

HONG LEONG INVESTMENT BANK BERHAD
Registration No. 197001000928 (10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	The Group		The Bank	
		As at	As at	As at	As at
		31.12.2023	30.06.2023	31.12.2023	30.06.2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		86,753	293,334	86,346	291,918
Deposits and placements with banks and other financial institutions		100,028	130,012	100,028	130,012
Financial assets at fair value through profit or loss ("FVTPL")	8	199,570	275,700	199,363	275,496
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,814,268	1,838,115	1,814,268	1,838,115
Financial investments at amortised cost	10	1,176,402	1,138,237	1,176,402	1,138,237
Derivative financial assets	17	42,439	67,036	42,439	67,036
Loans and advances	11	312,768	409,817	312,768	409,817
Clients' and brokers' balances	12	310,743	132,829	310,743	132,829
Other assets	13	74,536	32,708	74,532	32,705
Statutory deposits with Bank Negara Malaysia		56,623	52,350	56,623	52,350
Investment in subsidiaries		-	-	200	200
Deferred tax assets		89,521	96,878	89,521	96,878
Property and equipment	14	2,790	4,309	2,790	4,309
Right-of-use ("ROU") assets		10,038	11,739	10,038	11,739
Intangible assets - computer software		4,938	4,950	4,938	4,950
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		4,310,403	4,517,000	4,309,985	4,515,577
LIABILITIES					
Deposits from customers	15	701,306	703,676	701,306	703,676
Deposits and placements of banks and other financial institutions	16	2,607,374	2,858,234	2,607,374	2,858,234
Derivative financial liabilities	17	38,401	54,074	38,401	54,074
Clients' and brokers' balances		262,311	119,653	262,311	119,653
Lease liabilities		9,584	11,271	9,584	11,271
Provision for tax		1	7	-	-
Other liabilities	18	52,846	126,338	52,921	125,264
Subordinated obligations	19	100,208	100,195	100,208	100,195
TOTAL LIABILITIES		3,772,031	3,973,448	3,772,105	3,972,367
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		285,422	290,602	284,930	290,260
TOTAL EQUITY		538,372	543,552	537,880	543,210
TOTAL EQUITY AND LIABILITIES		4,310,403	4,517,000	4,309,985	4,515,577
COMMITMENTS AND CONTINGENCIES					
	27	8,480,656	8,278,632	8,480,656	8,278,632
Net assets per ordinary share (RM)		3.26	3.29	3.26	3.29

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 2023.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended 31.12.2023	quarter ended 31.12.2022	year to date 31.12.2023	year to date 31.12.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	40,079	32,299	79,108	62,054
Interest income for financial assets at FVTPL	20b	4,474	5,160	9,346	10,306
Interest expense	21	(32,420)	(24,361)	(64,307)	(46,078)
Net interest income		12,133	13,098	24,147	26,282
Non-interest income	22	21,694	21,255	54,034	46,957
Net income		33,827	34,353	78,181	73,239
Overhead expenses	23	(22,277)	(25,914)	(49,709)	(48,848)
Operating profit before allowances (Allowance for)/write-back of impairment losses on loans and advances	24	11,550	8,439	28,472	24,391
(Allowance for) impairment losses on financial investments and other financial assets	25	(18)	(352)	(94)	(247)
Profit before taxation		11,429	8,119	28,328	24,194
Taxation		(2,721)	(1,937)	(6,763)	(5,811)
Net profit for the financial period		8,708	6,182	21,565	18,383
Earnings per share (sen)					
- Basic		5.3	3.7	13.1	11.1
- Diluted		5.3	3.7	13.1	11.1

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 2023.

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 2023**

	Individual Quarter		The Group Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	8,708	6,182	21,565	18,383
Other comprehensive income:				
Items that will be reclassified subsequently to income statements:				
Debt instruments at FVOCI				
- Net fair value changes	11,372	9,082	2,476	6,999
- Net changes in expected credit losses	64	(7)	83	(11)
Income tax relating to net fair value changes on financial investments at FVOCI	(2,729)	(2,180)	(594)	(1,680)
Other comprehensive income for the financial period, net of tax	8,707	6,895	1,965	5,308
Total comprehensive income for the financial period	17,415	13,077	23,530	23,691

