

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Note	The Group		The Company	
		As at 30.09.2023 RM'000	As at 30.06.2023 RM'000	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
<b>ASSETS</b>					
Cash and short term funds		308,296	352,914	36,456	34,892
Deposits and placements with banks and other financial institutions		5,199	140,012	-	-
Financial assets at fair value through profit or loss ("FVTPL")	10	596,705	633,386	364,225	358,334
Financial investments at fair value through other comprehensive income ("FVOCI")	11	1,909,673	1,838,115	-	-
Financial investments at amortised cost	12	1,167,074	1,138,237	-	-
Derivative financial assets	18	51,701	67,036	-	-
Loans and advances	13	331,205	409,817	-	-
Clients' and brokers' balances	14	172,823	140,476	-	-
Other assets	15	97,101	47,745	460	187
Statutory deposits with Bank Negara Malaysia		65,940	52,350	-	-
Tax recoverable		174	155	143	125
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		95,667	97,574	-	-
Property and equipment		4,422	5,398	-	-
Right-of-use assets ("ROU")		12,803	13,799	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		6,003	5,688	-	-
<b>TOTAL ASSETS</b>		<b>4,857,845</b>	<b>4,975,761</b>	<b>647,858</b>	<b>640,112</b>
<b>LIABILITIES</b>					
Deposits from customers	16	881,053	703,676	-	-
Deposits and placements of banks and other financial institutions	17	2,538,204	2,858,234	-	-
Derivative financial liabilities	18	47,087	54,074	-	-
Clients' and brokers' balances		180,805	145,393	-	-
Lease liabilities		12,492	13,432	-	-
Other liabilities	19	155,170	135,271	41,566	1,139
Current tax liabilities		485	110	-	-
Subordinated obligations	20	101,262	100,195	-	-
<b>TOTAL LIABILITIES</b>		<b>3,916,558</b>	<b>4,010,385</b>	<b>41,566</b>	<b>1,139</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 2023*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Note	The Group		The Company	
		As at	As at	As at	As at
		30.09.2023	30.06.2023	30.09.2023	30.06.2023
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY</b>					
Share capital		246,896	246,896	246,896	246,896
Reserves		725,548	749,637	390,440	423,121
Treasury shares for ESOS		(31,157)	(31,157)	(31,044)	(31,044)
<b>TOTAL EQUITY</b>		<b>941,287</b>	<b>965,376</b>	<b>606,292</b>	<b>638,973</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,857,845</b>	<b>4,975,761</b>	<b>647,858</b>	<b>640,112</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	27	9,278,631	8,278,632	-	-
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>		<b>3.99</b>	<b>4.09</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 2023*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Current quarter ended 30.09.2023	Last year quarter ended 30.09.2022	Current year to date 30.09.2023	Last year to date 30.09.2022
Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Interest income	21a	39,373	30,042	39,373
Interest income for financial assets at FVTPL	21b	4,872	5,146	4,872
Interest expense	22	(31,912)	(21,747)	(31,912)
Net interest income		12,333	13,441	12,333
Non-interest income	23	50,956	37,510	50,956
Net income		63,289	50,951	63,289
Overhead expenses	24	(35,853)	(30,271)	(35,853)
Operating profit before allowances		27,436	20,680	27,436
Write-back of impairment losses on loans and advances	25	53	18	53
(Allowance for)/write-back of impairment losses on financial investments and other financial assets	26	(76)	105	(76)
<b>Profit before taxation</b>		<b>27,413</b>	<b>20,803</b>	<b>27,413</b>
Taxation		(4,676)	(4,767)	(4,676)
<b>Net profit for the financial period</b>		<b>22,737</b>	<b>16,036</b>	<b>22,737</b>
<b>Earnings per share (sen)</b>				
- Basic		9.6	6.8	9.6
- Diluted		9.6	6.8	9.6

*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 2023*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
<b>Net profit for the financial period</b>	<b>22,737</b>	16,036	<b>22,737</b>	16,036
<b>Other comprehensive (expense)/income:</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>(8,896)</b>	(2,083)	<b>(8,896)</b>	(2,083)
- Net changes in expected credit losses	<b>19</b>	(4)	<b>19</b>	(4)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>2,135</b>	500	<b>2,135</b>	500
<b>Other comprehensive expense for the financial period, net of tax</b>	<b>(6,742)</b>	(1,587)	<b>(6,742)</b>	(1,587)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>15,995</b>	14,449	<b>15,995</b>	14,449

*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 2023*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Current quarter ended 30.09.2023	Last year quarter ended 30.09.2022	Current year to date 30.09.2023	Last year to date 30.09.2022
Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Interest income	21a 245	123	245	123
Interest expense	22 -	-	-	-
Net interest income	245	123	245	123
Non-interest income	23 7,726	1,296	7,726	1,296
Net income	7,971	1,419	7,971	1,419
Overhead expenses	24 (539)	(344)	(539)	(344)
<b>Profit before taxation</b>	<b>7,432</b>	<b>1,075</b>	<b>7,432</b>	<b>1,075</b>
Taxation	(12)	(23)	(12)	(23)
<b>Net profit/total comprehensive income for the financial period</b>	<b>7,420</b>	<b>1,052</b>	<b>7,420</b>	<b>1,052</b>
<b>Earnings per share (sen)</b>				
- Basic	3.1	0.4	3.1	0.4
- Diluted	3.1	0.4	3.1	0.4

