

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	The Group		The Company	
		As at 31/03/2023 RM'000	As at 30/06/2022 RM'000	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
ASSETS					
Cash and short term funds		183,168	322,674	24,839	27,893
Deposits and placements with banks and other financial institutions		-	100,021	-	-
Financial assets at fair value through profit or loss ("FVTPL")	10	638,817	381,123	360,103	355,215
Financial investments at fair value through other comprehensive income ("FVOCI")	11	1,583,723	1,256,640	-	-
Financial investments at amortised cost	12	1,080,901	1,250,442	-	-
Derivative financial assets	18	47,768	38,393	-	-
Loans and advances	13	345,775	393,720	-	-
Clients' and brokers' balances	14	165,031	316,276	-	-
Other assets	15	60,916	41,077	260	333
Statutory deposits with Bank Negara Malaysia		41,000	-	-	-
Tax recoverable		165	28	130	-
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		98,825	112,034	-	-
Property and equipment		6,448	9,271	-	-
Right-of-use assets ("ROU")		14,725	17,122	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		5,631	4,993	-	-
TOTAL ASSETS		4,305,952	4,276,873	631,906	630,015
LIABILITIES					
Deposits from customers	16	489,414	759,636	-	-
Deposits and placements of banks and other financial institutions	17	2,432,806	1,907,235	-	-
Derivative financial liabilities	18	27,146	26,705	-	-
Clients' and brokers' balances		204,408	306,901	-	-
Lease liabilities		14,296	16,548	-	-
Other liabilities	19	80,024	212,361	807	1,106
Current tax liabilities		262	2,301	-	220
Subordinated obligations	20	101,249	100,193	-	-
TOTAL LIABILITIES		3,349,605	3,331,880	807	1,326

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	The Group		The Company	
	As at	As at	As at	As at
	31/03/2023	30/06/2022	31/03/2023	30/06/2022
Note	RM'000	RM'000	RM'000	RM'000
EQUITY				
Share capital	246,896	246,896	246,896	246,896
Reserves	740,608	729,254	415,247	412,837
Treasury shares for ESOS	(31,157)	(31,157)	(31,044)	(31,044)
TOTAL EQUITY	956,347	944,993	631,099	628,689
TOTAL LIABILITIES AND EQUITY	4,305,952	4,276,873	631,906	630,015
COMMITMENTS AND CONTINGENCIES				
27	7,636,873	5,967,639	-	-
Net assets per share attributable to ordinary equity holder of the Company (RM)				
	4.06	4.01		

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Current quarter ended 31/03/2023	Last year quarter ended 31/03/2022	Current year to date 31/03/2023	Last year to date 31/03/2022
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Interest income	21a	34,511	26,954	97,170
Interest income for financial assets at FVTPL	21b	6,660	5,217	16,966
Interest expense	22	(27,533)	(19,208)	(73,670)
Net interest income		13,638	12,963	40,466
Non-interest income	23	38,613	41,434	112,316
Net income		52,251	54,397	152,782
Overhead expenses	24	(35,766)	(27,972)	(99,988)
Operating profit before allowances		16,485	26,425	52,794
Write-back of/(allowance for) impairment losses on loans and advances	25	8	(55)	58
(Allowance for)/write-back of impairment losses on financial investments and other financial assets	26	(55)	166	(302)
Profit before taxation		16,438	26,536	52,550
Taxation		(3,262)	(6,552)	(10,732)
Net profit for the financial period		13,176	19,984	41,818
Earnings per share (sen)				
- Basic		5.6	8.5	17.7
- Diluted		5.6	8.5	17.7

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Net profit for the financial period	13,176	19,984	41,818	64,264
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	11,888	(7,567)	18,887	(24,000)
- Net changes in expected credit losses	(8)	15	(19)	(9)
Income tax relating to net fair value changes on financial investments at FVOCI	(2,853)	1,816	(4,533)	5,760
Other comprehensive income/(expense) for the financial period, net of tax	9,027	(5,736)	14,335	(18,249)
Total comprehensive income for the financial period, net of tax	22,203	14,248	56,153	46,015

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 2022

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 MARCH 2023

	Current quarter ended 31/03/2023	Last year quarter ended 31/03/2022	Current year to date 31/03/2023	Last year to date 31/03/2022
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Interest income	21a 131	1	400	18
Interest expense	22 -	-	-	-
Net interest income	131	1	400	18
Non-interest income	23 3,110	328	48,197	160,569
Net income	3,241	329	48,597	160,587
Overhead expenses	24 (409)	(278)	(1,281)	(945)
Profit before taxation	2,832	51	47,316	159,642
Taxation	45	(200)	(87)	(815)
Net profit/(loss)/total comprehensive income for the financial period	2,877	(149)	47,229	158,827
Earnings/(Loss) per share (sen)				
- Basic	1.2	(0.1)	20.0	67.3
- Diluted	1.2	(0.1)	20.0	67.3