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 2023.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended	quarter ended	year to date	year to date
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	40,005	32,267	79,004	62,003
Interest income for financial assets at FVTPL	20b	4,474	5,160	9,346	10,306
Interest expense	21	(32,420)	(24,361)	(64,307)	(46,078)
Net interest income		12,059	13,066	24,043	26,231
Non-interest income	22	21,669	21,206	53,978	46,896
Net income		33,728	34,272	78,021	73,127
Overhead expenses	23	(22,273)	(25,877)	(49,699)	(48,779)
Operating profit before allowances (Allowance for)/write-back of impairment losses on loans and advances	24	11,455	8,395	28,322	24,348
(Allowance for) impairment losses on financial investments and other financial assets	25	(103)	32	(50)	50
Profit before taxation		11,334	8,075	28,178	24,151
Taxation		(2,721)	(1,937)	(6,763)	(5,796)
Net profit for the financial period		8,613	6,138	21,415	18,355
Earnings per share (sen)					
- Basic		5.2	3.7	13.0	11.1
- Diluted		5.2	3.7	13.0	11.1

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 2023.

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 2023

	Individual Quarter		The Bank	
	Current	Last year	Cumulative Months Ended	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	8,613	6,138	21,415	18,355
Other comprehensive income:				
Items that will be reclassified subsequently to income statements:				
Debt instruments at FVOCI				
- Net fair value changes	11,372	9,082	2,476	6,999
- Net changes in expected credit losses	64	(7)	83	(11)
Income tax relating to net fair value changes on financial investments at FVOCI	(2,729)	(2,180)	(594)	(1,680)
Other comprehensive income for the financial period, net of tax	8,707	6,895	1,965	5,308
Total comprehensive income for the financial period	17,320	13,033	23,380	23,663

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 2023.

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 2023

	<u>Attributable to owner of the parent</u>				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Group</u>					
At 1 July 2023	252,950	14,429	(4,486)	280,659	543,552
Net profit for the financial period	-	-	-	21,565	21,565
Other comprehensive income, net of tax	-	-	1,965	-	1,965
Total comprehensive income	-	-	1,965	21,565	23,530
Transfer to regulatory reserve	-	1,646	-	(1,646)	-
Dividend paid	-	-	-	(28,710)	(28,710)
At 31 December 2023	252,950	16,075	(2,521)	271,868	538,372
At 1 July 2022	252,950	12,148	(19,792)	288,171	533,477
Net profit for the financial period	-	-	-	18,383	18,383
Other comprehensive income, net of tax	-	-	5,308	-	5,308
Total comprehensive income	-	-	5,308	18,383	23,691
Transfer to regulatory reserve	-	1,662	-	(1,662)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 31 December 2022	252,950	13,810	(14,484)	265,952	518,228

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 2023.

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 2023

	Non-distributable			Distributable	Total
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Bank</u>					
At 1 July 2023	252,950	14,429	(4,486)	280,317	543,210
Net profit for the financial period	-	-	-	21,415	21,415
Other comprehensive income, net of tax	-	-	1,965	-	1,965
Total comprehensive income	-	-	1,965	21,415	23,380
Transfer to regulatory reserve	-	1,646	-	(1,646)	-
Dividend paid	-	-	-	(28,710)	(28,710)
At 31 December 2023	252,950	16,075	(2,521)	271,376	537,880
At 1 July 2022	252,950	12,148	(19,792)	287,881	533,187
Net profit for the financial period	-	-	-	18,355	18,355
Other comprehensive income, net of tax	-	-	5,308	-	5,308
Total comprehensive income	-	-	5,308	18,355	23,663
Transfer to regulatory reserve	-	1,662	-	(1,662)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 31 December 2022	252,950	13,810	(14,484)	265,634	517,910

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 2023.