*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 2023*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	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 2023	246,896	(31,157)	14,429	(4,486)	739,694	965,376
Net profit for the financial period	-	-	-	-	22,737	22,737
Other comprehensive expense, net of tax	-	-	-	(6,742)	-	(6,742)
Total comprehensive (expense)/income	-	-	-	(6,742)	22,737	15,995
Transfer to regulatory reserve	-	-	575	-	(575)	-
Dividend payable	-	-	-	-	(40,084)	(40,084)
At 30 September 2023	246,896	(31,157)	15,004	(11,228)	721,772	941,287
At 1 July 2022	246,896	(31,157)	12,148	(19,792)	736,898	944,993
Net profit for the financial period	-	-	-	-	16,036	16,036
Other comprehensive expense, net of tax	-	-	-	(1,587)	-	(1,587)
Total comprehensive (expense)/income	-	-	-	(1,587)	16,036	14,449
Transfer from regulatory reserve	-	-	3,786	-	(3,786)	-
Dividend payable	-	-	-	-	(44,799)	(44,799)
At 30 September 2022	246,896	(31,157)	15,934	(21,379)	704,349	914,643

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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 30 SEPTEMBER 2023**

	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 2023	246,896	(31,044)	423,121	638,973
Net profit for the financial period	-	-	7,420	7,420
Total comprehensive income	-	-	7,420	7,420
Dividend payable	-	-	(40,101)	(40,101)
At 30 September 2023	<b>246,896</b>	<b>(31,044)</b>	<b>390,440</b>	<b>606,292</b>
At 1 July 2022	246,896	(31,044)	412,837	628,689
Net profit for the financial period	-	-	1,052	1,052
Total comprehensive income	-	-	1,052	1,052
Dividend payable	-	-	(44,819)	(44,819)
At 30 September 2022	<b>246,896</b>	<b>(31,044)</b>	<b>369,070</b>	<b>584,922</b>

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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 30 SEPTEMBER 2023**

	<b>The Group</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	27,413	20,803
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	1,030	1,137
- Amortisation of intangible assets	591	514
- Depreciation of ROU assets	996	991
- Gain on disposal of property and equipment	-	(3)
- Write-back of allowance for impairment losses on loans and advances	(53)	(18)
- Allowance for/(write-back) of impairment losses on financial investments and other financial assets	127	(100)
- Net unrealised (gain)/loss on revaluation of:		
- Financial assets at FVTPL	(3,465)	2,210
- Derivative financial instruments	7,955	(6,655)
- Net unrealised (gain)/loss on fair value changes arising from fair value hedges	(3,391)	498
- Net realised (gain)/loss arising from sale of financial investment at FVOCI	(5,451)	394
- Interest income from:		
- Financial assets at FVTPL	(4,872)	(5,146)
- Financial investments at FVOCI	(15,401)	(10,215)
- Financial investments at amortised cost	(9,084)	(8,459)
- Interest expense from:		
- Derivative financial instruments	1,783	3,587
- Subordinated obligations	1,067	1,067
- Lease liabilities	153	191
- Dividend income from:		
- Financial assets at FVTPL	(3,521)	(3,403)
	<b>(31,536)</b>	<b>(23,410)</b>
<b>Operating loss before changes in working capital</b>	<b>(4,123)</b>	<b>(2,607)</b>
Changes in working capital:		
- Financial assets at FVTPL	39,193	(144,568)
- Derivative financial instruments	(1)	(26)
- Loans and advances	78,666	7,456
- Clients' and brokers' balances	(32,313)	(148,914)
- Other assets	(49,499)	(16,321)
- Statutory deposits with Bank Negara Malaysia	(13,590)	-
Net changes in operating assets	<b>22,456</b>	<b>(302,373)</b>
- Deposits from customers	177,377	(139,024)
- Deposits and placements of banks and other financial institutions	(320,030)	116,293
- Clients' and brokers' balances	35,412	166,232
- Other liabilities	(20,185)	(113,057)
Net changes in operating liabilities	<b>(127,426)</b>	<b>30,444</b>
<b>Net cash used in operating activities</b>	<b>(109,093)</b>	<b>(274,536)</b>

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*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	<b>The Group</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net cash used in operating activities</b>	<b>(109,093)</b>	(274,536)
Net income tax paid	(278)	(2,248)
<b>Net cash used in operating activities</b>	<b>(109,371)</b>	(276,784)
<b><u>Cash flows from investing activities</u></b>		
Net (purchases) of financial investments at FVOCI	(76,950)	(78,788)
Net (purchases)/proceeds of financial investments at amortised cost	(30,983)	179,849
Dividend received from:		
- Financial assets at FVTPL	3,521	3,403
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	38,208	41,591
Interest expenses paid on derivative financial instruments	(1,803)	(4,230)
Proceeds from disposal of property and equipment	-	3
Purchase of property and equipment	(54)	(253)
Purchase of intangible assets	(906)	(206)
<b>Net cash (used in)/generated from investing activities</b>	<b>(68,967)</b>	141,369
<b><u>Cash flows from financing activities</u></b>		
Lease payment	(1,093)	(1,097)
<b>Net cash used in financing activities</b>	<b>(1,093)</b>	(1,097)
<b>Net changes in cash and cash equivalents during the financial period</b>	<b>(179,431)</b>	(136,512)
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>492,926</b>	422,695
<b>Cash and cash equivalents at end of the financial period</b>	<b>313,495</b>	286,183
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	308,296	286,183
Deposits and placements with banks and other financial institutions	5,199	-
	<b>313,495</b>	286,183