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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	
The Group						
At 1 July 2022	246,896	(31,157)	12,148	(19,792)	736,898	944,993
Net profit for the financial period	-	-	-	-	41,818	41,818
Other comprehensive income, net of tax	-	-	-	14,335	-	14,335
Total comprehensive income	-	-	-	14,335	41,818	56,153
Transfer to regulatory reserve	-	-	1,361	-	(1,361)	-
Dividend paid	-	-	-	-	(44,799)	(44,799)
At 31 March 2023	246,896	(31,157)	13,509	(5,457)	732,556	956,347
At 1 July 2021	246,896	(31,157)	13,149	3,364	724,739	956,991
Net profit for the financial period	-	-	-	-	64,264	64,264
Other comprehensive expense, net of tax	-	-	-	(18,249)	-	(18,249)
Total comprehensive (expense)/income	-	-	-	(18,249)	64,264	46,015
Transfer to regulatory reserve	-	-	1,547	-	(1,547)	-
Dividend paid	-	-	-	-	(61,305)	(61,305)
At 31 March 2022	246,896	(31,157)	14,696	(14,885)	726,151	941,701

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Non-Distributable		Distributable	
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Retained Profits RM'000	Total RM'000
The Company				
At 1 July 2022	246,896	(31,044)	412,837	628,689
Net profit for the financial period	-	-	47,229	47,229
Total comprehensive income	-	-	47,229	47,229
Dividend paid	-	-	(44,819)	(44,819)
At 31 March 2023	246,896	(31,044)	415,247	631,099
At 1 July 2021	246,896	(31,044)	299,389	515,241
Net profit for the financial period	-	-	158,827	158,827
Total comprehensive income	-	-	158,827	158,827
Dividend paid	-	-	(61,332)	(61,332)
At 31 March 2022	246,896	(31,044)	396,884	612,736

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Group	
	31/03/2023	31/03/2022
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	52,550	84,728
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	3,418	2,917
- Amortisation of intangible assets	1,694	1,362
- Depreciation of ROU assets	2,998	2,962
- Gain on liquidation of a subsidiary	(37)	-
- Gain on disposal of property and equipment	(3)	-
- Write-back of allowance for impairment losses on loans and advances	(58)	(147)
- Allowance for/(write-back of) allowance for impairment losses on financial investments and other financial assets	334	(272)
- Net unrealised (gain)/loss on revaluation of:		
- Financial assets at FVTPL	(2,336)	6,742
- Derivative financial instruments	(7,705)	(14,855)
- Net unrealised loss on fair value changes arising from fair value hedges	218	1,666
- Interest income from:		
- Financial assets at FVTPL	(16,966)	(18,833)
- Financial investments at FVOCI	(34,151)	(30,903)
- Financial investments at amortised cost	(24,973)	(25,223)
- Interest expense from:		
- Derivative financial instruments	6,935	23,141
- Subordinated obligations	3,177	3,177
- Lease liabilities	548	610
- Dividend income from:		
- Financial assets at FVTPL	(9,051)	(6,390)
	(75,958)	(54,046)
Operating (loss)/profit before changes in working capital	(23,408)	30,682
Changes in working capital:		
- Financial assets at FVTPL	(254,210)	114,044
- Derivative financial instruments	-	30
- Loans and advances	48,003	(64,488)
- Clients' and brokers' balances	151,255	(155,067)
- Other assets	(20,202)	12,525
- Statutory deposits with Bank Negara Malaysia	(41,000)	-
Net changes in operating assets	(116,154)	(92,956)
- Deposits from customers	(270,222)	221,647
- Deposits and placements of banks and other financial institutions	525,571	11,315
- Clients' and brokers' balances	(102,493)	148,172
- Other liabilities	(132,285)	(7,382)
Net changes in operating liabilities	20,571	373,752
Cash (used in)/generated from operating activities	(118,991)	311,478

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Group	
	31/03/2023	31/03/2022
	RM'000	RM'000
Cash (used in)/generated from operating activities	(118,991)	311,478
Net income tax paid	(4,232)	(4,268)
Net cash (used in)/generated from operating activities	(123,223)	307,210
<u>Cash flows from investing activities</u>		
Net purchases of financial investments at FVOCI	(317,740)	(150,945)
Net proceeds/(purchases) of financial investments at amortised cost	153,871	(45,979)
Dividend received from:		
- Financial assets at FVTPL	9,051	6,390
Proceeds from liquidation of a subsidiary	37	-
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	100,149	100,504
Interest expenses paid on derivative financial instruments	(8,375)	(24,848)
Proceeds from disposal of property and equipment	3	-
Purchase of property and equipment	(595)	(2,753)
Purchase of intangible assets	(2,332)	(2,984)
Net cash used in investing activities	(65,931)	(120,615)
<u>Cash flows from financing activities</u>		
Interest paid on subordinated obligations	(2,121)	(2,121)
Lease payment	(3,453)	(3,330)
Dividend paid	(44,799)	(61,305)
Net cash used in financing activities	(50,373)	(66,756)
Net changes in cash and cash equivalents during the financial period	(239,527)	119,839
Cash and cash equivalents at beginning of the financial period	422,695	201,172
Cash and cash equivalents at end of the financial period	183,168	321,011
Cash and cash equivalents comprise:		
Cash and short term funds	183,168	321,011

