

**HONG LEONG INVESTMENT BANK BERHAD**  
**Registration No. 197001000928 (10209-W)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	<b>The Group</b>		<b>The Bank</b>	
		As at	As at	As at	As at
		31.12.2022	30.06.2022	31.12.2022	30.06.2022
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		93,813	251,447	93,589	251,259
Deposits and placements with banks and other financial institutions		-	100,021	-	100,021
Financial assets at fair value through profit or loss ("FVTPL")	8	258,489	26,496	258,288	26,297
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,489,780	1,256,640	1,489,780	1,256,640
Financial investments at amortised cost	10	1,073,392	1,250,442	1,073,392	1,250,442
Derivative financial assets	17	44,471	38,393	44,471	38,393
Loans and advances	11	370,662	393,720	370,662	393,720
Clients' and brokers' balances	12	189,403	103,077	189,403	103,077
Other assets	13	26,404	32,173	26,395	32,145
Statutory deposits with Bank Negara Malaysia		40,000	-	40,000	-
Investment in subsidiaries		-	-	200	200
Deferred tax assets		103,083	110,559	103,083	110,559
Property and equipment	14	5,981	7,623	5,981	7,623
Right-of-use ("ROU") assets		12,841	14,589	12,841	14,589
Intangible assets - computer software		5,579	4,652	5,579	4,652
Goodwill		28,986	28,986	28,986	28,986
<b>TOTAL ASSETS</b>		<b>3,742,884</b>	<b>3,618,818</b>	<b>3,742,650</b>	<b>3,618,603</b>
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>					
Deposits from customers	15	638,122	759,636	638,122	759,636
Deposits and placements of banks and other financial institutions	16	2,135,639	1,907,235	2,135,639	1,907,235
Derivative financial liabilities	17	40,143	26,705	40,143	26,705
Clients' and brokers' balances		211,873	76,502	211,873	76,502
Lease liabilities		12,309	13,901	12,309	13,901
Other liabilities	18	86,364	201,169	86,448	201,244
Subordinated obligations	19	100,206	100,193	100,206	100,193
<b>TOTAL LIABILITIES</b>		<b>3,224,656</b>	<b>3,085,341</b>	<b>3,224,740</b>	<b>3,085,416</b>
<b>EQUITY</b>					
Share capital		252,950	252,950	252,950	252,950
Reserves		265,278	280,527	264,960	280,237
<b>TOTAL EQUITY</b>		<b>518,228</b>	<b>533,477</b>	<b>517,910</b>	<b>533,187</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,742,884</b>	<b>3,618,818</b>	<b>3,742,650</b>	<b>3,618,603</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	27	6,534,681	5,967,639	6,534,681	5,967,639
<b>Net assets per ordinary share (RM)</b>		<b>3.14</b>	<b>3.23</b>	<b>3.14</b>	<b>3.23</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended 31.12.2022	quarter ended 31.12.2021	year to date 31.12.2022	year to date 31.12.2021
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	<b>32,299</b>	27,478	<b>62,054</b>	54,192
Interest income for financial assets at FVTPL	20b	<b>5,160</b>	6,511	<b>10,306</b>	13,616
Interest expense	21	<b>(24,361)</b>	(22,034)	<b>(46,078)</b>	(44,416)
Net interest income		<b>13,098</b>	11,955	<b>26,282</b>	23,392
Non-interest income	22	<b>21,255</b>	27,363	<b>46,957</b>	62,579
Net income		<b>34,353</b>	39,318	<b>73,239</b>	85,971
Overhead expenses	23	<b>(25,914)</b>	(24,547)	<b>(48,848)</b>	(46,448)
Operating profit before allowances		<b>8,439</b>	14,771	<b>24,391</b>	39,523
Write-back of allowance for impairment losses on loans and advances	24	<b>32</b>	29	<b>50</b>	202
(Allowance for)/write-back of impairment losses on financial losses on financial investments and other other financial assets	25	<b>(352)</b>	84	<b>(247)</b>	197
<b>Profit before taxation</b>		<b>8,119</b>	14,884	<b>24,194</b>	39,922
Taxation		<b>(1,937)</b>	(3,548)	<b>(5,811)</b>	(9,539)
<b>Net profit for the financial period</b>		<b>6,182</b>	11,336	<b>18,383</b>	30,383
Earnings per share (sen)					
- Basic		<b>3.7</b>	6.9	<b>11.1</b>	18.4
- Diluted		<b>3.7</b>	6.9	<b>11.1</b>	18.4

