

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Note	The Group		The Company	
		As at 31/12/2020 RM'000	As at 30/06/2020 RM'000	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>ASSETS</b>					
Cash and short term funds		350,592	358,162	101	713
Securities purchased under resale agreement		-	50,172	-	-
Financial assets at fair value through profit or loss ("FVTPL")	11	1,427,741	907,477	249,773	255,892
Financial investments at fair value through other comprehensive income ("FVOCI")	12	1,108,447	1,266,529	-	-
Financial investments at amortised cost	13	934,331	868,134	-	-
Derivative financial assets	19	55,597	54,957	-	-
Loans and advances	14	344,373	316,023	-	-
Clients' and brokers' balances	15	507,871	262,893	-	-
Other assets	16	55,672	47,348	128	673
Tax recoverable		40	167	-	154
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		77,707	87,822	-	-
Property and equipment		11,342	11,040	-	-
Right-of-use assets ("ROU")		20,747	21,587	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		2,340	3,008	-	-
<b>TOTAL ASSETS</b>		<b>4,929,859</b>	<b>4,288,378</b>	<b>496,576</b>	<b>504,006</b>
<b>LIABILITIES</b>					
Deposits from customers	17	759,758	737,747	-	-
Deposits and placements of banks and other financial institutions	18	2,466,041	2,073,211	-	-
Derivative financial liabilities	19	80,500	81,620	-	-
Clients' and brokers' balances		526,589	305,385	-	-
Lease liabilities		19,649	20,286	-	-
Other liabilities	20	122,367	128,595	458	698
Current tax liabilities		3,646	1,046	642	-
Subordinated obligations	21	100,203	100,178	-	-
<b>TOTAL LIABILITIES</b>		<b>4,078,753</b>	<b>3,448,068</b>	<b>1,100</b>	<b>698</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2020*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Note	The Group		The Company	
		As at	As at	As at	As at
		31/12/2020	30/06/2020	31/12/2020	30/06/2020
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY</b>					
Share capital		<b>246,896</b>	246,896	<b>246,896</b>	246,896
Reserves		<b>635,367</b>	599,445	<b>279,624</b>	262,330
Treasury shares for ESOS		<b>(31,157)</b>	(6,031)	<b>(31,044)</b>	(5,918)
<b>TOTAL EQUITY</b>		<b>851,106</b>	840,310	<b>495,476</b>	503,308
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,929,859</b>	4,288,378	<b>496,576</b>	504,006
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>28</b>	<b>6,774,951</b>	6,967,399	-	-
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>		<b>3.61</b>	3.48		

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Current quarter ended 31/12/2020	Last year's quarter ended 31/12/2019	Current year ended 31/12/2020	Last year's ended 31/12/2019
Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Interest income	22a	25,894	25,934	53,349
Interest income for financial assets at FVTPL	22b	10,837	10,670	19,967
Interest expense	23	(24,561)	(26,127)	(48,333)
Net interest income		12,170	10,477	24,983
Non-interest income	24	79,307	44,915	153,743
Net income		91,477	55,392	178,726
Overhead expenses	25	(38,537)	(32,232)	(75,922)
Operating profit before allowances		52,940	23,160	102,804
Write-back of/(allowance for) impairment losses on loans and advances	26	25	(38)	2,704
Write-back of/(allowance for) impairment losses on financial investments and other financial assets	27	465	(78)	636
<b>Profit before taxation</b>		<b>53,430</b>	23,044	<b>106,144</b>
Taxation		(7,240)	54	(14,390)
<b>Net profit for the period</b>		<b>46,190</b>	23,098	<b>91,754</b>
<b>Earnings per share (sen)</b>				
- Basic		19.4	9.6	38.3
- Diluted		19.4	9.6	38.3

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2020*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
<b>Net profit for the period</b>	<b>46,190</b>	23,098	<b>91,754</b>	46,823
<b>Other comprehensive (expense)/income:</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(3,520)	(1,362)	<b>4,093</b>	2,599
- Net loss on disposal	(1,894)	(569)	(4,634)	(6,605)
- Net changes in expected credit losses	(38)	(51)	<b>74</b>	(10)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>1,299</b>	464	<b>130</b>	962
<b>Other comprehensive expense for the period, net of tax</b>	<b>(4,153)</b>	(1,518)	<b>(337)</b>	(3,054)
<b>Total comprehensive income for the period, net of tax</b>	<b>42,037</b>	21,580	<b>91,417</b>	43,769

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2020*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Current quarter ended 31/12/2020	Last year's quarter ended 31/12/2019	Current year ended 31/12/2020	Last year's ended 31/12/2019
Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Interest income	22a 8	6	9	8
Interest expense	23 -	-	-	-
Net interest income	8	6	9	8
Non-interest income	24 70,615	30,969	74,610	31,648
Net income	70,623	30,975	74,619	31,656
Overhead expenses	25 (426)	(452)	(895)	(825)
<b>Profit before taxation</b>	70,197	30,523	73,724	30,831
Taxation	(482)	(82)	(911)	(125)
<b>Net profit/total comprehensive income for the period</b>	<b>69,715</b>	<b>30,441</b>	<b>72,813</b>	<b>30,706</b>
<b>Earnings per share (sen)</b>				
- Basic	29.3	12.6	30.4	12.7
- Diluted	29.3	12.6	30.4	12.7

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Attributable to owners of the parent					Total RM'000
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Regulatory Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
<b>The Group</b>						
At 1 July 2020	246,896	(6,031)	12,076	9,349	578,020	840,310
Net profit for the financial period	-	-	-	-	91,754	91,754
Other comprehensive expense, net of tax	-	-	-	(337)	-	(337)
Total comprehensive (expense)/income	-	-	-	(337)	91,754	91,417
Purchase of treasury shares	-	(25,126)	-	-	-	(25,126)
Transfer to regulatory reserve	-	-	813	-	(813)	-
Dividend paid	-	-	-	-	(55,495)	(55,495)
At 31 December 2020	246,896	(31,157)	12,889	9,012	613,466	851,106
At 1 July 2019	246,896	(6,031)	11,606	7,794	537,342	797,607
Net profit for the financial period	-	-	-	-	46,823	46,823
Other comprehensive expense, net of tax	-	-	-	(3,054)	-	(3,054)
Total comprehensive (expense)/income	-	-	-	(3,054)	46,823	43,769
Transfer from regulatory reserve	-	-	(1,068)	-	1,068	-
Dividend paid	-	-	-	-	(53,082)	(53,082)
At 31 December 2019	246,896	(6,031)	10,538	4,740	532,151	788,294