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 2023

	The Group		The Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	28,328	24,194	28,178	24,151
Adjustments for non-cash items	(39,898)	(30,445)	(39,947)	(30,441)
Operating loss before changes in working capital	(11,570)	(6,251)	(11,769)	(6,290)
Changes in working capital:				
Net changes in operating assets	(58,780)	(324,521)	(58,725)	(324,581)
Net changes in operating liabilities	(184,064)	127,456	(211,625)	127,515
Net income tax paid	(6)	(7)	-	-
Net cash used in operating activities	(254,420)	(203,323)	(282,119)	(203,356)
Net cash generated from/(used in) investing activities	50,619	(11,365)	50,617	(11,368)
Net cash used in financing activities	(32,764)	(42,967)	(4,054)	(42,967)
Net changes in cash and cash equivalents	(236,565)	(257,655)	(235,556)	(257,691)
Cash and cash equivalents at beginning of financial period	423,346	351,468	421,930	351,280
Cash and cash equivalents at end of the financial period	186,781	93,813	186,374	93,589
Cash and cash equivalents comprise:				
Cash and short term funds	86,753	93,813	86,346	93,589
Deposit and placements with bank and other financial institutions	100,028	-	100,028	-
	186,781	93,813	186,374	93,589

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 2023.

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 December 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 should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2023. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2023.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2023 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2023:

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

The adoption of the above amendments to published standards are not expected to have significant impact on the financial results of the Group and the 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 2023.

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

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 2023.

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 2023.

7. Dividends

During the financial quarter, a final single-tier dividend of 17.4 sen per share on the Bank's issued and paid-up share capital, amounting to RM28,710,000 in respect of the financial year ended 30 June 2023 was paid on 14 November 2023.

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

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	52,243	61,789	52,243	61,789
Malaysian Government Investment Issues	41,336	122,507	41,336	122,507
Negotiable instruments of deposits	-	49,885	-	49,885
	93,579	234,181	93,579	234,181
Quoted securities				
In Malaysia:				
Shares	15,949	6,542	15,949	6,542
Unit trust investment	207	204	-	-
	16,156	6,746	15,949	6,542
Unquoted securities				
Corporate bond and/or sukuk	89,835	34,773	89,835	34,773
	89,835	34,773	89,835	34,773
	199,570	275,700	199,363	275,496

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

EXPLANATORY NOTES

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

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	214,451	214,625
Malaysian Government Investment Issues	398,364	449,106
Cagamas bonds	90,591	85,085
	703,406	748,816
Unquoted securities		
Foreign currency bonds	91,281	72,512
Corporate bond and/or sukuk	1,019,581	1,016,787
	1,110,862	1,089,299
	1,814,268	1,838,115

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	
The Group and the Bank	(Stage 1)	impaired	impaired	(Stage 3)
	RM'000	RM'000	RM'000	RM'000
At 1 July 2023	167	-	-	167
Allowances made	27	-	-	27
Amount written back	(1)	-	-	(1)
New financial assets originated or purchased	145	-	-	145
Financial assets derecognised	(87)	-	-	(87)
Exchange differences	(1)	-	-	(1)
At 31 December 2023	250	-	-	250
At 1 July 2022	158	-	-	158
Allowances made	8	-	-	8
Amount written back	(14)	-	-	(14)
New financial assets originated or purchased	40	-	-	40
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	167	-	-	167

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

EXPLANATORY NOTES

10. Financial investments at amortised cost

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	554,533	597,232
Malaysian Government Investment Issues	582,119	501,501
	1,136,652	1,098,733
Unquoted securities		
Corporate bond and/or sukuk	39,750	39,504
Less: Expected credit losses	-	-
	1,176,402	1,138,237

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

	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
The Group and the Bank				
At 1 July 2023/31 December 2023	-	-	-	-
At 1 July 2022/30 June 2023	-	-	-	-

11. Loans and advances

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Term loan financing	30,074	106,109
Share margin financing	283,064	303,898
Staff loans	18	22
Other loans	-	126
Gross loans and advances	313,156	410,155
Less: Expected credit losses	(388)	(338)
Total net loans and advances	312,768	409,817

