

HONG LEONG INVESTMENT BANK BERHAD
Registration No. 197001000928 (10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	The Group		The Bank	
		As at	As at	As at	As at
		31.03.2021	30.06.2020	31.03.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		339,518	272,603	338,209	271,013
Securities purchased under resale agreements		-	50,172	-	50,172
Financial assets at fair value through profit or loss ("FVTPL")	8	516,556	651,672	516,361	651,584
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,119,220	1,266,529	1,119,220	1,266,529
Financial investments at amortised cost	10	1,053,211	868,134	1,053,211	868,134
Derivative financial assets	17	41,668	54,957	41,668	54,957
Loans and advances	11	315,123	316,023	315,123	316,023
Clients' and brokers' balances	12	314,250	236,008	314,250	236,008
Other assets	13	51,250	37,667	51,237	37,660
Investment in subsidiaries		-	-	200	200
Deferred tax assets		75,798	85,925	75,798	85,925
Property and equipment	14	9,124	9,267	9,124	9,267
Right-of-use assets ("ROU")		16,940	19,486	16,940	19,486
Intangible assets - computer software		1,583	2,394	1,583	2,394
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		3,883,227	3,899,823	3,881,910	3,898,338
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	832,208	737,747	832,208	737,747
Deposits and placements of banks and other financial institutions	16	1,864,464	2,073,211	1,864,464	2,073,211
Derivative financial liabilities	17	46,191	81,620	46,191	81,620
Clients' and brokers' balances		288,773	218,257	288,773	218,257
Lease liabilities		15,926	18,184	15,926	18,184
Provision for tax		-	7	-	-
Other liabilities	18	149,762	116,341	148,574	114,938
Subordinated obligations	19	101,246	100,178	101,246	100,178
TOTAL LIABILITIES		3,298,570	3,345,545	3,297,382	3,344,135
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		331,707	301,328	331,578	301,253
TOTAL EQUITY		584,657	554,278	584,528	554,203
TOTAL EQUITY AND LIABILITIES		3,883,227	3,899,823	3,881,910	3,898,338
COMMITMENTS AND CONTINGENCIES					
	27	6,448,158	6,967,399	6,448,158	6,967,399
Net assets per ordinary share (RM)		3.54	3.36	3.54	3.36

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 2020.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	24,116	28,452	77,170	81,840
Interest income for financial assets at FVTPL	20b	9,336	9,697	29,303	30,232
Interest expense	21	(21,299)	(26,284)	(69,500)	(81,224)
Net interest income		12,153	11,865	36,973	30,848
Non-interest income	22	51,071	27,027	169,836	85,611
Net income		63,224	38,892	206,809	116,459
Overhead expenses	23	(24,039)	(20,758)	(85,187)	(71,479)
Operating profit before allowances		39,185	18,134	121,622	44,980
Write-back of/(allowance for) impairment losses on loans and advances	24	124	(1,741)	2,828	(1,955)
(Allowance for)/write-back of impairment losses on financial investments and other financial assets	25	(294)	(1,662)	342	(1,721)
Profit before taxation		39,015	14,731	124,792	41,304
Taxation		(4,273)	1,465	(14,532)	5,230
Net profit for the financial period		34,742	16,196	110,260	46,534
Earnings per share (sen)					
- Basic		21.1	9.8	66.8	28.2
- Diluted		21.1	9.8	66.8	28.2

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 2020.

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 MARCH 2021**

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
31.03.2021	31.03.2020	31.03.2021	31.03.2020	
RM'000	RM'000	RM'000	RM'000	
Net profit for the financial period	34,742	16,196	110,260	46,534
Other comprehensive (expense)/income:				
Items that will not be reclassified subsequently to income statements				
Equity instruments at FVOCI				
- Net fair value changes	-	(37)	-	(37)
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(17,184)	(5,771)	(13,091)	(3,172)
- Net loss on disposal	(629)	(226)	(5,263)	(6,831)
- Net changes in expected credit losses	(6)	33	68	23
Income tax relating to net fair value changes on financial investments at FVOCI	4,275	1,439	4,405	2,401
Other comprehensive expense for the financial period, net of tax	(13,544)	(4,562)	(13,881)	(7,616)
Total comprehensive income for the financial period, net of tax	21,198	11,634	96,379	38,918