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 2022

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Company	
	31/03/2023	31/03/2022
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	47,316	159,642
<u>Adjustments for non-cash items:</u>		
- Net unrealised (gain)/loss on revaluation of financial assets at FVTPL	(1,951)	4,786
- Dividend income from:		
- Financial assets at FVTPL	(7,475)	(5,200)
- Subsidiary companies	(38,940)	(156,750)
	(48,366)	(157,164)
Operating (loss)/profit before changes in working capital	(1,050)	2,478
Increase in financial assets at FVTPL	(2,937)	(99,558)
Decrease/(Increase) in other assets	73	(61)
Decrease in other liabilities	(299)	(978)
Cash used in operating activities	(4,213)	(98,119)
Net income tax paid	(437)	(579)
Net cash used in operating activities	(4,650)	(98,698)
<u>Cash flows from investing activities</u>		
Dividend received from:		
- Financial assets at FVTPL	7,475	5,200
- Subsidiary companies	38,940	156,750
Net cash generated from investing activities	46,415	161,950
<u>Cash flows from financing activities</u>		
Dividend paid	(44,819)	(61,332)
Net cash used in financing activities	(44,819)	(61,332)
Net changes in cash and cash equivalents during the financial period	(3,054)	1,920
Cash and cash equivalents at beginning of the financial period	27,893	1,160
Cash and cash equivalents at end of the financial period	24,839	3,080
Cash and cash equivalents comprise:		
Cash and short term funds	24,839	3,080

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 2022

HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")

Registration No: 199101002695 (213006-U)

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 31 March 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 2022. 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 2022.

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 2022 and modified for the adoption of the following Amendments to MFRSs applicable for financial year beginning on or after 1 July 2022:

- Annual improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities"
- Amendments to MFRS 3 "Business Combinations" Reference to the Conceptual Framework
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

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 2022 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 March 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 31 March 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 31 March 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 31 March 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 (30.06.2022: 11,110,700) shares in the Group costing RM31,157,101 (30.06.2022: RM31,157,101) inclusive of transaction costs, as at 31 March 2023.

7. Dividends payable/paid

On 30 August 2022, the Board of Directors declared a final single-tier dividend of 19.0 sen per share in respect of the financial year ended 30 June 2022. The final single-tier dividend of 19.0 sen amounting to RM44.8 million was paid on 17 November 2022.

8. Valuations of property, plant and equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 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 Q3 (31.03.2023)

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

	The Group		The Company	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Money market instruments				
Malaysian Government Securities	91,578	-	-	-
Malaysian Government Investment Issues	141,594	-	-	-
	<u>233,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Quoted securities				
In Malaysia:				
Shares	96,383	54,104	51,044	48,139
Unit trust investment	309,262	307,276	309,059	307,076
	<u>405,645</u>	<u>361,380</u>	<u>360,103</u>	<u>355,215</u>
Unquoted securities				
Corporate bond and/or sukuk	-	19,743	-	-
	<u>638,817</u>	<u>381,123</u>	<u>360,103</u>	<u>355,215</u>

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

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Money market instruments		
Malaysian Government Securities	214,578	120,972
Malaysian Government Investment Issues	296,846	242,625
Cagamas bonds	84,937	69,603
	<u>596,361</u>	<u>433,200</u>
Unquoted securities		
Foreign currency bonds	69,283	70,227
Corporate bond and/or sukuk	918,079	753,213
	<u>987,362</u>	<u>823,440</u>
	<u>1,583,723</u>	<u>1,256,640</u>

HLCB Q3 (31.03.2023)

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:-

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 2022	158	-	-	158
Allowances made	3	-	-	3
Amount written back	(14)	-	-	(14)
New financial assets originated or purchased	10	-	-	10
Financial assets derecognised	(18)	-	-	(18)
At 31 March 2023	139	-	-	139
At 1 July 2021	372	-	-	372
Allowances made	15	-	-	15
Amount written back	(18)	-	-	(18)
New financial assets originated or purchased	59	-	-	59
Financial assets derecognised	(261)	-	-	(261)
Exchange differences	(9)	-	-	(9)
At 30 June 2022	158	-	-	158

12. Financial investments at amortised cost

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Money market instruments		
Malaysian Government Securities	613,353	626,305
Malaysian Government Investment Issues	428,046	585,104
	1,041,399	1,211,409
Unquoted securities		
Corporate bond and/or sukuk	39,502	39,033
Less: Expected credit losses	-	-
	1,080,901	1,250,442

HLCB Q3 (31.03.2023)

12. 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 2021	12	-	-	12
Financial assets derecognised	(12)	-	-	(12)
At 30 June 2022	-	-	-	-

13. Loans and advances

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Term loan financing	38,938	64,536
Share margin financing	306,978	329,373
Staff loans	24	30
Other loans	124	128
Gross loans and advances	<u>346,064</u>	<u>394,067</u>
Less: Expected credit losses	(289)	(347)
Net loans and advances	<u>345,775</u>	<u>393,720</u>
a. <u>By type of customer</u>		
Domestic non-bank financial institutions		
- Others	29,552	30,060
Domestic business enterprises		
- Small and medium enterprises	52,377	60,626
- Others	54,914	77,956
Individuals	203,662	222,711
Foreign entities	5,559	2,714
Gross loans and advances	<u>346,064</u>	<u>394,067</u>
b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	24	30
- Other fixed rate loan	124	128
Variable rate		
- Cost plus	345,916	393,909
Gross loans and advances	<u>346,064</u>	<u>394,067</u>

