	387	22,048	78,270	640,326	20,764,893	-	22,201,564
Loans, advances and financing	11,150,990	6,056,620	6,614,320	2,007,923	466,170	108,796,738	-	135,092,761
Other assets	2,200,934	14,302	27,828	36,731	12,496	2,047	104,165	2,398,503
Derivative financial instruments	66,881	150,143	526,732	155,706	140,077	1,032,130	-	2,071,669
Amount due from subsidiaries	-	-	-	-	-	-	143,862	143,862
Statutory deposits with Central Banks	-	-	-	-	-	-	2,509,021	2,509,021
Subsidiary companies	-	-	-	-	-	-	2,655,317	2,655,317
Investment in associated companies	-	-	-	-	-	-	2,087,699	2,087,699
Property and equipment	-	-	-	-	-	-	488,040	488,040
Intangible assets	-	-	-	-	-	-	326,216	326,216
Right-of-use assets	-	-	-	-	-	-	261,308	261,308
Goodwill	-	-	-	-	-	-	1,771,547	1,771,547
Deferred tax assets	-	-	-	-	-	-	317,985	317,985
Total assets	20,571,138	8,987,165	9,617,169	2,942,318	2,947,220	157,463,292	12,529,123	215,057,425

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (including non-financial instruments) as at 30 June 2023 based on the remaining contractual maturity: (continued)

	The Bank 2023							
	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
Liabilities								
Deposits from customers	70,277,393	22,407,762	29,370,840	17,944,091	16,282,955	6,449,907	-	162,732,948
Deposits and placements of banks and other financial institutions	1,573,319	964,196	4,057,912	80,495	116,826	1,476,743	-	8,269,491
Obligations on securities sold under repurchase agreements	1,175,840	1,505,098	4,718,645	-	-	-	-	7,399,583
Bills and acceptances payable	103,741	3,396	23,655	24,410	-	-	-	155,202
Lease liabilities	-	5,567	11,137	16,637	33,313	203,059	-	269,713
Other liabilities	4,874,548	157,391	16,561	582	4,640	432,643	80,385	5,566,750
Derivative financial instruments	220,855	127,608	451,072	119,923	130,981	1,251,497	-	2,301,936
Recourse obligation on loans sold to Cagamas	-	-	12,359	2,268	-	1,500,019	-	1,514,646
Tier 2 subordinated bonds	-	-	-	2,661	1,000,000	499,089	-	1,501,750
Multi-currency Additional Tier 1 Capital Securities	-	-	4,862	11,040	399,345	1,304,262	-	1,719,509
Provision for taxation	-	-	-	-	-	-	39,545	39,545
Total liabilities	78,225,696	25,171,018	38,667,043	18,202,107	17,968,060	13,117,219	119,930	191,471,073
Total equity	-	-	-	-	-	-	23,586,352	23,586,352
Total liabilities and equity	78,225,696	25,171,018	38,667,043	18,202,107	17,968,060	13,117,219	23,706,282	215,057,425
Net liquidity gap	(57,654,558)	(16,183,853)	(29,049,874)	(15,259,789)	(15,020,840)	144,346,073	12,409,193	23,586,352

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for the financial year ended 30 June 2024

48 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.

	The Group 2024					
	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
Financial liabilities						
Deposits from customers	118,812,634	44,897,234	49,986,511	10,092,346	1,908,516	225,697,241
Investment accounts of customers	1,081,123	824,197	339,635	-	-	2,244,955
Deposits and placements of banks and other financial institutions	6,947,384	3,264,645	422,096	877,843	394,448	11,906,416
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
Lease liabilities	4,367	8,786	37,240	117,235	30,947	198,575
Other liabilities	6,914,274	1,639	4,724	686	2,131	6,923,454
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(13,699,875)	(11,385,143)	(10,260,771)	(3,464,518)	(198,675)	(39,008,982)
- Outflow	13,841,308	11,697,125	10,464,281	3,695,455	200,432	39,898,601
- Net settled derivatives	7,968	77,965	239,540	599,638	128,434	1,053,545
Recourse obligation on loans sold to Cagamas	-	633,044	1,336,211	1,438,047	-	3,407,302
Senior debts	10,182	242,065	12,210	314,262	-	578,719
Tier 2 subordinated bonds	-	-	61,500	1,725,168	-	1,786,668
Multi-currency Additional Tier 1 Capital Securities	-	8,570	67,280	1,895,172	-	1,971,022
Total financial liabilities	**137,654,355**	**56,587,614**	**52,732,139**	**17,291,334**	**2,466,233**	**266,731,675**

48 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 2023					
	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
Financial liabilities						
Deposits from customers	118,631,447	42,406,746	45,301,081	7,602,254	1,684,848	215,626,376
Investment accounts of customers	444,931	919,787	968,025	-	-	2,332,743
Deposits and placements of banks and other financial institutions	3,992,684	3,920,181	353,504	1,099,967	397,054	9,763,390
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
Lease liabilities	4,524	8,211	35,044	123,680	34,044	205,503
Other liabilities	5,637,045	434	1,019	183	-	5,638,681
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(11,614,176)	(13,484,469)	(4,650,782)	(3,972,926)	(118,311)	(33,840,664)
- Outflow	12,029,722	14,140,906	4,919,664	4,284,947	131,787	35,507,026
- Net settled derivatives	41,385	70,617	347,681	629,419	109,254	1,198,356
Recourse obligation on loans sold to Cagamas	-	27,256	90,684	3,101,511	-	3,219,451
Tier 2 subordinated bonds	-	-	1,063,473	584,058	-	1,647,531
Multi-currency Additional Tier 1 Capital Securities	-	9,518	468,425	1,485,976	-	1,963,919
Total financial liabilities	131,996,865	52,744,409	48,909,905	14,939,069	2,238,676	250,828,924

48 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 Bank 2024					
	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
Financial liabilities						
Deposits from customers	90,942,519	31,831,978	38,211,499	7,181,191	1,888,912	170,056,099
Deposits and placements of banks and other financial institutions	6,227,965	3,236,318	354,284	1,138,577	373,411	11,330,555
Obligations on securities sold under repurchase agreements	3,540,469	6,302,185	-	-	-	9,842,654
Bills and acceptances payable	163,003	15,303	18,326	-	-	196,632
Lease liabilities	6,604	13,204	58,274	139,892	31,540	249,514
Other liabilities	6,737,618	1,603	4,423	567	2,131	6,746,342
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(11,186,225)	(10,313,121)	(6,756,098)	(3,464,518)	(198,675)	(31,918,637)
- Outflow	11,323,923	10,618,309	6,932,345	3,695,455	200,432	32,770,464
- Net settled derivatives	8,324	78,082	238,187	536,421	128,199	989,213
Recourse obligation on loans sold to Cagamas	-	436,678	932,983	416,008	-	1,785,669
Senior bonds	5,091	242,065	4,070	106,122	-	357,348
Tier 2 subordinated bonds	-	-	61,500	1,725,168	-	1,786,668
Multi-currency Additional Tier 1 Capital Securities	-	8,570	67,280	1,895,172	-	1,971,022
Total financial liabilities	**107,769,291**	**42,471,174**	**40,127,073**	**13,370,055**	**2,425,950**	**206,163,543**

48 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 Bank					
	2023					
	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
Financial liabilities						
Deposits from customers	93,563,653	29,545,178	34,940,551	6,417,217	1,684,197	166,150,796
Deposits and placements of banks and other financial institutions	3,222,967	3,530,323	203,389	1,099,967	374,915	8,431,561
Obligations on securities sold under repurchase agreements	2,682,317	4,719,522	-	-	-	7,401,839
Bills and acceptances payable	103,467	3,294	8,942	-	-	115,703
Lease liabilities	6,470	12,892	56,978	185,396	36,407	298,143
Other liabilities	5,317,449	377	871	157	-	5,318,854
Derivative financial instruments						
- Gross settled derivatives						
- Inflow	(10,944,539)	(12,682,513)	(3,509,248)	(3,972,926)	(118,311)	(31,227,537)
- Outflow	11,307,885	13,304,214	3,756,109	4,284,947	131,787	32,784,942
- Net settled derivatives	41,169	70,081	342,634	594,601	108,331	1,156,816
Recourse obligation on loans sold to Cagamas	-	22,631	35,922	1,571,642	-	1,630,195
Tier 2 subordinated bonds	-	-	1,063,473	584,058	-	1,647,531
Multi-currency Additional Tier 1 Capital Securities	-	9,518	468,425	1,485,976	-	1,963,919
Total financial liabilities	105,300,838	38,535,517	37,368,046	12,251,035	2,217,326	195,672,762

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's and Bank's commitments and contingencies:

	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
The Group			
2024			
Direct credit substitutes	**173,250**	**63,744**	**236,994**
Certain transaction related contingent items	**1,864,054**	**1,201,391**	**3,065,445**
Short-term self liquidating trade related contingencies	**1,020,971**	**114,621**	**1,135,592**
Irrevocable commitments to extend credit	**26,686,909**	**16,125,330**	**42,812,239**
Unutilised credit card lines	**7,322,809**	**-**	**7,322,809**
Total commitments and contingencies	**37,067,993**	**17,505,086**	**54,573,079**
2023			
Direct credit substitutes	152,828	71,687	224,515
Certain transaction related contingent items	1,538,547	1,055,855	2,594,402
Short-term self liquidating trade related contingencies	1,063,924	-	1,063,924
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	36,114,802	18,201,098	54,315,900
The Bank			
2024			
Direct credit substitutes	**165,698**	**63,350**	**229,048**
Certain transaction related contingent items	**1,406,807**	**834,516**	**2,241,323**
Short-term self liquidating trade related contingencies	**973,463**	**15,499**	**988,962**
Irrevocable commitments to extend credit	**21,158,872**	**12,265,729**	**33,424,601**
Unutilised credit card lines	**7,322,809**	**-**	**7,322,809**
Total commitments and contingencies	**31,027,649**	**13,179,094**	**44,206,743**
2023			
Direct credit substitutes	146,896	70,150	217,046
Certain transaction related contingent items	1,114,958	704,436	1,819,394
Short-term self liquidating trade related contingencies	849,981	-	849,981
Irrevocable commitments to extend credit	21,025,525	12,463,084	33,488,609
Unutilised credit card lines	6,902,344	-	6,902,344
Total commitments and contingencies	30,039,704	13,237,670	43,277,374

Undrawn loan commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group and the Bank. The Group and the Bank expect that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(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 Bank 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. The table below shows the maximum exposure to credit risk for the Group and the Bank on financial instruments subject to impairment:

	The Group	
	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)	**5,068,846**	7,125,036
Securities purchased under resale agreements	**297,315**	-
Financial assets and investments portfolios (exclude shares):		
- Financial investments at FVOCI	**40,982,397**	33,789,020
- Financial investments at amortised cost	**31,152,156**	31,194,065
Loans, advances and financing	**193,304,468**	179,902,847
Other assets	**4,112,172**	2,334,120
Credit risk exposure relating to off-balance sheet items:		
Credit related commitments and contingencies	**54,573,079**	54,315,900
Total maximum credit risk exposure that are subject to impairment	**329,490,433**	308,660,988

Notes to the Financial Statements
for the financial year ended 30 June 2024

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(i) Maximum exposure to credit risk (continued)

	The Bank	
	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)	**3,630,294**	6,485,385
Financial assets and investments portfolios (exclude shares):		
- Financial investments at FVOCI	**35,751,401**	30,011,550
- Financial investments at amortised cost	**22,566,813**	22,201,564
Loans, advances and financing	**144,048,721**	135,092,761
Other assets	**4,069,205**	2,284,614
Amount due from subsidiaries	**104,124**	143,862
Credit risk exposure relating to off-balance sheet items:		
Credit related commitments and contingencies	**44,206,743**	43,277,374
Total maximum credit risk exposure that are subject to impairment	**254,377,301**	239,497,110

The table below shows the credit exposure of the Group and the Bank on financial instruments that are not subject to impairment:

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at FVTPL (exclude shares and wholesale funds)	**2,572,339**	3,910,787	**2,540,035**	3,150,639
Derivative assets	**1,362,654**	2,168,424	**1,309,701**	2,071,669
	3,934,993	6,079,211	**3,849,736**	5,222,308

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(ii) Collaterals

The main types of collateral obtained by the Group and the Bank 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 and the Bank 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 credit impaired loans, advances and financing under individual assessment for which no allowances is recognised because of collateral as at 30 June 2024 amounted to RM108,476,000 (2023: RM90,179,000) and RM87,940,000 (2023: RM77,165,000) respectively for the Group and the Bank.

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 and the Bank is 87.63% (2023: 87.35%) and 85.71% (2023: 85.32%) respectively. 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 as at 30 June 2024 for the Group and the Bank is 75.83% (2023: 72.15%) and 76.10% (2023: 74.05%) respectively.

(iii) Credit exposure by stage

Financial assets of the Group and the Bank 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 2N.

Notes to the Financial Statements

for the financial year ended 30 June 2024

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality

The Group and the Bank assess credit quality of loans, advances and financing 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 are under closer monitoring.
No rating	Obligors which are currently not assigned with credit ratings as it does not satisfy the criteria to be rated based on internal credit rating system.
Credit impaired	Obligors assessed to be impaired.

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other internationals rating agencies as defined below:

Credit Quality	Description
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 exposed to default risk.
Un-graded	Refers to financial asset which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

48 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:

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)				
Sovereign	3,232,845	-	-	3,232,845
Investment grade	1,742,267	-	-	1,742,267
Non-investment grade	94,101	-	-	94,101
Gross carrying amount	5,069,213	-	-	5,069,213
Expected credit losses	(367)	-	-	(367)
Net carrying amount	5,068,846	-	-	5,068,846
Securities purchased under resale agreements				
Investment grade	297,315	-	-	297,315
Expected credit losses	-	-	-	-
Net carrying amount	297,315	-	-	297,315
Financial investments at FVOCI				
Sovereign	26,398,526	-	-	26,398,526
Investment grade	14,569,648	-	-	14,569,648
Non-investment grade	14,223	-	-	14,223
Gross carrying amount	40,982,397	-	-	40,982,397
Expected credit losses	(3,001)	-	-	(3,001)
Financial investments at amortised cost				
Sovereign	29,576,735	-	-	29,576,735
Investment grade	1,575,435	-	-	1,575,435
Gross carrying amount	31,152,170	-	-	31,152,170
Expected credit losses	(14)	-	-	(14)
Net carrying amount	31,152,156	-	-	31,152,156
Loans, advances and financing				
Good	160,106,745	131,097	-	160,237,842
Adequate	25,858,993	1,013,946	-	26,872,939
Marginal	5	5,615,204	-	5,615,209
No rating	1,118,774	41,451	-	1,160,225
Credit impaired	-	-	1,041,199	1,041,199
Gross carrying amount	187,084,517	6,801,698	1,041,199	194,927,414
Expected credit losses	(902,823)	(341,901)	(369,010)	(1,613,734)
Others *	(9,212)	-	-	(9,212)
Net carrying amount	186,172,482	6,459,797	672,189	193,304,468

* Included fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges.

48 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	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)				
Sovereign	4,396,204	-	-	4,396,204
Investment grade	2,685,940	-	-	2,685,940
Non-investment grade	43,115	-	-	43,115
Gross carrying amount	7,125,259	-	-	7,125,259
Expected credit losses	(223)	-	-	(223)
Net carrying amount	7,125,036	-	-	7,125,036
Financial investments at FVOCI				
Sovereign	22,063,364	-	-	22,063,364
Investment grade	11,642,131	-	-	11,642,131
Non-investment grade	83,525	-	-	83,525
Gross carrying amount	33,789,020	-	-	33,789,020
Expected credit losses	(2,014)	-	-	(2,014)
Financial investments at amortised cost				
Sovereign	29,452,972	-	-	29,452,972
Investment grade	1,741,111	-	-	1,741,111
Gross carrying amount	31,194,083	-	-	31,194,083
Expected credit losses	(18)	-	-	(18)
Net carrying amount	31,194,065	-	-	31,194,065
Loans, advances and financing				
Good	150,504,650	112,027	-	150,616,677
Adequate	23,418,533	1,285,854	-	24,704,387
Marginal	-	5,310,466	-	5,310,466
No rating	3,297	-	-	3,297
Credit impaired	-	-	1,041,884	1,041,884
Gross carrying amount	173,926,480	6,708,347	1,041,884	181,676,711
Expected credit losses	(966,265)	(381,755)	(411,144)	(1,759,164)
Others *	(14,700)	-	-	(14,700)
Net carrying amount	172,945,515	6,326,592	630,740	179,902,847

* Included fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges.

48 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 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)				
Sovereign	1,712,458	-	-	1,712,458
Investment grade	1,745,635	-	-	1,745,635
Non-investment grade	172,621	-	-	172,621
Gross carrying amount	3,630,714	-	-	3,630,714
Expected credit losses	(420)	-	-	(420)
Net carrying amount	3,630,294	-	-	3,630,294
Financial investments at FVOCI				
Sovereign	21,769,061	-	-	21,769,061
Investment grade	13,968,117	-	-	13,968,117
Non-investment grade	14,223	-	-	14,223
Gross carrying amount	35,751,401	-	-	35,751,401
Expected credit losses	(2,973)	-	-	(2,973)
Financial investments at amortised cost				
Sovereign	21,753,219	-	-	21,753,219
Investment grade	813,594	-	-	813,594
Gross carrying amount	22,566,813	-	-	22,566,813
Expected credit losses	-	-	-	-
Net carrying amount	22,566,813	-	-	22,566,813
Loans, advances and financing				
Good	121,320,660	95,958	-	121,416,618
Adequate	17,578,554	817,823	-	18,396,377
Marginal	-	3,634,704	-	3,634,704
No rating	1,000,377	41,433	-	1,041,810
Credit impaired	-	-	676,134	676,134
Gross carrying amount	139,899,591	4,589,918	676,134	145,165,643
Expected credit losses	(665,344)	(223,723)	(220,616)	(1,109,683)
Others *	(7,239)	-	-	(7,239)
Net carrying amount	139,227,008	4,366,195	455,518	144,048,721

* Included fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges.

48 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 Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Short-term funds and placements with banks and other financial institutions (exclude cash in hand)				
Sovereign	3,277,503	-	-	3,277,503
Investment grade	2,642,327	-	-	2,642,327
Non-investment grade	567,800	-	-	567,800
Gross carrying amount	6,487,630	-	-	6,487,630
Expected credit losses	(2,245)	-	-	(2,245)
Net carrying amount	6,485,385	-	-	6,485,385
Financial investments at FVOCI				
Sovereign	18,292,001	-	-	18,292,001
Investment grade	11,636,024	-	-	11,636,024
Non-investment grade	83,525	-	-	83,525
Gross carrying amount	30,011,550	-	-	30,011,550
Expected credit losses	(2,007)	-	-	(2,007)
Financial investments at amortised cost				
Sovereign	21,227,755	-	-	21,227,755
Investment grade	973,809	-	-	973,809
Gross carrying amount	22,201,564	-	-	22,201,564
Expected credit losses	-	-	-	-
Net carrying amount	22,201,564	-	-	22,201,564
Loans, advances and financing				
Good	114,676,337	88,735	-	114,765,072
Adequate	16,170,735	1,085,019	-	17,255,754
Marginal	-	3,642,075	-	3,642,075
No rating	3,297	-	-	3,297
Credit impaired	-	-	676,600	676,600
Gross carrying amount	130,850,369	4,815,829	676,600	136,342,798
Expected credit losses	(712,146)	(265,808)	(260,295)	(1,238,249)
Others *	(11,788)	-	-	(11,788)
Net carrying amount	130,126,435	4,550,021	416,305	135,092,761

* Included fair value changes arising from fair value hedges and unamortised fair value changes arising from terminated fair value hedges.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's 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	Other assets RM'000	Derivative assets RM'000	Total credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	20,503	56,185	-	2,500,142	-	-	2,576,830	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	-	-	51,840	2,171,489	5,020	1,063,968	-	-	3,292,317	439,031	136,757
Construction	-	-	-	304,343	156,897	6,595,043	-	-	7,056,283	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	-	-	5,201	213,682	-	6,565,689	-	-	6,784,572	1,048,926	82,424
Finance, insurance, real estate and business services	1,836,001	297,315	98,449	15,775,472	1,816,765	18,836,903	4,107,642	1,362,654	44,131,201	3,612,409	675,362
Government and government agencies	3,232,845	-	2,395,467	22,426,406	29,173,474	-	4,530	-	57,232,722	-	71,730
Education, health and others	-	-	879	-	-	1,128,405	-	-	1,129,284	476,706	28,293
Household	-	-	-	-	-	122,807,784	-	-	122,807,784	21,123,501	8,331
Others	-	-	-	-	-	65,371	-	-	65,371	1,084	-
	5,068,846	297,315	2,572,339	40,982,397	31,152,156	193,304,468	4,112,172	1,362,654	278,852,347	50,135,048	4,438,031

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets are set out below: (continued)

	The Group 2023									
	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	Other assets RM'000	Derivative assets RM'000	Total credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	41,232	-	2,787,470	-	-	2,828,702	1,266,113	17,308
Mining and quarrying	-	-	-	-	115,556	-	-	115,556	89,612	6,739
Manufacturing	-	14,136	-	-	15,342,174	-	-	15,356,310	9,720,440	854,263
Electricity, gas and water	-	70,431	2,289,844	5,024	738,051	-	-	3,103,350	306,418	149,837
Construction	-	10,098	349,270	158,951	6,358,806	-	-	6,877,125	4,025,838	1,289,532
Wholesale and retail	-	-	33,156	-	16,176,215	-	-	16,209,371	7,911,734	825,436
Transport, storage and communications	-	9,868	181,083	-	5,706,490	-	-	5,897,441	1,118,925	82,845
Finance, insurance, real estate and business services	2,728,832	164,994	13,058,003	2,035,363	16,528,907	2,331,965	2,168,424	39,016,488	2,995,420	571,179
Government and government agencies	4,396,204	3,641,260	17,836,432	28,994,727	-	2,155	-	54,870,778	-	50,857
Education, health and others	-	-	-	-	1,538,040	-	-	1,538,040	393,439	27,396
Household	-	-	-	-	114,541,027	-	-	114,541,027	22,603,337	7,449
Others	-	-	-	-	70,111	-	-	70,111	1,783	-
	7,125,036	3,910,787	33,789,020	31,194,065	179,902,847	2,334,120	2,168,424	260,424,299	50,433,059	3,882,841

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets are set out below: (continued)

	The Bank 2024										
	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	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000	Total credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	20,503	56,185	-	1,262,130	-	-	-	1,338,818	954,523	15,202
Mining and quarrying	-	-	-	-	89,332	-	-	-	89,332	61,791	6,741
Manufacturing	-	-	-	-	11,351,599	-	-	-	11,351,599	8,372,909	880,189
Electricity, gas and water	-	51,840	2,166,310	5,020	607,900	-	-	-	2,831,070	285,895	21,084
Construction	-	-	304,343	156,897	5,030,326	-	-	-	5,491,566	2,339,530	1,045,850
Wholesale and retail	-	-	34,820	-	13,110,832	-	-	-	13,145,652	6,559,661	759,729
Transport, storage and communications	-	5,201	213,682	-	6,022,566	-	-	-	6,241,449	802,312	80,357
Finance, insurance, real estate and business services	1,917,836	97,551	14,991,185	1,026,773	14,327,171	4,064,675	104,124	1,309,701	37,839,016	2,605,098	567,047
Government and government agencies	1,712,458	2,364,061	17,984,876	21,378,123	-	4,530	-	-	43,444,048	-	71,730
Education, health and others	-	879	-	-	708,993	-	-	-	709,872	233,283	3,311
Household	-	-	-	-	91,476,997	-	-	-	91,476,997	18,532,408	8,093
Others	-	-	-	-	60,875	-	-	-	60,875	-	-
	3,630,294	2,540,035	35,751,401	22,566,813	144,048,721	4,069,205	104,124	1,309,701	214,020,294	40,747,410	3,459,333

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48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Bank's financial assets are set out below: (continued)

	The Bank 2023										
	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	Other assets RM'000	Amount due from subsidiaries RM'000	Derivative assets RM'000	Total credit risk exposures RM'000	Undrawn loan commitments and other facilities RM'000	Guarantees, endorsements and other contingent items RM'000
Agriculture	-	-	41,232	-	1,345,007	-	-	-	1,386,239	1,021,888	16,463
Mining and quarrying	-	-	-	-	88,340	-	-	-	88,340	73,402	6,739
Manufacturing	-	14,136	-	-	11,302,215	-	-	-	11,316,351	7,812,905	744,407
Electricity, gas and water	-	70,431	2,284,638	5,024	357,742	-	-	-	2,717,835	81,890	19,161
Construction	-	10,098	349,270	158,951	4,974,419	-	-	-	5,492,738	3,003,137	766,700
Wholesale and retail	-	-	33,156	-	12,036,274	-	-	-	12,069,430	6,344,541	712,866
Transport, storage and communications	-	9,868	181,083	-	5,178,405	-	-	-	5,369,356	916,616	80,497
Finance, insurance, real estate and business services	3,207,882	163,712	12,807,144	1,244,885	12,766,941	2,282,459	143,862	2,071,669	34,688,554	1,935,788	473,476
Government and government agencies	3,277,503	2,882,394	14,315,027	20,792,704	-	2,155	-	-	41,269,783	-	50,857
Education, health and others	-	-	-	-	720,459	-	-	-	720,459	201,442	8,177
Household	-	-	-	-	86,261,100	-	-	-	86,261,100	18,999,344	7,078
Others	-	-	-	-	61,859	-	-	-	61,859	-	-
	6,485,385	3,150,639	30,011,550	22,201,564	135,092,761	2,284,614	143,862	2,071,669	201,442,044	40,390,953	2,886,421

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(v) Repossessed collaterals

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Industrial and residential properties, lands and automobiles	**393,591**	377,172	**253,908**	279,067

Repossessed collaterals are made available-for-sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group and the Bank generally do not utilise the repossessed collaterals for its business use.