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Non-Distributable		Distributable	
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Retained Profits RM'000	Total RM'000
<b>The Company</b>				
At 1 July 2020	246,896	(5,918)	262,330	503,308
Net profit for the financial period	-	-	72,813	72,813
Total comprehensive income	-	-	72,813	72,813
Purchase of treasury shares	-	(25,126)	-	(25,126)
Dividend paid	-	-	(55,519)	(55,519)
At 31 December 2020	<b>246,896</b>	<b>(31,044)</b>	<b>279,624</b>	<b>495,476</b>
At 1 July 2019	246,896	(5,918)	266,184	507,162
Net profit for the financial period	-	-	30,706	30,706
Total comprehensive income	-	-	30,706	30,706
Dividend paid	-	-	(53,105)	(53,105)
At 31 December 2019	246,896	(5,918)	243,785	484,763

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	<b>The Group</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	<b>106,144</b>	47,537
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	<b>1,750</b>	1,749
- Amortisation of intangible assets	<b>794</b>	856
- Depreciation of ROU assets	<b>1,994</b>	2,033
- Property and equipment written off	<b>22</b>	-
- (Write-back of)/allowance for impairment losses on loans and advances	<b>(2,730)</b>	214
- (Write-back of)/allowance for impairment losses on financial investments and other financial assets	<b>(636)</b>	113
- Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	<b>3,695</b>	4,012
- Derivative financial instruments	<b>(2,151)</b>	11,171
- Net unrealised loss on fair value changes arising from fair value hedges	<b>1,034</b>	-
- Interest income from:		
- Financial assets at FVTPL	<b>(19,967)</b>	(20,535)
- Financial investments at FVOCI	<b>(18,802)</b>	(20,258)
- Financial investments at amortised cost	<b>(15,231)</b>	(14,107)
- Interest expense from:		
- Derivative financial instruments	<b>21,608</b>	7,591
- Subordinated obligations	<b>2,134</b>	3,153
- Lease liabilities	<b>554</b>	627
- Dividend income from:		
- Financial assets at FVTPL	<b>(3,426)</b>	(4,903)
	<b>(29,358)</b>	(28,284)
<b>Operating profit before changes in working capital</b>	<b>76,786</b>	19,253
<u>Changes in working capital:</u>		
- Securities purchased under resale agreements	<b>50,172</b>	-
- Financial assets at FVTPL	<b>(522,472)</b>	284,596
- Derivative financial instruments	<b>(1)</b>	(991)
- Loans and advances	<b>(25,620)</b>	(81,655)
- Clients' and brokers' balances	<b>(244,090)</b>	91,971
- Other assets	<b>(8,485)</b>	(6,622)
- Statutory deposits with Bank Negara Malaysia	<b>-</b>	7,090
Net changes in operating assets	<b>(750,496)</b>	294,389
- Deposits from customers	<b>22,011</b>	147,569
- Deposits and placements of banks and other financial institutions	<b>392,830</b>	(321,959)
- Clients' and brokers' balances	<b>221,204</b>	(155,392)
- Other liabilities	<b>(6,246)</b>	(78,946)
Net changes in operating liabilities	<b>629,799</b>	(408,728)
<b>Cash used in operating activities</b>	<b>(43,911)</b>	(95,086)

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	<b>The Group</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash used in operating activities</b>	<b>(43,911)</b>	(95,086)
Net income tax paid	<b>(1,418)</b>	(2,118)
<b>Net cash used in operating activities</b>	<b>(45,329)</b>	(97,204)
<b><u>Cash flows from investing activities</u></b>		
Net disposal/(purchase) of financial investments at FVOCI	<b>151,891</b>	(95,865)
Net purchase of financial investments at amortised cost	<b>(67,315)</b>	(24,505)
Dividend received from:		
- Financial assets at FVTPL	<b>3,426</b>	4,903
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	<b>57,648</b>	54,319
Interest expenses paid on derivative financial instruments	<b>(20,616)</b>	(7,559)
Purchase of property and equipment	<b>(2,074)</b>	(516)
Purchase of intangible assets	<b>(126)</b>	(237)
<b>Net cash generated from/(used in) investing activities</b>	<b>122,834</b>	(69,460)
<b><u>Cash flows from financing activities</u></b>		
Interest paid on subordinated obligations	<b>(2,109)</b>	(3,480)
Lease payment	<b>(2,345)</b>	(2,193)
Redemption of subordinated obligations	<b>-</b>	(50,000)
Dividend paid	<b>(55,495)</b>	(53,082)
Purchase of treasury shares	<b>(25,126)</b>	-
<b>Net cash used in financing activities</b>	<b>(85,075)</b>	(108,755)
<b>Net changes in cash and cash equivalents during the financial period</b>	<b>(7,570)</b>	(275,419)
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>358,162</b>	520,657
<b>Cash and cash equivalents at end of the financial period</b>	<b>350,592</b>	245,238
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>350,592</b>	245,238

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	<b>The Company</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	73,724	30,831
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised (gain)/loss on revaluation of financial assets at FVTPL	(2,020)	1,010
- Dividend income from:		
- Financial assets at FVTPL	(2,790)	(4,146)
- Subsidiary companies	(66,000)	(28,000)
	<b>(70,810)</b>	<b>(31,136)</b>
<b>Operating profit/(loss) before changes in working capital</b>	<b>2,914</b>	<b>(305)</b>
Increase in financial assets at FVTPL	8,139	20,409
Decrease in other assets	545	2,649
Decrease in other liabilities	(240)	(232)
<b>Cash generated from operating activities</b>	<b>11,358</b>	<b>22,521</b>
Net income tax paid	(115)	(83)
<b>Net cash generated from operating activities</b>	<b>11,243</b>	<b>22,438</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend received from:		
- Financial assets at FVTPL	2,790	2,357
- Subsidiary companies	66,000	28,000
<b>Net cash generated from investing activities</b>	<b>68,790</b>	<b>30,357</b>
<b><u>Cash flows from financing activities</u></b>		
Purchase of treasury shares	(25,126)	-
Dividend paid	(55,519)	(53,105)
<b>Net cash used in financing activities</b>	<b>(80,645)</b>	<b>(53,105)</b>
<b>Net changes in cash and cash equivalents during the financial period</b>	<b>(612)</b>	<b>(310)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>713</b>	<b>513</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>101</b>	<b>203</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>101</b>	<b>203</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2020*

**HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")**  
*Registration No: 199101002695 (213006-U)*  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

**Explanatory Notes pursuant to the Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM")**

**1. Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 December 2020 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company for the financial year ended 30 June 2020. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 30 June 2020.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2020 and modified for the adoption of the following Amendments to MFRSs applicable for financial year beginning on or after 1 July 2020:

- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 101 'Classification of liabilities as current or non-current'

The adoption of these MFRSs, amendments to MFRSs and IC Interpretations did not have any significant financial impact on the results of the Group and the Company.