13. Loans and advances (continued)

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
c. <u>By residual contractual maturity</u>		
Maturity within one year	307,068	303,766
More than one year to three years	33,638	36,289
More than three years to five years	5,234	-
More than five years	124	54,012
Gross loans and advances	<u>346,064</u>	<u>394,067</u>
d. <u>By geographical distribution</u>		
Malaysia	<u>346,064</u>	<u>394,067</u>
e. <u>By economic purpose</u>		
Purchase of securities	311,125	335,572
Working capital	5,238	28,277
Purchase of landed properties	148	158
Others	29,553	30,060
Gross loans and advances	<u>346,064</u>	<u>394,067</u>
f. Impaired loans and advances		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	128	265
Impaired during the financial period/year	4	12
Amount written-back during the financial period/year	(8)	(87)
Amount written-off during the financial period/year	-	(62)
At 31 March/30 June	<u>124</u>	<u>128</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>124</u>	<u>128</u>
(iii) <u>By economic purpose</u>		
Purchase of landed properties	<u>124</u>	<u>128</u>

HLCB Q3 (31.03.2023)

13. Loans and advances (continued)

g. Movements in expected credit losses are as follows:

The Group	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL (Stage 1) RM'000	not credit impaired (Stage 2) RM'000	credit impaired (Stage 3) RM'000	
At 1 July 2022	310	37	-	347
Transferred to Stage 1	18	(18)	-	-
Transferred to Stage 2	(14)	14	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(3)	-	-	(3)
Allowance made	39	3	-	42
Allowance written-back	(89)	(13)	-	(102)
At 31 March 2023	<u>266</u>	<u>23</u>	<u>-</u>	<u>289</u>
At 1 July 2021	263	194	126	583
Transferred to Stage 1	144	(29)	(115)	-
Transferred to Stage 2	(22)	22	-	-
New financial assets originated	11	10	-	21
Financial assets derecognised	(4)	-	(80)	(84)
Allowance made	188	-	115	303
Allowance written-back	(270)	(160)	-	(430)
Allowance written-off	-	-	(46)	(46)
At 30 June 2022	<u>310</u>	<u>37</u>	<u>-</u>	<u>347</u>

14. Clients' and brokers' balances

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Performing accounts	163,295	314,413
Impaired accounts	2,724	2,861
	<u>166,019</u>	<u>317,274</u>
Less: Expected credit losses	(988)	(998)
	<u>165,031</u>	<u>316,276</u>

HLCB Q3 (31.03.2023)

15. Other assets

	The Group		The Company	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Amount due from subsidiary companies	-	-	3	-
Amount due from related companies	-	117	-	114
Deposits and prepayments	10,380	9,560	34	27
Fee income receivable	5,695	10,930	-	-
Cash collaterals pledged for derivative transactions	3,057	10,120	-	-
Treasury related receivables	29,711	-	-	-
Other receivables	13,689	12,045	223	192
Manager's stocks and consumables	716	275	-	-
	63,248	43,047	260	333
Less: Expected credit losses	(2,332)	(1,970)	-	-
	60,916	41,077	260	333

16. Deposits from customers

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
a. <u>By type of deposits</u>		
Fixed deposits	489,414	759,636
b. <u>By type of customer</u>		
Government and statutory bodies	278,612	553,869
Business enterprises	197,801	192,248
Individuals	13,001	13,519
	489,414	759,636
c. The maturity structure of fixed deposits are as follows:		
Due within:		
- six months	488,167	758,405
- six months to one year	1,247	1,231
	489,414	759,636

17. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Licensed banks	646,861	264,951
Licensed investment banks	176,712	22,067
Other financial institutions	1,609,233	1,620,217
	2,432,806	1,907,235

18. Derivative financial assets/(liabilities)

The Group	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31/03/2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,100,000	26,214	(15,061)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	2,378,625	21,395	(11,712)
- Foreign currency forwards	168,642	98	(288)
- Foreign currency spot	33,228	22	-
(iii) Equity related contracts:			
- Futures	38,189	-	(85)
- Call option	200	39	-
	6,718,884	47,768	(27,146)
30/06/2022			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	3,303,000	31,048	(16,729)
- Futures	149,897	236	(1,061)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,340,695	5,249	(8,601)
- Foreign currency forwards	175,960	931	(194)
(iii) Equity related contracts:			
- Call option	200	50	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	879	(120)
	5,039,752	38,393	(26,705)

19. Other liabilities

	The Group		The Company	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
Amount due to holding company	154	122	13	13
Amount due to related companies	2,568	660	251	-
Remisiers' trust deposits	14,261	14,605	-	-
Treasury related payables	4,984	20,317	-	-
Advance payments received for corporate exercise	8,031	65,383	-	-
Other payables and accrued liabilities	49,804	111,053	543	1,093
Post employment benefits obligation - defined contribution plan	222	221	-	-
	80,024	212,361	807	1,106

20. Subordinated obligations

	The Group	
	As at 31/03/2023 RM'000	As at 30/06/2022 RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,251	197
	101,251	100,197
Less: Unamortised discounts	(2)	(4)
	101,249	100,193

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.