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*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	<b>The Company</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	7,432	1,075
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised (gain)/loss on revaluation of financial assets at FVTPL	(3,786)	888
- Dividend income from:		
- Financial assets at FVTPL	(2,904)	(2,280)
	<b>(6,690)</b>	<b>(1,392)</b>
<b>Operating profit/(loss) before changes in working capital</b>	<b>742</b>	<b>(317)</b>
Increase in financial assets at FVTPL	(2,105)	(2,306)
Decrease in other assets	65	72
Increase/(Decrease) in other liabilities	<b>326</b>	<b>(227)</b>
<b>Cash used in operating activities</b>	<b>(972)</b>	<b>(2,778)</b>
Net income tax paid	<b>(30)</b>	<b>(198)</b>
<b>Net cash used in operating activities</b>	<b>(1,002)</b>	<b>(2,976)</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend received from:		
- Financial assets at FVTPL	<b>2,566</b>	2,280
<b>Net cash generated from investing activities</b>	<b>2,566</b>	2,280
<b>Net changes in cash and cash equivalents during the financial period</b>	<b>1,564</b>	<b>(696)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>34,892</b>	<b>27,893</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>36,456</b>	<b>27,197</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>36,456</b>	<b>27,197</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 2023*

**HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")**  
*Registration No: 199101002695 (213006-U)*  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

**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 30 September 2023 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 2023. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 30 June 2023.

The 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 2023 and modified for the adoption of the following Amendments to MFRSs applicable for financial year beginning on or after 1 July 2023:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities'

The adoption of the above amendments to published standards are not expected to have significant impact on the financial results of the Group and the Company.

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 2023 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 30 September 2023.

**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 30 September 2023.

**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 30 September 2023.

**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 30 September 2023, 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.

Total shares held by ESOS Trust comprise 11,110,700 (30.09.2022: 11,110,700) shares in the Group costing RM31,157,101 (30.09.2022: RM31,157,101) inclusive of transaction costs, as at 30 September 2023.

**7. Dividends payable/paid**

On 30 August 2023, the Board of Directors declared a final single-tier dividend of 17.0 sen per share in respect of the financial year ended 30 June 2023. The final single-tier dividend of 17.0 sen amounting to RM42.0 million will be paid on 21 November 2023.

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

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 September 2023.

**9. 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.

HLCB Q1 (30.09.2023)

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

	The Group		The Company	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
<b>Money market instruments</b>				
Malaysian Government Securities	50,658	61,789	-	-
Malaysian Government Investment Issues	-	122,507	-	-
Negotiable instruments of deposits	100,051	49,885	-	-
	<b>150,709</b>	<b>234,181</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	59,834	55,593	55,491	49,699
Unit trust investment	308,939	308,839	308,734	308,635
	<b>368,773</b>	<b>364,432</b>	<b>364,225</b>	<b>358,334</b>
<b>Unquoted securities</b>				
Foreign currency bonds	47,279	-	-	-
Corporate bond and/or sukuk	29,944	34,773	-	-
	<b>77,223</b>	<b>34,773</b>	<b>-</b>	<b>-</b>
	<b>596,705</b>	<b>633,386</b>	<b>364,225</b>	<b>358,334</b>

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

	The Group	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	213,526	214,625
Malaysian Government Investment Issues	477,813	449,106
Cagamas bonds	90,626	85,085
	<b>781,965</b>	<b>748,816</b>
<b>Unquoted securities</b>		
Foreign currency bonds	105,173	72,512
Corporate bond and/or sukuk	1,022,535	1,016,787
	<b>1,127,708</b>	<b>1,089,299</b>
	<b>1,909,673</b>	<b>1,838,115</b>

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**11. Financial investments at fair value through other comprehensive income ("FVOCI") (continued)**

Movements in expected credit losses of debt instruments at FVOCI are as follows:-

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2023	167	-	-	167
Allowances made	2	-	-	2
Amount written back	(1)	-	-	(1)
New financial assets originated or purchased	45	-	-	45
Financial assets derecognised	(27)	-	-	(27)
At 30 September 2023	<u>186</u>	<u>-</u>	<u>-</u>	<u>186</u>
At 1 July 2022	158	-	-	158
Allowances made	8	-	-	8
Amount written back	(14)	-	-	(14)
New financial assets originated or purchased	40	-	-	40
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	<u>167</u>	<u>-</u>	<u>-</u>	<u>167</u>