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**

*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	<b>Individual Quarter</b>		<b>The Group</b>	
	<b>Current</b>	<b>Last year</b>	<b>Cumulative</b>	<b>Months Ended</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>6,182</b>	11,336	<b>18,383</b>	30,383
<b>Other comprehensive income/(expense):</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>9,082</b>	(6,779)	<b>6,999</b>	(16,433)
- Net changes in expected credit losses	<b>(7)</b>	(7)	<b>(11)</b>	(24)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>(2,180)</b>	1,627	<b>(1,680)</b>	3,944
<b>Other comprehensive income/(expense) for the financial period, net of tax</b>	<b>6,895</b>	(5,159)	<b>5,308</b>	(12,513)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>13,077</b>	6,177	<b>23,691</b>	17,870

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended	quarter ended	year to date	year to date
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	32,267	27,457	62,003	54,150
Interest income for financial assets at FVTPL	20b	5,160	6,511	10,306	13,616
Interest expense	21	(24,361)	(22,034)	(46,078)	(44,416)
Net interest income		13,066	11,934	26,231	23,350
Non-interest income	22	21,206	27,301	46,896	62,482
Net income		34,272	39,235	73,127	85,832
Overhead expenses	23	(25,877)	(24,506)	(48,779)	(46,365)
Operating profit before allowances		8,395	14,729	24,348	39,467
Write-back of allowance for impairment losses on loans and advances	24	32	29	50	202
(Allowance for)/write-back of impairment losses on financial losses on financial investments and other other financial assets	25	(352)	84	(247)	197
<b>Profit before taxation</b>		<b>8,075</b>	14,842	<b>24,151</b>	39,866
Taxation		(1,937)	(3,548)	(5,796)	(9,539)
<b>Net profit for the financial period</b>		<b>6,138</b>	11,294	<b>18,355</b>	30,327
Earnings per share (sen)					
- Basic		3.7	6.8	11.1	18.4
- Diluted		3.7	6.8	11.1	18.4

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**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>6,138</b>	11,294	<b>18,355</b>	30,327
<b>Other comprehensive income/(expense):</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>9,082</b>	(6,779)	<b>6,999</b>	(16,433)
- Net changes in expected credit losses	<b>(7)</b>	(7)	<b>(11)</b>	(24)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>(2,180)</b>	1,627	<b>(1,680)</b>	3,944
<b>Other comprehensive income/(expense) for the financial period, net of tax</b>	<b>6,895</b>	(5,159)	<b>5,308</b>	(12,513)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>13,033</b>	6,135	<b>23,663</b>	17,814

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	<u>Attributable to owner of the parent</u>				<b>Total RM'000</b>
	<b>Share capital RM'000</b>	<b>Regulatory reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained profits RM'000</b>	
<b><u>The Group</u></b>					
<b>At 1 July 2022</b>	<b>252,950</b>	<b>12,148</b>	<b>(19,792)</b>	<b>288,171</b>	<b>533,477</b>
Net profit for the financial period	-	-	-	<b>18,383</b>	<b>18,383</b>
Other comprehensive income, net of tax	-	-	<b>5,308</b>	-	<b>5,308</b>
Total comprehensive income for the financial period	-	-	<b>5,308</b>	<b>18,383</b>	<b>23,691</b>
Transfer to regulatory reserve	-	<b>1,662</b>	-	<b>(1,662)</b>	-
Dividend paid	-	-	-	<b>(38,940)</b>	<b>(38,940)</b>
<b>At 31 December 2022</b>	<b>252,950</b>	<b>13,810</b>	<b>(14,484)</b>	<b>265,952</b>	<b>518,228</b>
At 1 July 2021	252,950	13,149	3,364	389,554	659,017
Net profit for the financial period	-	-	-	30,383	30,383
Other comprehensive expense, net of tax	-	-	<b>(12,513)</b>	-	<b>(12,513)</b>
Total comprehensive (expense)/income for the financial period	-	-	<b>(12,513)</b>	30,383	17,870
Transfer to regulatory reserve	-	1,073	-	<b>(1,073)</b>	-
Dividend paid	-	-	-	<b>(156,750)</b>	<b>(156,750)</b>
<b>At 31 December 2021</b>	<b>252,950</b>	<b>14,222</b>	<b>(9,149)</b>	<b>262,114</b>	<b>520,137</b>