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

EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
(i) <u>By type of customers</u>		
Domestic non-bank financial institutions		
- Others	30,074	30,082
Domestic business enterprises		
- Small and medium enterprises	52,400	53,024
- Others	45,380	121,410
Individuals	181,047	200,679
Foreign entities	4,255	4,960
Gross loans and advances	313,156	410,155
(ii) <u>By interest rate sensitivity</u>		
Variable rate	313,138	410,007
Fixed rate		
- Staff housing loans	18	22
- Other fixed rate loans	-	126
Gross loans and advances	313,156	410,155
(iii) <u>By residual contractual maturity</u>		
Maturity within one year	313,138	374,785
One year to three years	18	30,022
Three years to five years	-	5,222
Over five years	-	126
Gross loans and advances	313,156	410,155
(iv) <u>By economic purposes</u>		
Working capital	-	5,226
Purchase of securities	283,064	374,699
Purchase of landed properties	18	148
Others	30,074	30,082
Gross loans and advances	313,156	410,155
(v) <u>By geographical distribution</u>		
Malaysia	313,156	410,155
(vi) Impaired loans and advances		
(a) Movements in the impaired loans and advances are as follows:		
At 1 July	126	128
Impaired during the financial period/year	2	6
Amount written-back during the financial period/year	(128)	(8)
At 31 December/30 June	-	126

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

EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
(vi) Impaired loans and advances (continued)		
(b) <u>By economic purposes</u>		
Purchase of landed properties	-	126
(c) <u>By geographical purposes</u>		
Malaysia	-	126
(vii) Movements in expected credit losses:		

The Group and the Bank	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 2023	315	23	-	338
Transferred to Stage 1	3	(3)	-	-
Transferred to Stage 2	(2)	2	-	-
New financial assets originated	2	-	-	2
Financial assets derecognised	(45)	(19)	-	(64)
Allowance made	157	-	-	157
Allowance written-back	(42)	(3)	-	(45)
At 31 December 2023	388	-	-	388
At 1 July 2022	310	37	-	347
Transferred to Stage 1	20	(20)	-	-
Transferred to Stage 2	(17)	17	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(4)	-	-	(4)
Allowance made	105	14	-	119
Allowance written-back	(104)	(25)	-	(129)
At 30 June 2023	315	23	-	338

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

EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Performing accounts	310,058	132,272
Impaired accounts	1,539	1,423
	311,597	133,695
Less: Expected credit losses	(854)	(866)
	310,743	132,829

13. Other assets

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	3	3	-	-
Amount due from holding company	154	130	154	130
Amount due from related companies	466	-	466	-
Deposits and prepayments	9,879	9,571	9,879	9,571
Fee income receivables	4,947	9,100	4,947	9,100
Collaterals pledged for derivative transactions	10,940	9,651	10,940	9,651
Treasury related receivables	40,872	-	40,872	-
Other receivables	8,734	5,638	8,733	5,638
	75,995	34,093	75,991	34,090
Less: Expected credit losses	(1,459)	(1,385)	(1,459)	(1,385)
	74,536	32,708	74,532	32,705

14. Valuation of property and equipment

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

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

EXPLANATORY NOTES

15. Deposits from customers

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Fixed Deposit	701,306	703,676
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	451,621	440,357
Business enterprises	237,580	250,563
Individuals	12,105	12,756
	701,306	703,676
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	690,090	703,676
- six months to one year	11,216	-
	701,306	703,676

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Licensed banks	440,213	449,219
Licensed investment banks	67,026	132,865
Other financial institutions	2,100,135	2,276,150
	2,607,374	2,858,234

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

EXPLANATORY NOTES

17. Derivative financial assets/(liabilities)

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31.12.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,897,000	20,359	(16,895)
- futures	22,986	232	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	2,500,071	14,852	(20,490)
- foreign currency forwards	72,445	489	(1,016)
- foreign currency spots	539	2	-
(iii) Equity related contracts:			
- futures	12,699	67	-
- call options	100,000	6,438	-
	7,605,740	42,439	(38,401)
30.06.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,270,000	23,444	(13,793)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	2,914,410	42,691	(40,058)
- foreign currency forwards	175,559	879	(223)
(iii) Equity related contracts:			
- call options	200	22	-
	7,360,169	67,036	(54,074)

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

EXPLANATORY NOTES

18. Other liabilities

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	107	105	107	105
Amount due to related companies	415	281	415	278
Remisiers' trust deposits	13,820	13,893	13,820	13,893
Treasury related payables	-	14,782	-	14,782
Advance payments received for corporate exercise	4,963	8,108	4,963	8,108
Other payables and accrued liabilities	33,319	88,947	33,394	87,876
Provision for post employment benefits				
- defined contribution plan	222	222	222	222
	52,846	126,338	52,921	125,264

19. Subordinated obligations

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
RM100.0 million Tier 2 Subordinated Notes, at par	100,000	100,000
Add: Interest payable	209	197
	100,209	100,197
Less: Unamortised discounts	(1)	(2)
	100,208	100,195

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.