(vi) Write-off policy

The Group and the Bank 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 and the Bank'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 and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's and the Bank'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 and RM209.6 million (2023: RM310.1 million) for the Bank.

(vii) 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 in the statements of income with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group and the Bank would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

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 and the Bank 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.

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(viii) Sensitivity analysis

The Group and the Bank have 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, banking system credit and gross domestic product 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 and the Bank.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

(a) Retail

	Changes	
	2024	**2023**
Private consumption	**+/- 100 bps**	+/- 100 bps
House price index	**+/- 100 bps**	+/- 100 bps
Unemployment rate	**-**	+/- 200 bps

	The Group		The Bank	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Total decrease in ECL on the positive changes in key variables	**(3,578)**	(3,793)	**(2,480)**	(3,719)
Total increase in ECL on the negative changes in key variables	**3,657**	229	**3,374**	319

48 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(viii) Sensitivity analysis (continued)

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant: (continued)

(b) Non-retail

	Changes 2024/2023
Banking system credit	+/- 100 bps
Gross domestic product	+/- 100 bps

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total decrease in ECL on the positive changes in key variables	**(2,887)**	(4,266)	**(1,238)**	(3,523)
Total increase in ECL on the negative changes in key variables	**986**	3,787	**1,347**	**2,493**

(ix) 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 financial year ended 30 June 2024.

These ECL 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 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 paths of recovery in the forward-looking assessment for ECL estimation purposes.

The adjusted downside scenario has taken into consideration the current economic environment, which includes downside risks from cost pressures and 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) and RM421.1 million (2023: RM421.1 million) at the Group and the Bank respectively.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(a) Determination of fair value and fair value hierarchy

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques such as discounted cash flow that uses inputs such as market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain corporate bonds, government bonds and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques. This category includes unquoted shares held for socio-economic reasons. Fair value for shares held for socio-economic reasons are based on the net tangible assets of the affected companies.

49 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
Recurring fair value measurements				
Financial Assets				
Financial assets at FVTPL				
- Money market instrument	-	2,395,467	-	2,395,467
- Quoted securities	478,044	-	-	478,044
- Unquoted securities	-	157,351	384,329	541,680
Financial investments at FVOCI				
- Money market instrument	-	24,641,602	-	24,641,602
- Quoted securities	5,553,347	-	-	5,553,347
- Unquoted securities	-	10,787,448	116,797	10,904,245
Derivative financial instruments	2,690	1,285,201	74,763	1,362,654
	6,034,081	39,267,069	575,889	45,877,039
Financial Liabilities				
Derivative financial instruments	11,409	1,712,643	81,155	1,805,207
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	5,550,409	-	5,550,409
	11,409	7,263,052	81,155	7,355,616

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

49 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
Recurring fair value measurements				
Financial Assets				
Financial assets at FVTPL				
- Money market instrument	-	3,656,339	-	3,656,339
- Quoted securities	1,380,447	-	-	1,380,447
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	20,244,842	-	20,244,842
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	9,107,327	97,650	9,204,977
Derivative financial instruments	26,174	2,067,896	74,354	2,168,424
	5,843,472	35,329,570	536,989	41,710,031
Financial Liabilities				
Derivative financial instruments	874	2,315,173	71,839	2,387,886
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,564,330	-	3,564,330
	874	5,879,503	71,839	5,952,216

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	The Bank 2024 Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial Assets				
Financial assets at FVTPL				
- Money market instrument	-	2,364,061	-	2,364,061
- Quoted securities	484,515	-	-	484,515
- Unquoted securities	-	157,351	384,329	541,680
Financial investments at FVOCI				
- Money market instrument	-	19,695,766	-	19,695,766
- Quoted securities	5,553,347	-	-	5,553,347
- Unquoted securities	-	10,502,288	116,797	10,619,085
Derivative financial instruments	2,690	1,232,318	74,693	1,309,701
	6,040,552	33,951,784	575,819	40,568,155
Financial Liabilities				
Derivative financial instruments	11,409	1,606,209	81,084	1,698,702
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,588,731	-	3,588,731
	11,409	5,194,940	81,084	5,287,433

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

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	The Bank 2023 Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial Assets				
Financial assets at FVTPL				
- Money market instrument	-	2,897,473	-	2,897,473
- Quoted securities	1,401,328	-	-	1,401,328
- Unquoted securities	-	253,166	364,985	618,151
Financial investments at FVOCI				
- Money market instrument	-	16,816,442	-	16,816,442
- Quoted securities	4,436,851	-	-	4,436,851
- Unquoted securities	-	8,758,257	97,650	8,855,907
Derivative financial instruments	26,174	1,981,501	63,994	2,071,669
	5,864,353	30,706,839	526,629	37,097,821
Financial Liabilities				
Derivative financial instruments	874	2,239,583	61,479	2,301,936
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,157,718	-	3,157,718
	874	5,397,301	61,479	5,459,654

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below:

The Group	Financial Assets			Financial Liability
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
2024				
At 1 July	364,985	97,650	74,354	71,839
Fair value changes recognised in statements of income	19,344	-	(2,207)	(2,207)
Net fair value changes recognised in other comprehensive income	-	19,147	-	-
Purchases	-	-	38,360	39,324
Settlements	-	-	(35,744)	(27,801)
At 30 June	384,329	116,797	74,763	81,155
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2024	19,344	-	(2,207)	(2,207)
Total gain recognised in other comprehensive income relating to assets held on 30 June 2024	-	19,147	-	-

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below: (continued)

	Financial Assets			Financial Liability
The Group	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
2023				
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	57,400	56,257
Settlements	-	-	(106,266)	(106,346)
At 30 June	364,985	97,650	74,354	71,839
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	9,365	-	18,418	18,418
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	-	14,264	-	-

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below (continued):

The Bank	Financial Assets			Financial Liability
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Derivative financial instruments RM'000	Derivative financial instruments RM'000
2024				
At 1 July	**364,985**	**97,650**	**63,994**	**61,479**
Fair value changes recognised in statements of income	**19,344**	**-**	**(2,207)**	**(2,207)**
Net fair value changes recognised in other comprehensive income	**-**	**19,147**	**-**	**-**
Purchases	**-**	**-**	**38,360**	**39,324**
Settlements	**-**	**-**	**(25,454)**	**(17,512)**
At 30 June	**384,329**	**116,797**	**74,693**	**81,084**
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2024	**19,344**	**-**	**(2,207)**	**(2,207)**
Total gain recognised in other comprehensive income relating to assets held on 30 June 2024	**-**	**19,147**	**-**	**-**

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy, is as below: (continued)

The Bank	Financial Assets: Financial assets at FVTPL RM'000	Financial Assets: Financial investments at FVOCI RM'000	Financial Assets: Derivative financial instruments RM'000	Financial Liability: Derivative financial instruments RM'000
2023				
At 1 July	355,620	83,386	104,802	103,510
Fair value changes recognised in statements of income	9,365	-	18,418	18,418
Net fair value changes recognised in other comprehensive income	-	14,264	-	-
Purchases	-	-	47,039	45,897
Settlements	-	-	(106,265)	(106,346)
At 30 June	364,985	97,650	63,994	61,479
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2023	9,365	-	18,418	18,418
Total gain recognised in other comprehensive income relating to assets held on 30 June 2023	-	14,264	-	-

49 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)

Description	The Group and the Bank Fair value assets RM'000	The Group and the Bank 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	**384,329**	**-**	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 underliers	-30% to 77%	An increase in correlation, would generally result in a higher fair value measurement and vice versa
2023						
Financial assets at FVTPL						
Unquoted shares	364,985	-	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 underliers	-30% to -13%	An increase in correlation, would generally result in a higher fair value measurement and vice versa

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Sensitivity analysis for Level 3

The Group and the Bank	Type of unobservable input	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to: Statements of income Favourable/(Unfavourable) changes RM'000
2024			
Financial assets			
Derivative financial instruments			
- Equity derivatives	Equity volatility	+10%	(404)
		-10%	408
	Equity / FX	+10%	91
	Correlation	-10%	-
	Total*		95
Financial liabilities			
Derivative financial instruments			
- Equity derivatives	Equity volatility	+10%	404
		-10%	(408)
	Equity / FX	+10%	(91)
	Correlation	-10%	-
	Total*		(95)

* No or insignificant impact to the Group. All equity link derivatives with unobservable inputs are hedged back-to-back with external parties.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Sensitivity analysis for Level 3 (continued)

The Group and the Bank	Type of unobservable input	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to: Statements of income Favourable/(Unfavourable) changes RM'000
2023			
Financial assets			
Derivative financial instruments			
- Equity derivatives	Equity volatility	+10%	(22)
		-10%	19
	Equity / FX	+10%	(1)
	Correlation	-10%	(181)
	Total*		(185)
Financial liabilities			
Derivative financial instruments			
- Equity derivatives	Equity volatility	+10%	22
		-10%	(19)
	Equity / FX	+10%	1
	Correlation	-10%	181
	Total*		185

* No or insignificant impact to the Group. All equity link derivatives with unobservable inputs are hedged back-to-back with external parties.

49 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 amounts and fair values of the financial instruments of the Group and the Bank 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 amounts are reasonable approximation of their fair values:

	2024		2023	
The Group	**Carrying Amount RM'000**	**Fair Value RM'000**	**Carrying Amount RM'000**	**Fair Value RM'000**
Financial Assets				
Financial investments at amortised cost				
- Money market	**30,655,172**	**31,467,379**	30,567,728	31,205,088
- Quoted securities	**-**	**-**	19,117	18,668
- Unquoted securities	**496,984**	**505,670**	607,220	615,773
Loans, advances and financing	**193,304,468**	**194,522,713**	179,902,847	180,787,089
	224,456,624	**226,495,762**	211,096,912	212,626,618
Financial Liabilities				
Deposits from customers				
- At amortised cost	**214,882,391**	**215,160,080**	208,087,489	208,355,494
Unrestricted investment accounts	**2,165,636**	**2,165,714**	2,249,231	2,248,700
Recourse obligation on loans sold to Cagamas	**3,277,003**	**3,283,045**	2,972,220	2,976,763
Senior debts	**549,912**	**552,198**	-	-
Tier 2 subordinated bonds	**1,500,545**	**1,509,849**	1,501,750	1,504,841
Multi-currency Additional Tier 1 capital securities	**1,718,671**	**1,730,105**	1,719,509	1,712,997
	224,094,158	**224,400,991**	216,530,199	216,798,795
The Bank				
Financial Assets				
Financial investments at amortised cost				
- Money market	**22,156,385**	**22,750,090**	21,662,137	22,106,027
- Quoted securities	**-**	**-**	19,117	18,668
- Unquoted securities	**410,428**	**417,800**	520,310	527,832
Loans, advances and financing	**144,048,721**	**144,767,835**	135,092,761	135,622,392
	166,615,534	**167,935,725**	157,294,325	158,274,919
Financial Liabilities				
Deposits from customers				
- At amortised cost	**162,164,703**	**162,565,180**	159,575,230	159,755,827
Recourse obligation on loans sold to Cagamas	**1,728,635**	**1,728,656**	1,514,646	1,514,129
Senior debts	**344,204**	**345,102**	-	-
Tier 2 subordinated bonds	**1,500,545**	**1,509,849**	1,501,750	1,504,841
Multi-currency Additional Tier 1 capital securities	**1,718,671**	**1,730,105**	1,719,509	1,712,997
	167,456,758	**167,878,892**	164,311,135	164,487,794

49 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 Bank's assets and liabilities not measured at fair value at 30 June 2024 but for which fair value is disclosed:

	2024			
	Carrying	Fair Value		
	Amount	Level 1	Level 2	Level 3
The Group	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial investments at amortised cost				
- Money market	30,655,172	-	31,467,379	-
- Unquoted securities	496,984	-	505,670	-
Loans, advances and financing	193,304,468	-	194,522,713	-
	224,456,624	-	226,495,762	-
Financial Liabilities				
Deposits from customers				
- At amortised cost	214,882,391	-	215,160,080	-
Unrestricted investment accounts	2,165,636	-	2,165,714	-
Recourse obligation on loans sold to Cagamas	3,277,003	-	3,283,045	-
Senior debts	549,912	-	552,198	-
Tier 2 subordinated bonds	1,500,545	-	1,509,849	-
Multi-currency Additional Tier 1 capital securities	1,718,671	-	1,730,105	-
	224,094,158	-	224,400,991	-
The Bank				
Financial Assets				
Financial investments at amortised cost				
- Money market	22,156,385	-	22,750,090	-
- Unquoted securities	410,428	-	417,800	-
Loans, advances and financing	144,048,721	-	144,767,835	-
	166,615,534	-	167,935,725	-
Financial Liabilities				
Deposits from customers				
- At amortised cost	162,164,703	-	162,565,180	-
Recourse obligation on loans sold to Cagamas	1,728,635	-	1,728,656	-
Senior debts	344,204	-	345,102	-
Tier 2 subordinated bonds	1,500,545	-	1,509,849	-
Multi-currency Additional Tier 1 capital securities	1,718,671	-	1,730,105	-
	167,456,758	-	167,878,892	-

49 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 Bank's assets and liabilities not measured at fair value at 30 June 2023 but for which fair value is disclosed:

	2023			
		Fair Value		
The Group	**Carrying Amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Financial Assets				
Financial investments at amortised cost				
- Money market	30,567,728	-	31,205,088	-
- Quoted securities	19,117	-	18,668	-
- Unquoted securities	607,220	-	615,773	-
Loans, advances and financing	179,902,847	-	180,787,089	-
	211,096,912	-	212,626,618	-
Financial Liabilities				
Deposits from customers				
- At amortised cost	208,087,489	-	208,355,494	-
Unrestricted investment accounts	2,249,231	-	2,248,700	-
Recourse obligation on loans sold to Cagamas	2,972,220	-	2,976,763	-
Tier 2 subordinated bonds	1,501,750	-	1,504,841	-
Multi-currency Additional Tier 1 capital securities	1,719,509	-	1,712,997	-
	216,530,199	-	216,798,795	-
The Bank				
Financial Assets				
Financial investments at amortised cost				
- Money market	21,662,137	-	22,106,027	-
- Quoted securities	19,117	-	18,668	-
- Unquoted securities	520,310	-	527,832	-
Loans, advances and financing	135,092,761	-	135,622,392	-
	157,294,325	-	158,274,919	-
Financial Liabilities				
Deposits from customers				
- At amortised cost	159,575,230	-	159,755,827	-
Recourse obligation on loans sold to Cagamas	1,514,646	-	1,514,129	-
Tier 2 subordinated bonds	1,501,750	-	1,504,841	-
Multi-currency Additional Tier 1 capital securities	1,719,509	-	1,712,997	-
	164,311,135	-	164,487,794	-

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(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 Bank establish the fair value by using valuation techniques.

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 deposit 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, bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities of 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 obligation 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 and capital securities

The fair value of subordinated obligations and capital securities are based on quoted market prices where available.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value methodologies and assumptions (continued)

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.

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 Bank would receive to sell or pay to transfer the contracts at the date of statements of financial position.

50 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					The Bank				
			Related amount not set off in the statements of financial position					Related amount not set off in the statements of financial position		
	Gross amount of recognised financial assets/ liabilities in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Values of the financial instruments RM'000	Financial collateral received/ pledged RM'000	Net amount RM'000	Gross amount of recognised financial assets/ liabilities in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Values of the financial instruments RM'000	Financial collateral received/ pledged RM'000	Net amount RM'000
30 June 2024										
Financial assets										
Derivatives/financial instruments	1,362,654	1,362,654	(684,757)	(122,883)	555,014	1,309,701	1,309,701	(668,792)	(122,883)	518,026
Securities purchased under resale agreement	297,315	297,315	(297,315)	-	-	-	-	-	-	-
Total	1,659,969	1,659,969	(982,072)	(122,883)	555,014	1,309,701	1,309,701	(668,792)	(122,883)	518,026
Financial liabilities										
Derivatives/financial instruments	1,805,207	1,805,207	(684,757)	(723,255)	397,195	1,698,702	1,698,702	(668,792)	(723,255)	306,655
Obligations on securities sold under repurchase agreements	9,823,649	9,823,649	(9,821,193)	-	2,456	9,823,649	9,823,649	(9,821,193)	-	2,456
Total	11,628,856	11,628,856	(10,505,950)	(723,255)	399,651	11,522,351	11,522,351	(10,489,985)	(723,255)	309,111

50 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					The Bank				
			Related amount not set off in the statements of financial position					Related amount not set off in the statements of financial position		
	Gross amount of recognised financial assets/ liabilities in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Values of the financial instruments RM'000	Financial collateral received/ pledged RM'000	Net amount RM'000	Gross amount of recognised financial assets/ liabilities in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Values of the financial instruments RM'000	Financial collateral received/ pledged RM'000	Net amount RM'000
30 June 2023										
Financial assets										
Derivatives/financial instruments	2,168,424	2,168,424	(867,623)	(81,625)	1,219,176	2,071,669	2,071,669	(839,157)	(81,625)	1,150,887
Total	2,168,424	2,168,424	(867,623)	(81,625)	1,219,176	2,071,669	2,071,669	(839,157)	(81,625)	1,150,887
Financial liabilities										
Derivatives/financial instruments	2,387,886	2,387,886	(867,623)	(904,928)	615,335	2,301,936	2,301,936	(839,157)	(904,928)	557,851
Obligations on securities sold under repurchase agreements	7,399,583	7,399,583	(7,399,583)	-	-	7,399,583	7,399,583	(7,399,583)	-	-
Total	9,787,469	9,787,469	(8,267,206)	(904,928)	615,335	9,701,519	9,701,519	(8,238,740)	(904,928)	557,851

51 CAPITAL ADEQUACY

The Group's and the Bank's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), which set out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirements on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Group and the Bank are also required to maintain CCB of up to 2.5% of total risk-weighted assets ("RWA"). The CCyB, which could range from 0% up to 2.5%, is currently assessed at 0% in Malaysia. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.0%, 8.5% and 10.5% respectively.

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation in deriving the RWA.

Individual entities within the Group comply with all externally imposed capital requirements to which they are subject to.

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

	The Group		The Bank	
	2024	2023	2024	2023
Before deducting proposed dividends				
CET I capital ratio	**13.855%**	13.310%	**13.621%**	13.000%
Tier I capital ratio	**14.837%**	14.353%	**14.591%**	14.029%
Total capital ratio	**16.828%**	16.399%	**16.515%**	16.009%
After deducting proposed dividends				
CET I capital ratio	**13.336%**	12.824%	**12.950%**	12.372%
Tier I capital ratio	**14.318%**	13.866%	**13.920%**	13.401%
Total capital ratio	**16.309%**	15.912%	**15.844%**	15.381%

Notes to the Financial Statements

for the financial year ended 30 June 2024

51 CAPITAL ADEQUACY (CONTINUED)

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

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CET I capital				
Share capital	**7,739,063**	7,739,063	**7,739,063**	7,739,063
Retained profits	**27,674,882**	25,017,703	**17,137,424**	15,727,832
Other reserves	**1,337,201**	947,836	**255,247**	2,905
Less: Treasury shares	**(702,674)**	(708,766)	**(702,674)**	(708,766)
Less: Deferred tax assets	**(262,116)**	(410,436)	**(187,679)**	(317,985)
Less: Other intangible assets	**(353,477)**	(362,435)	**(318,725)**	(326,216)
Less: Goodwill	**(1,831,312)**	(1,831,312)	**(1,771,547)**	(1,771,547)
Less: Investment in subsidiary companies/associated companies	**(9,639,404)**	(8,712,976)	**(3,939,693)**	(3,938,210)
Total CET I capital	**23,962,163**	21,678,677	**18,211,416**	16,407,076
Additional Tier I capital				
Multi-currency Additional Tier 1 capital securities	**1,698,110**	1,698,491	**1,698,110**	1,698,491
Additional Tier I capital before regulatory adjustments	**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)
Additional Tier I capital after regulatory adjustments	**1,698,110**	1,698,491	**1,298,110**	1,298,491
Total Tier I capital	**25,660,273**	23,377,168	**19,509,526**	17,705,567
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves #	**1,946,326**	1,832,523	**1,474,029**	1,399,403
Subordinated bonds	**1,497,635**	1,499,089	**1,497,635**	1,499,089
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	**-**	-	**(400,000)**	(400,000)
Total Tier II capital	**3,443,961**	3,331,612	**2,571,664**	2,498,492
Total capital	**29,104,234**	26,708,780	**22,081,190**	20,204,059

\# Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,245,616,000 (2023: RM990,816,000) and RM1,019,677,000 (2023: RM825,318,000) respectively.