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**2. Auditors' report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 30 June 2020 was not qualified.

**3. Comments about seasonal or cyclical factors**

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 31 December 2020.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 31 December 2020.

**5. Change in estimate**

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 31 December 2020.

**6. Debt and Equity Securities**

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 December 2020, other than as mentioned below.

Purchase of shares pursuant to ESOS

In accordance with MFRS 132 "Financial instruments: Presentation and Disclosure", the shares purchased for the benefit of the ESOS holdings are recorded as "Treasury Shares for ESOS" in equity on the statements of financial position.

During the financial period ended 31 December 2020, the Company bought 5,498,000 units treasury shares via a private placement.

Total shares held by ESOS Trust comprise 11,110,700 (30.06.2020: 5,612,700) shares in the Group costing RM31,157,101 (30.06.2020: RM6,031,241) inclusive of transaction costs, as at 31 December 2020.

**7. Dividends paid**

A final single-tier dividend of 23.0 sen per share amounting to RM53.1 million in respect of the financial year ended 30 June 2020, was paid on 18 November 2020.

**8. Valuations of property, plant and equipment**

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 December 2020.

**9. Significant events**

**(a) COVID-19 pandemic**

As the current situation is unprecedented, and it is difficult to predict the economic impact, the Group will continue monitoring the situation closely and continue to assess the impact on the Group's earnings as the situation develops.

**9. Significant events** (continued)

**(b) Executive share scheme**

HLCB had on 14 October 2020 announced the establishment of an executive share scheme comprising an executive share option scheme (“ESOS”) and an executive share grant scheme (“ESGS”) (collectively referred to as the “ESS” or the “Scheme”) in relation to ordinary shares in HLCB (“HLCB Shares”) for the eligible executives and/or directors of HLCB and its subsidiaries (“HLCB Group”) (such executives and directors, “Eligible Executives”).

**Details of the ESS**

The ESS is to be administered by the Board of Directors of the Company or Board of Directors of the relevant subsidiary of the Company (as applicable) (in each case, the “Board”) or a duly authorised committee of the relevant Board or an individual authorised by the relevant Board in accordance with the bye-laws governing the ESS (“Bye-Laws”).

The ESS comprise the following:

a) ESOS

The ESOS is intended to allow the Company to offer options to acquire HLCB Shares (“Options”) to the Eligible Executives at an exercise price to be determined by the Board at its discretion (“Option Price”).

a) ESGS

The ESGS is intended to allow the Company to reward the Eligible Executives with awards of HLCB Shares without any consideration payable by the Eligible Executives (“Grants”).

The Board may at its discretion impose such conditions (including financial and performance targets and the period within which such targets are to be achieved) as it deems fit with the offer of the Grants or Options. In implementing the ESS, the exercise of Options and/or vesting of HLCB Shares pursuant to Grants are to be satisfied by transfer of HLCB Shares.

**Salient features of the ESS**

**(A) Quantum**

At any point of time during the existence of the ESS, the aggregate number of HLCB Shares comprised in the Options and/or Grants shall not exceed an amount equivalent to 10% of the issued ordinary share capital (excluding treasury shares) of the Company at any one time.

**(B) Eligibility**

The participants in the ESS must be at least 18 years of age and:

- i. be an executive of HLCB or any of its subsidiaries (“Member of the Group”) and has been confirmed in service; or
- ii. be a director of a Member of the Group,

as at the date of an offer of Option and/or Grant (“Offer”).

**(C) Rights attaching to the HLCB Shares**

In the event that any HLCB Shares are to be transferred upon the exercise of Options and/or vesting of HLCB Shares pursuant to the Grants, the HLCB Shares shall be transferred together with all dividends, rights, entitlements and distributions, in respect of which the record date is on or after the transfer date.

**9. Significant events** (continued)

**(b) Executive share scheme** (continued)

**Salient features of the ESS** (continued)

**(D) Duration**

The ESS shall be in force for a period of 10 years from the effective date for the implementation of the ESS and may be extended by the Board of the Company for such periods as it may decide in its absolute discretion.

**Utilisation of Proceeds**

The proceeds to be received pursuant to the exercise of Options under the ESOS will depend on the actual number of HLCB Shares underlying the Options granted and exercised, and the Option Price payable upon the exercise of Options. Therefore, the amount of proceeds to be raised from the exercise of Options is not determinable at this juncture.

The proceeds from the exercise of Options shall be utilised to pay for the cost of purchasing the said HLCB Shares and/or to purchase additional HLCB Shares for the purpose of the Scheme.

HLCB will not receive any proceeds pursuant to the ESGS as the Eligible Executives will not be required to pay for the HLCB Shares to be transferred to them under the ESGS.

**Rationale for the ESS**

The purpose of the ESS is to align the long term interests of Eligible Executives with those of the shareholders of the Company as well as to motivate and reward them.

**(c) Public shareholding spread**

HLCB's shares were suspended from trading since 26 March 2015. The suspension will only be uplifted upon full compliance of the public shareholding spread in accordance with Paragraph 8.02(1) of the Listing Requirements, which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

On 9 November 2020, the Company announced that its majority shareholder, Hong Leong Financial Group Berhad has completed a private placement of 27,000,000 existing ordinary shares in HLCB to increase the public shareholding spread of HLCB.

Following the completion of the said private placement, the public shareholding spread of the Company as at 9 November 2020 is 29.60% and the Company has met the requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

On 11 November 2020, the Company announced that Bursa Malaysia Securities Berhad has, via its letter dated 10 November 2020, resolved to approve the upliftment of suspension in the trading of the ordinary shares in HLCB effective from 9.00 a.m., Friday, 13 November 2020.

The trading in HLCB's shares has resumed accordingly.

**10. Subsequent events**

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustment to the unaudited interim financial statements.