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**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Non-distributable			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<b><u>The Bank</u></b>					
<b>At 1 July 2022</b>	<b>252,950</b>	<b>12,148</b>	<b>(19,792)</b>	<b>287,881</b>	<b>533,187</b>
Net profit for the financial period	-	-	-	18,355	18,355
Other comprehensive income, net of tax	-	-	5,308	-	5,308
Total comprehensive income for the financial period	-	-	5,308	18,355	23,663
Transfer to regulatory reserve	-	1,662	-	(1,662)	-
Dividend paid	-	-	-	(38,940)	(38,940)
<b>At 31 December 2022</b>	<b>252,950</b>	<b>13,810</b>	<b>(14,484)</b>	<b>265,634</b>	<b>517,910</b>
At 1 July 2021	252,950	13,149	3,364	389,376	658,839
Net profit for the financial period	-	-	-	30,327	30,327
Other comprehensive expense, net of tax	-	-	(12,513)	-	(12,513)
Total comprehensive (expense)/income for the financial period	-	-	(12,513)	30,327	17,814
Transfer to regulatory reserve	-	1,073	-	(1,073)	-
Dividend paid	-	-	-	(156,750)	(156,750)
<b>At 31 December 2021</b>	<b>252,950</b>	<b>14,222</b>	<b>(9,149)</b>	<b>261,880</b>	<b>519,903</b>

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**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	24,194	39,922	24,151	39,866
Adjustments for non-cash items	(30,445)	(31,414)	(30,441)	(31,413)
Operating (loss)/profit before changes in working capital	(6,251)	8,508	(6,290)	8,453
Changes in working capital:				
Net changes in operating assets	(324,521)	135,728	(324,581)	135,742
Net changes in operating liabilities	127,456	158,090	127,515	158,311
Net income tax paid	(7)	(11)	-	-
Net cash (used in)/generated from operating activities	(203,323)	302,315	(203,356)	302,506
Net cash used in investing activities	(11,365)	(194,273)	(11,368)	(194,274)
Net cash used in financing activities	(42,967)	(160,762)	(42,967)	(160,762)
Net changes in cash and cash equivalents	(257,655)	(52,720)	(257,691)	(52,530)
Cash and cash equivalents at beginning of financial period	351,468	149,490	351,280	147,658
Cash and cash equivalents at end of financial period	<b>93,813</b>	96,770	<b>93,589</b>	95,128
<b>Cash and cash equivalents comprise:</b>				
Cash and short term funds	<b>93,813</b>	96,770	<b>93,589</b>	95,128

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*



**EXPLANATORY NOTES**

**1. Basis of preparation**

The unaudited condensed financial statements for the financial period ended 31 December 2022 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 should be read in conjunction with the audited annual financial statements for the Group and the Bank 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 Bank 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 period 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 Bank.

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 Bank'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. Audit report**

The audit report of the latest audited annual financial statements was not subject to any qualification.

**3. Seasonality or cyclicity of operations**

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

**4. Items affecting net income and cash flows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 31 December 2022.

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**EXPLANATORY NOTES**

**5. Changes in estimates**

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 31 December 2022.

**6. Issuance and repayments**

There were no other new shares issuance, no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 31 December 2022.

**7. Dividends**

During the financial quarter, a final single-tier dividend of 23.6 sen per share on the Bank's issued and paid-up share capital, amounting to RM38,940,000 in respect of the financial year ended 30 June 2022 was paid on 11 November 2022.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
Malaysian Government Investment Issues	<b>203,005</b>	-	<b>203,005</b>	-
<b>Quoted securities</b>				
In Malaysia:				
Shares	<b>45,196</b>	6,554	<b>45,196</b>	6,554
Unit trust investment	<b>201</b>	199	-	-
	<b>45,397</b>	6,753	<b>45,196</b>	6,554
<b>Unquoted securities</b>				
Corporate bond and/or sukuk	<b>10,087</b>	19,743	<b>10,087</b>	19,743
	<b>258,489</b>	26,496	<b>258,288</b>	26,297

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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	212,703	120,972
Malaysian Government Investment Issues	242,116	242,625
Cagamas bonds	84,848	69,603
	<b>539,667</b>	<b>433,200</b>
<b>Unquoted securities</b>		
Foreign currency bonds	68,371	70,227
Corporate bond and/or sukuk	881,742	753,213
	<b>950,113</b>	<b>823,440</b>
	<b>1,489,780</b>	<b>1,256,640</b>

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

	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	not credit	credit	
<b>The Group and the Bank</b>	(Stage 1)	impaired	impaired	(Stage 3)
	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	158	-	-	158
Allowances made	2	-	-	2
Amount written back	(13)	-	-	(13)
New financial assets originated or purchased	6	-	-	6
Financial assets derecognised	(6)	-	-	(6)
At 31 December 2022	<b>147</b>	<b>-</b>	<b>-</b>	<b>147</b>
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	<b>158</b>	<b>-</b>	<b>-</b>	<b>158</b>

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**EXPLANATORY NOTES**

**10. Financial investments at amortised cost**

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	634,561	626,305
Malaysian Government Investment Issues	399,562	585,104
	<b>1,034,123</b>	<b>1,211,409</b>
<b>Unquoted securities</b>		
Corporate bond and/or sukuk	39,269	39,033
Less: Expected credit losses	-	-
	<b>1,073,392</b>	<b>1,250,442</b>