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

EXPLANATORY NOTES

20a. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	4,426	4,727	10,060	9,347
Money at call and deposit placements with financial institutions	1,012	332	1,833	1,551
Financial investments at FVOCI	16,731	12,005	32,132	22,220
Financial investments at amortised cost	9,391	8,176	18,475	16,635
Others	8,519	7,059	16,608	12,301
Total interest income	40,079	32,299	79,108	62,054

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	4,426	4,727	10,060	9,347
Money at call and deposit placements with financial institutions	938	300	1,729	1,500
Financial investments at FVOCI	16,731	12,005	32,132	22,220
Financial investments at amortised cost	9,391	8,176	18,475	16,635
Others	8,519	7,059	16,608	12,301
Total interest income	40,005	32,267	79,004	62,003

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

EXPLANATORY NOTES

20b. Interest income for financial assets at FVTPL

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
Financial assets at FVTPL	4,474	5,160	9,346	10,306

21. Interest expense

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
Deposits and placements of banks and other financial institutions	6,215	4,894	12,416	8,198
Deposits from customers	23,235	16,073	45,808	29,579
Derivative financial instruments	1,651	2,040	3,434	5,627
Subordinated obligations	1,066	1,067	2,133	2,134
Lease liabilities	119	151	247	312
Others	134	136	269	228
	32,420	24,361	64,307	46,078

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

EXPLANATORY NOTES

22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,525	2,010	2,486	3,460
Arranger fees	1,236	351	2,376	366
Underwriting commissions	333	-	333	366
Placement fees	934	3,589	3,778	7,151
Brokerage income	13,950	11,215	27,453	20,787
Fees on loans and advances	8	9	9	10
Commission from future contracts	234	203	451	436
Other fee income	1,780	706	2,872	3,837
	20,000	18,083	39,758	36,413
<u>Net income from securities:</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(63)	(1,731)	217	(4,441)
- financial investments at FVOCI	2,469	844	7,920	450
- derivative financial instruments	4,278	9,986	11,178	20,572
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	6	2,985	(407)	1,725
- derivative financial instruments	(6,583)	(15,220)	(14,538)	(8,565)
Dividend income from:				
- financial assets at FVTPL	337	181	953	1,304
Net unrealised gain/(loss) on fair value changes arising from fair value hedges	56	140	3,447	(358)
	500	(2,815)	8,770	10,687
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	2
Foreign exchange (loss)/gain	(163)	4,714	2,792	(2,583)
Other non-operating income	1,357	1,273	2,714	2,438
	1,194	5,987	5,506	(143)
Total non-interest income	21,694	21,255	54,034	46,957

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

EXPLANATORY NOTES

22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,525	2,010	2,486	3,460
Arranger fees	1,236	351	2,376	366
Underwriting commissions	333	-	333	366
Placement fees	934	3,589	3,778	7,151
Brokerage income	13,950	11,215	27,453	20,787
Fees on loans and advances	8	9	9	10
Commission from future contracts	234	203	451	436
Other fee income	1,735	659	2,776	3,778
	19,955	18,036	39,662	36,354
<u>Net income from securities:</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(63)	(1,731)	217	(4,441)
- financial investments at FVOCI	2,469	844	7,920	450
- derivative financial instruments	4,278	9,986	11,178	20,572
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	7	2,984	(407)	1,726
- derivative financial instruments	(6,583)	(15,220)	(14,538)	(8,565)
Dividend income from:				
- financial assets at FVTPL	335	180	951	1,301
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	56	140	3,447	(358)
	499	(2,817)	8,768	10,685
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	2
Foreign exchange (loss)/gain	(163)	4,714	2,792	(2,583)
Other non-operating income	1,378	1,273	2,756	2,438
	1,215	5,987	5,548	(143)
Total non-interest income	21,669	21,206	53,978	46,896