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 2020.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	24,095	28,436	77,119	81,784
Interest income for financial assets at FVTPL	20b	9,336	9,697	29,303	30,232
Interest expense	21	(21,299)	(26,284)	(69,500)	(81,224)
Net interest income		12,132	11,849	36,922	30,792
Non-interest income	22	51,024	27,288	169,707	85,767
Net income		63,156	39,137	206,629	116,559
Overhead expenses	23	(23,992)	(20,712)	(85,061)	(71,327)
Operating profit before allowances		39,164	18,425	121,568	45,232
Write-back of/(allowance for) impairment losses on loans and advances	24	124	(1,741)	2,828	(1,955)
(Allowance for)/write-back of impairment losses on financial investments and other financial assets	25	(294)	(1,662)	342	(1,721)
Profit before taxation		38,994	15,022	124,738	41,556
Taxation		(4,273)	1,458	(14,532)	5,231
Net profit for the financial period		34,721	16,480	110,206	46,787
Earnings per share (sen)					
- Basic		21.0	10.0	66.8	28.4
- Diluted		21.0	10.0	66.8	28.4

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 2020.

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 MARCH 2021

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	34,721	16,480	110,206	46,787
Other comprehensive (expense)/income:				
Items that will not be reclassified subsequently to income statements				
Equity instruments at FVOCI				
- Net fair value changes	-	(37)	-	(37)
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(17,184)	(5,771)	(13,091)	(3,172)
- Net loss on disposal	(629)	(226)	(5,263)	(6,831)
- Net changes in expected credit losses	(6)	33	68	23
Income tax relating to net fair value changes on financial investments at FVOCI	4,275	1,439	4,405	2,401
Other comprehensive expense for the financial period, net of tax	(13,544)	(4,562)	(13,881)	(7,616)
Total comprehensive income for the financial period, net of tax	21,177	11,918	96,325	39,171

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 2020.

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 MARCH 2021**

<u>The Group</u>	Attributable to owner of the parent				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 July 2020	252,950	12,076	9,349	279,903	554,278
Net profit for the financial period	-	-	-	110,260	110,260
Other comprehensive expense, net of tax	-	-	(13,881)	-	(13,881)
Total comprehensive (expense)/income for the financial period	-	-	(13,881)	110,260	96,379
Transfer to regulatory reserve	-	1,889	-	(1,889)	-
Dividend paid	-	-	-	(66,000)	(66,000)
At 31 March 2021	252,950	13,965	(4,532)	322,274	584,657
At 1 July 2019	252,950	11,606	7,794	238,190	510,540
Net profit for the financial period	-	-	-	46,534	46,534
Other comprehensive expense, net of tax	-	-	(7,616)	-	(7,616)
Total comprehensive (expense)/income for the financial period	-	-	(7,616)	46,534	38,918
Transfer to regulatory reserve	-	1,230	-	(1,230)	-
Dividend paid	-	-	-	(28,000)	(28,000)
At 31 March 2020	252,950	12,836	178	255,494	521,458

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 2020.

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 MARCH 2021**

	Non-distributable			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Bank</u>					
At 1 July 2020	252,950	12,076	9,349	279,828	554,203
Net profit for the financial period	-	-	-	110,206	110,206
Other comprehensive expense, net of tax	-	-	(13,881)	-	(13,881)
Total comprehensive (expense)/income for the financial period	-	-	(13,881)	110,206	96,325
Transfer to regulatory reserve	-	1,889	-	(1,889)	-
Dividend paid	-	-	-	(66,000)	(66,000)
At 31 March 2021	252,950	13,965	(4,532)	322,145	584,528
At 1 July 2019	252,950	11,606	7,794	237,920	510,270
Net profit for the financial period	-	-	-	46,787	46,787
Other comprehensive expense, net of tax	-	-	(7,616)	-	(7,616)
Total comprehensive (expense)/income for the financial period	-	-	(7,616)	46,787	39,171
Transfer to regulatory reserve	-	1,230	-	(1,230)	-
Dividend paid	-	-	-	(28,000)	(28,000)
At 31 March 2020	252,950	12,836	178	255,477	521,441