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

	The Group		The Company	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>Money market instruments</b>				
Malaysian Government Securities	65,333	-	-	-
Malaysian Government Investment Issues	98,663	-	-	-
Negotiable instruments of deposits	888,332	588,325	-	-
	<b>1,052,328</b>	<b>588,325</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	126,652	45,642	35,972	27,696
Unit trust investment	213,954	228,284	213,801	228,196
	<b>340,606</b>	<b>273,926</b>	<b>249,773</b>	<b>255,892</b>
<b>Unquoted securities</b>				
Shares	-	1,432	-	-
Corporate bond and/or sukuk	34,807	43,794	-	-
	<b>34,807</b>	<b>45,226</b>	<b>-</b>	<b>-</b>
	<b>1,427,741</b>	<b>907,477</b>	<b>249,773</b>	<b>255,892</b>

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

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	-	41,229
Malaysian Government Investment Issues	101,874	52,982
Cagamas bonds	85,568	30,358
	<b>187,442</b>	<b>124,569</b>
<b>Unquoted securities</b>		
Foreign currency bonds	98,089	72,260
Corporate bond and/or sukuk	822,916	1,069,700
	<b>921,005</b>	<b>1,141,960</b>
	<b>1,108,447</b>	<b>1,266,529</b>

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### 12. 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	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL (Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	341	-	-	341
Allowances made	30	-	-	30
Amount written back	(13)	-	-	(13)
New financial assets originated or purchased	116	-	-	116
Financial assets derecognised	(50)	-	-	(50)
Exchange differences	(9)	-	-	(9)
At 31 December 2020	<b>415</b>	-	-	<b>415</b>
At 1 July 2019	143	-	-	143
Allowances made	7	-	-	7
Amount written back	(25)	-	-	(25)
New financial assets originated or purchased	347	-	-	347
Financial assets derecognised	(98)	-	-	(98)
Exchange differences	(33)	-	-	(33)
At 30 June 2020	<b>341</b>	-	-	<b>341</b>

### 13. Financial investments at amortised cost

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	400,415	291,869
Malaysian Government Investment Issues	454,270	534,018
	<b>854,685</b>	<b>825,887</b>
<b>Unquoted securities</b>		
Foreign currency bonds	16,026	16,964
Corporate bond and/or sukuk	63,634	25,298
	<b>79,660</b>	<b>42,262</b>
Less: Expected credit losses	(14)	(15)
	<b>934,331</b>	<b>868,134</b>



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### 13. Financial investments at amortised cost (continued)

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

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2020	15	-	-	15
Exchange differences	(1)	-	-	(1)
At 31 December 2020	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
At 1 July 2019	36	-	-	36
New financial assets originated or purchased	(22)	-	-	(22)
Exchange differences	1	-	-	1
At 30 June 2020	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>

### 14. Loans and advances

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
Term loan financing	89,524	93,935
Share margin financing	255,448	225,398
Staff loans	41	44
Other loans	265	281
Gross loans and advances	<u>345,278</u>	319,658
Less: Expected credit losses	(905)	(3,635)
Net loans and advances	<u>344,373</u>	<u>316,023</u>
<b>a. <u>By type of customer</u></b>		
Domestic business enterprises		
- Small and medium enterprises	58,615	57,941
- Others	120,332	124,759
Individuals	161,092	133,221
Foreign entities	5,239	3,737
Gross loans and advances	<u>345,278</u>	<u>319,658</u>
<b>b. <u>By interest rate sensitivity</u></b>		
Fixed rate		
- Staff housing loans	41	44
- Other fixed rate loan	265	281
Variable rate		
- Cost plus	344,972	319,333
Gross loans and advances	<u>345,278</u>	<u>319,658</u>

## 14. Loans and advances (continued)

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>c. <u>By residual contractual maturity</u></b>		
Maturity within one year	291,243	265,733
More than one year to three years	48,006	48,006
More than three years to five years	41	44
More than five years	5,988	5,875
Gross loans and advances	<u>345,278</u>	<u>319,658</u>
<b>d. <u>By geographical distribution</u></b>		
Malaysia	<u>345,278</u>	<u>319,658</u>
<b>e. <u>By economic purpose</u></b>		
Purchase of securities	291,100	265,451
Working capital	53,872	53,882
Purchase of transport vehicles	126	126
Purchase of landed properties	180	199
Gross loans and advances	<u>345,278</u>	<u>319,658</u>
<b>f. Impaired loans and advances</b>		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	6,522	6,898
Impaired during the financial period/year	21	34,066
Amount written-back during the financial period/year	(6,278)	(34,442)
At 31 December/30 June	<u>265</u>	<u>6,522</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>265</u>	<u>6,522</u>
(iii) <u>By economic purpose</u>		
Purchase of transport vehicles	126	126
Purchase of landed properties	139	155
Purchase of securities	-	366
Working capital	-	5,875
Gross impaired loans and advances	<u>265</u>	<u>6,522</u>

## HLCB Q2 (31.12.2020)

### 14. Loans and advances (continued)

g. Movements in expected credit losses are as follows:

The Group	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	not credit	credit	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	656	1	2,978	3,635
Transferred to Stage 1	216	(6)	(210)	-
Transferred to Stage 2	(7)	2,336	(2,329)	-
New financial assets originated	7	-	-	7
Financial assets derecognised	(2)	-	-	(2)
Allowance made	35	-	2	37
Allowance written-back	(270)	(2,187)	(315)	(2,772)
At 31 December 2020	<b>635</b>	<b>144</b>	<b>126</b>	<b>905</b>
At 1 July 2019	140	1	3,214	3,355
Transferred to Stage 1	6	(6)	-	-
Transferred to Stage 2	(6)	6	-	-
Transferred to Stage 3	(11)	-	11	-
New financial assets originated	602	-	2,657	3,259
Financial assets derecognised	(2)	-	(3,088)	(3,090)
Allowance made	137	1	1,839	1,977
Allowance written-back	(210)	(1)	(1,655)	(1,866)
At 30 June 2020	<b>656</b>	<b>1</b>	<b>2,978</b>	<b>3,635</b>

### 15. Clients' and brokers' balances

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
Performing accounts	506,247	261,268
Impaired accounts	2,762	3,651
	<b>509,009</b>	264,919
Less: Expected credit losses	(1,138)	(2,026)
	<b>507,871</b>	262,893

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### 16. Other assets

	The Group		The Company	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
Amount due from subsidiary companies	-	-	58	-
Amount due from related companies	2	-	-	-
Deposits and prepayments	15,092	13,037	5	34
Fee income receivable	5,751	6,175	-	-
Cash collaterals pledged for derivative transactions	18,103	17,673	-	-
Other receivables	17,947	10,884	65	639
Manager's stocks and consumables	384	1,007	-	-
	<u>57,279</u>	<u>48,776</u>	<u>128</u>	<u>673</u>
Less: Expected credit losses	(1,607)	(1,428)	-	-
	<u>55,672</u>	<u>47,348</u>	<u>128</u>	<u>673</u>

### 17. Deposits from customers

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
<b>a. <u>By type of deposits</u></b>		
Fixed deposits	<u>759,758</u>	<u>737,747</u>
<b>b. <u>By type of customer</u></b>		
Government and statutory bodies	633,405	515,109
Business enterprises	113,284	207,466
Individuals	<u>13,069</u>	<u>15,172</u>
	<u>759,758</u>	<u>737,747</u>
<b>c. The maturity structure of fixed deposits are as follows:</b>		
Due within:		
- six months	759,758	720,239
- six months to one year	-	17,508
	<u>759,758</u>	<u>737,747</u>