**12. Financial investments at amortised cost**

	<b>The Group</b>	
	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.06.2023 RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	541,983	597,232
Malaysian Government Investment Issues	585,347	501,501
	<u>1,127,330</u>	<u>1,098,733</u>
<b>Unquoted securities</b>		
Corporate bond and/or sukuk	39,744	39,504
Less: Expected credit losses	-	-
	<u>1,167,074</u>	<u>1,138,237</u>

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

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

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2023/30 September 2023	-	-	-	-
At 1 July 2022/30 June 2023	-	-	-	-

### 13. Loans and advances

	<b>The Group</b>	
	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.06.2023 RM'000</b>
Term loan financing	35,299	106,109
Share margin financing	296,044	303,898
Staff loans	20	22
Other loans	127	126
Gross loans and advances	<u>331,490</u>	410,155
Less: Expected credit losses	(285)	(338)
Net loans and advances	<u>331,205</u>	<u>409,817</u>
<b>a. <u>By type of customer</u></b>		
Domestic non-bank financial institutions		
- Others	30,084	30,082
Domestic business enterprises		
- Small and medium enterprises	52,213	53,024
- Others	50,444	121,410
Individuals	193,295	200,679
Foreign entities	5,454	4,960
Gross loans and advances	<u>331,490</u>	410,155
<b>b. <u>By interest rate sensitivity</u></b>		
Fixed rate		
- Staff housing loans	20	22
- Other fixed rate loan	127	126
Variable rate		
- Cost plus	331,343	410,007
Gross loans and advances	<u>331,490</u>	<u>410,155</u>

13. Loans and advances (continued)

	The Group	
	As at	As at
	30.09.2023 RM'000	30.06.2023 RM'000
<b>c. <u>By residual contractual maturity</u></b>		
Maturity within one year	296,133	374,785
More than one year to three years	30,020	30,022
More than three years to five years	5,210	5,222
More than five years	127	126
	<u>331,490</u>	<u>410,155</u>
<b>d. <u>By geographical distribution</u></b>		
Malaysia	<u>331,490</u>	<u>410,155</u>
<b>e. <u>By economic purpose</u></b>		
Purchase of securities	296,043	374,699
Working capital	5,215	5,226
Purchase of landed properties	147	148
Others	30,085	30,082
	<u>331,490</u>	<u>410,155</u>
<b>f. Impaired loans and advances</b>		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	126	128
Impaired during the financial period/year	1	6
Amount written-back during the financial period/year	-	(8)
At 30 September/30 June	<u>127</u>	<u>126</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>127</u>	<u>126</u>
(iii) <u>By economic purpose</u>		
Purchase of landed properties	<u>127</u>	<u>126</u>



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**13. Loans and advances (continued)**

g. Movements in expected credit losses are as follows:

<b>The Group</b>	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total ECL</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>(Stage 1)</b>	<b>(Stage 2)</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2023	<b>315</b>	<b>23</b>	-	<b>338</b>
Transferred to Stage 1	2	(2)	-	-
Transferred to Stage 2	(1)	1	-	-
New financial assets originated	1	-	-	1
Financial assets derecognised	(39)	-	-	(39)
Allowance made	9	-	-	9
Allowance written-back	(22)	(2)	-	(24)
At 30 September 2023	<b>265</b>	<b>20</b>	-	<b>285</b>
At 1 July 2022	310	37	-	347
Transferred to Stage 1	20	(20)	-	-
Transferred to Stage 2	(17)	17	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(4)	-	-	(4)
Allowance made	105	14	-	119
Allowance written-back	(104)	(25)	-	(129)
At 30 June 2023	<b>315</b>	<b>23</b>	-	<b>338</b>

**14. Clients' and brokers' balances**

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.09.2023</b>	<b>30.06.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Performing accounts	<b>172,233</b>	139,919
Impaired accounts	<b>1,422</b>	1,423
	<b>173,655</b>	141,342
Less: Expected credit losses	<b>(832)</b>	(866)
	<b>172,823</b>	140,476

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**15. Other assets**

	The Group		The Company	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
Amount due from holding company	-	-	43	-
Deposits and prepayments	12,839	10,540	14	24
Fee income receivable	7,384	9,100	-	-
Collaterals pledged for derivative transactions	14,785	9,651	-	-
Treasury related receivables	41,119	-	-	-
Amount due from unit trust funds	8,639	8,212	-	-
Other receivables	7,906	5,890	403	163
Manager's stocks and consumables	5,956	5,737	-	-
	<b>98,628</b>	<b>49,130</b>	<b>460</b>	<b>187</b>
Less: Expected credit losses	(1,527)	(1,385)	-	-
	<b>97,101</b>	<b>47,745</b>	<b>460</b>	<b>187</b>

**16. Deposits from customers**

	The Group	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
<b>a. <u>By type of deposits</u></b>		
Fixed deposits	<b>881,053</b>	703,676
<b>b. <u>By type of customer</u></b>		
Government and statutory bodies	537,387	440,357
Business enterprises	323,376	250,563
Individuals	20,290	12,756
	<b>881,053</b>	<b>703,676</b>
<b>c. The maturity structure of fixed deposits are as follows:</b>		
Due within:		
- six months	871,738	703,676
- six months to one year	9,315	-
	<b>881,053</b>	<b>703,676</b>