51 CAPITAL ADEQUACY (CONTINUED)

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

	The Group		The Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit risk *	**155,706,094**	146,601,855	**117,922,342**	111,952,229
Market risk	**6,756,645**	6,124,089	**7,391,831**	6,120,834
Operational risk	**10,486,074**	10,143,761	**8,390,596**	8,131,845
Total RWA	**172,948,813**	162,869,705	**133,704,769**	126,204,908

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB 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 the banking subsidiary company of the Group are as follows:

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

52 SEGMENT REPORTING

Business segment reporting

The business segment results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The various business segments are described below:

Personal Financial Services focuses mainly on servicing individual customers and small businesses. Products and services that are extended to customers include mortgages, credit cards, hire purchase and others.

Business & Corporate Banking focuses mainly on corporate and small medium enterprises. Products offered include trade financing, working capital facilities, other term financing and corporate advisory services.

Global Markets refers to the Group's domestic treasury and capital market operations and includes foreign exchange, money market operations as well as capital market securities trading and investments.

Overseas/International Operations refers to Hong Leong Bank Berhad Overseas Branches, Subsidiaries and Associates. The overseas operations are mainly in commercial banking and treasury business.

Other operations consist of results from head office and other subsidiaries in the Group, which inter alia consist of dividend income from associates and rental income.

52 SEGMENT REPORTING (CONTINUED)

Business segment reporting (continued)

The Group	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter-Segment Elimination RM'000	Total RM'000
2024							
Revenue							
- external	3,650,177	1,169,269	694,955	423,697	858,704	(1,025,782)	5,771,020
- inter-segment ^	(373,607)	662,315	(696,411)	8,729	398,974	-	-
Segment revenue	3,276,570	1,831,584	(1,456)	432,426	1,257,678	(1,025,782)	5,771,020
Overhead expenses of which:	(1,431,835)	(399,448)	(116,688)	(306,491)	(70,518)	(13,896)	(2,338,876)
Depreciation of property and equipment	36,046	4,646	2,016	4,296	54,385	135	101,524
Amortisation of intangible assets	11,538	5,849	2,497	15,652	31,681	-	67,217
Write back of/(allowance for) impairment losses on loans, advances and financing	81,324	26,954	-	5,984	(219)	220	114,263
Write back of/(allowance for) impairment losses on financial investments and other assets	-	-	1,173	(519)	-	(1,754)	(1,100)
Share of results of associated companies	-	-	-	1,588,940	-	-	1,588,940
Segment results	1,926,059	1,459,090	(116,971)	1,720,340	1,186,941	(1,041,212)	5,134,247
Taxation							(938,035)
Net profit for the financial year							4,196,212
Segment assets	126,166,208	54,096,369	73,475,949	27,006,571	-	-	280,745,097
Unallocated assets							17,043,975
Total assets							297,789,072
Segment liabilities	113,323,874	65,253,439	45,056,479	25,767,182	-	-	249,400,974
Unallocated liabilities							11,094,010
Total liabilities							260,494,984
Other significant segment items							
Capital expenditure	28,717	1,934	142	13,221	56,101	-	100,115

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

Note:
1. Total segment revenue comprises net interest income, income from Islamic Banking business and non-interest income.
2. Unallocated assets and liabilities are not directly attributed to the business segments and cannot be allocated on a reasonable basis.
3. Included in the revenue of the inter-segment elimination category is the dividend income from associated companies of RM994,999,000 which is eliminated as part of the consolidated adjustment.

52 SEGMENT REPORTING (CONTINUED)

Business segment reporting (continued)

The Group	Personal Financial Services RM'000	Business & Corporate Banking RM'000	Global Markets RM'000	Overseas/ International Operations RM'000	Other Operations RM'000	Inter-Segment Elimination RM'000	Total RM'000
2023							
Revenue							
- external	3,489,591	1,062,596	916,144	378,173	(125,409)	(35,586)	5,685,509
- inter-segment ^	(277,500)	575,743	(638,327)	4,542	335,542	-	-
Segment revenue	3,212,091	1,638,339	277,817	382,715	210,133	(35,586)	5,685,509
Overhead expenses of which:	(1,402,549)	(396,436)	(116,399)	(277,174)	(27,307)	(13,417)	(2,233,282)
Depreciation of property and equipment	38,972	5,025	2,514	5,189	58,204	135	110,039
Amortisation of intangible assets	9,569	4,729	2,396	15,123	26,315	-	58,132
(Allowance for)/write back of impairment losses on loans, advances and financing	(39,957)	(64,545)	-	(10,883)	-	3	(115,382)
Write back of/(allowance for) impairment losses on financial investments and other assets	-	-	3,093	63	-	(2,850)	306
Share of results of associated companies	-	-	-	1,289,480	-	-	1,289,480
Segment results	1,769,585	1,177,358	164,511	1,384,201	182,826	(51,850)	4,626,631
Taxation							(808,435)
Net profit for the financial year							3,818,196
Segment assets	117,470,664	49,536,437	73,326,625	24,149,486	-	-	264,483,212
Unallocated assets							15,367,242
Total assets							279,850,454
Segment liabilities	107,753,684	63,913,698	41,221,530	22,967,144	-	-	235,856,056
Unallocated liabilities							10,007,746
Total liabilities							245,863,802
Other significant segment items							
Capital expenditure	38,945	11,580	3,020	18,575	97,105	-	169,225

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

Note:

1. Total segment revenue comprises net interest income, income from Islamic Banking business and non-interest income.
2. Unallocated assets and liabilities are not directly attributed to the business segments and cannot be allocated on a reasonable basis.

52 SEGMENT REPORTING (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, associate and joint venture operations in Singapore, Hong Kong, China, Vietnam and Cambodia. The overseas operations are mainly in commercial banking and treasury business.

The Group	Revenue RM'000	Non-current assets RM'000	Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
2024					
Malaysia	**5,347,323**	**3,225,175**	**270,782,500**	**234,727,802**	**86,894**
Overseas operations	**423,697**	**9,761,074**	**27,006,572**	**25,767,182**	**13,221**
	5,771,020	**12,986,249**	**297,789,072**	**260,494,984**	**100,115**
2023					
Malaysia	5,307,336	3,293,611	255,700,968	222,896,658	150,650
Overseas operations	378,173	8,844,449	24,149,486	22,967,144	18,575
	5,685,509	12,138,060	279,850,454	245,863,802	169,225

53 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

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

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

53 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

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

(e) On 9 February 2024, the Bank 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 the Bank's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Bank.

(f) On 25 March 2024, the Bank issued a nominal value of RM400.0 million Additional Tier 1 capital securities ("HLB Capital Securities"), pursuant to its multi-currency Additional Tier 1 capital securities programme. The HLB Capital Securities, which qualify as Additional Tier 1 capital for the Bank, carry a distribution rate of 4.25% per annum. The HLB Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance shall be utilised to fulfill the requirements of Additional Tier 1 capital as per BNM's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and as updated from time to time and for the refinancing of an existing tranche of RM400.0 million in nominal value of HLB Capital Securities issued previously under the HLB AT1 Programme on 29 March 2019.

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

(h) On 9 May 2024, the Bank had fully redeemed the RM95.0 million nominal value of Senior CP.

(i) On 9 May 2024, the Bank 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 the Bank's working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Bank.

(j) On 11 June 2024, the Bank issued a fifth tranche of RM1.0 billon nominal value of 10-years non-callable 5 years Sub-Notes callable on 11 June 2029 (and thereafter) and due on 11 June 2034 out of its its Multi-Currency Tier 2 Subordinated Notes Programme ("HLB T2 Programme"). The coupon rate for this fifth tranche of the Sub Notes is 4.05% per annum, which is payable semi-annually in arrears from the date of the issue. RM400.0 million of the proceeds from the Sub-Notes were used to subscribe for RM400.0 million Tier 2 subordinated sukuk murabahah ("HLISB T2 Sukuk Murabahah") issued by its wholly-owned subsidiary, Hong Leong Islamic Bank Berhad ("HLISB") on even date. The HLISB T2 Sukuk Murabahah were issued pursuant to HLISB's multi-currency perpetual subordinated sukuk programme. The remaining proceeds from the Sub-Notes shall be utilised, without limitation, for HLB's working capital, general banking and other corporate purposes, and the refinancing of any existing borrowings incurred, subordinated debt issued by HLB and/or any existing subordinated notes issued under the HLB T2 Programme.

(k) On 14 June 2024, the Bank had fully redeemed the RM1.0 billion nominal value of Tier 2 Subordinated Notes bearing coupon rate of 4.23% per annum.

(l) Pursuant to Section 247(3) of the Companies Act 2016, the Companies Commission of Malaysia had granted its approval for HLBCAM, a wholly-owned subsidiary of the Bank incorporated in the Kingdom of Cambodia, to have a different financial year end from its holding company. The financial year end of HLBCAM is 31 December as required under the Prakas on Annual Audit of Financial Statement of Banks and Financial Institutions issued by the National Bank of Cambodia.

54 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.

55 EQUITY COMPENSATION BENEFITS

Executive Share Scheme

The Bank has established and implemented an Executive Share Scheme 2022.

(a) Executive Share Scheme 2022 ("ESS 2022")

The ESS 2022, which is governed by the 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 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 the Bank 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 Shares (other than treasury Shares); and/or

(ii) cash settlement pursuant to the Bye-Laws.

ESGS
(A) 1,292,356 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
3 November 2021	24 November 2023	**430,786**	**-**	**-**	**(430,786)**	**-**
		430,786	**-**	**-**	**(430,786)**	**-**

2023 Grant date	Vesting date	As at 1-Jul-22	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-23
3 November 2021	24 November 2022	430,785	-	-	(430,785)	-
3 November 2021	24 November 2023	430,786	-	-	-	430,786
		861,571	-	-	(430,785)	430,786

The invested grant shares consisting of 430,786 ordinary shares granted under ESS 2013 had been transferred to the new ESS 2022 established on 10 March 2022 due to the expiry of the ESS 2013 on 11 March 2023.

Notes to the Financial Statements
for the financial year ended 30 June 2024

55 EQUITY COMPENSATION BENEFITS (CONTINUED)

(a) ESS (continued)

(B) 253,416 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
21 March 2022	31 July 2023	**125,445**	**-**	**-**	**(125,445)**	**-**
		125,445	**-**	**-**	**(125,445)**	**-**

2023 Grant date	Vesting date	As at 1-Jul-22	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-23
21 March 2022	31 January 2023	126,708	-	(1,263)	(125,445)	-
21 March 2022	31 July 2023	126,708	-	(1,263)	-	125,445
		253,416	-	(2,526)	(125,445)	125,445

(C) 124,944 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
1 March 2023	31 January 2024	**62,472**	**-**	**(1,229)**	**(61,243)**	**-**
1 March 2023	31 July 2024	**62,472**	**-**	**(2,283)**	**-**	**60,189**
		124,944	**-**	**(3,512)**	**(61,243)**	**60,189**

2023 Grant date	Vesting date	As at 1-Jul-22	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-23
1 March 2023	31 January 2024	-	62,472	-	-	62,472
1 March 2023	31 July 2024	-	62,472	-	-	62,472
		-	124,944	-	-	124,944

55 EQUITY COMPENSATION BENEFITS (CONTINUED)

(a) ESS (continued)

(D) 123,608 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
15 May 2023	31 January 2024	**61,804**	**-**	**-**	**(61,804)**	**-**
15 May 2023	31 July 2024	**61,804**	**-**	**-**	**-**	**61,804**
		123,608	**-**	**-**	**(61,804)**	**61,804**

2023 Grant date	Vesting date	As at 1-Jul-22	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-23
15 May 2023	31 January 2024	-	61,804	-	-	61,804
15 May 2023	31 July 2024	-	61,804	-	-	61,804
		-	123,608	-	-	123,608

(E) 53,684 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
29 November 2023	15 December 2023	**-**	**42,394**	**-**	**(42,394)**	**-**
29 November 2023	15 December 2024	**-**	**5,645**	**-**	**-**	**5,645**
29 November 2023	15 June 2025	**-**	**5,645**	**-**	**-**	**5,645**
		-	**53,684**	**-**	**(42,394)**	**11,290**

(F) 292,670 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
29 November 2023	15 March 2024	**-**	**105,361**	**-**	**(105,361)**	**-**
29 November 2023	15 March 2025	**-**	**108,288**	**-**	**-**	**108,288**
29 November 2023	15 March 2026	**-**	**79,021**	**-**	**-**	**79,021**
		-	**292,670**	**-**	**(105,361)**	**187,309**

Notes to the Financial Statements

for the financial year ended 30 June 2024

55 EQUITY COMPENSATION BENEFITS (CONTINUED)

(a) ESS (continued)

(G) 144,520 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
20 February 2024	31 January 2025	-	**72,260**	**(1,025)**	-	**71,235**
20 February 2024	31 July 2025	-	**72,260**	**(1,025)**	-	**71,235**
		-	**144,520**	**(2,050)**	-	**142,470**

(H) 6,459 ordinary shares at date of grant:

2024 Grant date	Vesting date	As at 1-Jul-23	Granted	Forfeited	Transferred	Outstanding As at 30-Jun-24
19 June 2024	31 January 2025	-	**3,229**	-	-	**3,229**
19 June 2024	31 July 2025	-	**3,230**	-	-	**3,230**
		-	**6,459**	-	-	**6,459**

During the financial year ended 30 June 2024, 346,354, 144,520 and 6,459 ordinary shares have been granted on 29 November 2023, 20 February 2024 and 19 June 2024 respectively to eligible executives of the Bank pursuant to the Bank's ESS 2022.

During the financial year ended 30 June 2024, a total of 827,033 ordinary shares were vested and transferred pursuant to the Bank's ESS 2022, 5,562 ordinary shares forfeited with 469,521 ordinary shares remain outstanding.

During the financial year ended 30 June 2024, the Group and the Bank had recognised share-based compensation expense arising from ESS amounting to RM11.1 million (2023: a write back of RM12.6 million).

(b) 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 Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance with MFRS 132, the shares purchased for the benefit of the ESS holdings are recorded as "Treasury Shares for ESS" in the Shareholders' Funds on the statements of financial position. The cost of operating the Schemes is charged to the statements of income.

The number and market values of the ordinary shares held by the Trustee are as follows:

	The Group and The Bank			
	2024		2023	
	Number of trust shares held '000	Market value RM'000	Number of trust shares held '000	Market value RM'000
As at end of the financial year	**36,769**	**705,965**	37,596	712,820

56 IBOR REFORM

The Group and the Bank hold 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		The Bank	
	Notional Amount		Notional Amount	
2024	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
(a) Derivative assets/liabilities				
(i) Interest rate swaps				
- KLIBOR	77,713,733	74,105,357	77,457,781	74,073,907
(ii) Option				
- KLIBOR	7,798,174	2,195,820	5,793,514	2,195,820
(b) Deposits from customers				
(i) Structured deposits				
- KLIBOR	-	5,777,640	-	3,766,530
(c) Loans, advances and financing				
- KLIBOR	311,892	-	311,892	-

56 IBOR REFORM (CONTINUED)

The Group and the Bank hold the following financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative interest rate benchmark: (continued)

	The Group		The Bank	
	Notional Amount		Notional Amount	
2023	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
(a) Derivative assets/liabilities				
(i) Interest rate swaps				
- KLIBOR	58,825,948	62,576,051	58,683,091	62,544,601
(ii) Cross currency swaps				
- USD LIBOR	1,590,860	2,346,479	1,590,860	2,346,479
(iii) Option				
- KLIBOR	4,297,008	821,860	3,859,768	821,860
(b) Deposits from customers				
(i) Structured deposits				
- KLIBOR	-	3,857,080	-	3,413,390
(c) Loans, advances and financing				
- KLIBOR	330,773	-	330,773	-
- USD LIBOR	968,899	-	525,881	-
	1,299,672	-	856,654	-

57 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Bank 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 Bank'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 macroeconomic 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 48(d)(viii) to the financial statements.

While the methodologies and assumptions applied in the base ECL calculations remained unchanged, the Group and the Bank have 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 48(d)(ix) to the financial statements.

58 GENERAL INFORMATION

The Bank is a public limited liability company that is incorporated and domiciled in Malaysia. The registered office is at Level 30, Menara Hong Leong, No.6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 September 2024.

Statement by Directors
pursuant to Section 251(2) of the Companies Act 2016

We, Tan Kong Khoon and Lau Souk Huan, two of the Directors of Hong Leong Bank Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 181 to 377 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 30 June 2024 and the financial performance and the cash flows of the Group and the Bank for the financial year then ended on that date, 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

Lau Souk Huan

Kuala Lumpur
19 September 2024

Statutory Declaration
pursuant to Section 251(1) of the Companies Act 2016

I, Malkiat Singh @ Malkit Singh Maan A/L Delbara Singh, the officer primarily responsible for the financial management of Hong Leong Bank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 181 to 377 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 Malkiat Singh @)
Malkit Singh Maan A/L Delbara Singh at)
Kuala Lumpur in Wilayah Persekutuan on)
19 September 2024)

Malkiat Singh @ Malkit Singh Maan A/L Delbara Singh
MIA No. CA9305

Before me,

Mohamad Zuliswandi bin Mohamed
Commissioner of Oaths

Independent Auditors' Report

to the members of Hong Leong Bank Berhad

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the financial statements of Hong Leong Bank Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank 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 Bank, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Bank, 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 Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 181 to 377.

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 Bank 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 Bank. 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 Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

Independent Auditors' Report

to the members of Hong Leong Bank Berhad

Report on the Audit of the Financial Statements (continued)

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 Bank 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 Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment of loans, advances and financing for the Group and the Bank Refer to Note 2N of the summary of material accounting policies and Notes 8, 37 and 57 to the financial statements. We focused on this area due to the material size of the carrying value of loans, advances and financing. The expected credit loss ("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 judgement 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 judgement 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. Individual assessment 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, advances and financing identified by the Group and the Bank as having lower credit quality, rescheduled and restructured, borrowers in high risk industries and borrowers affected by recent adverse market developments and formed our own 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 and the Bank 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.

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
	Collective assessment To determine the appropriateness of the MFRS 9 collective assessment ECL models implemented by the Group and the Bank, 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 and the Bank 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 and the Bank's assessment on impairment of loans, advances and financing as at 30 June 2024.

Information other than the financial statements and auditors' report thereon

The Directors of the Bank 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 Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank 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 Bank, 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 Bank 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 Bank Berhad

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank 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 Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank'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 Bank 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 Bank 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 Bank, 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 the Bank'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 Bank'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 Bank 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 Bank to cease to continue as a going concern.

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 Bank, including the disclosures, and whether the financial statements of the Group and of the Bank 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 Bank 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 13 to the financial statements.

Other Matters

This report is made solely to the members of the Bank, 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

LEE TZE WOON KELVIN
03482/01/2026 J
Chartered Accountant

Kuala Lumpur
19 September 2024

Basel II Pillar 3 Disclosures

for the financial year ended 30 June 2024

1. INTRODUCTION

The risk profile and risk management practices of Hong Leong Bank Berhad and its banking subsidiaries (collectively known as "the Bank") are disclosed in this document. These disclosures are in accordance with the requirements outlined in the Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) ("RWCAF") - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Bank ("CAFIB") - Disclosure requirements (Pillar 3) issued by BNM.

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), which set out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirements on Capital Conservation Buffer ("CCB") and Counter-Cyclical Capital Buffer ("CCyB"). The Bank is also required to maintain CCB of up to 2.5% of total risk-weighted assets ("RWA"). The CCyB, which could range from 0% up to 2.5%, is currently assessed at 0% in Malaysia. The minimum capital adequacy including CCB for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and Total capital ratio for year 2019 onwards are 7.0%, 8.5% and 10.5% respectively.

The Bank has adopted the Standardised Approach for the computation of Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation in deriving the RWA.

The following information concerning the Bank's risk exposures, risk management practices and capital adequacy is disclosed as accompanying information to the annual report and does not form part of the audited financial statements.

2. SCOPE OF APPLICATION

The capital adequacy ratios of the Bank consist of capital base and RWA derived from the consolidated balances of the Bank and its banking subsidiaries, namely Hong Leong Islamic Bank Berhad ("HLISB"), Hong Leong Bank Vietnam Limited and Hong Leong Bank (Cambodia) PLC.

The Bank's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, as disclosed in Note 2A to the financial statements, except where deductions from eligible capital are required under BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) or where separation requirements (set by BNM) are met by entities.

During the course of the year, the Bank did not experience any restrictions or other major impediments on transfer of funds or regulatory capital within the Bank.

3. CAPITAL STRUCTURE AND ADEQUACY

The Bank monitors its capital adequacy position to ensure compliance with the requirements of BNM and allows for prompt actions to be taken to address projected capital deficiency. The capital position is reviewed on a monthly basis and takes into account the levels and trends of material risks. The sufficiency of capital is assessed against various risks on the balance sheet as well as future capital requirements based on the Bank's business plans.

The Bank has also formalised an overall capital management and planning policy, which seeks to ensure that it is in line with Basel III Capital Standards.

The following table sets forth details on the capital resources, capital adequacy ratios and risk-weighted assets for the Bank as at 30 June 2024. BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) set out the minimum capital adequacy ratios for the banking institutions and the methodologies for calculating these ratios. As at 30 June 2024, the Bank's CET I, Tier I capital ratio and Total capital ratio were higher than BNM's minimum requirements.

BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) set out the constituents of the total eligible capital for the Bank. For the main features of these capital instruments, please refer to Note 27 and Note 28 to the financial statements.

Basel III

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

	The Group		The Bank	
	30 June 2024	**30 June 2023**	**30 June 2024**	**30 June 2023**
Before deducting proposed dividends				
CET I capital ratio	**13.855%**	13.310%	**13.621%**	13.000%
Tier I capital ratio	**14.837%**	14.353%	**14.591%**	14.029%
Total capital ratio	**16.828%**	16.399%	**16.515%**	16.009%
After deducting proposed dividends				
CET I capital ratio	**13.336%**	12.824%	**12.950%**	12.372%
Tier I capital ratio	**14.318%**	13.866%	**13.920%**	13.401%
Total capital ratio	**16.309%**	15.912%	**15.844%**	15.381%

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3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

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

	The Group		The Bank	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
CET I capital				
Share capital	**7,739,063**	7,739,063	**7,739,063**	7,739,063
Retained profits	**27,674,882**	25,017,703	**17,137,424**	15,727,832
Other reserves	**1,337,201**	947,836	**255,247**	2,905
Less: Treasury shares	**(702,674)**	(708,766)	**(702,674)**	(708,766)
Less: Deferred tax assets	**(262,116)**	(410,436)	**(187,679)**	(317,985)
Less: Other intangible assets	**(353,477)**	(362,435)	**(318,725)**	(326,216)
Less: Goodwill	**(1,831,312)**	(1,831,312)	**(1,771,547)**	(1,771,547)
Less: Investment in subsidiary companies/associated companies	**(9,639,404)**	(8,712,976)	**(3,939,693)**	(3,938,210)
Total CET I capital	**23,962,163**	21,678,677	**18,211,416**	16,407,076
Additional Tier I capital				
Multi-currency Additional Tier-1 capital securities	**1,698,110**	1,698,491	**1,698,110**	1,698,491
Additional Tier I capital before regulatory adjustments	**1,698,110**	1,698,491	**1,698,110**	1,698,491
Less: Investments in Additional Tier 1 perpetual subordinated sukuk wakalah	**-**	-	**(400,000)**	(400,000)
Additional Tier I capital after regulatory adjustments	**1,698,110**	1,698,491	**1,298,110**	1,298,491
Total Tier I capital	**25,660,273**	23,377,168	**19,509,526**	17,705,567
Tier II capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves #	**1,946,326**	1,832,523	**1,474,029**	1,399,403
Subordinated bonds	**1,497,635**	1,499,089	**1,497,635**	1,499,089
Less: Investment in Tier 2 Subordinated Sukuk Murabahah	**-**	-	**(400,000)**	(400,000)
Total Tier II capital	**3,443,961**	3,331,612	**2,571,664**	2,498,492
Total Capital	**29,104,234**	26,708,780	**22,081,190**	20,204,059

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,245,616,000 (2023: RM990,816,000) and RM1,019,677,000 (2023: RM825,318,000) respectively.