HLCB Q3 (31.03.2023)

21a. Interest income

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Loan and advances	4,731	4,184	14,078	12,194
Money at call and deposits placements with banks and other financial institutions	891	296	3,047	981
Financial investments at FVOCI	11,931	10,146	34,151	30,903
Financial investments at amortised cost	8,338	8,373	24,973	25,223
Others	8,620	3,955	20,921	12,195
Total interest income	<u>34,511</u>	<u>26,954</u>	<u>97,170</u>	<u>81,496</u>
The Company				
Money at call and deposits placements with banks and other financial institutions	<u>131</u>	<u>1</u>	<u>400</u>	<u>18</u>

21b. Interest income for financial assets at FVTPL

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Financial assets at FVTPL	<u>6,660</u>	<u>5,217</u>	<u>16,966</u>	<u>18,833</u>

22. Interest expense

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Deposits and placements of banks and other financial institutions	7,888	896	16,086	3,350
Deposits from customers	17,012	11,042	46,591	32,881
Derivative financial instruments	1,308	5,588	6,935	23,141
Subordinated obligations	1,043	1,044	3,177	3,177
Lease liabilities	177	194	548	610
Others	105	444	333	532
Total interest expense	<u>27,533</u>	<u>19,208</u>	<u>73,670</u>	<u>63,691</u>

23. Non-interest income

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	743	258	753	340
Arranger fees	50	710	416	1,473
Placement fees	2,254	665	9,405	4,149
Corporate advisory fees	1,000	1,900	4,460	4,975
Underwriting Commission	488	603	854	603
Brokerage commissions	13,293	17,244	34,080	55,793
Commission from futures contracts	262	394	698	745
Unit trust fee income	11,498	13,413	34,523	46,130
Other fee income	754	841	4,590	3,538
	<u>30,342</u>	<u>36,028</u>	<u>89,779</u>	<u>117,746</u>
(b) Net income from securities:				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	2,207	273	(1,939)	(2,165)
- Financial investments at FVOCI	2,072	(1,454)	2,522	766
- Derivative financial instruments	(6,507)	(2,872)	14,065	11,519
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(501)	(4,093)	2,336	(6,742)
- Derivative financial instruments	16,270	10,149	7,705	14,855
Dividend income from:				
- Financial assets at FVTPL	3,098	2,686	9,051	6,390
Net unrealised gain/(loss) on fair value changes arising from fair value hedges	140	(516)	(218)	(1,666)
	<u>16,779</u>	<u>4,173</u>	<u>33,522</u>	<u>22,957</u>
(c) Other income				
Gain on disposal of property and equipment	-	-	3	-
Gain on liquidation of a subsidiary	37	-	37	-
Foreign exchange (loss)/gain	(8,586)	1,114	(11,169)	(1,146)
Other non-operating income	41	119	144	533
	<u>(8,508)</u>	<u>1,233</u>	<u>(10,985)</u>	<u>(613)</u>
Total non-interest income	<u>38,613</u>	<u>41,434</u>	<u>112,316</u>	<u>140,090</u>
The Company				
(a) Net income from securities:				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	(464)	734	(169)	2,927
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	767	(2,720)	1,951	(4,786)
Dividend income from:				
- Financial assets at FVTPL	2,807	2,207	7,475	5,200
- Subsidiary companies	-	-	38,940	156,750
	<u>3,110</u>	<u>221</u>	<u>48,197</u>	<u>160,091</u>
(b) Other income				
Other income	-	107	-	478
Total non-interest income	<u>3,110</u>	<u>328</u>	<u>48,197</u>	<u>160,569</u>

24. Overhead expenses

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	21,323	14,225	55,376	50,099
- Others	3,597	3,156	11,088	9,746
	24,920	17,381	66,464	59,845
Establishment costs				
- Depreciation of property and equipment	1,136	1,054	3,418	2,917
- Amortisation of intangible assets	616	493	1,694	1,362
- Depreciation of ROU assets	1,015	975	2,998	2,962
- Rental of premises	67	18	104	119
- Information technology expenses	3,070	2,111	8,732	6,800
- Others	328	794	1,597	2,419
	6,232	5,445	18,543	16,579
Marketing expenses				
- Advertisement and publicity	307	178	653	398
- Entertainment and business improvement	416	273	873	745
- Others	90	33	346	65
	813	484	1,872	1,208
Administration and general expenses				
- Management fees	1,260	1,235	3,368	4,146
- Communication expenses	194	262	576	844
- Auditors' remuneration				
- Statutory audit	100	97	305	351
- Regulatory related fee	3	3	8	8
- Legal and professional fees	235	120	824	829
- Others	2,009	2,945	8,028	8,700
	3,801	4,662	13,109	14,878
Total overhead expenses	35,766	27,972	99,988	92,510
The Company				
Personnel costs				
- Salaries, bonuses and allowances	-	-	-	-
- Others	64	45	184	150
	64	45	184	150
Establishment costs				
- Information technology expenses	-	-	1	1
- Others	17	13	44	37
	17	13	45	38