**17. Deposits and placements of banks and other financial institutions**

	The Group	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
Licensed banks	458,354	449,219
Licensed investment banks	83,133	132,865
Other financial institutions	1,996,717	2,276,150
	<b>2,538,204</b>	<b>2,858,234</b>

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18. Derivative financial assets/(liabilities)

<b>The Group</b>	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>30.09.2023</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,493,000	22,967	(13,309)
- Futures	152,935	-	(376)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	3,556,414	27,807	(33,394)
- Foreign currency forwards	168,374	858	-
- Foreign currency spot	3,547	1	(8)
(iii) Equity related contracts:			
- Futures	200	68	-
	<b>8,374,470</b>	<b>51,701</b>	<b>(47,087)</b>
<b>30.06.2023</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,270,000	23,444	(13,793)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	2,914,410	42,691	(40,058)
- Foreign currency forwards	175,559	879	(223)
(iii) Equity related contracts:			
- Call option	200	22	-
	<b>7,360,169</b>	<b>67,036</b>	<b>(54,074)</b>

19. Other liabilities

	The Group		The Company	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
Amount due to holding company	202	156	42	13
Amount due to related companies	1,421	621	486	263
Remisiers' trust deposits	13,989	13,893	-	-
Treasury related payables	41,111	14,782	-	-
Advance payments received for corporate exercise	5,199	8,108	-	-
Other payables and accrued liabilities	52,942	97,489	937	863
Dividend payable	40,084	-	40,101	-
Post employment benefits obligation - defined contribution plan	222	222	-	-
	<b>155,170</b>	<b>135,271</b>	<b>41,566</b>	<b>1,139</b>

20. Subordinated obligations

	The Group	
	As at 30.09.2023 RM'000	As at 30.06.2023 RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,263	197
	<b>101,263</b>	<b>100,197</b>
Less: Unamortised discounts	(1)	(2)
	<b>101,262</b>	<b>100,195</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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21a. Interest income

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
Loan and advances	5,634	4,620	5,634	4,620
Money at call and deposits placements with banks and other financial institutions	1,121	1,506	1,121	1,506
Financial investments at FVOCI	15,401	10,215	15,401	10,215
Financial investments at amortised cost	9,084	8,459	9,084	8,459
Others	8,133	5,242	8,133	5,242
Total interest income	<u>39,373</u>	<u>30,042</u>	<u>39,373</u>	<u>30,042</u>
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	<u>245</u>	<u>123</u>	<u>245</u>	<u>123</u>

21b. Interest income for financial assets at FVTPL

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
Financial assets at FVTPL	<u>4,872</u>	<u>5,146</u>	<u>4,872</u>	<u>5,146</u>

22. Interest expense

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	6,201	3,304	6,201	3,304
Deposits from customers	22,573	13,506	22,573	13,506
Derivative financial instruments	1,783	3,587	1,783	3,587
Subordinated obligations	1,067	1,067	1,067	1,067
Lease liabilities	153	191	153	191
Others	135	92	135	92
Total interest expense	<u>31,912</u>	<u>21,747</u>	<u>31,912</u>	<u>21,747</u>

## 23. Non-interest income

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
(a) <b>Fee income:</b>				
Fee on loans and advances	1	1	1	1
Arranger fees	1,140	15	1,140	15
Placement fees	2,844	3,562	2,844	3,562
Corporate advisory fees	961	1,450	961	1,450
Underwriting Commission	-	366	-	366
Brokerage commissions	13,503	9,572	13,503	9,572
Commission from futures contracts	217	233	217	233
Unit trust fee income	12,061	11,692	12,061	11,692
Other fee income	1,092	3,131	1,092	3,131
	<u>31,819</u>	<u>30,022</u>	<u>31,819</u>	<u>30,022</u>
(b) <b>Net income from securities:</b>				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	1,316	(2,807)	1,316	(2,807)
- Financial investments at FVOCI	5,451	(394)	5,451	(394)
- Derivative financial instruments	6,900	10,586	6,900	10,586
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	3,465	(2,210)	3,465	(2,210)
- Derivative financial instruments	(7,955)	6,655	(7,955)	6,655
Dividend income from:				
- Financial assets at FVTPL	3,521	3,403	3,521	3,403
Net unrealised gain/(loss) on fair value changes arising from fair value hedges	3,391	(498)	3,391	(498)
	<u>16,089</u>	<u>14,735</u>	<u>16,089</u>	<u>14,735</u>
(c) <b>Other income</b>				
Gain on disposal of property and equipment	-	3	-	3
Foreign exchange gain/(loss)	2,955	(7,297)	2,955	(7,297)
Other non-operating income	93	47	93	47
	<u>3,048</u>	<u>(7,247)</u>	<u>3,048</u>	<u>(7,247)</u>
Total non-interest income	<u>50,956</u>	<u>37,510</u>	<u>50,956</u>	<u>37,510</u>
<b>The Company</b>				
(a) <b>Net income from securities:</b>				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	1,036	(96)	1,036	(96)
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	3,786	(888)	3,786	(888)
Dividend income from:				
- Financial assets at FVTPL	2,904	2,280	2,904	2,280
	<u>7,726</u>	<u>1,296</u>	<u>7,726</u>	<u>1,296</u>
Total non-interest income	<u>7,726</u>	<u>1,296</u>	<u>7,726</u>	<u>1,296</u>