3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

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

	The Group		The Bank	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Credit risk *	**155,706,094**	146,601,855	**117,922,342**	111,952,229
Market risk	**6,756,645**	6,124,089	**7,391,831**	6,120,834
Operational risk	**10,486,074**	10,143,761	**8,390,596**	8,131,845
Total RWA	**172,948,813**	162,869,705	**133,704,769**	126,204,908

* In accordance with BNM Investment Account Policy, the credit RWA of HLISB 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 the banking subsidiary company of the Group are as follows:

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

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for the financial year ended 30 June 2024

3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

(e) The breakdown of RWA by exposure is as follows:

The Group	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum capital requirements at 8% RM'000
30 June 2024				
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	63,633,313	63,633,313	177,858	14,229
Public Sector Entities	6,042	6,042	1,208	97
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	12,336,730	12,336,730	4,019,685	321,575
Insurance Cos, Securities Firms ("SF") and Fund Managers ("FM")	594,222	575,155	575,155	46,012
Corporates	64,867,399	62,723,560	56,054,966	4,484,397
Regulatory Retail	52,529,440	52,064,524	39,199,226	3,135,938
Residential Mortgages	78,548,376	78,521,255	35,042,998	2,803,440
Higher Risk Assets	12,855	12,855	19,282	1,543
Other Assets	6,508,757	6,508,757	3,150,586	252,047
Defaulted Exposures	700,631	698,893	775,430	62,034
Total On-Balance Sheet Exposures	279,737,765	277,081,084	139,016,394	11,121,312
Off-Balance Sheet Exposures				
Over-the-counter ("OTC") Derivatives	4,125,605	4,125,605	2,318,366	185,469
Credit Derivatives	80,348	80,348	18,455	1,476
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	16,838,280	16,606,828	14,318,203	1,145,456
Defaulted Exposures	23,135	23,114	34,676	2,774
Total Off-Balance Sheet Exposures	21,067,368^	20,835,895	16,689,700	1,335,175
Total On and Off-Balance Sheet Exposures	300,805,133	297,916,979	155,706,094	12,456,487
Market Risk	**Long Position**	**Short Position**		
Interest Rate Risk	175,740,752	173,052,245	5,959,987	476,799
Foreign Currency Risk	470,338	759,944	760,397	60,832
Equity Risk	6	-	15	1
Option Risk	-	-	36,246	2,900
Total	176,211,096	173,812,189	6,756,645	540,532
Operational Risk			10,486,074	838,886
Total RWA and Capital Requirements			172,948,813	13,835,905

Note:
CRM - credit risk mitigation
^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 419.

3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

(e) The breakdown of RWA by exposure is as follows: (continued)

The Group	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum capital requirements at 8% RM'000
30 June 2023				
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	59,748,413	59,748,413	-	-
Public Sector Entities	25,848	25,848	5,170	414
Banks, DFIs and MDBs	11,375,031	11,375,031	3,666,329	293,306
Insurance Cos, SF and FM	643,986	615,986	615,986	49,279
Corporates	58,341,208	55,931,802	49,626,908	3,970,153
Regulatory Retail	53,792,198	53,430,691	40,340,954	3,227,276
Residential Mortgages	69,768,087	69,737,838	31,979,976	2,558,398
Higher Risk Assets	16,660	16,660	24,990	1,999
Other Assets	6,064,948	6,064,948	3,257,175	260,574
Defaulted Exposures	645,007	620,212	667,381	53,390
Total On-Balance Sheet Exposures	260,421,386	257,567,429	130,184,869	10,414,789
Off-Balance Sheet Exposures				
OTC Derivatives	4,193,781	4,193,781	2,180,837	174,467
Credit Derivatives	71,411	71,411	17,317	1,385
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	16,927,260	16,675,422	14,193,197	1,135,456
Defaulted Exposures	15,118	15,118	25,635	2,051
Total Off-Balance Sheet Exposures	21,207,570^	20,955,732	16,416,986	1,313,359
Total On and Off-Balance Sheet Exposures	281,628,956	278,523,161	146,601,855	11,728,148
Market Risk	**Long Position**	**Short Position**		
Interest Rate Risk	142,997,388	139,141,596	5,331,875	426,550
Foreign Currency Risk	337,822	625,067	705,852	56,468
Equity Risk	14,303	-	61,376	4,910
Option Risk	-	-	24,986	1,999
Total	143,349,513	139,766,663	6,124,089	489,927
Operational Risk			10,143,761	811,501
Total RWA and Capital Requirements			162,869,705	13,029,576

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 420.

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3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

(e) The breakdown of RWA by exposure is as follows: (continued)

The Bank	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum capital requirements at 8% RM'000
30 June 2024				
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	47,897,682	47,897,682	177,858	14,229
Public Sector Entities	6,042	6,042	1,208	97
Banks, DFIs and MDBs	11,788,672	11,788,672	3,987,201	318,976
Insurance Cos, SF and FM	487,570	468,503	468,503	37,480
Corporates	49,023,901	46,993,963	42,039,489	3,363,159
Regulatory Retail	37,033,906	36,704,966	27,656,071	2,212,486
Residential Mortgages	60,340,110	60,317,001	26,587,734	2,127,019
Higher Risk Assets	12,855	12,855	19,282	1,543
Other Assets	6,240,471	6,240,471	2,999,585	239,967
Defaulted Exposures	492,977	491,668	565,032	45,203
Total On-Balance Sheet Exposures	213,324,186	210,921,823	104,501,963	8,360,159
Off-Balance Sheet Exposures				
OTC Derivatives	3,696,398	3,696,398	2,072,585	165,807
Credit Derivatives	80,348	80,348	18,455	1,476
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,358,494	13,147,717	11,302,096	904,168
Defaulted Exposures	18,181	18,160	27,243	2,179
Total Off-Balance Sheet Exposures	17,153,421^	16,942,623	13,420,379	1,073,630
Total On and Off-Balance Sheet Exposures	230,477,607	227,864,446	117,922,342	9,433,789
Market Risk	**Long Position**	**Short Position**		
Interest Rate Risk	173,169,533	170,512,431	6,644,485	531,559
Foreign Currency Risk	421,026	711,085	711,085	56,887
Equity Risk	6	-	15	1
Option Risk	-	-	36,246	2,900
Total	173,590,565	171,223,516	7,391,831	591,347
Operational Risk			8,390,596	671,248
Total RWA and Capital Requirements			133,704,769	10,696,384

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 421.

3. CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Basel III (continued)

(e) The breakdown of RWA by exposure is as follows: (continued)

The Bank	Gross exposures before CRM RM'000	Net exposures after CRM RM'000	Risk weighted assets RM'000	Minimum capital requirements at 8% RM'000
30 June 2023				
Exposure Class				
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	45,204,417	45,204,417	-	-
Public Sector Entities	25,848	25,848	5,170	414
Banks, DFIs and MDBs	11,673,413	11,673,413	3,655,005	292,400
Insurance Cos, SF and FM	568,272	540,272	540,272	43,222
Corporates	44,567,163	42,643,691	38,089,653	3,047,172
Regulatory Retail	37,892,261	37,567,570	28,280,051	2,262,404
Residential Mortgages	54,474,676	54,448,755	24,624,342	1,969,947
Higher Risk Assets	16,660	16,660	24,990	1,999
Other Assets	5,665,880	5,665,880	3,206,600	256,528
Defaulted Exposures	440,638	438,556	494,077	39,526
Total On-Balance Sheet Exposures	200,529,228	198,225,062	98,920,160	7,913,612
Off-Balance Sheet Exposures				
OTC Derivatives	3,887,086	3,887,086	2,060,262	164,821
Credit Derivatives	71,411	71,411	17,317	1,385
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,103,967	12,871,416	10,937,743	875,019
Defaulted Exposures	9,226	9,226	16,747	1,340
Total Off-Balance Sheet Exposures	17,071,690^	16,839,139	13,032,069	1,042,565
Total On and Off-Balance Sheet Exposures	217,600,918	215,064,201	111,952,229	8,956,177
Market Risk	**Long Position**	**Short Position**		
Interest Rate Risk	141,691,782	138,594,856	5,422,468	433,797
Foreign Currency Risk	243,974	612,004	612,004	48,960
Equity Risk	14,303	-	61,376	4,910
Option Risk	-	-	24,986	1,999
Total	141,950,059	139,206,860	6,120,834	489,666
Operational Risk			8,131,845	650,548
Total RWA and Capital Requirements			126,204,908	10,096,391

Note:

^ The gross exposures before CRM of Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 422.

4. RISK MANAGEMENT

The Bank has implemented a risk management framework with the objective to ensure the overall financial soundness and stability of the Bank's business operations. The risk management framework outlines the overall governance structure, aspiration, values and risk management strategies which aligns the Bank'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.

As part of the risk management framework, the Bank has formulated and implemented an Internal Capital Adequacy Assessment Process ("ICAAP") and a capital management and planning policy to ensure that it maintains the appropriate level of capital, the appropriate quality and structure of capital and the appropriate risk profile to support its strategic objectives. This also includes determining the Bank's minimum capital threshold and target capital levels.

From a governance perspective, the Board has the overall responsibility to define the Bank'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 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 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.

Operationally, the Bank operates multiple lines of defences to effect a robust control framework. The business units being the first line of defence are responsible for identifying, mitigating and managing risks within their lines of business. The Group Risk Management ("GRM") function being one of the components of the second line of defence, is responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring, control and mitigation of risks. In addition, GRM undertakes validation to ensure that the business and operating units are in compliance to the Bank's risk appetite thresholds and to the regulatory requirements. Coverage of the GRM function includes Market Risk, Interest Rate Risk in the Banking Book, Liquidity Risk, Credit Risk, Technology Risk, Operational Risk, ICAAP and Stress Testing, Environment, Social and Governance ("ESG") Risk and Islamic Banking Risk.

The Group Internal Audit function, being the third line of defence, is responsible to provide independent assurance on the effective functioning of the risk management framework for the Bank.

The risk management process for each key risk area of the Bank and the various risk exposures are described in the following sections of the Pillar 3 disclosures.

(A) Credit risk

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 Bank.

The Bank has established a Board Policy on Credit Risk Governance to ensure that exposure to credit risk is kept within the Bank's financial capacity to withstand potential future losses. Lending activities are guided by the internal credit policies and guidelines which 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.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

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 Bank'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 the approving and discretionary authority to the MCC, CSC and the various personnel of the Bank based on job function and designation.

The Bank's Independent Credit Review function conducts independent post approval reviews on sampling basis to ensure that the 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 Bank's Management as well as where appropriate, a countervailing perspective on credit risk management issues including the overall credit quality.

For any new products/product variation, credit risk assessment also forms part of the new product/product variation sign-off process to ensure that the new product complies with the appropriate policies and guidelines, prior to the introduction of the product.

The Bank's exposure to credit risk is mainly from its retail customers, 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.

Under the Basel II Standardised Approach, the Bank makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk weighted assets. This is applicable for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios.

The approved External Credit Assessment Institutions ("ECAI") ratings and the prescribed risk weights on the above stated asset classes are used in the computation of regulatory capital. An exposure would be deemed to have an external rating if the issuer or the issue has a rating provided by an ECAI. In cases where an exposure does not have an issuer or issue rating, the exposure shall be deemed unrated and shall be accorded a risk weight appropriate for unrated exposures in their respective exposure category.

The ECAI used by the Bank are Fitch Ratings, Moody's Investors Service, Standard & Poor's, Malaysia Rating Corporation Berhad ("MARC") and Rating Agency Malaysia ("RAM"). ECAI ratings are mapped to a common credit quality grade as prescribed by BNM.

In addition, the Bank also conducts periodic stress testing of its credit portfolios to ascertain the credit risk impact to capital under the relevant stress scenarios. In addition, the Bank's credit risk assessments are progressively enhanced to consider the effects of climate-related risks, as well as its impact on the ability and willingness of customers to honour their credit obligations.

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure

(i) The table below sets out the breakdown of gross credit exposures by geographical distribution as follows:

The Group	Malaysia RM'000	Other countries RM'000	Total RM'000
30 June 2024			
On-Balance Sheet Exposures			
Financial assets at fair value through profit or loss*	**2,294,730**	**277,609**	**2,572,339**
Financial investments at fair value through other comprehensive income*	**33,504,746**	**7,477,651**	**40,982,397**
Financial investments at amortised cost	**29,769,642**	**1,382,514**	**31,152,156**
Loans, advances and financing	**179,326,554**	**13,977,914**	**193,304,468**
Derivative financial instruments	**1,333,176**	**29,478**	**1,362,654**
Total On-Balance Sheet Exposures	**246,228,848**	**23,145,166**	**269,374,014**
Off-Balance Sheet Exposures^			
OTC Derivatives	**3,830,402**	**295,203**	**4,125,605**
Credit Derivatives	**80,348**	**-**	**80,348**
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	**16,569,669**	**291,746**	**16,861,415**
Total Off-Balance Sheet Exposures	**20,480,419**	**586,949**	**21,067,368**
Total On and Off-Balance Sheet Exposures	**266,709,267**	**23,732,115**	**290,441,382**
30 June 2023			
On-Balance Sheet Exposures			
Financial assets at fair value through profit or loss*	3,738,439	172,348	3,910,787
Financial investments at fair value through other comprehensive income*	28,388,139	5,400,881	33,789,020
Financial investments at amortised cost	29,698,005	1,496,060	31,194,065
Loans, advances and financing	165,977,730	13,925,117	179,902,847
Derivative financial instruments	2,017,300	151,124	2,168,424
Total On-Balance Sheet Exposures	229,819,613	21,145,530	250,965,143
Off-Balance Sheet Exposures^			
OTC Derivatives	3,915,368	278,413	4,193,781
Credit Derivatives	71,411	-	71,411
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	16,650,908	291,470	16,942,378
Total Off-Balance Sheet Exposures	20,637,687	569,883	21,207,570
Total On and Off-Balance Sheet Exposures	250,457,300	21,715,413	272,172,713

Note:

(1) For this table, the Group and the Bank have allocated the loans, advances and financing to geographical areas based on the country where the loans, advances and financing were provided.

* Excludes equity securities.

^ Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 419 and page 420.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(i) The table below sets out the breakdown of gross credit exposures by geographical distribution as follows: (continued)

The Bank	Malaysia RM'000	Other countries RM'000	Total RM'000
30 June 2024			
On-Balance Sheet Exposures			
Financial assets at fair value through profit or loss*	**2,262,428**	**277,607**	**2,540,035**
Financial investments at fair value through other comprehensive income*	**28,278,230**	**7,473,171**	**35,751,401**
Financial investments at amortised cost	**21,242,690**	**1,324,123**	**22,566,813**
Loans, advances and financing	**134,394,172**	**9,654,549**	**144,048,721**
Derivative financial instruments	**1,280,231**	**29,470**	**1,309,701**
Total On-Balance Sheet Exposures	**187,457,751**	**18,758,920**	**206,216,671**
Off-Balance Sheet Exposures^			
OTC Derivatives	**3,401,794**	**294,604**	**3,696,398**
Credit Derivatives	**80,348**	**-**	**80,348**
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	**13,290,123**	**86,552**	**13,376,675**
Total Off-Balance Sheet Exposures	**16,772,265**	**381,156**	**17,153,421**
Total On and Off-Balance Sheet Exposures	**204,230,016**	**19,140,076**	**223,370,092**
30 June 2023			
On-Balance Sheet Exposures			
Financial assets at fair value through profit or loss*	2,978,291	172,348	3,150,639
Financial investments at fair value through other comprehensive income*	24,616,776	5,394,774	30,011,550
Financial investments at amortised cost	20,769,220	1,432,344	22,201,564
Loans, advances and financing	125,685,567	9,407,194	135,092,761
Derivative financial instruments	1,920,546	151,123	2,071,669
Total On-Balance Sheet Exposures	175,970,400	16,557,783	192,528,183
Off-Balance Sheet Exposures^			
OTC Derivatives	3,608,851	278,235	3,887,086
Credit Derivatives	71,411	-	71,411
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,019,756	93,437	13,113,193
Total Off-Balance Sheet Exposures	16,700,018	371,672	17,071,690
Total On and Off-Balance Sheet Exposures	192,670,418	16,929,455	209,599,873

Note:

(1) For this table, the Group and the Bank have allocated the loans, advances and financing to geographical areas based on the country where the loans, advances and financing were provided.

* Excludes equity securities.

^ Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 421 and page 422.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows:

The Group	Financial assets at fair value through profit or loss* RM'000	Financial investments at fair value through other comprehensive income* RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC and credit derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
30 June 2024										
Agriculture	20,503	56,185	-	2,500,142	-	2,576,830	-	385,402	385,402	2,962,232
Mining and quarrying	-	-	-	306,004	-	306,004	-	26,808	26,808	332,812
Manufacturing	-	-	-	15,582,490	-	15,582,490	-	4,348,670	4,348,670	19,931,160
Electricity, gas and water	51,840	2,171,489	5,020	1,063,968	-	3,292,317	-	135,051	135,051	3,427,368
Construction	-	304,343	156,897	6,595,043	-	7,056,283	-	1,087,826	1,087,826	8,144,109
Wholesale and retail	-	34,820	-	17,852,669	-	17,887,489	-	2,714,593	2,714,593	20,602,082
Transport, storage and communications	5,201	213,682	-	6,565,689	-	6,784,572	-	320,519	320,519	7,105,091
Finance, insurance, real estate and business services	98,449	15,775,472	1,816,765	18,836,903	1,362,654	37,890,243	4,205,953	1,354,119	5,560,072	43,450,315
Government and government agencies	2,395,467	22,426,406	29,173,474	-	-	53,995,347	-	109,341	109,341	54,104,688
Education, health and others	879	-	-	1,128,405	-	1,129,284	-	148,495	148,495	1,277,779
Household	-	-	-	122,807,784	-	122,807,784	-	6,230,300	6,230,300	129,038,084
Others	-	-	-	65,371	-	65,371	-	291	291	65,662
Total On and Off-Balance Sheet Exposures	2,572,339	40,982,397	31,152,156	193,304,468	1,362,654	269,374,014	4,205,953	16,861,415	21,067,368	290,441,382

* Excludes equity securities.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

The Group	Financial assets at fair value through profit or loss* RM'000	Financial investments at fair value through other comprehensive income* RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC and credit derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
30 June 2023										
Agriculture	-	41,232	-	2,787,470	-	2,828,702	-	381,487	381,487	3,210,189
Mining and quarrying	-	-	-	115,556	-	115,556	-	27,051	27,051	142,607
Manufacturing	14,136	-	-	15,342,174	-	15,356,310	-	3,564,036	3,564,036	18,920,346
Electricity, gas and water	70,431	2,289,844	5,024	738,051	-	3,103,350	-	111,619	111,619	3,214,969
Construction	10,098	349,270	158,951	6,358,806	-	6,877,125	-	1,607,936	1,607,936	8,485,061
Wholesale and retail	-	33,156	-	16,176,215	-	16,209,371	-	2,727,458	2,727,458	18,936,829
Transport, storage and communications	9,868	181,083	-	5,706,490	-	5,897,441	-	341,582	341,582	6,239,023
Finance, insurance, real estate and business services	164,994	13,058,003	2,035,363	16,528,907	2,168,424	33,955,691	4,265,192	1,179,350	5,444,542	39,400,233
Government and government agencies	3,641,260	17,836,432	28,994,727	-	-	50,472,419	-	79,686	79,686	50,552,105
Education, health and others	-	-	-	1,538,040	-	1,538,040	-	124,984	124,984	1,663,024
Household	-	-	-	114,541,027	-	114,541,027	-	6,796,724	6,796,724	121,337,751
Others	-	-	-	70,111	-	70,111	-	465	465	70,576
Total On and Off-Balance Sheet Exposures	3,910,787	33,789,020	31,194,065	179,902,847	2,168,424	250,965,143	4,265,192	16,942,378	21,207,570	272,172,713

* Excludes equity securities.