### 18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31/12/2020 RM'000	As at 30/06/2020 RM'000
Licensed banks	625,355	228,601
Licensed investment banks	-	75,304
Other financial institutions	<u>1,840,686</u>	<u>1,769,306</u>
	<u>2,466,041</u>	<u>2,073,211</u>

## 19. Derivative financial assets/(liabilities)

<b>The Group</b>	<b>Contract or underlying principal amount</b>	<b>Positive fair value</b>	<b>Negative fair value</b>
<b>30/09/2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	3,710,000	41,546	(59,160)
- Futures	91,311	-	(217)
- Cross currency swaps	80,450	5,322	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,528,292	7,723	(15,900)
- Foreign currency forwards	269,546	67	(2,582)
(iii) Equity related contracts:			
- Futures	87,740	861	-
- Call option	200	78	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(2,641)
	<b>5,837,539</b>	<b>55,597</b>	<b>(80,500)</b>
<b>30/06/2020</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,350,000	47,834	(74,171)
- Cross currency swaps	85,700	557	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,225,578	6,086	(4,567)
- Foreign currency forwards	258,331	480	(372)
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(2,510)
	<b>5,989,609</b>	<b>54,957</b>	<b>(81,620)</b>

**20. Other liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 31/12/2020 RM'000</b>	<b>As at 30/06/2020 RM'000</b>	<b>As at 31/12/2020 RM'000</b>	<b>As at 30/06/2020 RM'000</b>
Amount due to holding company	166	109	-	-
Amount due to related companies	-	12	-	-
Remisiers' trust deposits	16,583	13,465	-	-
Treasury related payables	-	40,099	-	-
Advance payments received for corporate exercise	250	248	-	-
Other payables and accrued liabilities	105,152	74,447	458	698
Post employment benefits obligation - defined contribution plan	216	215	-	-
	<b>122,367</b>	<b>128,595</b>	<b>458</b>	<b>698</b>

**21. Subordinated obligations**

	<b>The Group</b>	
	<b>As at 31/12/2020 RM'000</b>	<b>As at 30/06/2020 RM'000</b>
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	209	185
	<b>100,209</b>	<b>100,185</b>
Less: Unamortised discounts	(6)	(7)
	<b>100,203</b>	<b>100,178</b>

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

Subsequently, on 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

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### 22a. Interest income

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
Loan and advances	3,659	3,778	7,303	7,030
Money at call and deposits placements with banks and other financial institutions	1,724	789	3,439	4,744
Financial investments at FVOCI	8,530	10,245	18,802	20,258
Financial investments at amortised cost	7,751	7,220	15,231	14,107
Others	4,230	3,902	8,574	7,757
Total interest income	<b>25,894</b>	<b>25,934</b>	<b>53,349</b>	<b>53,896</b>
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	<b>8</b>	<b>6</b>	<b>9</b>	<b>8</b>

### 22b. Interest income for financial assets at FVTPL

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
Financial assets at FVTPL	<b>10,837</b>	<b>10,670</b>	<b>19,967</b>	<b>20,535</b>

### 23. Interest expense

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	1,354	5,364	2,664	10,881
Deposits from customers	10,771	15,392	21,388	32,670
Derivative financial instruments	11,139	3,663	21,608	7,591
Subordinated obligations	1,067	1,333	2,134	3,153
Lease liabilities	242	309	554	627
Others	(12)	66	(15)	71
Total interest expense	<b>24,561</b>	<b>26,127</b>	<b>48,333</b>	<b>54,993</b>

## 24. Non-interest income

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
(a) <b>Fee income:</b>				
Fee on loans and advances	46	14	84	91
Arranger fees	1,818	1,201	1,871	2,054
Placement fees	4,528	1,494	5,258	2,203
Corporate advisory fees	879	462	1,796	1,843
Underwriting Commission	-	-	129	-
Brokerage commissions	35,858	13,593	77,625	26,085
Commission from futures contracts	188	183	425	573
Unit trust fee income	14,583	16,634	26,957	34,684
Other fee income	4,244	1,700	5,546	5,161
	<b>62,144</b>	<b>35,281</b>	<b>119,691</b>	<b>72,694</b>
(b) <b>Net income from securities:</b>				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	12,097	616	11,544	5,823
- Financial investments at FVOCI	4,499	2,131	14,544	12,396
- Derivative financial instruments	(20,728)	(965)	(36,680)	12,690
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(6,331)	66	(3,695)	(4,012)
- Derivative financial instruments	1,414	(4,687)	2,151	(11,171)
Dividend income from:				
- Financial assets at FVTPL	1,699	2,031	3,426	4,903
Net unrealised loss on fair value changes arising from fair value hedges	(504)	-	(1,034)	-
	<b>(7,854)</b>	<b>(808)</b>	<b>(9,744)</b>	<b>20,629</b>
(c) <b>Other income</b>				
Foreign exchange gain	24,753	10,383	43,269	3,452
Other non-operating income	264	59	527	124
	<b>25,017</b>	<b>10,442</b>	<b>43,796</b>	<b>3,576</b>
Total non-interest income	<b>79,307</b>	<b>44,915</b>	<b>153,743</b>	<b>96,899</b>

**The Company**

(a) <b>Net income from securities:</b>				
Net realised gain arising from sale of:				
- Financial assets at FVTPL	1,577	148	3,371	411
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	1,572	982	2,020	(1,010)
Dividend income from:				
- Financial assets at FVTPL	1,281	1,789	2,790	4,146
- Subsidiary companies	66,000	28,000	66,000	28,000
	<b>70,430</b>	<b>30,919</b>	<b>74,181</b>	<b>31,547</b>
(b) <b>Other income</b>				
Foreign exchange loss	(46)	-	(46)	-
Other income	231	50	475	101
Total non-interest income	<b>70,615</b>	<b>30,969</b>	<b>74,610</b>	<b>31,648</b>