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

EXPLANATORY NOTES

23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
Personnel expenses	12,914	17,310	31,697	32,065
Promotion and marketing related expenses	219	417	420	575
Establishment related expenses	4,619	4,286	9,218	8,624
General administrative expenses	4,525	3,901	8,374	7,584
	22,277	25,914	49,709	48,848
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	9,928	14,200	25,721	26,485
Defined contribution plan	1,953	1,872	3,897	3,715
Other employee benefits	1,033	1,238	2,079	1,865
	12,914	17,310	31,697	32,065
(ii) Promotion and marketing related expenses comprise the following:				
Entertainment and business improvement	168	291	298	399
Others	51	126	122	176
	219	417	420	575
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	834	948	1,718	1,894
Amortisation of intangible assets	562	491	1,108	932
Depreciation of ROU assets	848	850	1,701	1,698
Rental expenses	2	7	5	17
Others	2,373	1,990	4,686	4,083
	4,619	4,286	9,218	8,624
(iv) General administrative expenses comprise the following:				
Management fee	959	621	1,865	1,339
Teletransmission expenses	2,148	1,758	4,068	3,474
Auditors' remuneration				
- Statutory audit fees	74	61	148	122
Legal and professional fees	284	312	338	417
Others	1,060	1,149	1,955	2,232
	4,525	3,901	8,374	7,584

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

EXPLANATORY NOTES

23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.12.2023 RM'000	Last year quarter ended 31.12.2022 RM'000	Current year to date 31.12.2023 RM'000	Last year to date 31.12.2022 RM'000
Personnel expenses	12,915	17,281	31,697	32,011
Promotion and marketing related expenses	219	417	420	575
Establishment related expenses	4,619	4,281	9,218	8,615
General administrative expenses	4,520	3,898	8,364	7,578
	22,273	25,877	49,699	48,779
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	9,928	14,176	25,721	26,440
Defined contribution plan	1,953	1,868	3,897	3,707
Other employee benefits	1,034	1,237	2,079	1,864
	12,915	17,281	31,697	32,011
(ii) Promotion and marketing related expenses comprise the following:				
Entertainment and business improvement	168	291	298	399
Others	51	126	122	176
	219	417	420	575
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	834	948	1,718	1,894
Amortisation of intangible assets	562	491	1,108	932
Depreciation of ROU assets	848	850	1,701	1,698
Rental expenses	2	3	5	9
Others	2,373	1,989	4,686	4,082
	4,619	4,281	9,218	8,615
(iv) General administrative expenses comprise the following:				
Management fee	955	620	1,860	1,338
Teletransmission expenses	2,148	1,758	4,068	3,474
Auditors' remuneration				
- Statutory audit fees	72	59	144	118
Legal and professional fees	284	312	338	417
Others	1,061	1,149	1,954	2,231
	4,520	3,898	8,364	7,578

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

EXPLANATORY NOTES

24. (Allowance for)/write-back of impairment losses on loans and advances

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
(i) Loans and advances	(103)	31	(50)	52
(ii) Loans and advances commitments	-	1	-	(2)
	(103)	32	(50)	50

25. (Allowance for) impairment losses on financial investments and other financial assets

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments				
(i) Financial investments at FVOCI	(64)	7	(83)	11
(ii) Financial investments at amortised cost	-	-	-	-
	(64)	7	(83)	11
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	(22)	64	12	158
- Impaired clients' and brokers' balances recovered	-	27	51	32
(ii) Other assets	68	(450)	(74)	(448)
	46	(359)	(11)	(258)
	(18)	(352)	(94)	(247)

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

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:

	The Group and the Bank	
	31.12.2023	30.06.2023
	RM'000	RM'000
Outstanding credit exposures with connected parties	17,208	14,284
Percentage of outstanding credit exposures with connected parties as a proportion of total credit exposures	3.84%	2.64%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.00%	0.00%

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.

	The Group and the Bank	
	31.12.2023	30.06.2023
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	13,338	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	860,578	917,463
	874,916	918,463

Derivative financial instruments

Interest rate related contracts:		
- One year or less	867,986	768,000
- Over one year to five years	4,052,000	3,502,000
Foreign exchange related contracts:		
- One year or less	2,573,055	3,089,969
Equity related contracts:		
- One year or less	12,699	-
- Over one year to five years	100,000	200
	7,605,740	7,360,169
	8,480,656	8,278,632

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.