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

The Bank	Financial assets at fair value through profit or loss* RM'000	Financial investments at fair value through other comprehensive income* RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC and credit derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
30 June 2024										
Agriculture	20,503	56,185	-	1,262,130	-	1,338,818	-	277,103	277,103	1,615,921
Mining and quarrying	-	-	-	89,332	-	89,332	-	17,938	17,938	107,270
Manufacturing	-	-	-	11,351,599	-	11,351,599	-	3,227,243	3,227,243	14,578,842
Electricity, gas and water	51,840	2,166,310	5,020	607,900	-	2,831,070	-	84,736	84,736	2,915,806
Construction	-	304,343	156,897	5,030,326	-	5,491,566	-	800,706	800,706	6,292,272
Wholesale and retail	-	34,820	-	13,110,832	-	13,145,652	-	2,145,182	2,145,182	15,290,834
Transport, storage and communications	5,201	213,682	-	6,022,566	-	6,241,449	-	239,700	239,700	6,481,149
Finance, insurance, real estate and business services	97,551	14,991,185	1,026,773	14,327,171	1,309,701	31,752,381	3,776,746	1,023,573	4,800,319	36,552,700
Government and government agencies	2,364,061	17,984,876	21,378,123	-	-	41,727,060	-	109,341	109,341	41,836,401
Education, health and others	879	-	-	708,993	-	709,872	-	68,510	68,510	778,382
Household	-	-	-	91,476,997	-	91,476,997	-	5,382,643	5,382,643	96,859,640
Others	-	-	-	60,875	-	60,875	-	-	-	60,875
Total On and Off-Balance Sheet Exposures	2,540,035	35,751,401	22,566,813	144,048,721	1,309,701	206,216,671	3,776,746	13,376,675	17,153,421	223,370,092

* Excludes equity securities.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(ii) The table below sets out the breakdown of gross credit exposures by sector as follows: (continued)

The Bank	Financial assets at fair value through profit or loss* RM'000	Financial investments at fair value through other comprehensive income* RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial instruments RM'000	Total on-balance sheet credit risk exposures RM'000	OTC and credit derivatives RM'000	Off-balance sheet exposures other than OTC derivatives or credit derivatives RM'000	Total off-balance sheet credit risk exposures RM'000	Total on and off-balance sheet credit risk exposures RM'000
30 June 2023										
Agriculture	-	41,232	-	1,345,007	-	1,386,239	-	298,955	298,955	1,685,194
Mining and quarrying	-	-	-	88,340	-	88,340	-	21,474	21,474	109,814
Manufacturing	14,136	-	-	11,302,215	-	11,316,351	-	2,882,578	2,882,578	14,198,929
Electricity, gas and water	70,431	2,284,638	5,024	357,742	-	2,717,835	-	34,378	34,378	2,752,213
Construction	10,098	349,270	158,951	4,974,419	-	5,492,738	-	911,013	911,013	6,403,751
Wholesale and retail	-	33,156	-	12,036,274	-	12,069,430	-	2,176,797	2,176,797	14,246,227
Transport, storage and communications	9,868	181,083	-	5,178,405	-	5,369,356	-	272,299	272,299	5,641,655
Finance, insurance, real estate and business services	163,712	12,807,144	1,244,885	12,766,941	2,071,669	29,054,351	3,958,497	814,727	4,773,224	33,827,575
Government and government agencies	2,882,394	14,315,027	20,792,704	-	-	37,990,125	-	79,686	79,686	38,069,811
Education, health and others	-	-	-	720,459	-	720,459	-	58,932	58,932	779,391
Household	-	-	-	86,261,100	-	86,261,100	-	5,562,354	5,562,354	91,823,454
Others	-	-	-	61,859	-	61,859	-	-	-	61,859
Total On and Off-Balance Sheet Exposures	3,150,639	30,011,550	22,201,564	135,092,761	2,071,669	192,528,183	3,958,497	13,113,193	17,071,690	209,599,873

* Excludes equity securities.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(iii) The table below sets out the breakdown of gross credit exposures by residual contractual maturity as follows:

The Group	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
30 June 2024				
On-Balance Sheet Exposures				
Financial assets at fair value through profit or loss*	**281,564**	**890,065**	**1,400,710**	**2,572,339**
Financial investments at fair value through other comprehensive income*	**8,403,799**	**30,886,250**	**1,692,348**	**40,982,397**
Financial investments at amortised cost	**3,791,961**	**26,318,968**	**1,041,227**	**31,152,156**
Loans, advances and financing	**35,962,418**	**17,647,135**	**139,694,915**	**193,304,468**
Derivative financial instruments	**377,694**	**737,875**	**247,085**	**1,362,654**
Total On-Balance Sheet Exposures	**48,817,436**	**76,480,293**	**144,076,285**	**269,374,014**
Off-Balance Sheet Exposures^				
OTC Derivatives	**3,112,548**	**738,876**	**274,181**	**4,125,605**
Credit Derivatives	**7,952**	**606**	**71,790**	**80,348**
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	**8,863,005**	**7,998,410**	**-**	**16,861,415**
Total Off-Balance Sheet Exposures	**11,983,505**	**8,737,892**	**345,971**	**21,067,368**
Total On and Off-Balance Sheet Exposures	**60,800,941**	**85,218,185**	**144,422,256**	**290,441,382**
30 June 2023				
On-Balance Sheet Exposures				
Financial assets at fair value through profit or loss*	2,090,705	480,689	1,339,393	3,910,787
Financial investments at fair value through other comprehensive income*	5,340,047	27,530,664	918,309	33,789,020
Financial investments at amortised cost	1,784,522	28,365,414	1,044,129	31,194,065
Loans, advances and financing	32,551,388	17,566,100	129,785,359	179,902,847
Derivative financial instruments	1,140,489	819,048	208,887	2,168,424
Total On-Balance Sheet Exposures	42,907,151	74,761,915	133,296,077	250,965,143
Off-Balance Sheet Exposures^				
OTC Derivatives	3,334,379	662,959	196,443	4,193,781
Credit Derivatives	10,119	-	61,292	71,411
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	8,460,089	8,482,289	-	16,942,378
Total Off-Balance Sheet Exposures	11,804,587	9,145,248	257,735	21,207,570
Total On and Off-Balance Sheet Exposures	54,711,738	83,907,163	133,553,812	272,172,713

* Excludes equity securities.

^ Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 419 and page 420.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Gross credit exposure (continued)

(iii) The table below sets out the breakdown of gross credit exposures by residual contractual maturity as follows: (continued)

The Bank	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
30 June 2024				
On-Balance Sheet Exposures				
Financial assets at fair value through profit or loss*	**280,666**	**890,063**	**1,369,306**	**2,540,035**
Financial investments at fair value through other comprehensive income*	**7,537,838**	**26,760,765**	**1,452,798**	**35,751,401**
Financial investments at amortised cost	**2,977,408**	**18,548,178**	**1,041,227**	**22,566,813**
Loans, advances and financing	**28,386,577**	**13,851,456**	**101,810,688**	**144,048,721**
Derivative financial instruments	**360,828**	**758,446**	**190,427**	**1,309,701**
Total On-Balance Sheet Exposures	**39,543,317**	**60,808,908**	**105,864,446**	**206,216,671**
Off-Balance Sheet Exposures^				
OTC Derivatives	**2,901,732**	**596,894**	**197,772**	**3,696,398**
Credit Derivatives	**7,952**	**606**	**71,790**	**80,348**
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	**7,243,838**	**6,132,837**	**-**	**13,376,675**
Total Off-Balance Sheet Exposures	**10,153,522**	**6,730,337**	**269,562**	**17,153,421**
Total On and Off-Balance Sheet Exposures	**49,696,839**	**67,539,245**	**106,134,008**	**223,370,092**
30 June 2023				
On-Balance Sheet Exposures				
Financial assets at fair value through profit or loss*	1,495,673	377,894	1,277,072	3,150,639
Financial investments at fair value through other comprehensive income*	5,233,315	23,859,926	918,309	30,011,550
Financial investments at amortised cost	1,436,671	19,720,764	1,044,129	22,201,564
Loans, advances and financing	26,296,023	13,328,281	95,468,457	135,092,761
Derivative financial instruments	1,039,539	825,996	206,134	2,071,669
Total On-Balance Sheet Exposures	35,501,221	58,112,861	98,914,101	192,528,183
Off-Balance Sheet Exposures^				
OTC Derivatives	3,111,363	590,896	184,827	3,887,086
Credit Derivatives	10,119	-	61,292	71,411
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	6,882,313	6,230,880	-	13,113,193
Total Off-Balance Sheet Exposures	10,003,795	6,821,776	246,119	17,071,690
Total On and Off-Balance Sheet Exposures	45,505,016	64,934,637	99,160,220	209,599,873

* Excludes equity securities.

^ Off-Balance Sheet exposures refer to the credit equivalent of Off-Balance Sheet items on page 421 and page 422.

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing

(i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, credit impaired loans, advances and financing, expected credit losses (Stage 1, 2 and 3), expected credit losses charges/(write back) and write-offs for Stage 3 during the period as follows:

The Group	Past due loans, advances and financing RM'000	Credit impaired loans, advances and financing RM'000	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses-credit impaired (Stage 3) RM'000	Charges/(write back) lifetime expected credit losses-credit impaired (Stage 3) RM'000	Write-offs lifetime expected credit losses-credit impaired (Stage 3) RM'000
30 June 2024							
Agriculture	5,991	5,940	8,836	735	529	397	64
Mining and quarrying	2,204	2,459	483	125	750	(219)	99
Manufacturing	52,389	136,230	72,169	10,135	90,904	25,485	1,850
Electricity, gas and water	66,321	72	4,577	2,363	11	(216)	495
Construction	76,431	87,615	38,467	8,334	39,094	835	6,724
Wholesale and retail	182,013	190,707	101,108	18,754	61,182	14,988	17,959
Transport, storage and communications	12,742	8,107	14,241	1,133	2,359	(514)	197
Finance, insurance, real estate and business services	104,327	81,005	85,265	21,757	16,796	1,482	2,865
Education, health and others	22,909	9,717	6,299	1,132	1,929	(499)	684
Household	5,361,776	519,347	569,944	277,433	155,456	215,705	255,727
Others	-	-	1,434	-	-	-	-
	5,887,103	1,041,199	902,823	341,901	369,010	257,444	286,664

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, credit impaired loans, advances and financing, expected credit losses (Stage 1, 2 and 3), expected credit losses charges/(write back) and write-offs for Stage 3 during the period as follows: (continued)

The Group	Past due loans, advances and financing RM'000	Credit impaired loans, advances and financing RM'000	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses-credit impaired (Stage 3) RM'000	Charges/ (write back) lifetime expected credit losses-credit impaired (Stage 3) RM'000	Write-offs lifetime expected credit losses-credit impaired (Stage 3) RM'000
30 June 2023							
Agriculture	5,478	3,518	9,424	1,638	336	383	48
Mining and quarrying	2,344	3,029	601	115	1,187	1,294	58
Manufacturing	78,477	144,477	53,877	13,751	68,638	62,364	23,486
Electricity, gas and water	9,113	1,146	6,292	339	736	194	29
Construction	97,116	90,551	35,099	14,219	47,469	28,054	2,336
Wholesale and retail	173,434	152,397	89,717	27,696	67,695	24,777	9,615
Transport, storage and communications	11,471	8,465	11,936	1,362	3,408	3,029	1,775
Finance, insurance, real estate and business services	113,341	83,591	82,707	19,984	18,312	(2,524)	6,910
Education, health and others	11,476	11,942	6,008	2,091	3,639	1,105	446
Household	5,320,185	542,768	669,950	300,560	199,724	275,638	261,442
Others	-	-	654	-	-	-	-
	5,822,435	1,041,884	966,265	381,755	411,144	394,314	306,145

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for the financial year ended 30 June 2024

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, credit impaired loans, advances and financing, expected credit losses (Stage 1, 2 and 3), expected credit losses charges/(write back) and write-offs for Stage 3 during the period as follows: (continued)

The Bank	Past due loans, advances and financing RM'000	Credit impaired loans, advances and financing RM'000	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses-credit impaired (Stage 3) RM'000	Charges/(write back) lifetime expected credit losses-credit impaired (Stage 3) RM'000	Write-offs lifetime expected credit losses-credit impaired (Stage 3) RM'000
30 June 2024							
Agriculture	5,991	5,940	4,444	277	529	397	64
Mining and quarrying	796	2,459	322	61	750	(219)	99
Manufacturing	32,447	53,754	55,539	7,937	30,826	8,611	1,829
Electricity, gas and water	66,321	72	1,702	2,187	11	17	-
Construction	58,482	68,798	31,337	5,593	30,091	(5,564)	6,724
Wholesale and retail	133,452	134,882	72,177	13,475	44,923	13,633	15,577
Transport, storage and communications	11,902	7,939	11,741	609	2,303	(551)	197
Finance, insurance, real estate and business services	89,386	70,172	61,590	14,803	14,113	1,454	1,263
Education, health and others	16,303	9,278	3,694	466	1,710	(328)	527
Household	3,419,100	322,840	422,798	178,315	95,360	150,430	172,895
Others	-	-	-	-	-	-	-
	3,834,180	676,134	665,344	223,723	220,616	167,880	199,175

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(i) The table below sets out the breakdown by sector the amount of past due loans, advances and financing, credit impaired loans, advances and financing, expected credit losses (Stage 1, 2 and 3), expected credit losses charges/(write back) and write-offs for Stage 3 during the period as follows: (continued)

The Bank	Past due loans, advances and financing RM'000	Credit impaired loans, advances and financing RM'000	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses-credit impaired (Stage 3) RM'000	Charges/ (write back) lifetime expected credit losses-credit impaired (Stage 3) RM'000	Write-offs lifetime expected credit losses-credit impaired (Stage 3) RM'000
30 June 2023							
Agriculture	3,969	3,518	5,378	870	336	383	48
Mining and quarrying	914	3,029	453	32	1,187	1,242	6
Manufacturing	47,547	44,194	37,839	10,468	24,992	19,010	23,486
Electricity, gas and water	9,113	-	2,974	339	-	-	-
Construction	72,923	81,924	27,800	11,115	44,402	27,489	2,336
Wholesale and retail	154,358	100,428	58,786	24,091	49,482	17,655	9,467
Transport, storage and communications	10,105	8,177	9,703	1,136	3,387	2,998	1,764
Finance, insurance, real estate and business services	103,452	74,410	54,480	17,726	14,653	(3,728)	6,900
Education, health and others	10,400	9,213	3,166	700	3,024	863	446
Household	3,453,566	351,707	511,536	199,331	118,832	172,441	183,228
Others	-	-	31	-	-	-	-
	3,866,347	676,600	712,146	265,808	260,295	238,353	227,681

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(ii) The table below sets out the breakdown by geographical areas the amount of past due loans, advances and financing, impaired loans, advances and financing, expected credit losses (Stage 1, 2 and 3) as follows:

	Past due loans, advances and financing RM'000	Impaired loans, advances and financing RM'000	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses-credit impaired (Stage 3) RM'000
The Group					
30 June 2024					
Malaysia	**5,777,720**	**963,209**	**891,031**	**338,145**	**352,278**
Other countries	**109,383**	**77,990**	**11,792**	**3,756**	**16,732**
	5,887,103	**1,041,199**	**902,823**	**341,901**	**369,010**
The Bank					
30 June 2024					
Malaysia	**3,781,633**	**675,675**	**658,013**	**223,571**	**220,352**
Other countries	**52,547**	**459**	**7,331**	**152**	**264**
	3,834,180	**676,134**	**665,344**	**223,723**	**220,616**
The Group					
30 June 2023					
Malaysia	5,749,913	982,267	948,736	378,040	392,335
Other countries	72,522	59,617	17,529	3,715	18,809
	5,822,435	1,041,884	966,265	381,755	411,144
The Bank					
30 June 2023					
Malaysia	3,841,194	675,119	705,598	265,773	259,597
Other countries	25,153	1,481	6,548	35	698
	3,866,347	676,600	712,146	265,808	260,295

Note:

(1) A financial asset is defined as "past due" when the counterparty has failed to make a principal or interest payment when contractually due.

(2) For description of approaches adopted by the Group and the Bank for the determination of expected credit losses impairment, refer to Note 2N to the financial statements.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(iii) The table below sets out the movements in expected credit losses for loans, advances and financing during the financial year as follows:

The Group	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2024				
At 1 July	966,265	381,755	411,144	1,759,164
Changes in ECL due to transfer within stages	(55,354)	(132,819)	188,173	-
Transfer to Stage 1	14,515	(14,492)	(23)	-
Transfer to Stage 2	(69,094)	143,140	(74,046)	-
Transfer to Stage 3	(775)	(261,467)	262,242	-
New financial assets originated	51,454	700	118	52,272
Financial assets derecognised	(15,177)	(45,024)	(19,011)	(79,212)
Changes due to change in credit risk	(9,085)	169,144	88,159	248,218
Modifications to contractual cash flows of financial asset	26	2,039	5	2,070
Changes in models/risk parameters	(35,058)	(33,942)	-	(69,000)
Amount written off	-	-	(286,664)	(286,664)
Exchange difference	(248)	48	18	(182)
Other movements	-	-	(12,932)	(12,932)
At 30 June	902,823	341,901	369,010	1,613,734

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(iii) The table below sets out the movements in expected credit losses for loans, advances and financing during the financial year as follows: (continued)

The Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2024				
At 1 July	712,146	265,808	260,295	1,238,249
Changes in ECL due to transfer within stages	(38,909)	(96,098)	135,007	-
Transfer to Stage 1	10,638	(10,620)	(18)	-
Transfer to Stage 2	(49,290)	96,592	(47,302)	-
Transfer to Stage 3	(257)	(182,070)	182,327	-
New financial assets originated	35,608	511	-	36,119
Financial assets derecognised	(10,912)	(28,913)	(12,226)	(52,051)
Changes due to change in credit risk	(6,357)	105,790	45,094	144,527
Modifications to contractual cash flows of financial asset	2	1,428	5	1,435
Changes in models/risk parameters	(26,307)	(24,806)	-	(51,113)
Amount written off	-	-	(199,175)	(199,175)
Exchange difference	73	3	-	76
Other movements	-	-	(8,384)	(8,384)
At 30 June	665,344	223,723	220,616	1,109,683

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(iii) The table below sets out the movements in expected credit losses for loans, advances and financing during the financial year as follows: (continued)

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

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Loans, advances and financing (continued)

(iii) The table below sets out the movements in expected credit losses for loans, advances and financing during the financial year as follows: (continued)

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

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk exposures by risk weight

The breakdown of credit risk exposures by risk weight is as follows:

The Group 30 June 2024	Exposures after Netting and Credit Risk Mitigation										
Risk Weight	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Cos, SF and FM RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	62,753,193	-	-	-	-	-	-	-	1,422,296	64,175,489	-
20%	889,288	269,458	7,711,494	199	6,740,009	-	-	-	2,448,720	18,059,168	3,578,674
35%	-	-	-	-	-	-	55,737,980	-	-	55,737,980	19,508,293
50%	-	-	7,440,293	-	856,531	24,921	14,062,469	-	-	22,384,214	11,129,840
75%	-	-	-	-	-	58,598,391	4,396	-	-	58,602,787	43,952,089
100%	-	-	-	1,023,782	63,977,979	2,077,439	8,969,191	-	2,667,740	78,716,131	78,716,132
150%	-	-	-	-	120,289	108,066	-	12,855	-	241,210	361,815
Total	63,642,481	269,458	15,151,787	1,023,981	71,694,808	60,808,817	78,774,036	12,855	6,538,756	297,916,979	157,246,843
Risk Weighted Assets by Exposure	177,858	53,892	5,167,018	1,023,822	65,934,679	46,200,791	35,512,016	19,283	3,157,484	157,246,843	
Average Risk Weight	0%	20.00%	34.10%	99.98%	91.97%	75.98%	45.08%	150.00%	48.29%	52.78%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

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for the financial year ended 30 June 2024

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk exposures by risk weight (continued)

The breakdown of credit risk exposures by risk weight is as follows: (continued)

The Group 30 June 2023	Exposures after Netting and Credit Risk Mitigation										
Risk Weight	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Cos, SF and FM RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	59,926,844	-	-	-	-	-	-	-	1,566,391	61,493,235	-
20%	-	610,585	7,447,706	190	6,298,000	-	-	-	1,580,128	15,936,609	3,171,171
35%	-	-	-	-	-	-	45,378,832	-	-	45,378,832	15,882,591
50%	-	-	6,304,502	-	620,036	27,802	16,154,909	-	-	23,107,249	11,524,797
75%	-	-	-	-	-	60,375,610	28,500	-	-	60,404,110	45,303,083
100%	-	-	-	1,108,190	56,935,840	2,514,731	8,483,936	-	2,948,431	71,991,128	71,991,128
150%	-	-	-	-	70,690	124,628	-	16,680	-	211,998	317,997
Total	59,926,844	610,585	13,752,208	1,108,380	63,924,566	63,042,771	70,046,177	16,680	6,094,950	278,523,161	148,190,767
Risk Weighted Assets by Exposure	-	122,117	4,596,813	1,108,228	58,611,493	47,997,282	32,465,357	25,020	3,264,457	148,190,767	
Average Risk Weight	0%	20.00%	33.43%	99.99%	91.69%	76.13%	46.35%	150.00%	53.56%	53.21%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk exposures by risk weight (continued)

The breakdown of credit risk exposures by risk weight is as follows: (continued)

The Bank 30 June 2024	Exposures after Netting and Credit Risk Mitigation										
Risk Weight	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Cos, SF and FM RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	47,017,562	-	-	-	-	-	-	-	1,306,085	48,323,647	-
20%	889,288	181,090	7,177,793	199	5,817,619	-	-	-	2,428,503	16,494,492	3,298,898
35%	-	-	-	-	-	-	44,335,252	-	-	44,335,252	15,517,338
50%	-	-	7,203,350	-	834,833	20,177	9,824,449	-	-	17,882,809	8,941,405
75%	-	-	-	-	-	43,070,274	3,841	-	-	43,074,115	32,305,587
100%	-	-	-	907,333	47,202,310	595,987	6,322,654	-	2,515,883	57,544,167	57,544,168
150%	-	-	-	-	113,152	83,957	-	12,855	-	209,964	314,946
Total	47,906,850	181,090	14,381,143	907,532	53,967,914	43,770,395	60,486,196	12,855	6,250,471	227,864,446	117,922,342
Risk Weighted Assets by Exposure	177,858	36,218	5,037,234	907,373	48,952,978	33,034,717	26,755,097	19,283	3,001,584	117,922,342	
Average Risk Weight	0%	20.00%	35.03%	99.98%	90.71%	75.47%	44.23%	150.00%	48.02%	51.75%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk exposures by risk weight (continued)

The breakdown of credit risk exposures by risk weight is as follows: (continued)

The Bank 30 June 2023	Exposures after Netting and Credit Risk Mitigation										
Risk Weight	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Cos, SF and FM RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	45,382,848	-	-	-	-	-	-	-	1,237,583	46,620,431	-
20%	-	456,646	8,084,307	190	5,382,536	-	-	-	1,537,124	15,460,803	3,092,161
35%	-	-	-	-	-	-	36,905,594	-	-	36,905,594	12,916,958
50%	-	-	5,833,129	-	607,310	18,997	11,742,866	-	-	18,202,302	9,101,151
75%	-	-	-	-	-	44,473,923	24,981	-	-	44,498,904	33,374,178
100%	-	-	-	1,005,135	42,791,003	486,743	6,008,880	-	2,901,175	53,192,936	53,192,934
150%	-	-	-	-	69,125	97,426	-	16,680	-	183,231	274,847
Total	45,382,848	456,646	13,917,436	1,005,325	48,849,974	45,077,089	54,682,321	16,680	5,675,882	215,064,201	111,952,229
Risk Weighted Assets by Exposure	-	91,329	4,533,426	1,005,173	44,274,852	33,997,822	24,816,007	25,020	3,208,600	111,952,229	
Average Risk Weight	0%	20.00%	32.57%	99.98%	90.63%	75.42%	45.38%	150.00%	56.53%	52.06%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by External Credit Assessment Institutions ("ECAIs") as follows:

(i) Ratings of Public Sector Entities, Insurance Cos, SF and FM and Corporates by approved ECAIs

The Group	Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- RM'000	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- RM'000	B1 to C B+ to D B+ to D B to D B+ to D RM'000	Unrated Unrated Unrated Unrated Unrated RM'000
30 June 2024						
Exposure Class						
On and Off-Balance Sheet Exposures						
Public Sector Entities		**6,042**	**-**	**-**	**-**	**263,416**
Insurance Cos, SF and FM		**199**	**-**	**126,017**	**-**	**897,765**
Corporates		**6,784,064**	**848,164**	**534,586**	**-**	**63,527,994**
		6,790,305	**848,164**	**660,603**	**-**	**64,689,175**
30 June 2023						
Exposure Class						
On and Off-Balance Sheet Exposures						
Public Sector Entities		25,848	-	-	-	584,737
Insurance Cos, SF and FM		190	-	137,653	-	970,537
Corporates		6,233,788	603,649	366,425	-	56,720,704
		6,259,826	603,649	504,078	-	58,275,978

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by ECAIs as follows: (continued)

(i) Ratings of Public Sector Entities, Insurance Cos, SF and FM and Corporates by approved ECAIs (continued)

The Bank	Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- RM'000	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- RM'000	B1 to C B+ to D B+ to D B to D B+ to D RM'000	Unrated Unrated Unrated Unrated Unrated RM'000
30 June 2024						
Exposure Class						
On and Off-Balance Sheet Exposures						
Public Sector Entities		**6,042**	**-**	**-**	**-**	**175,048**
Insurance Cos, SF and FM		**199**	**-**	**126,017**	**-**	**781,316**
Corporates		**5,861,674**	**826,464**	**534,586**	**-**	**46,745,190**
		5,867,915	**826,464**	**660,603**	**-**	**47,701,554**
30 June 2023						
Exposure Class						
On and Off-Balance Sheet Exposures						
Public Sector Entities		25,848	-	-	-	430,798
Insurance Cos, SF and FM		190	-	137,653	-	867,482
Corporates		5,318,324	601,949	346,425	-	42,583,276
		5,344,362	601,949	484,078	-	43,881,556

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by ECAIs as follows: (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAIs

The Group	Moody's S&P Fitch RAM MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- BB+ to B- BB1 to B3 BB+ to B- RM'000	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D RM'000	Unrated Unrated Unrated Unrated Unrated RM'000
30 June 2024							
Exposure Class							
On and Off-Balance Sheet Exposures							
Sovereigns/Central Banks		**4,785,185**	**59,217**	**136,286**	**210,577**	**-**	**58,451,216**
Banks, DFIs and MDBs		**4,279,645**	**7,978,758**	**1,448,786**	**94,106**	**-**	**1,350,492**
		9,064,830	**8,037,975**	**1,585,072**	**304,683**	**-**	**59,801,708**
30 June 2023							
Exposure Class							
On and Off-Balance Sheet Exposures							
Sovereigns/Central Banks		4,536,414	50,016	134,549	278,799	-	54,927,066
Banks, DFIs and MDBs		3,273,899	5,001,693	2,124,530	43,120	-	3,308,966
		7,810,313	5,051,709	2,259,079	321,919	-	58,236,032

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

The following tables summarise the rated exposures according to ratings by ECAIs as follows: (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAIs (continued)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
The Bank		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2024							
Exposure Class							
On and Off-Balance Sheet Exposures							
Sovereigns/Central Banks		**4,785,184**	**59,217**	**-**	**-**	**-**	**43,062,449**
Banks, DFIs and MDBs		**4,749,476**	**7,814,059**	**1,316,323**	**-**	**-**	**501,285**
		9,534,660	**7,873,276**	**1,316,323**	**-**	**-**	**43,563,734**
30 June 2023							
Exposure Class							
On and Off-Balance Sheet Exposures							
Sovereigns/Central Banks		4,536,414	50,016	-	-	-	40,796,418
Banks, DFIs and MDBs		4,601,078	4,927,590	1,900,238	-	-	2,488,530
		9,137,492	4,977,606	1,900,238	-	-	43,284,948

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk mitigation

The Bank grants credit facilities on the basis of the borrower's credit standing, repayment and debt servicing ability. Where possible, collateral is taken to mitigate and reduce any credit risk for the particular credit facility extended. The value of the collateral is monitored periodically and where applicable, a revised valuation may be requested from the borrower. The types of collateral accepted include cash, marketable securities, properties, machineries, equipments, inventories and receivables. In certain cases, corporate guarantees are obtained where the credit worthiness of the corporate borrower is insufficient for the amount sought. There are policies and processes in place to monitor collateral concentration. For Credit Risk Management ("CRM") purposes, only collateral or guarantees that are legally enforceable are taken into account. The credit exposures are computed on a net basis only when there is a legally enforceable netting arrangements for loans and deposits. The Bank uses the Comprehensive Approach for computation of the adjusted exposures.