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

	<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>
<b>The Group and the Bank</b>				
At 1 July 2021	12	-	-	12
Financial assets derecognised	(12)	-	-	(12)
At 30 June 2022	-	-	-	-

**11. Loans and advances**

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loan financing	62,500	64,536
Share margin financing	308,306	329,373
Staff loans	26	30
Other loans	125	128
Gross loans and advances	<b>370,957</b>	<b>394,067</b>
Less: Expected credit losses	(295)	(347)
Total net loans and advances	<b>370,662</b>	<b>393,720</b>

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

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Gross loans and advances disbursed by type of customers</b>		
Domestic non-bank financial institutions		
- Others	29,031	30,060
Domestic business enterprises		
- Small and medium enterprises	53,984	60,626
- Others	78,984	77,956
Individuals	205,872	222,711
Foreign entities	3,086	2,714
	<b>370,957</b>	<b>394,067</b>
<b>(ii) Gross loans and advances analysed by interest rate sensitivity</b>		
Variable rate	370,806	393,909
Fixed rate		
- Staff housing loans	26	30
- Other fixed rate loans	125	128
	<b>370,957</b>	<b>394,067</b>
<b>(iii) Gross loans and advances analysed by residual contractual maturity</b>		
Maturing within one year	331,453	352,548
One year to three years	34,134	36,121
Three years to five years	5,071	-
Over five years	299	5,398
	<b>370,957</b>	<b>394,067</b>
<b>(iv) Loans and advances analysed by their economic purposes</b>		
Working capital	28,258	28,277
Purchase of securities	313,518	335,572
Purchase of landed properties	150	158
Others	29,031	30,060
	<b>370,957</b>	<b>394,067</b>
<b>(v) Gross loans and advances analysed by geographical distribution</b>		
Malaysia	<b>370,957</b>	<b>394,067</b>
<b>(vi) Impaired loans and advances</b>		
<b>(a) Movements in impaired loans and advances</b>		
At 1 July	128	265
Impaired during the financial year	3	12
Amount written-back during the financial period/year	(6)	(87)
Amount written-off during the financial period/year	-	(62)
At 31 December/30 June	<b>125</b>	<b>128</b>

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

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vi) Impaired loans and advances (continued)</b>		
<b>(b) By economic purposes</b>		
Purchase of landed properties	125	128

**(vii) Movements in expected credit losses:**

<b>The Group and the Bank</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 2022	310	37	-	347
Transferred to Stage 1	17	(17)	-	-
Transferred to Stage 2	(13)	13	-	-
New financial assets originated	4	-	-	4
Financial assets derecognised	(3)	-	-	(3)
Allowance made	22	3	-	25
Allowance written-back	(67)	(11)	-	(78)
At 31 December 2022	270	25	-	295
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	310	37	-	347

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**12. Clients' and brokers' balances**

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Performing accounts	<b>189,032</b>	101,214
Impaired accounts	<b>1,210</b>	2,861
	<b>190,242</b>	104,075
Less: Expected credit losses	<b>(839)</b>	(998)
	<b>189,403</b>	103,077

**13. Other assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax recoverable	<b>6</b>	14	-	-
Amount due from holding company	<b>155</b>	130	<b>155</b>	130
Amount due from related companies	<b>422</b>	-	<b>422</b>	-
Deposits and prepayments	<b>8,013</b>	8,525	<b>8,013</b>	8,525
Fee income receivables	<b>6,276</b>	10,930	<b>6,276</b>	10,930
Collaterals pledged for derivative transactions	<b>9,734</b>	10,120	<b>9,734</b>	10,120
Other receivables	<b>4,215</b>	4,424	<b>4,212</b>	4,410
	<b>28,821</b>	34,143	<b>28,812</b>	34,115
Less: Expected credit losses	<b>(2,417)</b>	(1,970)	<b>(2,417)</b>	(1,970)
	<b>26,404</b>	32,173	<b>26,395</b>	32,145

**14. Valuation of property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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**EXPLANATORY NOTES**

**15. Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposit	<b>638,122</b>	759,636
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	508,225	553,869
Business enterprises	114,165	192,248
Individuals	15,732	13,519
	<b>638,122</b>	759,636
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	636,884	758,405
- six months to one year	1,238	1,231
	<b>638,122</b>	759,636

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

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	484,343	264,951
Licensed investment banks	22,042	22,067
Other financial institutions	1,629,254	1,620,217
	<b>2,135,639</b>	1,907,235



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**17. Derivative financial assets/(liabilities)**