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 2020.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	The Group		The Bank	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	124,792	41,304	124,738	41,556
Adjustments for non-cash items	(54,984)	(21,125)	(55,090)	(21,525)
Operating profit before changes in working capital	69,808	20,179	69,648	20,031
Changes in working capital:				
Net changes in operating assets	91,228	345,169	91,332	344,847
Net changes in operating liabilities	(10,349)	134,988	(10,134)	141,188
Net income tax paid	(16)	(13)	-	-
Net cash generated from operating activities	150,671	500,323	150,846	506,066
Net cash used in investing activities	(12,760)	(174,375)	(12,654)	(173,594)
Net cash used in financing activities	(70,996)	(84,375)	(70,996)	(84,375)
Net changes in cash and cash equivalents	66,915	241,573	67,196	248,097
Cash and cash equivalents at beginning of financial period	272,603	450,062	271,013	443,459
Cash and cash equivalents at end of financial period	339,518	691,635	338,209	691,556
Cash and cash equivalents comprise:				
Cash and short term funds	339,518	691,635	338,209	691,556

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 2020.

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2021 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 2020. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2020.

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

- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 7, MFRS 9 and MFRS 139 'Interest Rate Benchmark Reform'
- Revised Conceptual Framework for Financial Reporting

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 March 2021.

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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 March 2021.

6. Issuance and repayments

Save as detailed below, 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 March 2021.

7. Dividends

There were no dividends paid during the financial quarter ended 31 March 2021.

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

	The Group		The Bank	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	42,283	-	42,283	-
Malaysian Government Investment Issues	20,486	-	20,486	-
Negotiable instruments of deposits	399,122	588,325	399,122	588,325
	461,891	588,325	461,891	588,325
Quoted securities				
In Malaysia:				
Shares	4,704	18,033	4,704	18,033
Unit trust investment	195	88	-	-
	4,899	18,121	4,704	18,033
Unquoted securities				
Shares	-	1,432	-	1,432
Corporate bond and/or sukuk	49,766	43,794	49,766	43,794
	49,766	45,226	49,766	45,226
	516,556	651,672	516,361	651,584

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EXPLANATORY NOTES

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

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	31,875	41,229
Malaysian Government Investment Issues	161,382	52,982
Cagamas bonds	85,727	30,358
	278,984	124,569
Unquoted securities		
Foreign currency bonds	81,192	72,260
Corporate bond and/or sukuk	759,044	1,069,700
	840,236	1,141,960
	1,119,220	1,266,529

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	
	(Stage 1)	(Stage 2)	(Stage 3)	RM'000
The Group and the Bank	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	341	-	-	341
Allowances made	34	-	-	34
Amount written back	(16)	-	-	(16)
New financial assets originated or purchased	121	-	-	121
Financial assets derecognised	(60)	-	-	(60)
Exchange differences	(11)	-	-	(11)
At 31 March 2021	409	-	-	409
At 1 July 2019	143	-	-	143
Allowances made	7	-	-	7
Amount written back	(25)	-	-	(25)
New financial assets originated or purchased	347	-	-	347
Financial assets derecognised	(98)	-	-	(98)
Exchange differences	(33)	-	-	(33)
At 30 June 2020	341	-	-	341

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EXPLANATORY NOTES

10. Financial investments at amortised cost

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	459,648	291,869
Malaysian Government Investment Issues	513,211	534,018
	972,859	825,887
Unquoted securities		
Foreign currency bonds	16,669	16,964
Corporate bond and/or sukuk	63,698	25,298
	80,367	42,262
Less: Expected credit losses	(15)	(15)
	1,053,211	868,134