The following table summarises the breakdown of CRM by exposure as follows:

The Group	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
30 June 2024			
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	63,633,313	-	-
Public Sector Entities	6,042	-	-
Banks, DFIs and MDBs	12,336,730	-	-
Insurance Cos, SF and FM	594,222	-	19,067
Corporates	64,867,399	-	2,143,839
Regulatory Retail	52,529,440	-	464,916
Residential Mortgages	78,548,376	-	27,121
Higher Risk Assets	12,855	-	-
Other Assets	6,508,757	-	-
Defaulted Exposures	700,631	-	1,738
Total On-Balance Sheet Exposures	279,737,765	-	2,656,681
Off-Balance Sheet Exposures			
OTC Derivatives	4,125,605	-	-
Credit Derivatives	80,348	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	16,838,280	-	231,452
Defaulted Exposures	23,135	-	21
Total Off-Balance Sheet Exposures	21,067,368	-	231,473
Total On and Off-Balance Sheet Exposures	300,805,133	-	2,888,154

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4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

The Group	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
30 June 2023			
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	59,748,413	-	-
Public Sector Entities	25,848	-	-
Banks, DFIs and MDBs	11,375,031	-	-
Insurance Cos, SF and FM	643,986	-	28,000
Corporates	58,341,208	-	2,409,406
Regulatory Retail	53,792,198	-	361,507
Residential Mortgages	69,768,087	-	30,249
Higher Risk Assets	16,660	-	-
Other Assets	6,064,948	-	-
Defaulted Exposures	645,007	-	24,795
Total On-Balance Sheet Exposures	260,421,386	-	2,853,957
Off-Balance Sheet Exposures			
OTC Derivatives	4,193,781	-	-
Credit Derivatives	71,411	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	16,927,260	-	251,838
Defaulted Exposures	15,118	-	-
Total Off-Balance Sheet Exposures	21,207,570	-	251,838
Total On and Off-Balance Sheet Exposures	281,628,956	-	3,105,795

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

The Bank	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
30 June 2024			
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	47,897,682	-	-
Public Sector Entities	6,042	-	-
Banks, DFIs and MDBs	11,788,672	-	-
Insurance Cos, SF and FM	487,570	-	19,067
Corporates	49,023,901	-	2,029,938
Regulatory Retail	37,033,906	-	328,940
Residential Mortgages	60,340,110	-	23,109
Higher Risk Assets	12,855	-	-
Other Assets	6,240,471	-	-
Defaulted Exposures	492,977	-	1,309
Total On-Balance Sheet Exposures	213,324,186	-	2,402,363
Off-Balance Sheet Exposures			
OTC Derivatives	3,696,398	-	-
Credit Derivatives	80,348	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,358,494	-	210,777
Defaulted Exposures	18,181	-	21
Total Off-Balance Sheet Exposures	17,153,421	-	210,798
Total On and Off-Balance Sheet Exposures	230,477,607	-	2,613,161

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Credit risk mitigation (continued)

The following table summarises the breakdown of CRM by exposure as follows: (continued)

The Bank	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000
30 June 2023			
Exposure Class			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	45,204,417	-	-
Public Sector Entities	25,848	-	-
Banks, DFIs and MDBs	11,673,413	-	-
Insurance Cos, SF and FM	568,272	-	28,000
Corporates	44,567,163	-	1,923,472
Regulatory Retail	37,892,261	-	324,691
Residential Mortgages	54,474,676	-	25,921
Higher Risk Assets	16,660	-	-
Other Assets	5,665,880	-	-
Defaulted Exposures	440,638	-	2,082
Total On-Balance Sheet Exposures	200,529,228	-	2,304,166
Off-Balance Sheet Exposures			
OTC Derivatives	3,887,086	-	-
Credit Derivatives	71,411	-	-
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	13,103,967	-	232,551
Defaulted Exposures	9,226	-	-
Total Off-Balance Sheet Exposures	17,071,690	-	232,551
Total On and Off-Balance Sheet Exposures	217,600,918	-	2,536,717

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Counterparty credit risk

Counterparty credit risk is the risk of trading counterparties' failure to honour its obligations to the Bank. To control over-exposure of counterparty credit risk, credit limits are established for each trading counterparty. The credit limits are determined individually based on its credit strength and profile, which also takes into consideration the Bank's risk appetite and trading strategies.

Appropriate methodologies have been implemented to measure counterparty credit risk against credit limits of each trading counterparty. These measurement methodologies implemented are in line with BNM's Capital Adequacy Framework on the treatment of counterparty credit risk.

The Bank also engages in netting and margining agreements with major trading counterparties to mitigate counterparty credit risks. Under these agreements, the counterparty credit exposures are mitigated with collaterals whenever the exposures exceed the margin threshold.

Nature of commitments and contingencies

Direct credit substitutes comprise guarantees undertaken by the Bank to support the financial obligations of their customers to third parties.

Non credit related contingent items represent financial products such as Performance Guarantee whose crystallisations are dependent on specific events other than default payment by the customers.

Short term self liquidating trade-related contingencies relate to bills of exchange which have been accepted by the Bank and represent liabilities in the event of default by the acceptors and the drawers of the bills.

Assets sold with recourse and commitments with certain drawdown represents assets sold by the Bank with recourse in the event of defects in the assets, and investment or purchase commitments entered into by the Bank, where drawdown is certain to occur.

Obligations under underwriting agreements arise from underwriting agreements relating to the issuance of equity and debts securities, where the Bank is obliged to subscribe or purchase the securities in the event the securities are not taken up when issued.

Irrevocable commitments to extend credit include all obligations on the part of the Bank to provide funding facilities or the undrawn portion of an approved credit facilities to customers.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currencies at agreed rates of exchange on a specified future date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without the exchange of the underlying principal.

Basel II Pillar 3 Disclosures

for the financial year ended 30 June 2024

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

The Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Assets* RM'000
30 June 2024				
Commitments and Contingent Liabilities				
Direct credit substitutes	236,994	-	236,995	227,495
Transaction related contingent items	3,065,445	-	1,532,722	1,498,110
Short term self liquidating trade related contingencies	1,135,592	-	227,118	225,064
Irrevocable commitments to extend credit:				
- More than one year	16,125,330	-	8,062,636	6,402,398
- Less than one year	26,686,909	-	5,337,382	4,899,906
Unutilised credit card lines	7,322,809	-	1,464,562	1,099,906
	54,573,079	-	16,861,415	14,352,879
Derivative Financial Contracts				
Foreign exchange related contracts:				
- Less than one year	80,918,753	321,958	3,066,089	1,366,057
- One year to five years	7,228,599	125,701	256,502	256,492
- Over five years	725,481	71,690	147,357	142,737
Interest/profit rate related contracts:				
- Less than one year	46,580,035	40,260	4,495	4,336
- One year to five years	114,446,949	546,747	381,630	343,031
- Over five years	4,232,730	59,819	126,823	126,494
Equity related contracts:				
- Less than one year	495,443	10,199	34,605	23,638
- One year to five years	1,045,424	64,495	100,764	50,328
Credit related contracts:				
- Less than one year	142,845	3,666	7,952	3,976
- One year to five years	15,150	932	606	121
- Over five years	1,435,804	115,576	71,790	14,358
Commodity related contracts				
- Less than one year	57,292	1,611	7,340	5,253
	257,324,505	1,362,654	4,205,953	2,336,821
	311,897,584	1,362,654	21,067,368	16,689,700

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

The Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Assets* RM'000
30 June 2023				
Commitments and Contingent Liabilities				
Direct credit substitutes	224,515	-	224,515	217,515
Transaction related contingent items	2,594,402	-	1,297,201	1,262,523
Short term self liquidating trade related contingencies	1,063,924	-	212,785	210,780
Irrevocable commitments to extend credit:				
- More than one year	17,073,556	-	8,535,976	6,672,055
- Less than one year	26,457,159	-	5,291,432	4,818,762
Unutilised credit card lines	6,902,344	-	1,380,469	1,037,197
	54,315,900	-	16,942,378	14,218,832
Derivative Financial Contracts				
Foreign exchange related contracts:				
- Less than one year	63,906,468	1,060,098	3,240,963	1,330,633
- One year to five years	7,321,941	160,566	212,330	212,330
- Over five years	737,005	36,840	47,174	47,175
Interest/profit rate related contracts:				
- Less than one year	45,361,203	65,822	1,904	1,610
- One year to five years	81,071,444	601,438	360,954	345,652
- Over five years	4,399,525	85,919	149,269	143,484
Equity related contracts:				
- Less than one year	487,429	6,950	34,963	20,191
- One year to five years	668,393	57,044	89,674	45,323
Credit related contracts:				
- Less than one year	121,391	6,477	10,119	5,059
- Over five years	1,225,853	86,128	61,292	12,258
Commodity related contracts				
- Less than one year	554,082	1,142	56,550	34,439
	205,854,734	2,168,424	4,265,192	2,198,154
	260,170,634	2,168,424	21,207,570	16,416,986

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

Basel II Pillar 3 Disclosures

for the financial year ended 30 June 2024

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

The Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Assets* RM'000
30 June 2024				
Commitments and Contingent Liabilities				
Direct credit substitutes	229,048	-	229,048	219,548
Transaction related contingent items	2,241,323	-	1,120,661	1,091,480
Short term self liquidating trade related contingencies	988,962	-	197,792	195,819
Irrevocable commitments to extend credit:				
- More than one year	12,265,729	-	6,132,837	4,824,414
- Less than one year	21,158,872	-	4,231,774	3,898,173
Unutilised credit card lines	7,322,809	-	1,464,563	1,099,905
	44,206,743	-	13,376,675	11,329,339
Derivative Financial Contracts				
Foreign exchange related contracts:				
- Less than one year	71,947,524	305,092	2,856,895	1,293,543
- One year to five years	7,228,601	125,702	256,482	256,482
- Over five years	725,481	15,244	71,997	71,997
Interest/profit rate related contracts:				
- Less than one year	46,580,035	40,260	4,495	4,336
- One year to five years	116,227,207	567,319	244,418	244,418
- Over five years	4,219,730	59,607	125,776	125,776
Equity related contracts:				
- Less than one year	495,443	10,199	33,001	22,836
- One year to five years	1,045,424	64,494	95,994	47,943
Credit related contracts:				
- Less than one year	142,845	3,666	7,952	3,976
- One year to five years	15,150	931	606	121
- Over five years	1,435,804	115,576	71,790	14,358
Commodity related contracts				
- Less than one year	57,292	1,611	7,340	5,254
	250,120,536	1,309,701	3,776,746	2,091,040
	294,327,279	1,309,701	17,153,421	13,420,379

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

4. RISK MANAGEMENT (CONTINUED)

(A) Credit risk (continued)

Counterparty credit risk (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

The Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Assets* RM'000
30 June 2023				
Commitments and Contingent Liabilities				
Direct credit substitutes	217,046	-	217,046	210,046
Transaction related contingent items	1,819,394	-	909,697	879,749
Short term self liquidating trade related contingencies	849,981	-	169,996	168,214
Irrevocable commitments to extend credit:				
- More than one year	12,463,084	-	6,230,880	4,827,441
- Less than one year	21,025,525	-	4,205,105	3,831,842
Unutilised credit card lines	6,902,344	-	1,380,469	1,037,198
	43,277,374	-	13,113,193	10,954,490
Derivative Financial Contracts				
Foreign exchange related contracts:				
- Less than one year	60,747,086	959,148	3,021,126	1,273,381
- One year to five years	7,321,941	160,566	212,328	212,330
- Over five years	737,005	36,840	47,174	47,175
Interest/profit rate related contracts:				
- Less than one year	45,361,203	65,822	1,904	1,610
- One year to five years	81,492,156	608,386	302,405	296,506
- Over five years	4,291,746	83,166	137,653	137,653
Equity related contracts:				
- Less than one year	487,429	6,950	31,786	18,602
- One year to five years	668,393	57,044	76,160	38,566
Credit related contracts:				
- Less than one year	121,391	6,477	10,119	5,059
- Over five years	1,225,853	86,128	61,292	12,258
Commodity related contracts				
- Less than one year	554,082	1,142	56,550	34,439
	203,008,285	2,071,669	3,958,497	2,077,579
	246,285,659	2,071,669	17,071,690	13,032,069

* The credit equivalent amount and risk-weighted assets are arrived at using the credit conversion factors and risk-weights as defined in BNM's revised RWCAF and CAFIB.

4. RISK MANAGEMENT (CONTINUED)

(B) Market risk

Market risk is the risk of loss in financial instruments or the balance sheet due to adverse movements in market factors such as interest rates, foreign exchange rates, equities, spreads, volatilities and/or correlations.

The Bank 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"). The amount of market risk that the Bank is prepared to take for each financial year is based on the budget, business direction, its risk-taking strategies, the impact on earnings and capital utilisation. These factors are used as a basis for setting market risk limits for the Bank.

Market risk limits, the monitoring and escalation processes, delegation of authority, model validation and valuation methodologies are built into the Bank's market risk policies, which are reviewed and concurred by the Group Assets and Liabilities Management Committee ("Group ALCO"), endorsed by the BRMC and approved by the Board.

The main market risk limits are stop loss limits, VaR limits, counterparty limits, sensitivity limits, position/instrument limits and holding period limits.

VaR is defined as the maximum loss at a specific confidence level over a specified period of time under normal market conditions. The Bank computes the Historical Simulation VaR on a daily basis based on the recent 250-days of market observations at a 99.0% confidence level.

Over the course of the financial year, the VaR of the Bank's trading book is as follows:

Financial Year Ending 30 June 2024	VaR (RM mil)
Minimum	(3.8)
Maximum	(14.6)
Average	(8.7)

The Bank performs backtesting on VaR on a hypothetical and actual basis and the results are tabled to the Group ALCO.

In addition, stress tests are conducted regularly on the trading book. In performing stress-testing, the Bank uses the following:

(1) Scenario analysis, which is a combination of expected movements on risk factors.

(2) Historical crisis event, which is based on actual movements that occurred in the relevant risk factors. The main risk factors that are stressed are the equity price movements, interest rates movements (for MYR, USD and other major currencies), ratings migration and Foreign Exchange spot and volatilities.

In managing interest rate risk in the banking book, the Bank measures Earnings at Risk ("EAR") and economic value or Capital at Risk ("CAR").

4. RISK MANAGEMENT (CONTINUED)

(C) Market Conduct Risk

Market Conduct risk is the risk that arises from either an individual or group of individual dealers of the Bank, who through non-compliant behaviour and/or behaviour that lack integrity or honesty, subjects the Bank to adverse consequences in terms of monetary losses, reputational damage and regulatory fines.

Independent market conduct risk monitoring and surveillance is carried out to detect attempts on market misconduct by Global Markets. Management oversight on market conduct is effected through the Risk and Compliance Governance Committee ("RCGC"). A robust and comprehensive market conduct surveillance policy has been established by the Bank to ensure all activities in Global Markets are in conformity with market best practices and compliance requirements, which is reviewed and concurred by the RCGC, endorsed by the BRMC and approved by the Board.

(D) Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet financial obligations as they fall due. Financial obligations arise from withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Bank'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 Requirements, the Bank 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 Group ALCO, 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 liquid assets, diversification of funding sources and maintaining a liquidity compliance buffer to meet any unexpected cash outflow.

The Bank has in place a liquidity contingency funding plan and stress test programs to minimise the liquidity risk that may arise due to unforeseen adverse changes in the marketplace. The contingency funding plan sets out the crisis escalation process, various strategies to be employed to preserve liquidity and includes an orderly communication channel during liquidity crisis scenarios. Liquidity stress tests are conducted regularly to ensure there are adequate liquidity contingency fund to meet any shortfalls during liquidity crisis scenarios.

(E) Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which also include outsourcing and business continuity risks.

Management oversight on Operational Risk Management ("ORM") matters are effected through the RCGC whilst Board oversight is effected through the BRMC.

The Bank's ORM strategy is based on a framework of continuous improvements, good governance structure, policies and procedures as well as the employment of risk mitigation strategies. The objective is to create a strong risk and internal control culture by ensuring awareness of the significance of operational risk, its methodology of identification, analysis, assessment, control and monitoring.

The Bank adopts ORM tools such as loss event reporting, risk and control self assessment and key risk indicators to manage operational risks and are used to assess risk by taking into consideration key business conditions, strategies and internal controls. The ultimate aim is to enhance economic performance, achievement of corporate goals and the aspirations of stakeholders.

4. RISK MANAGEMENT (CONTINUED)

(E) Operational risk (continued)

These tools are based on international best practices for the management of operational risks and are explained in more detail below:

(i) Risk and Control Self Assessment ("RCSA") is an assessment process on severity of potential risk and control effectiveness.

(ii) Key Risk Indicators ("KRI") is a set of measures to allow the Bank to monitor and facilitate early detection of operational risks.

(iii) Loss Event Reporting ("LER") is a process for collecting and reporting operational risk events. These are further used for analysis of operational risks for the purpose of developing mitigating controls.

The operational risk mitigation strategies that are implemented include:

(i) Policies and Standard Operating Procedures that define the roles and responsibilities of personnel and their respective operating limits.

(ii) Insurance against operational losses as a form of risk mitigation especially for risks which are deemed as high severity.

(iii) System of controls, established to provide reasonable assurance of effective and efficient operation.

(iv) Business Continuity Management to facilitate the continuance of business activities in the event of disaster or crisis situations by means of ensuring appropriate redundancy of systems are available.

(v) Outsourcing Management to ensure proper due diligence review is performed prior to engaging outsource service providers and continuous tracking of existing outsource service providers' performance, code of conduct, compliance, and business viability.

(F) Financial hedges to mitigate interest rate risks

The following actions describe the accounting treatment for financial hedges that may be entered into to mitigate the interest rate risk exposures of the Bank.

(i) Financial instruments designated as fair value through profit and loss

The Bank uses derivative hedge instruments, such as interest rate swaps to undertake economic hedges on part of their existing fixed rate loans to reduce the exposure on interest rate risk as part of its risk management strategy.

(ii) Fair value hedges

The Bank uses interest rate swap as the hedge instruments to hedge the interest rate risk of fixed rate loans exposure. The interest rate swap contracts used for the hedging are contracted with other financial institutions.

4. RISK MANAGEMENT (CONTINUED)

(F) Financial hedges to mitigate interest rate risks (continued)

The following actions describe the accounting treatment for financial hedges that may be entered into to mitigate the interest rate risk exposures of the Bank. (continued)

(iii) Cash flow hedges

The Bank uses interest rate swaps as hedge instruments to hedge the variability of future cash flows on fixed deposits.

(iv) The accounting policies on derivative financial instruments and hedge accounting are disclosed in Note 2K to the financial statements.

5. EQUITY EXPOSURES IN BANKING BOOK

The Bank's banking book's equity investments consist of equity holdings in organisations which are set up for specific socio-economic reasons and equity holdings and equity instruments received as a result of loan/financing restructuring or loan/financing conversion.

The Bank's banking book's equity investments are classified and measured in accordance with MFRS 9 and are categorised as financial investments at fair value through other comprehensive income. Refer to Note 2D to the financial statements for the accounting policies of the Bank.

Details of the Bank's financial investments at fair value through other comprehensive income are set out in Note 6 to the financial statements.

The following table summarises the Group's and the Bank's equity exposures in the banking book:

	The Group		The Bank	
	Exposures subject to risk-weighting RM'000	Risk weights %	Exposures subject to risk-weighting RM'000	Risk weights %
30 June 2024				
Financial investments at fair value through other comprehensive income				
Unquoted equity securities	**116,797**	**150%**	**116,797**	**150%**
30 June 2023				
Financial investments at fair value through other comprehensive income				
Unquoted equity securities	97,650	150%	97,650	150%

There are no unrealised gains/(losses) for equity securities that have not been reflected in the statements of income of the Group and the Bank but have been recognised under other comprehensive income of the Group and the Bank for the financial year ended 30 June 2024.

6. INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK ("IRRBB"/"RORRBB")

The Bank evaluates the impact of IRRBB/RORRBB via the earnings and the underlying economic value perspectives.

The earnings perspective focuses on the short-term effect of IRRBB/RORRBB via reduction in earnings arising from changes in interest rate/rate of returns. Components affecting the earnings perspective include the timing of repricing, yield curve risk and option positions.