## 25. Overhead expenses

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	24,100	15,801	47,120	39,932
- Others	3,033	5,776	5,919	7,272
	<b>27,133</b>	<b>21,577</b>	<b>53,039</b>	<b>47,204</b>
Establishment costs				
- Depreciation of property and equipment	896	879	1,750	1,749
- Amortisation of intangible assets	391	417	794	856
- Depreciation of ROU assets	991	1,013	1,994	2,033
- Rental of premises	17	36	41	45
- Information technology expenses	2,173	1,091	4,573	3,048
- Others	662	649	1,335	1,224
	<b>5,130</b>	<b>4,085</b>	<b>10,487</b>	<b>8,955</b>
Marketing expenses				
- Advertisement and publicity	57	270	141	475
- Entertainment and business improvement	249	286	362	641
- Others	38	187	126	280
	<b>344</b>	<b>743</b>	<b>629</b>	<b>1,396</b>
Administration and general expenses				
- Management fees	2,090	1,273	4,028	2,507
- Communication expenses	303	321	648	766
- Property and equipment written off	-	-	22	-
- Auditors' remuneration				
- Statutory audit	73	106	171	195
- Regulatory related fee	2	2	5	5
- Legal and professional fees	854	1,368	1,587	2,102
- Others	2,608	2,757	5,306	5,397
	<b>5,930</b>	<b>5,827</b>	<b>11,767</b>	<b>10,972</b>
Total overhead expenses	<b>38,537</b>	<b>32,232</b>	<b>75,922</b>	<b>68,527</b>
<b>The Company</b>				
Personnel costs				
- Salaries, bonuses and allowances	-	-	-	-
- Others	79	97	166	188
	<b>79</b>	<b>97</b>	<b>166</b>	<b>188</b>
Establishment costs				
- Information technology expenses	1	1	18	2
- Others	16	13	33	28
	<b>17</b>	<b>14</b>	<b>51</b>	<b>30</b>

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25. Overhead expenses (continued)

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Company</b> (continued)				
Marketing expenses				
- Others	-	1	37	1
	-	1	37	1
Administration and general expenses				
- Management fees	181	108	360	258
- Communication expenses	5	5	6	6
- Auditors' remuneration				
- Statutory audit	19	24	39	35
- Regulatory related fee	2	2	5	5
- Legal and professional fees	-	19	20	19
- Others	123	182	211	283
	330	340	641	606
Total overhead expenses	426	452	895	825

26. Write-back of/(allowance for) impairment losses on loans and advances

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
Expected credit losses	25	(38)	2,730	(214)
Impaired loans and advances written-off	-	-	(26)	-
	25	(38)	2,704	(214)

27. Write-back of/(allowance for) impairment losses on financial investments and other financial assets

	Current quarter ended 31/12/2020 RM'000	Last year's quarter ended 31/12/2019 RM'000	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000
<b>The Group</b>				
(a) Financial investments				
(i) Financial investments at FVOCI	38	51	(74)	10
(ii) Financial investments at amortised cost	1	4	1	22
	39	55	(73)	32
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	231	(101)	888	(89)
- Impaired clients' and brokers' balances recovered	-	16	-	54
(ii) Other assets	195	(48)	(179)	(56)
	426	(133)	709	(91)
	465	(78)	636	(59)

## 28. Commitments and contingencies

	As at 31/12/2020 Principal Amount RM'000	As at 30/06/2020 Principal Amount RM'000
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	1,000	1,000
Lending of banks' securities or the posting of securities as collateral by bank, including instances where these arise out of repo-style transactions	-	52,352
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Over one year	30,000	30,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	906,412	894,438
	<u>937,412</u>	<u>977,790</u>
<b>Derivative financial instruments</b>		
Interest rate related contracts:		
- One year or less	1,936,311	1,365,000
- Over one year to five years	1,965,450	3,030,700
- Over five years	50,000	110,000
Foreign exchange related contracts		
- One year or less	1,797,838	1,483,909
Equity related contracts		
- One year or less	87,740	-
- Over one year to five years	200	-
	<u>5,837,539</u>	<u>5,989,609</u>
	<u>6,774,951</u>	<u>6,967,399</u>

**29. Fair value of financial instruments**

Determination of fair value and fair value hierarchy

The Group and the Company measures 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.

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 market where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities, unit trust investments and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

<b>The Group 31.12.2020</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	<b>340,606</b>	<b>1,087,135</b>	-	<b>1,427,741</b>
- Money market instruments	-	<b>1,052,328</b>	-	<b>1,052,328</b>
- Quoted securities	<b>340,606</b>	-	-	<b>340,606</b>
- Unquoted securities	-	<b>34,807</b>	-	<b>34,807</b>
Financial investments at FVOCI	-	<b>1,108,447</b>	-	<b>1,108,447</b>
- Money market instruments	-	<b>187,442</b>	-	<b>187,442</b>
- Unquoted securities	-	<b>921,005</b>	-	<b>921,005</b>
Derivative financial assets	-	<b>55,597</b>	-	<b>55,597</b>
	<b>340,606</b>	<b>2,251,179</b>	-	<b>2,591,785</b>

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### 29. Fair value of financial instruments (continued)

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

<b>The Group</b> <b>31.12.2020</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	<b>80,500</b>	-	<b>80,500</b>
<b>30.06.2020</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	273,926	632,119	1,432	907,477
- Money market instruments	-	588,325	-	588,325
- Quoted securities	273,926	-	-	273,926
- Unquoted securities	-	43,794	1,432	45,226
Financial investments at FVOCI	-	1,266,529	-	1,266,529
- Money market instruments	-	124,569	-	124,569
- Unquoted securities	-	1,141,960	-	1,141,960
Derivative financial assets	-	54,957	-	54,957
	273,926	1,953,605	1,432	2,228,963
<b>Financial liability</b>				
Derivative financial liabilities	-	81,620	-	81,620
<b>The Company</b> <b>31.12.2020</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	<b>249,773</b>	-	-	<b>249,773</b>
<b>30.06.2020</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	255,892	-	-	255,892

There were no transfers between Level 1 and 2 during the financial year.

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy are as follows:

	<b>The Group</b>	
	<b>31.12.2020</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
At 1 July	1,432	1,365
Fair value changes recognised in income statements	-	67
Disposed during the financial period	<b>(1,432)</b>	-
At 31 December/30 June	<b>-</b>	<b>1,432</b>

30. Capital adequacy

(i) The capital adequacy ratios of the banking subsidiary are as follows:

	<b>HLIB</b> <b>31/12/2020</b>	<b>HLIB</b> <b>30/06/2020</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	<b>31.960%</b>	42.128%
Tier 1 capital ratio	<b>31.960%</b>	42.128%
Total capital ratio	<b>41.284%</b>	52.768%
<b>After deducting proposed dividends: <sup>(1)</sup></b>		
CET1 capital ratio	<b>31.960%</b>	35.500%
Tier 1 capital ratio	<b>31.960%</b>	35.500%
Total capital ratio	<b>41.284%</b>	46.139%

Note:

<sup>(1)</sup> Proposed dividends of RM Nil (30.06.2020: RM66,000,000).