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

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 2020	15	-	-	15
Exchange differences	-	-	-	-
At 31 March 2021	15	-	-	15
At 1 July 2019	36	-	-	36
Financial assets derecognised	(22)	-	-	(22)
Exchange differences	1	-	-	1
At 30 June 2020	15	-	-	15

11. Loans and advances

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Term loan financing	41,899	93,935
Share margin financing	273,702	225,398
Staff loans	39	44
Other loans	264	281
Gross loans and advances	315,904	319,658
Less: Expected credit losses	(781)	(3,635)
Total net loans and advances	315,123	316,023

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
(i) Gross loans and advances disbursed by type of customers		
Domestic business enterprises		
- Small and medium enterprises	57,944	57,941
- Others	72,561	124,759
Individuals	180,215	133,221
Foreign entities	5,184	3,737
	315,904	319,658
(ii) Gross loans and advances analysed by interest rate sensitivity		
Variable rate	315,601	319,333
Fixed rate		
- Staff housing loans	39	44
- Other fixed rate loans	264	281
	315,904	319,658
(iii) Gross loans and advances analysed by residual contractual maturity		
Maturing within one year	301,849	265,733
One year to three years	-	48,006
Three years to five years	8,073	44
Over five years	5,982	5,875
	315,904	319,658
(iv) Loans and advances analysed by their economic purposes		
Working capital	33,865	53,882
Purchase of securities	281,737	265,451
Purchase of transport vehicles	126	126
Purchase of landed properties	176	199
	315,904	319,658
(v) Gross loans and advances analysed by geographical distribution		
Malaysia	315,904	319,658
(vi) Impaired loans and advances		
(a) Movements in impaired loans and advances		
At 1 July	6,522	6,898
Impaired during the financial period/year	22	34,066
Amount written-back during the financial period/year	(6,281)	(34,442)
At 31 March/30 June	263	6,522

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
(vi) Impaired loans and advances (continued)		
(b) By economic purposes		
Purchase of transport vehicles	126	126
Purchase of landed properties	137	155
Purchase of securities	-	366
Working capital	-	5,875
	263	6,522

(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 2020	656	1	2,978	3,635
Transferred to Stage 1	220	(10)	(210)	-
Transferred to Stage 2	(10)	2,339	(2,329)	-
New financial assets originated	11	1	-	12
Financial assets derecognised	(2)	-	-	(2)
Allowance made	82	79	2	163
Allowance written-back	(505)	(2,207)	(315)	(3,027)
At 31 March 2021	452	203	126	781
At 1 July 2019	140	1	3,214	3,355
Transferred to Stage 1	6	(6)	-	-
Transferred to Stage 2	(6)	6	-	-
Transferred to Stage 3	(11)	-	11	-
New financial assets originated	602	-	2,657	3,259
Financial assets derecognised	(2)	-	(3,088)	(3,090)
Allowance made	137	1	1,839	1,977
Allowance written-back	(210)	(1)	(1,655)	(1,866)
At 30 June 2020	656	1	2,978	3,635

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EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Performing accounts	308,182	234,383
Impaired accounts	7,164	3,651
	315,346	238,034
Less: Expected credit losses	(1,096)	(2,026)
	314,250	236,008

13. Other assets

	The Group		The Bank	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	9	-	-	-
Amount due from holding company	35	130	35	130
Amount due from related companies	494	-	494	-
Deposits and prepayments	13,292	12,652	13,289	12,645
Fee income receivables	14,818	6,175	14,818	6,175
Collaterals pledged for derivative transactions	10,451	17,673	10,451	17,673
Treasury related receivables	10,252	-	10,252	-
Other receivables	3,847	2,465	3,846	2,465
	53,198	39,095	53,185	39,088
Less: Expected credit losses	(1,948)	(1,428)	(1,948)	(1,428)
	51,250	37,667	51,237	37,660

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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15. Deposits from customers