24. Overhead expenses (continued)

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/3/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/3/2022 RM'000
The Company (continued)				
Administration and general expenses				
- Management fees	133	32	371	142
- Communication expenses	1	-	21	24
- Auditors' remuneration				
- Statutory audit	20	20	59	59
- Regulatory related fee	3	3	8	8
- Legal and professional fees	-	-	33	21
- Others	171	165	560	503
	<u>328</u>	<u>220</u>	<u>1,052</u>	<u>757</u>
Total overhead expenses	<u>409</u>	<u>278</u>	<u>1,281</u>	<u>945</u>

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

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
Expected credit losses				
- Loans and advances	6	(38)	58	164
- Loans and advances commitments	2	(1)	-	(1)
Impaired loans and advances written-off	-	(16)	-	(16)
	<u>8</u>	<u>(55)</u>	<u>58</u>	<u>147</u>

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

	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	Current year to date 31/03/2023 RM'000	Last year to date 31/03/2022 RM'000
The Group				
(a) Financial investments				
(i) Financial investments at FVOCI	8	(15)	19	9
(ii) Financial investments at amortised cost	-	-	-	12
	<u>8</u>	<u>(15)</u>	<u>19</u>	<u>21</u>
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	(148)	91	10	229
- Impaired clients' and brokers' balances recovered	-	91	32	91
(ii) Other assets	85	(1)	(363)	22
	<u>(63)</u>	<u>181</u>	<u>(321)</u>	<u>342</u>
	<u>(55)</u>	<u>166</u>	<u>(302)</u>	<u>363</u>

27. Commitments and contingencies

	As at 31/03/2023	As at 30/06/2022
	Principal Amount RM'000	Principal Amount RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	-	7,140
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Over one year	500	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	916,489	919,747
	<u>917,989</u>	<u>927,887</u>
Derivative financial instruments		
Interest rate related contracts:		
- One year or less	648,000	1,019,897
- Over one year to five years	3,452,000	2,503,000
Foreign exchange related contracts		
- One year or less	2,580,495	1,516,655
Equity related contracts		
- One year or less	38,189	-
- Over one year to five years	200	200
	<u>6,718,884</u>	<u>5,039,752</u>
	<u>7,636,873</u>	<u>5,967,639</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.

The Group	Level 1	Level 2	Level 3	Total
31.03.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	405,645	233,172	-	638,817
- Money market instruments	-	233,172	-	233,172
- Quoted securities	405,645	-	-	405,645
Financial investments at FVOCI	-	1,583,723	-	1,583,723
- Money market instruments	-	596,361	-	596,361
- Unquoted securities	-	987,362	-	987,362
Derivative financial assets	-	47,768	-	47,768
	405,645	1,864,663	-	2,270,308

HLCB Q3 (31.03.2023)**28. Fair value of financial instruments (continued)**Determination of fair value and fair value hierarchy (continued)

The Group	Level 1	Level 2	Level 3	Total
31.03.2023	RM'000	RM'000	RM'000	RM'000
Financial liability				
Derivative financial liabilities	-	27,146	-	27,146
30.06.2022				
Financial assets				
Financial assets at FVTPL	361,380	19,743	-	381,123
- Quoted securities	361,380	-	-	361,380
- Unquoted securities	-	19,743	-	19,743
Financial investments at FVOCI	-	1,256,640	-	1,256,640
- Money market instruments	-	433,200	-	433,200
- Unquoted securities	-	823,440	-	823,440
Derivative financial assets	-	38,393	-	38,393
	361,380	1,314,776	-	1,676,156
Financial liability				
Derivative financial liabilities	-	26,705	-	26,705
The Company				
31.03.2023				
Financial asset				
Financial assets at FVTPL				
- Quoted securities	360,103	-	-	360,103
30.06.2022				
Financial asset				
Financial assets at FVTPL				
- Quoted securities	355,215	-	-	355,215

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

29. Capital adequacy

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

	HLIB 31/03/2023	HLIB 30/06/2022
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	41.326%	39.445%
Tier 1 capital ratio	41.326%	39.445%
Total capital ratio	53.173%	50.437%
After deducting proposed dividends: ⁽¹⁾		
CET1 capital ratio	41.326%	35.367%
Tier 1 capital ratio	41.326%	35.367%
Total capital ratio	53.173%	46.359%

Note:

⁽¹⁾ Proposed dividends of RM Nil (30.06.2022: RM38,940,000).

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

	HLIB 31/03/2023 RM'000	HLIB 30/06/2022 RM'000
CET1 capital		
Paid-up ordinary share capital	252,950	252,950
Retained profits	248,941	287,881
Other reserves	(5,457)	(19,792)
Less: goodwill and intangibles	(34,451)	(33,638)
Less: deferred tax assets	(97,350)	(110,559)
Less: investment in subsidiary companies	(200)	(200)
Total CET1 capital	364,433	376,642
Tier 1 capital		
	364,433	376,642
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	4,478	4,952
Subordinated obligations	100,000	100,000
Total Tier 2 capital	104,478	104,952
Total capital	468,911	481,594

Note:

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

HLCB Q3 (31.03.2023)

29. Capital adequacy (continued)

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

	HLIB	HLIB
	31/03/2023	30/06/2022
	RM'000	RM'000
Credit risk	358,203	396,120
Market risk	172,380	217,123
Operational risk	351,273	341,603
	<u>881,856</u>	<u>954,846</u>