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24. Overhead expenses

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	19,985	16,102	19,985	16,102
- Others	3,976	3,262	3,976	3,262
	<u>23,961</u>	<u>19,364</u>	<u>23,961</u>	<u>19,364</u>
Establishment costs				
- Depreciation of property and equipment	1,030	1,137	1,030	1,137
- Amortisation of intangible assets	591	514	591	514
- Depreciation of ROU assets	996	991	996	991
- Rental of premises	13	20	13	20
- Information technology expenses	3,213	2,737	3,213	2,737
- Others	677	682	677	682
	<u>6,520</u>	<u>6,081</u>	<u>6,520</u>	<u>6,081</u>
Marketing expenses				
- Advertisement and publicity	131	195	131	195
- Entertainment and business improvement	191	134	191	134
- Others	129	93	129	93
	<u>451</u>	<u>422</u>	<u>451</u>	<u>422</u>
Administration and general expenses				
- Management fees	1,482	1,039	1,482	1,039
- Communication expenses	187	160	187	160
- Auditors' remuneration				
- Statutory audit	96	100	96	100
- Regulatory related fee	3	3	3	3
- Legal and professional fees	181	148	181	148
- Others	2,972	2,954	2,972	2,954
	<u>4,921</u>	<u>4,404</u>	<u>4,921</u>	<u>4,404</u>
Total overhead expenses	<u>35,853</u>	<u>30,271</u>	<u>35,853</u>	<u>30,271</u>
<b>The Company</b>				
Personnel costs				
- Others	62	57	62	57
	<u>62</u>	<u>57</u>	<u>62</u>	<u>57</u>
Establishment costs				
- Others	14	14	14	14
	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>

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24. Overhead expenses (continued)

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Company</b> (continued)				
Administration and general expenses				
- Management fees	270	69	270	69
- Communication expenses	1	-	1	-
- Auditors' remuneration				
- Statutory audit	22	20	22	20
- Regulatory related fee	3	3	3	3
- Legal and professional fees	-	14	-	14
- Others	167	167	167	167
	<u>463</u>	<u>273</u>	<u>463</u>	<u>273</u>
Total overhead expenses	<u>539</u>	<u>344</u>	<u>539</u>	<u>344</u>

25. Write-back of impairment losses on loans and advances

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
Expected credit losses				
- Loans and advances	53	21	53	21
- Loans and advances commitments	-	(3)	-	(3)
	<u>53</u>	<u>18</u>	<u>53</u>	<u>18</u>

26. (Allowance for)/write-back of impairment losses on financial investments and other financial assets

	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<b>The Group</b>				
(a) Financial investments				
(i) Financial investments at FVOCI	(19)	4	(19)	4
(ii) Financial investments at amortised cost	-	-	-	-
	<u>(19)</u>	<u>4</u>	<u>(19)</u>	<u>4</u>
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	34	94	34	94
- Impaired clients' and brokers' balances recovered	51	5	51	5
(ii) Other assets	(142)	2	(142)	2
	<u>(57)</u>	<u>101</u>	<u>(57)</u>	<u>101</u>
	<u>(76)</u>	<u>105</u>	<u>(76)</u>	<u>105</u>



27. Commitments and contingencies

	As at 30.09.2023 Principal Amount RM'000	As at 30.06.2023 Principal Amount RM'000
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	1,000	1,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	<u>903,161</u>	<u>917,463</u>
	<u>904,161</u>	<u>918,463</u>
<b>Derivative financial instruments</b>		
Interest rate related contracts:		
- One year or less	1,000,935	768,000
- Over one year to five years	3,645,000	3,502,000
Foreign exchange related contracts		
- One year or less	3,728,335	3,089,969
Equity related contracts		
- Over one year to five years	<u>200</u>	<u>200</u>
	<u>8,374,470</u>	<u>7,360,169</u>
	<u>9,278,631</u>	<u>8,278,632</u>

The Group does not have commitments and contingent liabilities other than as disclosed above.

**28. 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</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.09.2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	<b>368,773</b>	<b>227,932</b>	-	<b>596,705</b>
- Money market instruments	-	<b>150,709</b>	-	<b>150,709</b>
- Quoted securities	<b>368,773</b>	-	-	<b>368,773</b>
- Unquoted securities	-	<b>77,223</b>	-	<b>77,223</b>
Financial investments at FVOCI	-	<b>1,909,673</b>	-	<b>1,909,673</b>
- Money market instruments	-	<b>781,965</b>	-	<b>781,965</b>
- Unquoted securities	-	<b>1,127,708</b>	-	<b>1,127,708</b>
Derivative financial assets	-	<b>51,701</b>	-	<b>51,701</b>
	<b>368,773</b>	<b>2,189,306</b>	-	<b>2,558,079</b>

**HLCB Q1 (30.09.2023)****28. Fair value of financial instruments (continued)**Determination of fair value and fair value hierarchy (continued)