	<b>The Group and the Bank</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>31.12.2022</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,872,000	30,456	(15,508)
- futures	132,030	57	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,550,755	13,575	(23,026)
- foreign currency forwards	30,064	32	(1,608)
- foreign currency spots	107	-	(1)
(iii) Equity related contracts:			
- Futures	37,978	305	-
- Call options	200	46	-
	<b>5,623,134</b>	<b>44,471</b>	<b>(40,143)</b>
<b>30.06.2022</b>			
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 options	200	50	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	879	(120)
	<b>5,039,752</b>	<b>38,393</b>	<b>(26,705)</b>

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**EXPLANATORY NOTES**

**18. Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to holding company	80	80	80	80
Amount due to a subsidiary companies	-	-	2	-
Amount due to related companies	316	577	315	574
Remisiers' trust deposits	14,191	14,605	14,191	14,605
Treasury related payables	10,251	20,317	10,251	20,317
Advance payments received for corporate exercise	7,964	65,383	7,964	65,383
Other payables and accrued liabilities	53,339	99,986	53,422	100,064
Provision for post employment benefits	221	221	221	221
Expected credit losses - loans & advances commitments	2	-	2	-
	<b>86,364</b>	201,169	<b>86,448</b>	201,244

**19. Subordinated obligations**

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	209	197
	<b>100,209</b>	100,197
Less: Unamortised discounts	(3)	(4)
	<b>100,206</b>	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.

On 14 June 2019, the Bank 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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**EXPLANATORY NOTES**

**20a. Interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	4,727	4,203	9,347	8,010
Money at call and deposit placements with financial institutions	332	109	1,551	335
Financial investments at FVOCI	12,005	10,652	22,220	20,757
Financial investments at amortised cost	8,176	8,566	16,635	16,850
Others	7,059	3,948	12,301	8,240
<b>Total interest income</b>	<b>32,299</b>	<b>27,478</b>	<b>62,054</b>	<b>54,192</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	4,727	4,203	9,347	8,010
Money at call and deposit placements with financial institutions	300	88	1,500	293
Financial investments at FVOCI	12,005	10,652	22,220	20,757
Financial investments at amortised cost	8,176	8,566	16,635	16,850
Others	7,059	3,948	12,301	8,240
<b>Total interest income</b>	<b>32,267</b>	<b>27,457</b>	<b>62,003</b>	<b>54,150</b>

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**EXPLANATORY NOTES**

**20b. Interest income for financial assets at FVTPL**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.12.2022 RM'000</b>	<b>Last year quarter ended 31.12.2021 RM'000</b>	<b>Current year to date 31.12.2022 RM'000</b>	<b>Last year to date 31.12.2021 RM'000</b>
Financial assets at FVTPL	<b>5,160</b>	6,511	<b>10,306</b>	<b>13,616</b>

**21. Interest expense**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.12.2022 RM'000</b>	<b>Last year quarter ended 31.12.2021 RM'000</b>	<b>Current year to date 31.12.2022 RM'000</b>	<b>Last year to date 31.12.2021 RM'000</b>
Deposits and placements of banks and other financial institutions	<b>4,894</b>	1,108	<b>8,198</b>	2,454
Deposits from customers	<b>16,073</b>	11,712	<b>29,579</b>	21,839
Derivative financial instruments	<b>2,040</b>	7,904	<b>5,627</b>	17,553
Subordinated obligations	<b>1,067</b>	1,067	<b>2,134</b>	2,133
Lease liabilities	<b>151</b>	170	<b>312</b>	349
Others	<b>136</b>	73	<b>228</b>	88
	<b>24,361</b>	22,034	<b>46,078</b>	44,416

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**22. Non-interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.12.2022 RM'000</b>	<b>Last year quarter ended 31.12.2021 RM'000</b>	<b>Current year to date 31.12.2022 RM'000</b>	<b>Last year to date 31.12.2021 RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	2,010	1,625	3,460	3,075
Arranger fees	351	230	366	763
Underwriting commissions	-	-	366	-
Placement fees	3,589	(701)	7,151	3,484
Brokerage income	11,215	17,395	20,787	38,549
Fees on loans and advances	9	43	10	82
Commission from future contracts	203	165	436	351
Other fee income	706	2,036	3,837	2,697
	<b>18,083</b>	<b>20,793</b>	<b>36,413</b>	<b>49,001</b>
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(1,731)	(2,464)	(4,441)	(4,631)
- financial investments at FVOCI	844	249	450	2,220
- derivative financial instruments	9,986	4,235	20,572	14,391
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	2,985	691	1,725	(453)
- derivative financial instruments	(15,220)	2,464	(8,565)	4,706
Dividend income from:				
- financial assets at FVTPL	181	70	1,304	739
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	140	(687)	(358)	(1,150)
	<b>(2,815)</b>	<b>4,558</b>	<b>10,687</b>	<b>15,822</b>
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	2	-
Foreign exchange gain/(loss)	4,714	2,005	(2,583)	(2,260)
Other non-operating income	1,273	7	2,438	16
	<b>5,987</b>	<b>2,012</b>	<b>(143)</b>	<b>(2,244)</b>
Total non-interest income	<b>21,255</b>	<b>27,363</b>	<b>46,957</b>	<b>62,579</b>