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Fixed Deposit	832,208	737,747
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	627,368	515,109
Business enterprises	186,185	207,466
Individuals	18,655	15,172
	832,208	737,747
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	832,208	720,239
- six months to one year	-	17,508
	832,208	737,747

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Licensed banks	91,314	228,601
Licensed investment banks	51,630	75,304
Other financial institutions	1,721,520	1,769,306
	1,864,464	2,073,211

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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
31.03.2021			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,850,000	29,313	(44,074)
- futures	41,445	544	-
- cross currency swaps	82,890	2,877	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,135,685	6,107	(678)
- foreign currency forwards	302,112	2,733	-
- foreign currency spots	5,388	13	(2)
(iii) Equity related contracts:			
- Call options	200	81	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(1,437)
	5,487,720	41,668	(46,191)
30.06.2020			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,350,000	47,834	(74,171)
- cross currency swaps	85,700	557	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,225,578	6,086	(4,567)
- foreign currency forwards	258,331	480	(372)
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(2,510)
	5,989,609	54,957	(81,620)

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18. Other liabilities

	The Group		The Bank	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Amount due to a subsidiary companies	-	-	18	-
Amount due to related companies	-	14	-	14
Remisiers' trust deposits	17,852	13,465	17,852	13,465
Treasury related payables	32,800	40,099	32,800	40,099
Advance payments received for corporate exercise	-	248	-	248
Other payables and accrued liabilities	98,893	62,300	97,687	60,897
Provision for post employment benefits	217	215	217	215
	149,762	116,341	148,574	114,938

19. Subordinated obligations

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,252	185
	101,252	100,185
Less: Unamortised discounts	(6)	(7)
	101,246	100,178

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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20a. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended	Last year's quarter ended	Current year ended	Last year's ended
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Loans and advances	3,547	3,917	10,850	10,947
Money at call and deposit placements with financial institutions	870	2,508	4,014	6,744
Financial investments at FVOCI	7,926	10,590	26,728	30,848
Financial investments at amortised cost	7,671	7,210	22,902	21,317
Others	4,102	4,227	12,676	11,984
Total interest income	24,116	28,452	77,170	81,840

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended	Last year's quarter ended	Current year ended	Last year's ended
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Loans and advances	3,547	3,917	10,850	10,947
Money at call and deposit placements with financial institutions	849	2,492	3,963	6,688
Financial investments at FVOCI	7,926	10,590	26,728	30,848
Financial investments at amortised cost	7,671	7,210	22,902	21,317
Others	4,102	4,227	12,676	11,984
Total interest income	24,095	28,436	77,119	81,784

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20b. Interest income for financial assets at FVTPL

	Individual Quarter		The Group and the Bank Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	9,336	9,697	29,303	30,232

21. Interest expense

	Individual Quarter		The Group and the Bank Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,361	4,724	4,025	15,605
Deposits from customers	8,703	16,211	30,091	48,881
Derivative financial instruments	9,983	4,010	31,591	11,601
Subordinated obligations	1,043	1,055	3,177	4,208
Lease liabilities	197	273	619	848
Others	12	11	(3)	81
	21,299	26,284	69,500	81,224

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22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	2,888	948	4,684	2,791
Arranger fees	1,162	798	3,033	2,852
Underwriting commissions	-	188	129	188
Placement fees	8,096	6,078	13,354	8,281
Brokerage income	33,314	22,047	110,939	48,132
Fees on loans and advances	157	795	241	886
Commission from future contracts	231	736	656	1,309
Other fee income	1,174	2,650	6,762	7,810
	47,022	34,240	139,798	72,249
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,220)	6,379	5,952	11,790
- financial investments at FVOCI	729	10,353	15,273	22,749
- derivative financial instruments	7,627	35,355	(29,053)	48,045
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(875)	(9,300)	(6,027)	(12,302)
- derivative financial instruments	18,822	(12,650)	20,973	(23,821)
Dividend income from:				
- financial assets at FVTPL	108	224	768	1,005
Net unrealised loss on fair value changes arising from fair value hedges				
	(603)	-	(1,637)	-
	23,588	30,361	6,249	47,466
<u>Other income:</u>				
Foreign exchange (loss)/gain	(19,555)	(37,577)	23,760	(34,125)
Other non-operating income	16	3	29	21
	(19,539)	(37,574)	23,789	(34,104)
Total non-interest income	51,071	27,027	169,836	85,611