30. Segmental reporting

(a) Segment information by activities for the financial period ended 31 March 2023:

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
31 March 2023					
Net income					
Net interest income	39,604	386	476	-	40,466
Non interest income	72,202	34,637	48,265	(42,788)	112,316
Total net income	<u>111,806</u>	<u>35,023</u>	<u>48,741</u>	<u>(42,788)</u>	<u>152,782</u>
Results					
Profit from operations	36,130	8,087	47,423	(39,090)	52,550
Taxation					<u>(10,732)</u>
Profit after taxation					<u>41,818</u>
31 March 2022					
Net income					
Net interest income	36,144	421	73	-	36,638
Non interest income	90,024	46,165	160,714	(156,813)	140,090
Total net income	<u>126,168</u>	<u>46,586</u>	<u>160,787</u>	<u>(156,813)</u>	<u>176,728</u>
Results					
Profit from operations	60,061	21,753	159,727	(156,813)	84,728
Taxation					<u>(20,464)</u>
Profit after taxation					<u>64,264</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 2022.

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, except for the following:

- (i) On 10 November 2022, HLCB announced that the liquidator of HLG Capital Markets Sdn Bhd ("HLGCM"), a wholly-owned subsidiary of HLCB, had convened the final meeting to conclude the member's voluntary winding-up of HLGCM. The Returns by Liquidator Relating to Final Meeting of HLGCM were lodged with the Companies Commission of Malaysia and the Official Receiver on 10 November 2022.

HLGCM was dissolved on 10 February 2023.

- (ii) On 3 May 2023, HLCB announced that the liquidator of SSSB Jaya (1987) Sdn Bhd ("SSSB Jaya"), an indirect wholly-owned subsidiary of HLCB, had convened the final meeting to conclude the creditors' voluntary winding-up of SSSB Jaya. The Returns by Liquidator Relating to Final Meeting of SSSB Jaya were lodged with the Companies Commission of Malaysia and the Official Receiver on 3 May 2023 ("Lodgment Date"), and on the expiration of 3 months after the Lodgment Date, SSSB Jaya will be dissolved.

33. Capital commitments

Capital commitments for the purchase of property and equipment as at 31 March 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 Q3 (31.03.2023)

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 quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	RM'000	%
	Net income	52,251	54,397	(2,146)
Profit before tax	16,438	26,536	(10,098)	-38.1%
Profit after tax	13,176	19,984	(6,808)	-34.1%
Profit attributable to equity holders of the Company	13,176	19,984	(6,808)	-34.1%

The group recorded a 38.1% lower profit before tax ("PBT") of RM16.4 million for the 3rd quarter ended 31 March 2023 as compared to RM26.5 million recorded in the previous year's corresponding quarter.

Lower PBT mainly contributed by higher overheads incurred (27.9%).

The performance of the respective operating business segments for the 3rd quarter ended 31 March 2023 as compared to the previous year corresponding quarter is analysed as follows:-

Profit before tax by segments:	The Group		Variance	
	Current quarter ended 31/03/2023 RM'000	Last year quarter ended 31/03/2022 RM'000	RM'000	%
	Investment banking and stockbroking	11,979	20,195	(8,216)
Fund management and unit trust management	1,622	6,167	(4,545)	-73.7%
Investment holding and others	2,837	174	2,663	>100.0%
	<u>16,438</u>	<u>26,536</u>	<u>(10,098)</u>	<u>-38.1%</u>

Investment banking and stockbroking - lower PBT by RM8.2 million (-40.7%) mainly due to lower profit contribution from both its investment banking division and stockbroking division in current quarter.

Fund management and unit trust management - PBT decreased by RM4.5 million (-73.7%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT increased by RM2.7 million (>100.0%) mainly due to higher unrealised gain on revaluation of financial assets at FVTPL.

HLCB Q3 (31.03.2023)

1. Performance review (continued)

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

	The Group		Variance	
	Current	Last	RM'000	%
	year to date	year to date		
	31/03/2023	31/03/2022		
	RM'000	RM'000		
Net income	152,782	176,728	(23,946)	-13.5%
Profit before tax	52,550	84,728	(32,178)	-38.0%
Profit after tax	41,818	64,264	(22,446)	-34.9%
Profit attributable to equity holders of the Company	41,818	64,264	(22,446)	-34.9%

The group recorded a lower PBT of RM52.6 million for the financial period ended 31 March 2023 as compared to RM84.7 million recorded in the previous financial period.

Lower PBT mainly due to lower non-interest income earned (-19.8%).

The performance of the respective operating business segments for the 9 months ended 31 March 2023 as compared to the previous financial period is analysed as follows:-

Profit before tax by segments:	The Group		Variance	
	Current	Last	RM'000	%
	year to date	year to date		
	31/03/2023	31/03/2022		
	RM'000	RM'000		
Investment banking and stockbroking	36,130	60,061	(23,931)	-39.8%
Fund management and unit trust management	8,087	21,753	(13,666)	-62.8%
Investment holding and others	8,333	2,914	5,419	>100.0%
	<u>52,550</u>	<u>84,728</u>	<u>(32,178)</u>	<u>-38.0%</u>

Investment banking and stockbroking - Lower PBT by RM23.9 million (-39.8%) mainly attributed to lower profit contribution from both its stockbroking division and investment banking division.