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**22. Non-interest income** (continued)

	<b>Individual Quarter</b>		<b>The Bank Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	2,010	1,625	3,460	3,075
Arranger fees	351	230	366	763
Underwriting commissions	-	-	366	-
Placement fees	3,589	(701)	7,151	3,484
Brokerage income	11,215	17,395	20,787	38,549
Fees on loans and advances	9	43	10	82
Commission from future contracts	203	165	436	351
Other fee income	659	1,975	3,778	2,602
	<b>18,036</b>	<b>20,732</b>	<b>36,354</b>	<b>48,906</b>
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(1,731)	(2,464)	(4,441)	(4,631)
- financial investments at FVOCI	844	249	450	2,220
- derivative financial instruments	9,986	4,235	20,572	14,391
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	2,984	691	1,726	(453)
- derivative financial instruments	(15,220)	2,464	(8,565)	4,706
Dividend income from:				
- financial assets at FVTPL	180	69	1,301	737
Net unrealised loss on fair value changes arising from fair value hedges				
	140	(687)	(358)	(1,150)
	<b>(2,817)</b>	<b>4,557</b>	<b>10,685</b>	<b>15,820</b>
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	2	-
Foreign exchange gain/(loss)	4,714	2,005	(2,583)	(2,260)
Other non-operating income	1,273	7	2,438	16
	<b>5,987</b>	<b>2,012</b>	<b>(143)</b>	<b>(2,244)</b>
Total non-interest income	<b>21,206</b>	<b>27,301</b>	<b>46,896</b>	<b>62,482</b>

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**23. Overhead expenses**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.12.2022 RM'000</b>	<b>Last year quarter ended 31.12.2021 RM'000</b>	<b>Current year to date 31.12.2022 RM'000</b>	<b>Last year to date 31.12.2021 RM'000</b>
Personnel expenses	<b>17,310</b>	15,905	<b>32,065</b>	29,277
Promotion and marketing related expenses	<b>417</b>	180	<b>575</b>	470
Establishment related expenses	<b>4,286</b>	4,382	<b>8,624</b>	8,408
General administrative expenses	<b>3,901</b>	4,080	<b>7,584</b>	8,293
	<b>25,914</b>	24,547	<b>48,848</b>	46,448
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	<b>14,200</b>	14,353	<b>26,485</b>	25,992
Defined contribution plan	<b>1,872</b>	1,720	<b>3,715</b>	3,437
Other employee benefits	<b>1,238</b>	(168)	<b>1,865</b>	(152)
	<b>17,310</b>	15,905	<b>32,065</b>	29,277
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Entertainment and business improvement	<b>291</b>	175	<b>399</b>	459
Others	<b>126</b>	5	<b>176</b>	11
	<b>417</b>	180	<b>575</b>	470
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	<b>948</b>	804	<b>1,894</b>	1,577
Amortisation of intangible assets	<b>491</b>	390	<b>932</b>	731
Depreciation of ROU assets	<b>850</b>	853	<b>1,698</b>	1,706
Rental expenses	<b>7</b>	27	<b>17</b>	62
Others	<b>1,990</b>	2,308	<b>4,083</b>	4,332
	<b>4,286</b>	4,382	<b>8,624</b>	8,408
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	<b>621</b>	867	<b>1,339</b>	1,937
Teletransmission expenses	<b>1,758</b>	1,811	<b>3,474</b>	3,536
Auditors' remuneration				
- Statutory audit fees	<b>61</b>	75	<b>122</b>	136
Legal and professional fees	<b>312</b>	138	<b>417</b>	586
Others	<b>1,149</b>	1,189	<b>2,232</b>	2,098
	<b>3,901</b>	4,080	<b>7,584</b>	8,293