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22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
31.03.2021	31.03.2020	31.03.2021	31.03.2020	
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	2,888	948	4,684	2,791
Arranger fees	1,162	798	3,033	2,852
Underwriting commissions	-	188	129	188
Placement fees	8,096	6,078	13,354	8,281
Brokerage income	33,314	22,047	110,939	48,132
Fees on loans and advances	157	795	241	886
Commission from future contracts	231	736	656	1,309
Other fee income	1,128	2,613	6,635	7,674
	46,976	34,203	139,671	72,113
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,220)	6,379	5,952	11,790
- financial investments at FVOCI	729	10,353	15,273	22,749
- derivative financial instruments	7,627	35,355	(29,053)	48,045
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(875)	(9,300)	(6,027)	(12,302)
- derivative financial instruments	18,822	(12,650)	20,973	(23,821)
Dividend income from:				
- financial assets at FVTPL	107	222	766	997
- subsidiaries	-	300	-	300
Net unrealised loss on fair value changes arising from fair value hedges				
	(603)	-	(1,637)	-
	23,587	30,659	6,247	47,758
<u>Other income:</u>				
Foreign exchange (loss)/gain	(19,555)	(37,577)	23,760	(34,125)
Other non-operating income	16	3	29	21
	(19,539)	(37,574)	23,789	(34,104)
Total non-interest income	51,024	27,288	169,707	85,767

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23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 31.03.2021 RM'000	Last year's quarter ended 31.03.2020 RM'000	Current year ended 31.03.2021 RM'000	Last year's ended 31.03.2020 RM'000
Personnel expenses	14,847	12,487	57,609	46,525
Promotion and marketing related expenses	(20)	419	283	1,092
Establishment related expenses	4,344	3,439	12,428	10,489
General administrative expenses	4,868	4,413	14,867	13,373
	24,039	20,758	85,187	71,479
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	13,110	10,408	52,788	40,481
Defined contribution plan	1,674	1,654	5,003	4,928
Other employee benefits	63	425	(182)	1,116
	14,847	12,487	57,609	46,525
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	-	-	20	22
Entertainment and business improvement	(22)	390	227	941
Others	2	29	36	129
	(20)	419	283	1,092
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	788	653	2,211	2,020
Amortisation of intangible assets	293	351	911	1,014
Depreciation of ROU assets	852	872	2,556	2,616
Rental expenses	30	24	71	69
Others	2,381	1,539	6,679	4,770
	4,344	3,439	12,428	10,489
(iv) General administrative expenses comprise the following:				
Management fee	1,380	680	4,391	2,018
Teletransmission expenses	1,690	1,863	5,007	5,368
Auditors' remuneration				
- Statutory audit fees	60	99	156	223
Legal and professional fees	648	912	2,117	2,908
Property and equipment written off	-	-	22	-
Others	1,090	859	3,174	2,856
	4,868	4,413	14,867	13,373

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23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	14,816	12,454	57,517	46,426
Promotion and marketing related expenses	(20)	419	283	1,092
Establishment related expenses	4,331	3,420	12,406	10,450
General administrative expenses	4,865	4,419	14,855	13,359
	23,992	20,712	85,061	71,327
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	13,083	10,380	52,710	40,397
Defined contribution plan	1,669	1,649	4,989	4,913
Other employee benefits	64	425	(182)	1,116
	14,816	12,454	57,517	46,426
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	-	-	20	22
Entertainment and business improvement	(22)	390	227	941
Others	2	29	36	129
	(20)	419	283	1,092
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	788	653	2,211	2,020
Amortisation of intangible assets	293	351	911	1,014
Depreciation of ROU assets	852	872	2,556	2,616
Rental expenses	26	-	59	45
Others	2,372	1,544	6,669	4,755
	4,331	3,420	12,406	10,450
(iv) General administrative expenses comprise the following:				
Management fee	1,379	689	4,389	2,026
Teletransmission expenses	1,690	1,863	5,007	5,368
Auditors' remuneration				
- Statutory audit fees	59	107	151	217
Legal and professional fees	647	910	2,113	2,903
Property and equipment written off	-	-	22	-
Others	1,090	850	3,173	2,845
	4,865	4,419	14,855	13,359