(ii) The components of CET1, Tier 1 and total capital of the banking subsidiary are as follows:

	<b>HLIB</b> <b>31/12/2020</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2020</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	<b>252,950</b>	252,950
Retained profits	<b>213,828</b>	279,828
Other reserves	<b>9,012</b>	9,349
Less: goodwill and intangibles	<b>(30,822)</b>	(31,380)
Less: deferred tax assets	<b>(75,796)</b>	(85,925)
Less: investment in subsidiary companies	<b>(200)</b>	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	<b>(4,957)</b>	(5,142)
Total CET1 capital	<b>364,015</b>	419,480
<b>Tier 1 capital</b>	<b>364,015</b>	419,480
<b>Tier 2 capital</b>		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>6,193</b>	5,940
Subordinated obligations	<b>100,000</b>	100,000
Total Tier 2 capital	<b>106,193</b>	105,940
Total capital	<b>470,208</b>	525,420

Note:

<sup>(2)</sup> Includes the qualifying regulatory reserve for non-impaired loans and advances.

**30. Capital adequacy (continued)**

(iii) Breakdown of risk-weighted assets of the banking subsidiary in the various risk weights:

	<b>HLIB</b>	<b>HLIB</b>
	<b>31/12/2020</b>	<b>30/06/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>495,402</b>	476,122
Market risk	<b>348,097</b>	257,167
Operational risk	<b>295,466</b>	262,434
	<b><u>1,138,965</u></b>	<b><u>995,723</u></b>

31. Segmental reporting

(a) Segment information by activities for the financial period ended 31 December 2020:

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
<b>31 December 2020</b>					
<b>Net income</b>					
Net interest income	24,790	154	39	-	24,983
Non interest income	118,683	26,955	74,692	(66,587)	153,743
Total net income	<u>143,473</u>	<u>27,109</u>	<u>74,731</u>	<u>(66,587)</u>	<u>178,726</u>
<b>Results</b>					
Profit from operations	85,744	13,230	73,757	(66,587)	106,144
Taxation					(14,390)
Profit after taxation					<u>91,754</u>
<b>31 December 2019</b>					
<b>Net income</b>					
Net interest income	18,943	448	47	-	19,438
Non interest income	58,479	34,689	31,754	(28,023)	96,899
Total net income	<u>77,422</u>	<u>35,137</u>	<u>31,801</u>	<u>(28,023)</u>	<u>116,337</u>
<b>Results</b>					
Profit from operations	26,534	18,161	30,865	(28,023)	47,537
Taxation					(714)
Profit after taxation					<u>46,823</u>

(b) Segmental analysis by geographical location has not been prepared as the Group's operations are predominantly conducted in Malaysia.

32. Property and equipment

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2020.



**33. Changes in composition of the Group**

There were no changes in composition of the Group for the current financial year and up to the date of this report.

**34. Capital commitments**

Capital commitments for the purchase of property and equipment as at 31 December 2020 is RM2.0 million.

**35. Changes in contingent liabilities**

Details of contingent liabilities since the last audited reporting period are as follows:

Hong Leong Asset Management Bhd, a wholly owned subsidiary of the Company, is the Manager of Hong Leong Consumer Products Sector Fund (“Fund”). The Company provided a guarantee to Deutsche Trustees Malaysia Berhad, the trustee of the Fund, that if the Fund falls below the minimum fund size of RM1.0 million, the Company would invest cash, equivalent to the shortfall, into the relevant Fund.

The size of the Fund was above the minimum of RM1.0 million as at 31 December 2020.

**36. Related party transactions**

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms’ length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders’ Mandate for recurrent related party transactions obtained at a general meeting.

**Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**1. Performance review**

**(a) Current financial quarter under review against previous corresponding financial quarter**

	<b>The Group</b>		<b>Variance</b>	<b>%</b>
	<b>Current</b>	<b>Last year's</b>		
	<b>quarter ended</b>	<b>quarter ended</b>		
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>RM'000</b>	
	<b>RM'000</b>	<b>RM'000</b>		
Net income	<b>91,477</b>	55,392	36,085	65.1%
Profit before tax	<b>53,430</b>	23,044	30,386	>100.0%
Profit after tax	<b>46,190</b>	23,098	23,092	100.0%
Profit attributable to equity holders of the Company	<b>46,190</b>	23,098	23,092	100.0%

The group recorded a >100.0% higher profit before tax ("PBT") of RM53.4 million for the 2nd quarter ended 31 December 2020 as compared to RM23.0 million recorded in the previous year corresponding quarter.

Higher PBT mainly contributed by higher non-interest income earned (76.6%).

The performance of the respective operating business segments for the 2nd quarter ended 31 December 2020 as compared to the previous year corresponding quarter is analysed as follows:-

	<b>The Group</b>		<b>Variance</b>	<b>%</b>
	<b>Current</b>	<b>Last year's</b>		
	<b>quarter ended</b>	<b>quarter ended</b>		
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>RM'000</b>	
	<b>RM'000</b>	<b>RM'000</b>		
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	<b>42,307</b>	12,527	29,780	>100.0%
Fund management and unit trust management	<b>7,473</b>	8,018	(545)	-6.8%
Investment holding and others	<b>3,650</b>	2,499	1,151	46.1%
	<b>53,430</b>	23,044	30,386	>100.0%

Investment banking and stockbroking - higher PBT by RM29.8 million (>100.0%) attributed to higher profit contribution from both its stockbroking division and investment banking division in current quarter.

Fund management and unit trust management - PBT decreased by RM0.5 million (-6.8%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT increased by RM1.2 million (46.1%) mainly due to higher realised gain from disposal of financial assets at FVTPL.

1. Performance review (continued)

(b) Current financial period under review against previous corresponding financial period

	The Group		Variance RM'000	%
	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000		
Revenue	178,726	116,337	62,389	53.6%
Profit before tax	106,144	47,537	58,607	>100.0%
Profit after tax	91,754	46,823	44,931	96.0%
Profit attributable to equity holders of the Company	91,754	46,823	44,931	96.0%

The group recorded a higher PBT of RM106.1 million for the financial period ended 31 December 2020 as compared to RM47.5 million recorded in the previous financial period.

Higher PBT mainly due to higher non-interest income earned (58.7%).

The performance of the respective operating business segments for the six months ended 31 December 2020 as compared to the previous financial period is analysed as follows:-

	The Group		Variance RM'000	%
	Current year ended 31/12/2020 RM'000	Last year's ended 31/12/2019 RM'000		
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	85,744	26,534	59,210	>100.0%
Fund management and unit trust management	13,230	18,161	(4,931)	-27.2%
Investment holding and others	7,170	2,842	4,328	>100.0%
	<b>106,144</b>	<b>47,537</b>	<b>58,607</b>	<b>&gt;100.0%</b>

Investment banking and stockbroking - Higher PBT by RM59.2 million (>100.0%) mainly attributed to higher profit contribution from both its stockbroking division and investment banking division.

Fund management and unit trust management - PBT decreased by RM4.9 million (-27.2%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT increased by RM4.3 million (>100.0%) mainly due to higher unrealised gain on revaluation of financial assets at FVTPL and realised gain from disposal of financial assets at FVTPL.