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**EXPLANATORY NOTES**

**23. Overhead expenses (continued)**

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.12.2022 RM'000</b>	<b>Last year quarter ended 31.12.2021 RM'000</b>	<b>Current year to date 31.12.2022 RM'000</b>	<b>Last year to date 31.12.2021 RM'000</b>
Personnel expenses	17,281	15,882	32,011	29,230
Promotion and marketing related expenses	417	180	575	470
Establishment related expenses	4,281	4,377	8,615	8,399
General administrative expenses	3,898	4,067	7,578	8,266
	<b>25,877</b>	<b>24,506</b>	<b>48,779</b>	<b>46,365</b>
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	14,176	14,333	26,440	25,952
Defined contribution plan	1,868	1,716	3,707	3,430
Other employee benefits	1,237	(167)	1,864	(152)
	<b>17,281</b>	<b>15,882</b>	<b>32,011</b>	<b>29,230</b>
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Entertainment and business improvement	291	175	399	459
Others	126	5	176	11
	<b>417</b>	<b>180</b>	<b>575</b>	<b>470</b>
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	948	804	1,894	1,577
Amortisation of intangible assets	491	390	932	731
Depreciation of ROU assets	850	853	1,698	1,706
Rental expenses	3	23	9	54
Others	1,989	2,307	4,082	4,331
	<b>4,281</b>	<b>4,377</b>	<b>8,615</b>	<b>8,399</b>
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	620	865	1,338	1,935
Teletransmission expenses	1,758	1,811	3,474	3,536
Auditors' remuneration				
- Statutory audit fees	59	73	118	132
Legal and professional fees	312	129	417	566
Others	1,149	1,189	2,231	2,097
	<b>3,898</b>	<b>4,067</b>	<b>7,578</b>	<b>8,266</b>



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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses				
(i) Loans and advances	31	29	52	202
(ii) Loans and advances commitments	1	-	(2)	-
	<b>32</b>	<b>29</b>	<b>50</b>	<b>202</b>

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

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Financial investments				
(i) Financial investments at FVOCI	7	7	11	24
(ii) Financial investments at amortised cost	-	13	-	12
	<b>7</b>	<b>20</b>	<b>11</b>	<b>36</b>
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	64	39	158	138
- Impaired clients' and brokers' balances recovered	27	-	32	-
(ii) Other assets	(450)	25	(448)	23
	<b>(359)</b>	<b>64</b>	<b>(258)</b>	<b>161</b>
	<b>(352)</b>	<b>84</b>	<b>(247)</b>	<b>197</b>

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**EXPLANATORY NOTES**

**26. Related party transactions**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**Credit transactions and exposure with connected parties**

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	<b><u>The Group and the Bank</u></b>	
	<b><u>31.12.2022</u></b>	<b><u>30.06.2022</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>16,825</b>	2,226
Percentage of outstanding credit exposures with connected parties as a proportion of total credit exposures	<b>3.05%</b>	3.17%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<b>0.00%</b>	0.00%

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**EXPLANATORY NOTES**

**27. Commitments and contingencies**

In the normal course of business, the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these.

	<b>The Group and the Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments and Contingent Liabilities</b>		
Direct Credit Substitutes	<b>1,000</b>	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	<b>1,000</b>	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	<b>909,547</b>	919,747
	<b>911,547</b>	927,887
<b>Derivative Financial Instruments</b>		
Interest rate related contracts:		
- One year or less	<b>1,110,030</b>	1,019,897
- Over one year to five years	<b>2,894,000</b>	2,503,000
Foreign exchange related contracts:		
- One year or less	<b>1,580,926</b>	1,516,655
Equity related contracts:		
- One year or less	<b>37,978</b>	-
- Over one year to five years	<b>200</b>	200
	<b>5,623,134</b>	5,039,752
	<b>6,534,681</b>	5,967,639

The Group and the Bank do not have commitments and contingent liabilities other than as disclosed above.

**EXPLANATORY NOTES**

**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 and the Bank'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 and the Bank'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.

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**EXPLANATORY NOTES**

**28. Fair value of financial instruments** (continued)

Determination of fair value and fair value hierarchy

<b>The Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.12.2022</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	45,397	213,092	-	258,489
- Money market instruments	-	203,005	-	203,005
- Quoted securities	45,397	-	-	45,397
- Unquoted securities	-	10,087	-	10,087
Financial investments at FVOCI	-	1,489,780	-	1,489,780
- Money market instruments	-	539,667	-	539,667
- Unquoted securities	-	950,113	-	950,113
Derivative financial assets	-	44,471	-	44,471
	<b>45,397</b>	<b>1,747,343</b>	<b>-</b>	<b>1,792,740</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	40,143	-	40,143
<b>30.06.2022</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	6,753	19,743	-	26,496
- Quoted securities	6,753	-	-	6,753
- 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
	<b>6,753</b>	<b>1,314,776</b>	<b>-</b>	<b>1,321,529</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	26,705	-	26,705

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**EXPLANATORY NOTES**

**28. Fair value of financial instruments** (continued)

Determination of fair value and fair value hierarchy (continued)