<b>The Group</b> <b>30.09.2023</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>47,087</b>	-	<b>47,087</b>
<b>30.06.2023</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	364,432	268,954	-	633,386
- Money market instruments	-	234,181	-	234,181
- Quoted securities	364,432	-	-	364,432
- Unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	<b>364,432</b>	<b>2,174,105</b>	-	<b>2,538,537</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	54,074	-	54,074
<b>The Company</b>				
<b>30.09.2023</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	<b>364,225</b>	-	-	<b>364,225</b>
<b>30.06.2023</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	<b>358,334</b>	-	-	<b>358,334</b>

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

**HLCB Q1 (30.09.2023)****29. Capital adequacy**

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

	<b>HLIB</b> <b>30.09.2023</b>	<b>HLIB</b> <b>30.06.2023</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	<b>38.189%</b>	38.498%
Tier 1 capital ratio	<b>38.189%</b>	38.498%
Total capital ratio	<b>49.224%</b>	48.792%
<b>After deducting proposed dividends: <sup>(1)</sup></b>		
CET1 capital ratio	<b>38.189%</b>	35.719%
Tier 1 capital ratio	<b>38.189%</b>	35.719%
Total capital ratio	<b>49.224%</b>	46.013%

Note:

<sup>(1)</sup> Proposed dividends of RM Nil (30.06.2023: RM28,710,000).

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

	<b>HLIB</b> <b>30.09.2023</b> <b>RM'000</b>	<b>HLIB</b> <b>30.06.2023</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	<b>252,950</b>	252,950
Retained profits	<b>251,607</b>	280,317
Other reserves	<b>(11,228)</b>	(4,486)
Less: goodwill and intangibles	<b>(34,142)</b>	(33,936)
Less: deferred tax assets	<b>(94,971)</b>	(96,878)
Less: investment in subsidiary companies	<b>(200)</b>	(200)
Total CET1 capital	<b>364,016</b>	397,767
<b>Tier 1 capital</b>		
	<b>364,016</b>	397,767
<b>Tier 2 capital</b>		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>5,178</b>	6,356
Subordinated obligations	<b>100,000</b>	100,000
Total Tier 2 capital	<b>105,178</b>	106,356
Total capital	<b>469,194</b>	504,123

Note:

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

**HLCB Q1 (30.09.2023)**

**29. 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>30.09.2023</b>	<b>30.06.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>414,233</b>	508,514
Market risk	<b>212,970</b>	185,018
Operational risk	<b>325,982</b>	339,681
	<b><u>953,185</u></b>	<b><u>1,033,213</u></b>

**30. Segmental reporting**

(a) Segment information by activities for the financial period ended 30 September 2023:

<b>The Group</b>	<b>Investment banking and stockbroking RM'000</b>	<b>Fund management and unit trust management RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>30 September 2023</b>					
<b>Net income</b>					
Net interest income	11,984	73	276	-	12,333
Non interest income	32,309	12,138	7,757	(1,248)	50,956
Total net income	<u>44,293</u>	<u>12,211</u>	<u>8,033</u>	<u>(1,248)</u>	<u>63,289</u>
<b>Results</b>					
Profit from operations	16,842	2,986	7,492	93	27,413
Taxation					<u>(4,676)</u>
Profit after taxation					<u>22,737</u>
<b>30 September 2022</b>					
<b>Net income</b>					
Net interest income	13,165	134	142	-	13,441
Non interest income	25,690	11,891	1,308	(1,379)	37,510
Total net income	<u>38,855</u>	<u>12,025</u>	<u>1,450</u>	<u>(1,379)</u>	<u>50,951</u>
<b>Results</b>					
Profit from operations	16,076	3,715	1,074	(62)	20,803
Taxation					<u>(4,767)</u>
Profit after taxation					<u>16,036</u>

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

**31. 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 2023.

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

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

**33. Capital commitments**

Capital commitments for the purchase of property and equipment as at 30 September 2023 is RM1.5 million.

**34. 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.

## HLCB Q1 (30.09.2023)

### 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

	The Group		Variance	
	Current	Last year	RM'000	%
	quarter ended	quarter ended		
	30.09.2023	30.09.2022		
	RM'000	RM'000		
Net income	63,289	50,951	12,338	24.2%
Profit before tax	27,413	20,803	6,610	31.8%
Profit after tax	22,737	16,036	6,701	41.8%
Profit attributable to equity holders of the Company	22,737	16,036	6,701	41.8%

The Group registered higher profit before tax ("PBT") of RM22.7 million for the 1st quarter ended 30 September 2023 as compared to RM16.0 million recorded in the previous year's corresponding quarter.

Higher PBT mainly contributed from higher non-interest income earned of RM13.4 million.

The performance of the respective operating business segments for the 1st quarter ended 30 September 2023 as compared to the previous year corresponding quarter is analysed as follows:-

Profit before tax by segments:	The Group		Variance	
	Current	Last year	RM'000	%
	quarter ended	quarter ended		
	30.09.2023	30.09.2022		
	RM'000	RM'000		
Investment banking and stockbroking	16,842	16,076	766	4.8%
Fund management and unit trust management	2,986	3,715	(729)	-19.6%
Investment holding and others	7,585	1,012	6,573	649.5%
	<u>27,413</u>	<u>20,803</u>	<u>6,610</u>	<u>31.8%</u>

Investment banking and stockbroking - higher PBT by RM0.8 million mainly contributed from its stockbroking division in current quarter.