Fund management and unit trust management - PBT decreased by RM13.7 million (-62.8%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT increased by RM5.4 million (>100.0%) mainly due to unrealised gain on revaluation of financial assets at FVTPL.

HLCB Q3 (31.03.2023)

1. Performance review (continued)

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

	The Group		Variance RM'000	%
	Current quarter ended 31/03/2023	Preceding quarter ended 31/12/2022		
	RM'000	RM'000		
Net income	52,251	49,580	2,671	5.4%
Profit before tax	16,438	15,309	1,129	7.4%
Profit after tax	13,176	12,606	570	4.5%
Profit attributable to equity holders of the Company	13,176	12,606	570	4.5%

For the financial quarter ended 31 March 2023, the Group reported a higher PBT of RM16.4 million as compared to RM15.3 million in the preceding financial quarter ended 31 December 2022. The higher PBT was mainly due to higher non-interest income earned (6.7%).

The performance of the respective operating business segments for the 3 months ended 31 March 2023 as compared to the preceding quarter is analysed as follows:-

Profit before tax by segments:	The Group		Variance RM'000	%
	Current quarter ended 31/03/2023	Preceding quarter ended 31/12/2022		
	RM'000	RM'000		
Investment banking and stockbroking	11,979	8,075	3,904	48.3%
Fund management and unit trust management	1,622	2,750	(1,128)	-41.0%
Investment holding and others	2,837	4,484	(1,647)	-36.7%
	<u>16,438</u>	<u>15,309</u>	<u>1,129</u>	7.4%

Investment banking and stockbroking - higher PBT by RM3.9 million (48.3%) mainly due to higher profit contribution from both its investment banking division and stockbroking division.

Fund management and unit trust management - PBT decreased by RM1.1 million (-41.0%) mainly due to higher overhead expenses incurred in current quarter.

Investment holding and others - PBT decreased by RM1.6 million (-36.7%) mainly due to lower unrealised gain on revaluation of financial assets at FVTPL.

HLCB Q3 (31.03.2023)

2. Prospects for 2023

The start of year 2023 showed signs of easing inflation following the aggressive rate hikes by the various central banks in the year 2022. However, the recent crisis at the Silicon Valley Bank and 2 other banks in the US in March 2023 had triggered a fresh round of concern, of a potential global banking crisis. The swift response by the US federal bank regulators and the quick pace of the merger between Credit Suisse and UBS Group brokered by the Swiss government had successfully prevented a potential global contagion effect in the banking sector.

At the local front, Bank Negara Malaysia (BNM) has assured that the country's banking system remains sound, supported by strong capital base and resilient cash flows and in particular, our robust capital adequacy ratio (CAR) and healthy liquidity coverage ratio (LCR).

Looking forward, the Malaysian economy is expected to record steady growth supported by strong domestic demand, improvement in our labour market conditions to boost productivity and the anticipated recovery in the tourism industry. The earlier concerns on further rate hikes has dissipated somewhat. The market is expecting a slower pace of rate hikes to be adopted by the West, in particular the US, in view of the easing inflationary pressure. Our business environment will remain susceptible to global geopolitical and economic risks.

As such, we will remain vigilant against these systemic risks by constantly exercising discipline in managing our capital, liquidity and cost efficiency to deliver sustainable outcomes to our stakeholders.

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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	393	1,705	2,061	6,078
- Over provision in prior years	(11)	(22)	(5)	(22)
Deferred taxation	2,880	4,869	8,676	14,408
	3,262	6,552	10,732	20,464

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 31 March 2023:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	648,000	2,356	(1,647)
(ii) 1 year to 3 years	1,951,000	13,827	(4,942)
(iii) More than 3 years	1,501,000	10,031	(8,472)
Foreign exchange related contracts			
(i) Less than 1 year	2,580,495	21,515	(12,000)
Equity related contracts			
(i) Less than 1 year	38,189	-	(85)
(ii) 1 year to 3 years	200	39	-
	6,718,884	47,768	(27,146)

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 Q3 (31.03.2023)

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	
As at 31 March 2023							
RM100.0 million Tier 2 subordinated notes	-	99,998	-	1,251	-	101,249	101,249
As at 30 June 2022							
RM100.0 million Tier 2 subordinated notes	-	99,996	-	197	-	100,193	100,193
As at 31 March 2022							
RM100.0 million Tier 2 subordinated notes	-	99,996	-	1,252	-	101,248	101,248

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 Q3 (31.03.2023)

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 31 March 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.

	Financial quarter ended		Financial period ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
The Group				
Net profit attributable to equity holders of the Company (RM'000):	13,176	19,984	41,818	64,264
Weighted average number of ordinary shares in issue ('000):	235,785	235,785	235,785	235,785
Basic earnings per share (sen)	5.6	8.5	17.7	27.3
The Company				
Net profit/(loss) attributable to equity holders of the Company (RM'000):	2,877	(149)	47,229	158,827
Weighted average number of ordinary shares in issue ('000):	235,890	235,890	235,890	235,890
Basic earnings/(loss) per share (sen)	1.2	(0.1)	20.0	67.3

(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 March 2023 and 31 March 2022.

Dated this 31 May 2023.