<b>The Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.12.2022</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	45,196	213,092	-	258,288
- Money market instruments	-	203,005	-	203,005
- Quoted securities	45,196	-	-	45,196
- Unquoted securities	-	10,087	-	10,087
Financial investments at FVOCI	-	1,489,780	-	1,489,780
- Money market instruments	-	539,667	-	539,667
- Unquoted securities	-	950,113	-	950,113
Derivative financial assets	-	44,471	-	44,471
	<b>45,196</b>	<b>1,747,343</b>	<b>-</b>	<b>1,792,539</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	40,143	-	40,143
<b>30.06.2022</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	6,554	19,743	-	26,297
- Quoted securities	6,554	-	-	6,554
- 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
	<b>6,554</b>	<b>1,314,776</b>	<b>-</b>	<b>1,321,330</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	26,705	-	26,705

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

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**EXPLANATORY NOTES**

**29. Capital adequacy**

The risk-weighted assets ("RWA") of the Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation.

(a) The capital adequacy ratios of the Group and the Bank are analysed as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Before deducting proposed dividends:</b>				
Common equity tier 1 ("CET1") capital ratio	<b>39.370%</b>	39.464%	<b>39.346%</b>	39.445%
Tier 1 capital ratio	<b>39.370%</b>	39.464%	<b>39.346%</b>	39.445%
Total capital ratio	<b>51.119%</b>	50.447%	<b>51.105%</b>	50.437%
<b>After deducting proposed dividends: <sup>(1)</sup></b>				
CET1 capital ratio	<b>39.370%</b>	35.389%	<b>39.346%</b>	35.367%
Tier 1 capital ratio	<b>39.370%</b>	35.389%	<b>39.346%</b>	35.367%
Total capital ratio	<b>51.119%</b>	46.372%	<b>51.105%</b>	46.359%

Note:

<sup>(1)</sup> Proposed dividends of RM Nil (30.06.2022: RM38,940,000).

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**EXPLANATORY NOTES**

**29. Capital adequacy** (continued)

(b) The components of CET1, Tier 1 and total capital of the Group and the Bank are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET1 Capital</b>				
Paid-up ordinary share capital	<b>252,950</b>	252,950	<b>252,950</b>	252,950
Retained profits	<b>249,231</b>	288,171	<b>248,941</b>	287,881
Other reserves	<b>(14,484)</b>	(19,792)	<b>(14,484)</b>	(19,792)
Less: goodwill and intangibles	<b>(34,565)</b>	(33,638)	<b>(34,565)</b>	(33,638)
Less: deferred tax assets	<b>(103,083)</b>	(110,559)	<b>(103,083)</b>	(110,559)
Less: investment in subsidiary companies	-	-	<b>(200)</b>	(200)
<b>Total CET1 Capital</b>	<b>350,049</b>	377,132	<b>349,559</b>	376,642
<b>Tier 1 Capital</b>	<b>350,049</b>	377,132	<b>349,559</b>	376,642
<b>Tier 2 Capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>4,462</b>	4,952	<b>4,461</b>	4,952
Subordinated obligations	<b>100,000</b>	100,000	<b>100,000</b>	100,000
<b>Total Tier 2 Capital</b>	<b>104,462</b>	104,952	<b>104,461</b>	104,952
<b>Total Capital</b>	<b>454,511</b>	482,084	<b>454,020</b>	481,594

Note:

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

(c) Breakdown of risk-weighted assets in the various risk weights:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.12.2022</b>	<b>30.06.2022</b>	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>356,924</b>	396,174	<b>356,875</b>	396,120
Market risk	<b>185,557</b>	217,522	<b>185,155</b>	217,123
Operational risk	<b>346,644</b>	341,935	<b>346,384</b>	341,603
	<b>889,125</b>	955,631	<b>888,414</b>	954,846



**EXPLANATORY NOTES**

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

There were no changes in the composition of the Group since last financial quarter.

**31. Significant events subsequent to the financial quarter**

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

**32. Review of performance for the financial quarter ended 31 December 2022 against the corresponding financial quarter**

For the current financial quarter ended 31 December 2022, the Group recorded a profit before tax of RM8.1 million, as compared to a RM14.9 million in the corresponding financial quarter. The decrease in profit of RM6.8 million was primarily attributable to lower Bursa market volume recorded in the current quarter compared to the previous year's corresponding financial quarter.

**33. Prospects for 2023**

Moving into 2023, the outlook for global economy remains challenging with an increased concern on global recession attributable to the aggressive rates hike led by the US in year 2022 and followed by other nations worldwide to curb inflation. The reopening of China's border is expected to cushion some of these impact with the actual outcome remains to be seen.

Notwithstanding this backdrop, the Malaysian economy is still expected to show growth which is supported by the strong domestic demand boosted by the various recovery plans and measures implemented by the Government post the Covid pandemic.