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

EXPLANATORY NOTES

28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
31.12.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	16,156	183,414	-	199,570
- Money market instruments	-	93,579	-	93,579
- Quoted securities	16,156	-	-	16,156
- Unquoted securities	-	89,835	-	89,835
Financial investments at FVOCI	-	1,814,268	-	1,814,268
- Money market instruments	-	703,406	-	703,406
- Unquoted securities	-	1,110,862	-	1,110,862
Derivative financial assets	-	42,439	-	42,439
	16,156	2,040,121	-	2,056,277
Financial liability				
Derivative financial liabilities	-	38,401	-	38,401
30.06.2023				
Financial assets				
Financial assets at FVTPL	6,746	268,954	-	275,700
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,746	-	-	6,746
- Unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,746	2,174,105	-	2,180,851
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074

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

EXPLANATORY NOTES

28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Bank	Level 1	Level 2	Level 3	Total
31.12.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	15,949	183,414	-	199,363
- Money market instruments	-	93,579	-	93,579
- Quoted securities	15,949	-	-	15,949
- Unquoted securities	-	89,835	-	89,835
Financial investments at FVOCI	-	1,814,268	-	1,814,268
- Money market instruments	-	703,406	-	703,406
- Unquoted securities	-	1,110,862	-	1,110,862
Derivative financial assets	-	42,439	-	42,439
	15,949	2,040,121	-	2,056,070
Financial liability				
Derivative financial liabilities	-	38,401	-	38,401
30.06.2023				
Financial assets				
Financial assets at FVTPL	6,542	268,954	-	275,496
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,542	-	-	6,542
- Unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,542	2,174,105	-	2,180,647
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074

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

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

EXPLANATORY NOTES

29. Capital adequacy

The capital adequacy ratio of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk computation.

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

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	36.523%	38.507%	36.506%	38.498%
Tier 1 capital ratio	36.523%	38.507%	36.506%	38.498%
Total capital ratio	46.690%	48.789%	46.683%	48.792%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	36.523%	35.731%	36.506%	35.719%
Tier 1 capital ratio	36.523%	35.731%	36.506%	35.719%
Total capital ratio	46.690%	46.013%	46.683%	46.013%

Note:

⁽¹⁾ Proposed dividends of RM Nil (30.06.2023: RM28,710,000).

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

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:

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
CET1 Capital				
Paid-up ordinary share capital	252,950	252,950	252,950	252,950
Retained profits	251,949	280,659	251,607	280,317
Other reserves	(2,521)	(4,486)	(2,521)	(4,486)
Less: goodwill and intangibles	(33,924)	(33,936)	(33,924)	(33,936)
Less: deferred tax assets	(89,521)	(96,878)	(89,521)	(96,878)
Less: investment in subsidiary companies	-	-	(200)	(200)
Total CET1 Capital	378,933	398,309	378,391	397,767
Tier 1 Capital	378,933	398,309	378,391	397,767
Tier 2 Capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,490	6,360	5,489	6,356
Subordinated obligations	100,000	100,000	100,000	100,000
Total Tier 2 Capital	105,490	106,360	105,489	106,356
Total Capital	484,423	504,669	483,880	504,123

Note:

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

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

	The Group		The Bank	
	31.12.2023	30.06.2023	31.12.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Credit risk	439,197	508,798	439,115	508,514
Market risk	294,914	185,425	294,501	185,018
Operational risk	303,420	340,168	302,915	339,681
	1,037,531	1,034,391	1,036,531	1,033,213

EXPLANATORY NOTES

30. Changes in the 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.

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 2023 against the corresponding financial quarter

The Group registered higher profit before tax of RM11.4 million in the financial quarter ended 31 December 2023 as compared to corresponding financial quarter of RM8.1 million. The increase of 41% in the current quarter mainly contributed from its stockbroking division.

33. Prospects for 2024

While headline inflation has shown signs of easing, the global economy is expected to be modest in 2024 amid macro risks such as the ongoing conflict in Ukraine and outbreak of war in the Middle East. On the local front, Malaysian economy is expected to maintain a positive trajectory as recovery in tourism and the semiconductor and electronics up cycle offer robust support acting as a stabiliser amid these global economic uncertainties.

We remain cautious on the susceptibility of these external risks and evolving landscape on our business environment and will remain vigilant by constantly exercising discipline in managing our capital, liquidity and costs efficiencies to deliver sustainable outcomes to our stakeholders.