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
(i) Loans and advances	124	(1,360)	2,854	(1,574)
(ii) Loans and advances commitments	-	(381)	-	(381)
Impaired loans and advances written-off	-	-	(26)	-
	124	(1,741)	2,828	(1,955)

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments				
(i) Financial investments at FVOCI	6	(33)	(68)	(23)
(ii) Financial investments at amortised cost	(1)	(1)	-	21
	5	(34)	(68)	(2)
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	42	(1,635)	930	(1,724)
- Impaired clients' and brokers' balances recovered	-	9	-	63
(ii) Other assets	(341)	(2)	(520)	(58)
	(299)	(1,628)	410	(1,719)
	(294)	(1,662)	342	(1,721)

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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.

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	
	31.03.2021	30.06.2020
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	52,352
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- over one year	30,000	30,000
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	929,438	894,438
	960,438	977,790
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,816,445	1,365,000
- Over one year to five years	2,227,890	3,030,700
- Over five years	-	110,000
Foreign exchange related contracts:		
- One year or less	1,443,185	1,483,909
Equity related contracts:		
- Over one year to five years	200	-
	5,487,720	5,989,609
	6,448,158	6,967,399

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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28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
31.03.2021	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	4,899	511,657	-	516,556
- Money market instruments	-	461,891	-	461,891
- Quoted securities	4,899	-	-	4,899
- Unquoted securities	-	49,766	-	49,766
Financial investments at FVOCI	-	1,119,220	-	1,119,220
- Money market instruments	-	278,984	-	278,984
- Unquoted securities	-	840,236	-	840,236
Derivative financial assets	-	41,668	-	41,668
	4,899	1,672,545	-	1,677,444
Financial liability				
Derivative financial liabilities	-	46,191	-	46,191
30.06.2020				
Financial assets				
Financial assets at FVTPL	18,121	632,119	1,432	651,672
- Money market instruments	-	588,325	-	588,325
- Quoted securities	18,121	-	-	18,121
- Unquoted securities	-	43,794	1,432	45,226
Financial investments at FVOCI	-	1,266,529	-	1,266,529
- Money market instruments	-	124,569	-	124,569
- Unquoted securities	-	1,141,960	-	1,141,960
Derivative financial assets	-	54,957	-	54,957
	18,121	1,953,605	1,432	1,973,158
Financial liability				
Derivative financial liabilities	-	81,620	-	81,620

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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
31.03.2021	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	4,704	511,657	-	516,361
- Money market instruments	-	461,891	-	461,891
- Quoted securities	4,704	-	-	4,704
- Unquoted securities	-	49,766	-	49,766
Financial investments at FVOCI	-	1,119,220	-	1,119,220
- Money market instruments	-	278,984	-	278,984
- Unquoted securities	-	840,236	-	840,236
Derivative financial assets	-	41,668	-	41,668
	4,704	1,672,545	-	1,677,249
Financial liability				
Derivative financial liabilities	-	46,191	-	46,191
30.06.2020				
Financial assets				
Financial assets at FVTPL	18,033	632,119	1,432	651,584
- Money market instruments	-	588,325	-	588,325
- Quoted securities	18,033	-	-	18,033
- Unquoted securities	-	43,794	1,432	45,226
Financial investments at FVOCI	-	1,266,529	-	1,266,529
- Money market instruments	-	124,569	-	124,569
- Unquoted securities	-	1,141,960	-	1,141,960
Derivative financial assets	-	54,957	-	54,957
	18,033	1,953,605	1,432	1,973,070
Financial liability				
Derivative financial liabilities	-	81,620	-	81,620