The economic value perspective focuses on the long-term impact of IRRBB/RORRBB. This perspective evaluates changes in the Bank's economic value by present valuing the Bank's future cash flows. The future cash flow projections are used to estimate economic exposures and provides a pro forma estimate of the future income generated by the Bank's current position. In general, measuring the present value of instruments will be able to provide an overview of the Bank's economic value of equity ("EVE") over a longer time period.

	Impact on positions 100 basis points parallel shift	
The Group	**Increase/(Decline) in Earnings RM'000**	**Increase/(Decline) in Economic Value RM'000**
30 June 2024		
100 bps upward		
Ringgit Malaysia	**(49,099)**	**56,709**
100 bps downward		
Ringgit Malaysia	**(125,161)**	**(84,268)**
30 June 2023		
100 bps upward		
Ringgit Malaysia	(59,634)	(153,979)
100 bps downward		
Ringgit Malaysia	(109,525)	136,614

6. INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK ("IRRBB"/"RORRBB") (CONTINUED)

The Bank	Impact on positions 100 basis points parallel shift	
	Increase/(Decline) in Earnings RM'000	Increase/(Decline) in Economic Value RM'000
30 June 2024		
100 bps upward		
Ringgit Malaysia	**(10,469)**	**230,995**
100 bps downward		
Ringgit Malaysia	**(129,398)**	**(261,992)**
30 June 2023		
100 bps upward		
Ringgit Malaysia	(16,343)	123,966
100 bps downward		
Ringgit Malaysia	(120,239)	(150,476)

7. SHARIAH GOVERNANCE DISCLOSURE

Shariah non-compliance risk is the risk of legal or regulatory sanctions, financial loss, or non-financial implications including reputational damage that arises from failure of adhering to the rulings of Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM"), standards on Shariah matters issued by BNM, or decisions or advice of the Shariah Committee ("SC") of Hong Leong Islamic Bank ("HLISB").

HLISB has enhanced its own Board Policy on Shariah Governance ("BPSG") to align with the BNM's Policy Document on Shariah Governance ("SGPD") for Islamic financial institutions in 2019. The BPSG aims to ensure that the structure and management of Shariah governance matters in HLISB is of the highest standard and in line with SGPD and Islamic Financial Services Act 2013. The BPSG governs and guides HLISB on the on-going development and enhancement of its Shariah governance functions and infrastructure which includes interaction, effective communication, and reporting. It forms the foundation upon which Shariah governance policies are to be developed, Shariah governance structure is to be operated in, and Shariah governance initiatives are to be carried out.

Management oversight on Shariah non-compliance risk matters is effected through HLISB's Risk & Compliance Governance Committee ("RCGC"), whilst Board oversight is effected through HLISB's Board Audit & Risk Management Committee ("BARMC") and HLISB's SC.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-Third Annual General Meeting ("AGM") of Hong Leong Bank Berhad ("Bank") will be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Monday, 28 October 2024 at 10.00 a.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 RM1,484,473.00 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 RM550,000.00 from the 83rd AGM to the 84th AGM of the Bank. **(Resolution 1)**

3. To re-elect Mr Kwek Leng Hai as a Director pursuant to the Bank's Constitution. **(Resolution 2)**

4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Bank and to authorise the Directors to fix their remuneration. **(Resolution 3)**

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 Bank under Section 85(1) of the Companies Act 2016 ("Act") read together with Clause 50 of the Constitution of the Bank**

   "**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], the Bank'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 Bank, grant rights to subscribe for Shares in the Bank, convert any security into Shares in the Bank, 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 Bank 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 Bank;

   AND THAT in connection with the above, pursuant to Section 85(1) of the Act to be read together with Clause 50 of the Constitution of the Bank, the shareholders of the Bank 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 Bank 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 Bank." **(Resolution 4)**

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 Bank and/or its 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 (B) of the Bank's Circular to Shareholders dated 27 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 the Hong Leong Group than those generally available to and/or from the public and are not, in the Bank'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 Bank 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 Bank after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders in general meeting,

   whichever is the earlier;

   AND THAT the Directors of the Bank 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 5)**

7. 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
27 September 2024

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 18 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 Bank. 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.

Notice of Annual General Meeting

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 Bank 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.

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.

EXPLANATORY NOTES

1. Resolution 1 on Director Fees and Other Benefits

- Director Fees of RM1,484,473 are inclusive of Board Committee Fees of RM516,774 and Meeting Allowance of RM153,000.
- Directors' Other Benefits refer to Directors' & Officers' Liability Insurance coverage based on premium paid/payable and Directors' training benefits of up to RM550,000.

2. Resolution 2 on Re-election of Director

The Board, on the recommendation of the Nomination Committee of the Bank ("NC"), supports the re-election of the retiring Director. The NC has reviewed the results of the Board Annual Assessment conducted for the financial year ended 30 June 2024 and noted that Mr Kwek Leng Hai has effectively discharged his duties and responsibilities. The NC has also conducted assessment on the fitness and propriety of Mr Kwek Leng Hai including the review of his Fit and Proper Declaration and result of his background checks, and was satisfied that he met the Fit and Proper criteria as set out in the Fit and Proper Policy of the Bank.

Mr Kwek Leng Hai had abstained from deliberation and decision on his re-election at the NC and Board meetings, as applicable.

The profile and details of Mr Kwek Leng Hai are set out in the Board of Directors' Profile section of the Bank's 2024 Annual Report.

3. Resolution 4 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 Bank to allot ordinary shares ("Shares") of the Bank from time to time and expand the mandate to grant rights to subscribe for Shares in the Bank, convert any security into Shares in the Bank, 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 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 Bank 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 Bank.

As at the date of this Notice, no new Shares in the Bank were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 30 October 2023 and which will lapse at the conclusion of the 83rd AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or business opportunities or other circumstances arising or 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, in order 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 Bank, shareholders have pre-emptive rights to be offered any new Shares in the Bank which rank equally to the existing issued Shares or other convertible securities.

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 Bank 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 right over all new Shares, options over or grant of new Shares or any other convertible securities in the Bank 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. Resolution 5 on Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution, if passed, will empower the Bank and its subsidiaries ("HLB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for HLB 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 Hong Leong Group than those generally available to the public and are not, in the Bank's opinion, detrimental to the minority shareholders of the Bank ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 27 September 2024 which is available on the Bank's Corporate website (https://www.hlb.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 Director**

  No individual is seeking election as a Director at the forthcoming Eighty-Third Annual General Meeting of the Bank.

- **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 Bank pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of Eighty-Third 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 Bank 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 30 AUGUST 2024

Total number of issued shares	: 2,167,718,284
Adjusted total number of issued shares (after deducting treasury shares pursuant to Section 127 of the Companies Act 2016)	: 2,086,616,584
Class of shares	: Ordinary shares
Voting rights	: 1 vote for each share held

Distribution Schedule of Shareholders as at 30 August 2024

Size of Holdings	No. of Shareholders	%	No. of Shares*	%
Less than 100	463	3.81	9,713	0.00
100 – 1,000	3,766	31.01	2,088,202	0.10
1,001 – 10,000	6,237	51.35	21,325,869	1.02
10,001 – 100,000	1,250	10.29	38,451,065	1.84
100,001 – less than 5% of issued shares	427	3.52	512,190,983	24.55
5% and above of issued shares	2	0.02	1,512,550,752	72.49
	12,145	100.00	2,086,616,584	100.00

* Excluding 81,101,700 shares bought back and retained by the Bank as treasury shares

List of Thirty Largest Shareholders as at 30 August 2024

Name of Shareholders	No. of Shares	%
1. Hong Leong Financial Group Berhad	1,340,137,681	64.23
2. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	172,413,071	8.26
3. MTrustee Berhad - Exempt AN for Hong Leong Bank Berhad (ESOS)	36,649,232	1.76
4. AmanahRaya Trustees Berhad - Amanah Saham Malaysia	35,871,900	1.72
5. Kumpulan Wang Persaraan (Diperbadankan)	28,624,800	1.37
6. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	25,001,300	1.20
7. Permodalan Nasional Berhad	19,890,000	0.95
8. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West Clt OD67)	17,640,580	0.85
9. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Rakaman Anggun Sdn Bhd (PB)	14,254,300	0.68
10. Pertubuhan Keselamatan Sosial	10,800,000	0.52

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2024 (CONTINUED)

List of Thirty Largest Shareholders as at 30 August 2024 (continued)

Name of Shareholders	No. of Shares	%
11. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 2	9,632,300	0.46
12. Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	8,777,900	0.42
13. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	8,777,372	0.42
14. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	8,687,182	0.42
15. Pertubuhan Keselamatan Sosial - PKSACT41969 P2	7,800,000	0.37
16. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	6,997,224	0.34
17. HLIB Nominees (Tempatan) Sdn Bhd - Chew Brothers Development Corporation Sdn Bhd	6,485,863	0.31
18. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	6,132,280	0.29
19. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN)	6,132,200	0.29
20. Citigroup Nominees (Asing) Sdn Bhd - UBS AG	5,845,943	0.28
21. Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	5,691,300	0.27
22. HLB Nominees (Asing) Sdn Bhd - Kwek Leng Hai (Custodian)	5,510,000	0.26
23. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	5,403,300	0.26
24. Cartaban Nominees (Asing) Sdn Bhd - BNYM SA/NV for People's Bank of China (SICL Asia EM)	4,953,396	0.24
25. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 19)	4,553,500	0.22
26. HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Asia Pacific Equity Fund (FID GLOB INV FD)	4,420,000	0.21
27. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	4,285,000	0.21
28. Citigroup Nominees (Asing) Sdn Bhd - CB SPORE GW for Government of Singapore (GIC C)	3,994,122	0.19
29. HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Blackrock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts	3,968,820	0.19
30. Pertubuhan Keselamatan Sosial - PKSACT41969 P4(ESG)	3,708,200	0.18
	1,823,038,766	87.37

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2024 (CONTINUED)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Bank as at 30 August 2024 are as follows:

	Direct		Indirect	
Name of Shareholders	No. of Shares	%	No. of Shares	%
Hong Leong Financial Group Berhad	1,340,137,681	64.23	3,057,504	0.15[a]
Hong Leong Company (Malaysia) Berhad	–	–	1,343,195,185	64.37[b]
HL Holdings Sdn Bhd	–	–	1,343,195,185	64.37[c]
Tan Sri Quek Leng Chan	–	–	1,346,027,209	64.51[d]
Hong Realty (Private) Limited	–	–	1,345,971,529	64.50[d]
Hong Leong Investment Holdings Pte Ltd	–	–	1,345,971,529	64.50[d]
Kwek Holdings Pte Ltd	–	–	1,345,971,529	64.50[d]
Kwek Leng Beng	–	–	1,345,971,529	64.50[d]
Davos Investment Holdings Private Limited	–	–	1,345,971,529	64.50[d]
Kwek Leng Kee	282,344	0.01	1,345,971,529	64.50[d]
GuoLine Overseas Limited	–	–	1,343,195,185	64.37[b]
Guoco Group Limited	–	–	1,343,195,185	64.37[b]
GuoLine Capital Assets Limited	–	–	1,345,971,529	64.50[e]
Employees Provident Fund Board	194,127,721	9.30	–	–

Notes:
[a] Held through subsidiary
[b] Held through Hong Leong Financial Group Berhad ("HLFG")
[c] Held through Hong Leong Company (Malaysia) Berhad ("HLCM")
[d] Held through HLCM and company(ies) in which the substantial shareholder has interests
[e] Held through a subsidiary and HLFG

3. DIRECTORS' INTERESTS AS AT 30 AUGUST 2024

Subsequent to the financial year end, there is no change, as at 30 August 2024, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares or convertible bonds of the Bank and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 175 to 176 as recorded in the Register of Directors' Shareholdings kept by the Bank 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%

4. GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER'S INTEREST AS AT 30 AUGUST 2024

Direct Interest	Number of ordinary shares	%
Mr Kevin Lam Sai Yoke	147,755	0.01
	205,058#	N/A

Free ordinary shares to be vested pursuant to the Executive Share Scheme of HLB

HLBB LIST OF PROPERTIES HELD AS AT 30 JUNE 2024

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	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 Sibu, 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)	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 - (29/6/2086) - 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 - (8/4/2082) - 59/84 years	Branch premises	3,199	30	167	26/06/1997
16	Lot 3073 & 3074, Jalan Abang Galau, 97000 Bintulu, Sarawak	Leasehold - (12/2/2056) - 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 - (26/2/2078) - 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 - (15/6/2089) - 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 - (8/3/2081) - 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
28	No. 1, Bentong Heights, 28700 Bentong, Pahang Darul Makmur	Freehold	Branch premises	5,432	56	27	30/06/1977

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Age (Years)	Net book value (RM'000)	Date of Acquisition
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 - (24/2/2084) - 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
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, Puchong, 47100 Selangor Darul Ehsan	Freehold	Branch premises	11,850	17	4,818	28/06/2007

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Age (Years)	Net book value (RM'000)	Date of Acquisition
44	Tower A, PJ City Development, 46100 Petaling Jaya, Selangor	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 - (7/01/2101) - 78/99 years	Branch premises	30,613	14	7,482	01/05/2011
47	No. 122, Kapit By-Pass, 96807 Kapit, Sarawak	Leasehold - (29/4/2045) - 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
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 - (7/6/2087) - 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 - (20/3/2094) - 71/99 years	Vacant	3,132	28	394	17/04/1998

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Age (Years)	Net book value (RM'000)	Date of Acquisition
57	No. 67 & 69, Jalan Merdeka, 75000 Taman Merdeka Raya, Melaka	Leasehold - (7/7/2093) - 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
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	668,331	9	525,516	03/07/2015

Other Information

	Location	Tenure	Description of property held	Gross Area (Sq-ft)	Age (Years)	Net book value (RM'000)	Date of Acquisition
71	01-01, 01-02, 01-03, 01-05, Blok D, Komersil Southkey Mozek, Persiaran Southkey 1, Kota Southkey, 80150, Johor Bahru	Leasehold - (21/2/2100) - 77/99 years	Branch	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 - (28/8/2086) - 63/99 years	Branch	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

BRANCHES AS AT 30 JUNE 2024

FEDERAL TERRITORY KUALA LUMPUR

1 Level 1, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur

2 No. 34, 36 & 38, Jalan Petaling, 50000 Kuala Lumpur

3 No. 2-0, Lorong 2/137C, Off Jalan Klang Lama, 58200 Kuala Lumpur

4 No. 26, Lorong Rahim Kajai 14, Taman Tun Dr Ismail, 60000 Kuala Lumpur

5 No. 77C & D, Lot 58529, Jalan Kepong, 52100 Kuala Lumpur

6 No. 31 & 33, Jalan 1/116 B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur

7 No. 37, Jalan Telawi 3, Bangsar Baru, 59100 Kuala Lumpur

8 No. 8 & 10, Jalan 3/50C, Taman Setapak Indah Jaya, Off Jalan Genting Klang, 53300 Kuala Lumpur

9 No. 114 & 116, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur

10 No. 468-B2(A), Blok B, Ground Floor, Rivercity 3rd Mile Jalan Ipoh, 51200 Kuala Lumpur

11 180-0-7 & 180-0-8, Wisma Mahkota, Taman Maluri, Cheras, 55100 Kuala Lumpur

12 No. 50, Jalan Merlimau, Off Jalan Kenanga, 55200 Kuala Lumpur

13 No. 2, Jalan Rampai Niaga 1, Rampai Business Park, Taman Sri Rampai, 53300 Kuala Lumpur

14 No. 44 & 46, Block A, Plaza Sinar, Jalan 8/38D, Taman Sri Sinar, Segambut, 51200 Kuala Lumpur

15 No. 71 & 73, Jalan Radin Tengah, Zone J 4, Bandar Baru Seri Petaling, 57000 Kuala Lumpur

16 No. 7 & 9, Jalan 2/109F, Plaza Danau 2, Taman Danau Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur

17 A-G-10 & A-01-11, Jalan 26/70A, Desa Sri Hartamas, 50480 Kuala Lumpur

18 150, Jalan Tun Sambanthan, 50470 Kuala Lumpur

19 No. 53 & 55, Jalan Sultan Ismail, 50250 Kuala Lumpur

20 No. 15, 16 & 17, Jalan Midah Satu, Taman Midah, Cheras, 56000 Kuala Lumpur

21 Ground Floor(Lot G3), Menara Raja Laut, No. 288, Jalan Raja Laut, 50350 Kuala Lumpur

22 Ground & Mezzanine Floors, No. 2-21A & 2-21A1, Jalan Desa 1/1, Desa Aman Puri, 52100 Kepong, Kuala Lumpur

23 Ground & 1st Floor, Unit 25-G & 25-1, Signature Office, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur

24 Tingkat Bawah, No. 6 & 8, Blok 5, Jalil Link, Jalan Jalil Jaya 6, Bukit Jalil, 57000 Kuala Lumpur

25 No. 63, Jalan Medan Putra 1, Medan Putra Business Centre, Menjalara, 52200 Kuala Lumpur

26 Level 1 Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

27 No. 1-GM, Jalan Perdana 4/6, Pandan Perdana, 55300 Kuala Lumpur

28 No. 19, Jalan 54, Desa Jaya, 52100 Kepong, Kuala Lumpur

29 No. 23GM & 25GM, Jalan Pandan Indah 4/8, 55100 Kuala Lumpur

SELANGOR DARUL EHSAN

30 No. 80 & 82, Jalan Othman (1/14), 46000 Petaling Jaya, Selangor Darul Ehsan

31 No. 3, Jalan Takal 15/21, Seksyen 15, 40000 Shah Alam, Selangor Darul Ehsan

32 No. 59A, Jalan Welman, 48000 Rawang, Selangor Darul Ehsan

33 Wisma Meru, No. 1, Lintang Pekan Baru, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan

34 No. 119 & 121, Jalan Sultan Abdul Samad, 42700 Banting, Selangor Darul Ehsan

35 No. 64, Jalan Stesen, 45000 Kuala Selangor, Selangor Darul Ehsan

36 W-1-0, W-2-0 & W-1-1, Subang Square Business Centre, Jalan SS15/4G, 47500 Subang Jaya, Selangor Darul Ehsan

37 No. 91, Lorong Memanda 1, Ampang Point, 68000 Ampang, Selangor Darul Ehsan

38 No. 2, Jalan Kinrara, Taman Kinrara, Jalan Puchong, 47100 Selangor Darul Ehsan

39 No. 24, Medan Taming 2, Taman Taming Jaya, 43300 Balakong, Selangor Darul Ehsan

40 No. 12 & 14, Jalan PJS 11/28A, Metro Bandar Sunway, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan

41 No. 1 & 3, Jalan Sri Sarawak 17, Taman Sri Andalas, 41200 Klang, Selangor Darul Ehsan

42 No. 11 & 13, Jalan M/J 1, Taman Majlis Jaya, Jalan Sungai Chua, 43000 Kajang, Selangor Darul Ehsan

Other Information

43 No. 174 & 174A, Jalan Besar,
42800 Tanjung Sepat, Kuala Langat,
Selangor Darul Ehsan

44 No. 18 & 20, Jalan 20/16A,
Taman Paramount,
46300 Petaling Jaya,
Selangor Darul Ehsan

45 No. 15 & 16, Jalan Menteri Besar 2,
New Sekinchan Business Centre,
45400 Sekinchan,
Selangor Darul Ehsan

46 No. 36, Jalan Dato Shahbudin 30,
Taman Sentosa,
41200 Klang, Selangor Darul Ehsan

47 No. 39 & 41, Jalan SJ 17,
Taman Selayang Jaya,
68100 Batu Caves,
Selangor Darul Ehsan

48 No. 169, Jalan Teluk Pulai,
41100 Klang, Selangor Darul Ehsan

49 No. 1G-3G, Jalan Wawasan 2/10,
Bandar Baru Ampang,
68000 Ampang,
Selangor Darul Ehsan

50 No 25-29G, Jalan SS 21/60,
47400 Damansara Utama,
Petaling Jaya, Selangor Darul Ehsan

51 No. G-16, 1-16 & 2-16 & G-17, 1-17 & 2-17,
Jalan Prima SG1,
Taman Prima Sri Gombak,
68100 Batu Caves,
Selangor Darul Ehsan

52 No. 68, Lorong Batu Nilam 4A,
Bandar Bukit Tinggi,
41200 Klang, Selangor Darul Ehsan

53 No. 1 & 3, Jalan Seri Taming 1F,
Taman Seri Taming, Batu 9,
43200 Cheras, Selangor Darul Ehsan

54 No. 7 & 9, Jalan Bunga Tanjong 6A,
Taman Putra,
68000 Ampang, Selangor Darul Ehsan

55 No. 22 & 24, Jalan 14/14,
46100 Petaling Jaya,
Selangor Darul Ehsan

56 Wisma Keringat 2, No. 17, Lorong
Batu Caves 2, 68100 Batu Caves,
Selangor Darul Ehsan

57 Ground Floor, Tower A PJ City
Development, 15A,
Jalan 219, Section 51A,
46100 Petaling Jaya,
Selangor Darul Ehsan

58 No. E-01-07 & E-01-08, Jalan Puchong
Prima 5/3, Puchong Prima,
47100 Puchong, Selangor Darul Ehsan

59 No. 30, Jalan Public,
Sungai Buloh New Village,
47000 Sungai Buloh,
Selangor Darul Ehsan

60 No. 64, Jalan BRP 1/2,
Bukit Rahman Putra,
47000 Sungai Buloh,
Selangor Darul Ehsan

61 No. 5 & 7 Jalan Besar Susur 1,
43300 Seri Kembangan,
Selangor Darul Ehsan

62 No. 7 & 9, Jalan Pasar Baru 2,
Seksyen 3, Bandar Semenyih,
43500 Semenyih,
Selangor Darul Ehsan

63 No. 2, Jalan Puteri 2/4,
Bandar Puteri, 47100 Puchong,
Selangor Darul Ehsan

64 No. 1, Jalan Temenggung 21/9,
Bandar Mahkota Cheras,
43200 Cheras, Selangor Darul Ehsan

65 No. 2G, 2-1 & 2A-G, Jalan Cheras
Maju, Pusat Perniagaan Cheras Maju,
43200 Balakong, Selangor Darul Ehsan

66 5, Jalan SL 1/4, Bandar Sungai Long,
43000 Kajang, Selangor Darul Ehsan

67 Ground Floor, 36, Jalan Sulaiman,
43000 Kajang, Selangor Darul Ehsan

68 No. 9 & 11, Jalan 52/2,
PJ New Town Centre,
46200 Petaling Jaya,
Selangor Darul Ehsan

69 90, Persiaran Raja Muda Musa,
42000 Pelabuhan Klang,
Selangor Darul Ehsan

70 3, Jalan Bandar Satu,
Pusat Bandar Puchong,
47100 Puchong, Selangor Darul Ehsan

71 No. 26 & 27, Jalan Kenari 1,
Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

72 No. 28 & 30, Jalan SS 2/67,
47300 Petaling Jaya,
Selangor Darul Ehsan

73 Lot 43 & 45, Jalan USJ 10/1G,
47620 Subang Jaya,
Selangor Darul Ehsan

74 51 & 53, Jalan TSB 10A,
Taman Industri Sungai Buloh,
47000 Sungai Buloh,
Selangor Darul Ehsan