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### 1. Performance review (continued)

#### (c) Current financial quarter under review against preceding financial quarter

	The Group		Variance RM'000	%
	Current	Preceding		
	quarter ended	quarter ended		
	31/12/2020	30/09/2020		
	RM'000	RM'000		
Net income	91,477	87,249	4,228	4.8%
Profit before tax	53,430	52,714	716	1.4%
Profit after tax	46,190	45,564	626	1.4%
Profit attributable to equity holders of the Company	46,190	45,564	626	1.4%

For the financial quarter ended 31 December 2020, the Group reported a higher PBT of RM53.4 million as compared to RM52.7 million in the preceding financial quarter ended 30 September 2020. The higher PBT was mainly due to higher non-interest income earned (6.5%).

The performance of the respective operating business segments for the three months ended 31 December 2020 as compared to the preceding quarter is analysed as follows:-

	The Group		Variance RM'000	%
	Current	Preceding		
	quarter ended	quarter ended		
	31/12/2020	30/09/2020		
<b>Profit before tax by segments:</b>	RM'000	RM'000		
Investment banking and stockbroking	42,307	43,437	(1,130)	-2.6%
Fund management and unit trust management	7,473	5,757	1,716	29.8%
Investment holding and others	3,650	3,520	130	3.7%
	<b>53,430</b>	<b>52,714</b>	<b>716</b>	<b>1.4%</b>

Investment banking and stockbroking - lower PBT by RM1.1 million (-2.6%) mainly due to lower profit contribution from its stockbroking division.

Fund management and unit trust management - PBT increased by RM1.7 million (29.8%) mainly due to higher net contribution from management fee income in current quarter.

## 2. Prospects for 2021

The deployment of Covid-19 vaccination coincides with the rising number of reported cases worldwide. As such, the key to the containment of Covid-19 virus is the effectiveness of the vaccination and thereafter sufficient production for the mass public. While the real economy will take longer to recover, market is always and will remain as a leading indicator. Hence wise, both the equity and bond markets have been performing reasonably well entering the new calendar year. However, we might expect a market correction should there be renewed implementation of lock down worldwide and uncertainties surrounding the effectiveness of the vaccine.

On a positive note, we foresee better economic growth for calendar year 2021 year-on-year due to higher economic activities (targeted rather than blanket lock-down) and low base effect. In addition, business owners are adjusting and embracing the new norm following a steep learning curve for the last one year. While the pick-up in economic activities will be a catalyst for the equity market, Malaysia's government bond market shall remain attractive aided by its higher yield. On the flip side, S&P and Moodys' stance on Malaysia's sovereign rating will be closely monitored particularly by the foreign fund managers following the rating downgrade by Fitch.

We view the COVID-19 outbreak and consequential Movement Control Order ("MCO") as a catalyst to sharpen our business continuity measures and to further accelerate innovating the way we do business. The Group will continue to be proactive in harnessing digital technologies to build an operating environment that our stakeholders expect. To achieve this, we will continue to invest in technology to further enhance our efficiency and productivity as well as to adjust to the new normal.

Enhancing and tightening cybersecurity will also be one of our focus moving into FY2021. As the Group is progressively changing its way of doing business to cope with the new normal and more focus put on serving our clients through digital channels which created a surge in demand for digital capabilities, products and services, there are new risks that our cybersecurity team need to address to support business continuity while protecting our business and clients.

Going forward and in view of the recent imposed Movement Control Order 2.0 ("CMCO 2.0"), the Group will continue to execute our business strategies, sharpen our business continuity measures and continue to improve on our digital solutions as well as manage cost efficiency and drive productivity with the objective to deliver long-term sustainable growth as well as increase shareholder value.

## 3. Variance in profit forecast and shortfall in profit guarantee

The Group had not entered into any scheme that requires it to present forecast results or guarantee any profits.

## 4. Taxation

	Financial quarter ended		Financial year ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	2,301	2,002	4,149	4,487
- Over provision in prior years	-	-	(18)	-
Deferred taxation	4,939	(2,056)	10,259	(3,773)
	<u>7,240</u>	<u>(54)</u>	<u>14,390</u>	<u>714</u>

## 5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the latest practicable date which was not earlier than 7 days from the issue of this report.

## 6. Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of the debt securities in prior years have been used for as intended.

## 7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 December 2020:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,936,311	6,145	(17,276)
(ii) 1 year to 3 years	980,450	15,855	(20,744)
(iii) More than 3 years	1,035,000	24,868	(23,998)
Foreign exchange related contracts			
(i) Less than 1 year	1,797,838	7,790	(18,482)
Equity related contracts			
(i) Less than 1 year	87,740	861	-
(ii) More than 3 years	200	78	-
	<b>5,837,539</b>	<b>55,597</b>	<b>(80,500)</b>

The above contracts are subject to credit risk and market risk.

### Credit risk

Credit risk arises when counterparties to derivatives contracts are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to credit risk.

### Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

### Related accounting policies

The accounting policies applied for recognising the financial instruments concerned are the same as those applied for the audited financial statements.

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### 8. Group borrowings and debt securities

The Group Unsecured	More than 1 year		Less than 1 year		Sub-total		Total RM'000
	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	
<b>As at 31 December 2020</b>							
RM100.0 million Tier 2 subordinated notes	-	99,994	-	209	-	100,203	100,203
<b>As at 30 June 2020</b>							
RM100.0 million Tier 2 subordinated notes	-	99,993	-	185	-	100,178	100,178
<b>As at 31 December 2019</b>							
RM100.0 million Tier 2 subordinated notes	-	99,993	-	185	-	100,178	100,178

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

On 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

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### 9. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

### 10. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial period ended 31 December 2020.

### 11. Earnings per share

#### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	Financial quarter ended		Financial period ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>The Group</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>46,190</b>	23,098	<b>91,754</b>	46,823
Weighted average number of ordinary shares in issue ('000):	<b>237,877</b>	241,283	<b>239,589</b>	241,283
Basic earnings per share (sen)	<b>19.4</b>	9.6	<b>38.3</b>	19.4
<b>The Company</b>				
Net (loss)/profit attributable to equity holders of the Company (RM'000):	<b>69,715</b>	30,441	<b>72,813</b>	30,706
Weighted average number of ordinary shares in issue ('000):	<b>237,982</b>	241,388	<b>239,694</b>	241,388
Basic (loss)/earnings per share (sen)	<b>29.3</b>	12.6	<b>30.4</b>	12.7

#### (b) Fully diluted earnings per share

There is no diluted earnings per share as the Group and the Company have no category of dilutive potential ordinary shares outstanding as at 31 December 2020 and 31 December 2019.

Dated this 26 February 2021