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

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28. Fair value of financial instruments (continued)

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

	The Group and the Bank	
	31.03.2021	30.06.2020
	RM'000	RM'000
Financial assets at FVTPL		
At 1 July	1,432	1,365
Fair value changes recognised in income statements	-	67
Disposed during the financial period	(1,432)	-
At 31 March/30 June	-	1,432

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:

	The Group		The Bank	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	36.005%	42.121%	36.013%	42.128%
Tier 1 capital ratio	36.005%	42.121%	36.013%	42.128%
Total capital ratio	46.688%	52.751%	46.706%	52.768%
After deducting proposed dividends:⁽¹⁾				
CET1 capital ratio	36.005%	35.498%	36.013%	35.500%
Tier 1 capital ratio	36.005%	35.498%	36.013%	35.500%
Total capital ratio	46.688%	46.129%	46.706%	46.139%

Note:

⁽¹⁾ Proposed dividends of RM Nil (30.06.2020: RM66,000,000).

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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	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	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	213,903	279,903	213,828	279,828
Other reserves	(4,532)	9,349	(4,532)	9,349
Less: goodwill and intangibles	(30,569)	(31,380)	(30,569)	(31,380)
Less: deferred tax assets	(75,798)	(85,925)	(75,798)	(85,925)
Less: investment in subsidiary companies	-	-	(200)	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	-	(5,142)	-	(5,142)
Total CET1 Capital	355,954	419,755	355,679	419,480
Tier 1 Capital	355,954	419,755	355,679	419,480
Tier 2 Capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,614	5,940	5,611	5,940
Subordinated obligations	100,000	100,000	100,000	100,000
Total Tier 2 Capital	105,614	105,940	105,611	105,940
Total Capital	461,568	525,695	461,290	525,420

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	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Credit risk	449,120	476,447	448,853	476,122
Market risk	227,474	257,343	227,084	257,167
Operational risk	312,036	262,761	311,716	262,434
	988,630	996,551	987,653	995,723

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30. Significant events during the financial quarter ended 31 March 2021

COVID-19 pandemic

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

31. Changes in the composition of the Group

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

32. 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.

33. Review of performance for the financial quarter ended 31 March 2021 against the corresponding financial quarter

For the current financial quarter ended 31 March 2021, the Group recorded a profit before tax of RM39.0 million, as compared to a RM14.7 million recorded in the corresponding financial quarter. The increase in profit of RM24.3 million was primarily attributable to higher profit contribution from both its Stockbroking Division and Investment Banking Division.

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34. Prospects for 2021

Looking ahead, we are anticipating a general uptrend in both the US and Malaysia's interest rates riding on the back of expected continuous recovery globally. While the debates continued over the Covid-19 vaccination and its efficacy, the benefits of the vaccination will likely outweigh its potential side effects, by restoring confidence and gradually leading to the reopening of the global economy albeit unevenly around the world.

The COVID-19 outbreak and consequential Movement Control Order ("MCO") had served as an important reminder for us to sharpen our business continuity measures and to further accelerate innovation in the way we conduct our business. The movement restrictions had also led to a surge in demand for digital capabilities, products and services. The Group will continue to be proactive in harnessing our digital initiatives and technologies to extend our reach and build an operating environment that our stakeholders will expect. To achieve this, we will continue to use technology, both, on the frontline and backroom processes to strengthen our resiliency and improve our efficiency and productivity after the new normal.

Enhancing and tightening cybersecurity will also be one of our focus moving forward. As the Group is progressively changing its way of doing business to cope with the new normal, we will continue to put our focus on serving our clients through digital channels. With digitalisation, there will be heightened risks that our cybersecurity team will need to manage in order to support business continuity while protecting our business and clients.

Going forward, the Group will continue to execute our business strategies, sharpen our business continuity measures and drive our digital solutions to manage cost efficiency and productivity with the objective of delivering long-term sustainable growth as well as increase our shareholder value.