75 No. 2, Jalan PJU 5/8,
Dataran Sunway, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan

76 26-32, Jalan Kapar,
41400 Klang, Selangor Darul Ehsan

77 No. 19, Jalan Setia Prima R U 13/R,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan

78 No. 3-G, Jalan Anggerik Vanilla N31/N,
Kota Kemuning,
40460 Shah Alam,
Selangor Darul Ehsan

79 No. 1 & 3,
Jalan PJU 1/43, Aman Suria,
47301 Petaling Jaya,
Selangor Darul Ehsan

80 Ground Floor, Lot G01,
Giant Hypermarket Putra Heights,
Persiaran Putra Perdana,
47560 Putra Heights,
Selangor Darul Ehsan

81 Ground Floor, No. 109 & 111,
Jalan Mahogani 5, Bandar Botanic,
41200 Klang, Selangor Darul Ehsan

82 No. 4G & 6G, Jalan Equine 1B,
Taman Equine Boulevard,
43300 Seri Kembangan,
Selangor Darul Ehsan

83 No. 8, Jalan UP 1/5,
Taman Ukay Perdana,
68000 Ampang,
Selangor Darul Ehsan

84 No. 120, Jalan Puj 3/2,
Taman Puncak Jalil,
Bandar Putra Permai,
43300 Seri Kembangan,
Selangor Darul Ehsan

PAHANG DARUL MAKMUR

85 No. 59 & 60, Jalan Temerloh,
Locked Bag No. 9,
28409 Mentakab,
Pahang Darul Makmur

86 No. 25, Jalan Tun Ismail,
25000 Kuantan,
Pahang Darul Makmur

87 No. 39-41, Jalan Tun Razak,
27600 Raub, Pahang Darul Makmur

88 No. F105 & F106, Jalan Kuantan,
28000 Temerloh,
Pahang Darul Makmur

89 No. 36, Main Road, Tanah Rata,
39000 Cameron Highlands,
Pahang Darul Makmur

90 No. 1, Bentong Heights,
28700 Bentong,
Pahang Darul Makmur

91 No. B 278 & B 280,
Jalan Beserah, 25300 Kuantan,
Pahang Darul Makmur

92 No. 113, Jalan Inderapura 1,
Bandar Inderapura,
27000 Jerantut, Pahang

TERENGGANU DARUL IMAN

93 Lot 3594 & 3595,
Jalan Baru Pak Sabah,
23000 Dungun,
Terengganu Darul Iman

94 **Hong Leong Islamic Bank Berhad**
No. 31, Jalan Sultan Ismail,
20200 Kuala Terengganu,
Terengganu Darul Iman

95 No. 1107 - R, S & T, Jalan Pejabat,
20200 Kuala Terengganu,
Terengganu Darul Iman

96 No. 5686 & 5694-B,
Jalan Kubang Kurus,
24000 Kemaman,
Terengganu Darul Iman

KELANTAN DARUL NAIM

97 **Hong Leong Islamic Bank Berhad**
Ground & Mezanine Floor,
No. 1121A & B, Jalan Padang Garong,
Seksyen 12,
15000 Kota Bahru,
Kelantan Darul Naim

98 PT 320 & 321, Seksyen 25,
Jalan Sultan Yahya Petra,
15200 Kota Bahru,
Kelantan Darul Naim

PERLIS INDERA KAYANGAN

99 No. 40 & 42, Jalan Bukit Lagi,
01000, Kangar,
Perlis Indera Kayangan

KEDAH DARUL AMAN

100 Ground Floor & 1st Floor,
No. 212, Jalan Gangsa,
Seberang Jalan Putra,
05150 Alor Setar,
Kedah Darul Aman

101 No. 1 & 2, Jalan Raya,
09800 Serdang,
Kedah Darul Aman

102 No. 62 & 63, Jalan Bayu Satu,
09000 Kulim, Kedah Darul Aman

103 No. 167 & 168,
Susuran Sultan Abdul Hamid 11,
Kompleks Perniagaan Sultan Abdul
Hamid Fasa 2,
05050 Alor Setar,
Kedah Darul Aman

104 No. 9A & 9B, Jalan Kampung Baru,
08000 Sungai Petani,
Kedah Darul Aman

105 18K & 18L, Jalan Raya,
08300 Gurun, Kedah Darul Aman

106 Ground & First Floor,
255, Jalan Legenda 10,
Legenda Heights,
08000 Sg Petani,
Kedah Darul Aman

107 No. 93, Langkawi Mall,
Jalan Kelibang,
07000 Kuah, Langkawi,
Kedah Darul Aman

108 No. 1520-2A, Pantai Halban,
Jalan Kepala Batas,
06000 Jitra, Kedah Darul Aman

PULAU PINANG

109 No. 1, Light Street, Georgetown,
10200 Pulau Pinang

110 No. 9 & 10, Jalan Todak 2,
Pusat Bandar, Seberang Jaya,
13700 Prai, Pulau Pinang

111 Unit G-02, Mezzanine 2-02B,
No. 405, Jalan Burmah,
10350 Pulau Pinang

112 No. 15-G-1 (Bayan Point),
Medan Kampung Relau,
11900 Pulau Pinang

113 1780 & 1781, Jalan Nibong Tebal,
Taman Panchor Indah,
14300 Pulau Pinang

114 No. 1, Lebuh Kurau 1,
Taman Chai Leng,
13700 Prai, Pulau Pinang

115 No. 19, Jalan Bertam,
13200 Kepala Batas,
Seberang Prai, Pulau Pinang

116 No. 723-G-G, 723-H-G & 723-I-G,
Jalan Sungai Dua,
11700 Pulau Pinang

117 No. 6963 & 6964,
Jalan Ong Yi How,
Kawasan Perusahan Raja Uda,
13400 Butterworth, Pulau Pinang

Other Information

118 Lot G-17 & G-18,
Jalan Dato Keramat,
Penang Times Square,
10150 Georgetown, Pulau Pinang

119 No. 1823-G1,
Jalan Perusahaan Auto-City,
North-South Highway Juru Interchange,
13600 Prai, Pulau Pinang

120 No. 300, Jalan Jelutong,
11600 Pulau Pinang

121 Ground Floor, No. 16A & 16B,
Lebuhraya Thean Teik,
Bandar Baru Ayer Itam,
11500 Pulau Pinang

122 No. 31, 33, 35, Jalan Usahaniaga 1,
Taman Niagajaya,
14000 Bukit Mertajam, Pulau Pinang

123 No. 3350 & 3351, Jalan Rozhan,
Taman Industri Alma Jaya,
14000 Bukit Mertajam, Pulau Pinang

124 No. 1, Jalan Besar, Taman Tempua,
14000 Simpang Ampat, Pulau Pinang

125 No. 306-F,
Jalan Dato Ismail Hashim, Sungai Ara,
11900 Bayan Lepas, Pulau Pinang

126 Ground & First Floor,
No. 1, Medan Limau Emas,
Pusat Perniagaan Limau Emas,
Off Jalan Song Ban Keng,
14000 Bukit Mertajam, Pulau Pinang

PERAK DARUL RIDZUAN

127 Lot-A-G-2 (Ground Floor),
No. 1, Persiaran Greentown 2,
Greentown Business Centre,
30450 Ipoh, Perak Darul Ridzuan

128 N-20, Jalan Bidor Raya,
Off Jalan Persatuan,
35500 Bidor, Perak Darul Ridzuan

129 No. 41, Jalan Taiping,
34200 Parit Buntar,
Perak Darul Ridzuan

130 No. 16 & 17,
Taman Sitiawan Maju, Jalan Lumut,
32000 Sitiawan, Perak Darul Ridzuan

131 Ground & First Floors,
No. 116 & 117, Jalan Besar,
31450 Menglembu, Ipoh,
Perak Darul Ridzuan

132 No. 28, Medan Silibin,
30100 Ipoh, Perak Darul Ridzuan

133 No. 53, 55 & 57, Jalan Stesyen,
34000 Taiping, Perak Darul Ridzuan

134 No. 133 & 135 Jalan Gopeng,
31900 Kampar, Perak Darul Ridzuan

135 No. 27, Jalan Dewangsa,
31000 Batu Gajah,
Perak Darul Ridzuan

136 No. 11 & 12,
Kompleks Menara Condong,
Jalan Bandar,
36000 Teluk Intan,
Perak Darul Ridzuan

137 No. 579 & 579A, Jalan Pasir Puteh,
31650 Ipoh, Perak Darul Ridzuan

138 No. 91 & 93,
Jalan Dato Lau Pak Khuan, Ipoh Garden,
31400 Ipoh, Perak Darul Ridzuan

139 86 & 88, Jalan Besar,
32400 Ayer Tawar, Perak

140 PT 1167 & 1168, Jalan Chui Chak,
36700 Langkap, Perak Darul Ridzuan

141 Ground & First Floor, No.254 & 254A,
Jalan Raja Dr. Nazrin Shah,
Gunung Rapat,
31350 Ipoh, Perak Darul Ridzuan

142 No. 25 & 27,
Jalan Bunga Anggerik,
Taman Bunga Raya,
35900 Tanjong Malim,
Perak Darul Ridzuan

143 Ground & First Floor, No. 362,
Medan Bercham, Jalan Bercham,
31400 Ipoh, Perak Darul Ridzuan

NEGERI SEMBILAN DARUL KHUSUS

144 No. 100, Jalan Gurney,
72100 Bahau,
Negeri Sembilan Darul Khusus

145 No. 69, 70 & 71,
Jalan Dato Bandar Tunggal,
70000 Seremban,
Negeri Sembilan Darul Khusus

146 No. 112, Jalan Yam Tuan Raden,
72000 Kuala Pilah,
Negeri Sembilan Darul Khusus

147 Lot Pt 5729 & 5730,
Jalan TS 2/1D, Taman Semarak,
78100 Nilai,
Negeri Sembilan Darul Khusus

148 Lot 3120 & 3121, Jalan Besar, Lukut,
71010 Port Dickson,
Negeri Sembilan Darul Khusus

149 145-G, 145-1 & 146-G, Blok M,
Taipan Senawang,
Senawang Commercial Park,
70450 Negeri Sembilan Darul Khusus

150 Ground, 1st & 2nd Floors,
No. 7 & 8, Jalan S2 B15, Biz Avenue,
Seremban 2, 70300 Seremban,
Negeri Sembilan Darul Khusus

MELAKA

151 No. 345, Jalan Ong Kim Wee,
75300 Melaka

152 No. 150 & 152,
Kompleks Munshi Abdullah,
Jalan Munshi Abdullah,
75100 Melaka

153 Lot BB-371A & B,
Taman Melaka Baru, Batu Berendam,
75350 Melaka

154 Lot 215 & 130, Jalan Besar,
78300 Masjid Tanah, Melaka

155 No. 1, 1-1 & 3, Jalan Malim Jaya 2/7A,
Taman Malim Permai,
75250 Melaka

156 No. 67 & 69,
Jalan Merdeka, Taman Melaka Raya,
75000 Melaka

157 No. 76 & 76-1,
Jalan Inang 4 (Cheng),
Taman Paya Rumput Utama,
76300 Paya Rumput, Melaka

JOHOR DARUL TAKZIM

158 No. 12 - 16, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim

159 No. 70, Jalan Segamat, 85300 Labis, Johor Darul Takzim

160 Lot No. 24 & 25, Jalan Ahmad Ujan, Taman Kota Besar, 81900 Kota Tinggi, Johor Darul Takzim

161 No. 120 - 122, Jalan Mersing, 86000 Kluang, Johor Darul Takzim

162 No. 173 & 175, Jalan Sri Pelangi, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim

163 No. 6 & 8, Jalan Nakhoda 12, Taman Ungku Tun Aminah, 81300 Skudai, Johor Darul Takzim

164 No. 6 & 7, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor Darul Takzim

165 No. LC 531, Jalan Payamas, 84900 Tangkak, Johor Darul Takzim

166 No. 109, Main Road, 83700 Yong Peng, Johor Darul Takzim

167 No. 39 & 41, Jalan Kebudayaan 1, Taman Universiti, 81300 Skudai, Johor Darul Takzim

168 Ground & Mezzanine Floors, Penggaram Complex, No. 1, Jalan Abdul Rahman, Off Jalan Rahmat, 83000 Batu Pahat, Johor Darul Takzim

169 No. 80, Jalan Dedap 13, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim

170 No. 2, Jalan Jati Satu, Taman Nusa Bestari Jaya, 81300 Skudai, Johor Darul Takzim

171 No. 5, Jalan Camar 1/3, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim

172 No. 35, 37 & 39, Jalan Johor 1, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim

173 No. 8-10, Jalan Nusaria 11/7, Taman Nusantara, 81550 Gelang Patah, Johor Darul Takzim

174 105-106, Jalan Besar, 81750 Masai, Johor Darul Takzim

175 30 & 31, Jalan Mawar 1, Taman Mawar, 81700 Pasir Gudang, Johor Darul Takzim

176 1, 1A, 1B & 1C, Jalan Belimbing, 81400 Senai, Johor Darul Takzim

177 01-01, 01-02, 01-03, 01-05, Block D Komersil Southkey Mozek, Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor Darul Takzim

178 No. 21, Jalan Permas 10/1, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim

179 No. 30 & 31, Jalan Delima, Pusat Perdagangan Pontian, 82000 Pontian, Johor Darul Takzim

180 No. 43A & 45, Jalan Genuang, Kampung Abdullah, 85000 Segamat, Johor Darul Takzim

181 No. 29 & 31, Jalan Molek 2/4, Taman Molek, 81100 Johor Bahru, Johor Darul Takzim

182 No. 25 & 25A, Jalan Kenanga 29/1, Indahpura, 81000 Johor Bahru, Johor Darul Takzim

183 Ground & 1st Floor, No. 3, Pusat Dagangan Bakri, Jalan Bakri, 84000 Muar, Johor Darul Takzim

184 Ground Floor, No. 121 & 123, Jalan Austin Heights 3, Taman Mount Austin, 81100 Johor Bahru, Johor Darul Takzim

185 Ground Floor, No. 1, Jalan Setia Tropika 1/15, Taman Setia Tropika, 81200 Johor Bahru, Johor Darul Takzim

186 No. 345A, Jalan Ismail, 86800 Mersing, Johor Darul Takzim

SABAH

187 Ground & 1st Floor, Lot No. 1, Block 35, Fajar Commercial Complex, Jalan Lembaga, 91013 Tawau, Sabah

188 No. 5 & 6 (Ground Floor), Lorong Lintas Plaza 1, Lintas Plaza, 88300 Kota Kinabalu, Sabah

189 Lot 1, 2 & 3, Block 18, Mile 4, North Road, Bandar Indah, 90000 Sandakan, Sabah

190 No. 19, Jalan Haji Saman, P.O. Box 11989, 88821 Kota Kinabalu, Sabah

191 No. 8, Jalan Pantai, Locked Bag No. 124, 88999 Kota Kinabalu, Sabah

192 Lot 4, 5 & 6, Block C, Lorong KK Taipan 2, Inanam New Township, 88450 Kota Kinabalu, Sabah

193 Lot 3-0-14 to 3-0-16, Block 3, Lorong Api-Api 2, Api-Api Centre, 88000 Kota Kinabalu, Sabah

194 MDLD 4711 & 4712, Lot 3 & 4, Jalan Kastam Lama, 91100 Lahad Datu, Sabah

195 No. 38, Block E, Alamesra Plaza Permai, 88400 Kota Kinabalu, Sabah

SARAWAK

196 No. 35, Jalan Khoo Hun Yeang, 93000 Kuching, Sarawak

197 No. 42, Jalan Pending, 93450 Kuching, Sarawak

198 Lot 3073 & 3074, Jalan Abang Galau, 97000 Bintulu, Sarawak

199 No. 133, 135 & 137, Jalan Kampung Nyabor, 96000 Sibu, Sarawak

200 No. 8-10, Lorong Maju, PO Box 279, 96508 Bintangor, Sarawak

Other Information

201 Lot 13 & 14, Olive Garden,
7th Mile Bazaar, Jalan Pensrissen,
93250 Kuching, Sarawak

202 No. 175, Serian Bazaar,
94700 Serian, Sarawak

203 Lot 124, Saratok Baazar, P.O Box 71,
95407 Saratok, Sarawak

204 No. 10, Lot 734, Jalan Lee Kai Teng,
95700 Betong, Sarawak

205 No. 18, Chew Geok Lin Street,
P.O Box 1461,
96000 Sibu, Sarawak

206 No. 722, Jalan Masjid, P.O Box 19,
96400 Mukah, Sarawak

207 Lot 122, Jalan Yong Moo Chai,
P.O. Box 15,
96807 Kapit, Sarawak

208 Lot 11600-11602, Block 16,
No. 127-129, R.H.Plaza,
Jalan Lapangan Terbang,
93550 Kuching, Sarawak

209 Lot 122-124,
Jalan Song Thian Cheok,
93100 Kuching, Sarawak

210 Lot 1078-1079,
Buangsiol Road, P.O. Box 69,
98707 Limbang, Sarawak

211 Ground & First Floor,
Lot 715, Merbau Road,
98008 Miri, Sarawak

212 No. 22-23,
Suria Permata Commercial Centre,
Jalan Lanang,
96000 Sibu, Sarawak

213 Lot 2499 & 2500,
Ground & 1st Floor,
Boulevard Commercial Centre,
Jalan Miri-Pujut, KM 3,
98000 Miri, Sarawak

214 No. 18C & 20,
Lorong Tun Razak 1,
Jalan Masjid Lama,
96100 Sarikei, Sarawak

215 10, 12, 14, 16 & 18,
Mission Road, P.O. Box 656,
96007 Sibu, Sarawak

216 345-347, Ground Floor & 1st Floor,
Central Park Commercial Centre,
Jalan Tun Ahmad Zaidi Adruce,
9 3200 Kuching, Sarawak

217 Lot 171, Jalan Council,
95000 Bandar Sri Aman, Sarawak

FEDERAL TERRITORY PUTRAJAYA

218 **Hong Leong Islamic Bank Berhad**
Lot T00 - U01, No. 5,
Jalan P16, Precinct 16,
62150 Putrajaya,
Wilayah Persekutuan

FEDERAL TERRITORY LABUAN

219 No. 64, Jalan Tun Mustapha,
87007 Labuan

BUREAU DE CHANGE

1 Bureau De Change Bukit Bintang,
No. 53 & 55, Jalan Sultan Ismail,
50250 Kuala Lumpur

2 Bureau De Change Kuantan,
No. 25, Jalan Tun Ismail,
25000 Kuantan,
Pahang Darul Makmur

Overseas Branches and Subsidiaries

SINGAPORE

1 **Main Office**
1 Wallich Street
#29-01 Guoco Tower
Singapore 078881

Banking Hall
7 Wallich Street
#B1-25 & B1-26
Tanjong Pagar Center
Singapore 078884

Tel : (65)-63498338
Fax : (65)-65339340

HONG KONG

1 50/F
The Center
99 Queen's Road Central
Central, Hong Kong

Tel : 852-22838838
Fax : 852-22853138

VIETNAM

1 **Hong Leong Bank Vietnam Limited**
Ground Floor, Centec Tower
72-74 Nguyen Thi Minh Khai Street
District 3, Ho Chi Minh City

Tel : 848-6299 8100
Fax : 852-6299 8101

2 **Hong Leong Bank Vietnam Limited**
Pacific Place, GF, Unit 08-09,
83B Ly Thuong Kiet Str,
Tran Hung Dao Ward,
Hoan Kiem District
Hanoi, Vietnam

Tel : 848-62998100
Fax : 848-62998101

CAMBODIA

1 **Hong Leong Bank (Cambodia) PLC**
Head Office Branch:
No. 28, Samdech Pan Avenue
(St. 214), Sangkat Boeung Raing,
Khan Daun Penh, Phnom Penh
Kingdom of Cambodia

Tel : +855 23 999 711
Fax : +855 23 998 494

2 **Hong Leong Bank (Cambodia) PLC**
Tuol Kork Branch:
No. 150 G & 150 M,
Street 289 Sangkat Boeung Kak 1,
Khan Toul Kork, Phnom Penh

Tel : +855 23 999 711

3 **Hong Leong Bank (Cambodia) PLC**
Olympic Branch Branch:
No 345, 347, and 349, Street 274,
Sangkat Veal Vong, Khan 7 Makara,
Phnom Penh

Tel : +855 23 999 711

4 **Hong Leong Bank (Cambodia) PLC**
Pet Lok Sang Branch:
No.23, Street 271,
Sangkat Toeuk Thla,
Khan Sensok, Phnom Penh,
Cambodia

Tel : +855 23 999 711

5 **Hong Leong Bank (Cambodia) PLC**
Mao Tse Toung Branch:
No. 167CD, Mao Tse Toung Blvd
(St. 245),
Sangkat Toul Svay Prey 1,
Khan Chamkamorn, Phnom Penh

Tel: +855 23 999 711

6 **Hong Leong Bank (Cambodia) PLC**
Boeung Snor Branch:
SL08 and SL09 of Polaris Shop,
National road N01,
Boeung Chhouk Village,
Sangkat Niroth,
Khan Chbar Ampov,
Phnom Penh, Cambodia

Tel : +855 23 999 711

7 **Hong Leong Bank (Cambodia) PLC**
Sen Sok Branch:
#65&67, St. 1003, Phum Bayab,
Sangkat Phnom Penh Thmey,
Khan Sensok,
Phnom Penh, Cambodia

Tel : +855 92 376 263

LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE

1 **Hong Leong Bank Berhad**
Labuan International Branch
(Licensed Labuan Bank No. 160118D):
Level 6 (G), Main Office Tower,
Financial Park Labuan Complex,
Jalan Merdeka,
87000 Labuan F.T. Malaysia

Tel : 6087-422253
Fax : 6087-422263

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FORM OF PROXY

HongLeong Bank Berhad
Registration No. 193401000023 (97141-X)

I/We____

NRIC/Passport/Company No.______________________________

of ____

being a member of HONG LEONG BANK BERHAD (the "Bank"), 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 Eighty-Third Annual General Meeting of the Bank to be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Monday, 28 October 2024 at 10.00 a.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 Kwek Leng Hai as a Director		
3.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Bank and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
4.	To approve the ordinary resolution on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights		
5.	To approve the ordinary resolution on 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		

Dated this________day of__________________2024

____
Number of shares held

____
Signature(s) of Member

____
CDS Account No.

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 18 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *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.*
3. *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.*
4. *A proxy may but need not be a member of the Bank.*
5. *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 Bank 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 Bank 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.*
6. *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).*
7. *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.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Bank 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.*
9. *In the event two (2) or more proxies are appointed, please fill in the ensuing section:*

Name of Proxies	*% of shareholdings to be represented*

10. *Pursuant to Paragraph 8.29 A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice will be put to a vote by way of a poll.*

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AFFIX
STAMP

The Group Company Secretary

HONG LEONG BANK BERHAD
Registration No. 193401000023 (97141-X)

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

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Hong Leong Bank Berhad
Registration No. 193401000023 (97141-X)

Level 19, Menara Hong Leong
No. 6, Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2081 8888
Fax : 03-2081 7801

www.hlb.com.my

As part of Hong Leong Bank's support for environmental sustainability,
this Annual Report is printed on Forest Stewardship Council (FSC) certified paper.