Fund management and unit trust management - Lower PBT by RM0.7 million mainly due to higher overheads incurred.

Investment holding and others - PBT was higher by RM6.6 million mainly due to gain on revaluation of financial assets at FVTPL and net realised gain arising from sale of financial assets at FVTPL.



## HLCB Q1 (30.09.2023)

### 1. Performance review (continued)

#### (b) Current financial period under review against previous preceding financial period

	The Group			
	Current	Preceding		
	quarter ended	quarter ended		
	30.09.2023	30.06.2023	Variance	
	RM'000	RM'000	RM'000	%
Net income	63,289	43,544	19,745	45.3%
Profit before tax	27,413	8,878	18,535	>100.0%
Profit after tax	22,737	8,058	14,679	>100.0%
Profit attributable to equity holders of the Company	22,737	8,058	14,679	>100.0%

For the financial quarter ended 30 September 2023, the Group posted a higher PBT of RM27.4 million as compared to RM8.9 million in the preceding financial quarter. This was mainly contributed by higher non-interest income earned by 66.6%.

The performance of the respective operating business segments for the three months ended 30 September 2023 as compared to the preceding quarter is analysed as follows:-

Profit before tax by segments:	The Group			
	Current	Preceding		
	quarter ended	quarter ended		
	30.09.2023	30.06.2023	Variance	
	RM'000	RM'000	RM'000	%
Investment banking and stockbroking	16,842	6,378	10,464	>100.0%
Fund management and unit trust management	2,986	2,101	885	42.1%
Investment holding and others	7,585	399	7,186	>100.0%
	<u>27,413</u>	<u>8,878</u>	<u>18,535</u>	>100.0%

Investment banking and stockbroking - Higher PBT was recorded mainly due to profit contribution from both its investment banking and stockbroking division.

Fund management and unit trust management - PBT was higher by RM0.9 million mainly due to higher net contribution from management fee income.

Investment holding and others - PBT increased by RM7.2 million mainly due to gain on revaluation of financial assets at FVTPL.

## HLCB Q1 (30.09.2023)

### 2. Prospects for 2024

Looking ahead, the global economy is poised for moderate growth, influenced by tight global credit conditions, persistent inflation and rising oil prices amid the Israel-Hamas conflict. Despite these challenges, Malaysian economy is expected to maintain a positive trajectory, driven by domestic demand and stable labour market conditions.

Against this backdrop and external headwinds, we will have to remain vigilant in monitoring our business performance and be disciplined in managing our capital, liquidity and costs.

### 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 period ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	634	893	634	893
- Under provision in prior years	-	15	-	15
Deferred taxation	4,042	3,859	4,042	3,859
	<u>4,676</u>	<u>4,767</u>	<u>4,676</u>	<u>4,767</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. Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 September 2023:

<b>The Group</b>	<b>Principal amount RM'000</b>	<b>Fair Value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Interest rate related contracts			
(i) Less than 1 year	1,000,935	3,598	(921)
(ii) 1 year to 3 years	2,071,000	13,211	(4,487)
(iii) More than 3 years	1,574,000	6,158	(8,277)
Foreign exchange related contracts			
(i) Less than 1 year	3,728,335	28,666	(33,402)
Equity related contracts			
(i) 1 year to 3 years	200	68	-
	<b>8,374,470</b>	<b>51,701</b>	<b>(47,087)</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**

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the statements of income unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the statements of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statements of income.

## HLCB Q1 (30.09.2023)

### 7. 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 30 September 2023</b>							
RM100.0 million Tier 2 subordinated notes	-	99,999	-	1,263	-	101,262	101,262
<b>As at 30 June 2023</b>							
RM100.0 million Tier 2 subordinated notes	-	99,998	-	197	-	100,195	100,195
<b>As at 30 September 2022</b>							
RM100.0 million Tier 2 subordinated notes	-	99,997	-	1,263	-	101,260	101,260

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.

## HLCB Q1 (30.09.2023)

### 8. 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.

### 9. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial period ended 30 September 2023.

### 10. 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.

	<b>Financial quarter ended</b>		<b>Financial period ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
<b>The Group</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>22,737</b>	16,036	<b>22,737</b>	16,036
Weighted average number of ordinary shares in issue ('000):	<b>235,785</b>	235,785	<b>235,785</b>	235,785
Basic earnings per share (sen)	<b>9.6</b>	6.8	<b>9.6</b>	6.8
<b>The Company</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>7,420</b>	1,052	<b>7,420</b>	1,052
Weighted average number of ordinary shares in issue ('000):	<b>235,890</b>	235,890	<b>235,890</b>	235,890
Basic earnings per share (sen)	<b>3.1</b>	0.4	<b>3.1</b>	0.4

#### (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 30 September 2023 and 30 September 2022.

Dated this 30 November 2023.