

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	The Group		The Company	
		As at 30/06/2022 RM'000	As at 30/06/2021 RM'000	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
<b>ASSETS</b>					
Cash and short term funds		322,674	170,033	27,893	1,160
Deposits and placements with banks and other financial institutions		100,021	31,139	-	-
Financial assets at fair value through profit or loss ("FVTPL")	10	381,123	791,818	355,215	269,034
Financial investments at fair value through other comprehensive income ("FVOCI")	11	1,256,640	1,350,820	-	-
Financial investments at amortised cost	12	1,250,442	1,059,286	-	-
Derivative financial assets	18	38,393	34,494	-	-
Loans and advances	13	393,720	335,759	-	-
Clients' and brokers' balances	14	316,276	204,732	-	-
Other assets	15	41,077	58,260	333	219
Tax recoverable		28	28	-	-
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		112,034	123,234	-	-
Property and equipment		9,271	9,800	-	-
Right-of-use assets ("ROU")		17,122	18,966	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		4,993	3,169	-	-
<b>TOTAL ASSETS</b>		<b>4,276,873</b>	<b>4,224,597</b>	<b>630,015</b>	<b>516,987</b>
<b>LIABILITIES</b>					
Deposits from customers	16	759,636	701,538	-	-
Deposits and placements of banks and other financial institutions	17	1,907,235	2,049,422	-	-
Derivative financial liabilities	18	26,705	41,056	-	-
Clients' and brokers' balances		306,901	207,183	-	-
Lease liabilities		16,548	18,069	-	-
Other liabilities	19	212,361	148,343	1,106	1,521
Current tax liabilities		2,301	1,803	220	225
Subordinated obligations	20	100,193	100,192	-	-
<b>TOTAL LIABILITIES</b>		<b>3,331,880</b>	<b>3,267,606</b>	<b>1,326</b>	<b>1,746</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	The Group		The Company	
		As at 30/06/2022 RM'000	As at 30/06/2021 RM'000	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
<b>EQUITY</b>					
Share capital		246,896	246,896	246,896	246,896
Reserves		729,254	741,252	412,837	299,389
Treasury shares for ESOS		(31,157)	(31,157)	(31,044)	(31,044)
<b>TOTAL EQUITY</b>		<b>944,993</b>	956,991	<b>628,689</b>	515,241
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,276,873</b>	4,224,597	<b>630,015</b>	516,987
<b>COMMITMENTS AND CONTINGENCIES</b>	27	<b>5,967,639</b>	5,993,970	-	-
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>		<b>4.01</b>	4.06		

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Current quarter ended 30/06/2022	Last year quarter ended 30/06/2021	Current year to date 30/06/2022	Last year to date 30/06/2021
Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Interest income	21a	27,399	25,436	108,895
Interest income for financial assets at FVTPL	21b	5,156	8,120	23,989
Interest expense	22	(19,394)	(21,183)	(83,085)
Net interest income		13,161	12,373	49,799
Non-interest income	23	33,471	44,552	173,561
Net income		46,632	56,925	223,360
Overhead expenses	24	(34,331)	(32,727)	(126,841)
Operating profit before allowances		12,301	24,198	96,519
Write-back of allowance for impairment losses on loans and advances	25	27	198	174
Write-back of/(allowance for) impairment losses on financial investments and other financial assets	26	116	(46)	479
<b>Profit before taxation</b>		<b>12,444</b>	24,350	<b>97,172</b>
Taxation		(4,245)	46,562	(24,709)
<b>Net profit for the financial year</b>		<b>8,199</b>	70,912	<b>72,463</b>
<b>Earnings per share (sen)</b>				
- Basic		3.5	30.1	30.7
- Diluted		3.5	30.1	30.7

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
<b>Net profit for the financial year</b>	<b>8,199</b>	70,912	<b>72,463</b>	203,287
<b>Other comprehensive (expense)/income:</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>(6,187)</b>	10,437	<b>(30,187)</b>	(7,917)
- Net changes in expected credit losses	<b>(205)</b>	(37)	<b>(214)</b>	31
Income tax relating to net fair value changes on financial investments at FVOCI	<b>1,485</b>	(2,504)	<b>7,245</b>	1,901
<b>Other comprehensive (expense)/income for the financial year, net of tax</b>	<b>(4,907)</b>	7,896	<b>(23,156)</b>	(5,985)
<b>Total comprehensive income for the financial year, net of tax</b>	<b>3,292</b>	78,808	<b>49,307</b>	197,302

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Current quarter ended 30/06/2022	Last year quarter ended 30/06/2021	Current year to date 30/06/2022	Last year to date 30/06/2021
Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Interest income	21a 5	4	23	13
Interest expense	22 -	-	-	-
Net interest income	5	4	23	13
Non-interest income	23 16,182	18,700	176,751	95,329
Net income	16,187	18,704	176,774	95,342
Overhead expenses	24 (330)	(343)	(1,275)	(1,503)
<b>Profit before taxation</b>	15,857	18,361	175,499	93,839
Taxation	96	120	(719)	(1,261)
<b>Net profit/total comprehensive income for the financial year</b>	<b>15,953</b>	18,481	<b>174,780</b>	92,578
<b>Earnings per share (sen)</b>				
- Basic	6.8	7.8	74.1	38.9
- Diluted	6.8	7.8	74.1	38.9

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Attributable to owners of the parent					Total RM'000
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Regulatory Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
<b>The Group</b>						
At 1 July 2021	246,896	(31,157)	13,149	3,364	724,739	956,991
Net profit for the financial year	-	-	-	-	72,463	72,463
Other comprehensive expense, net of tax	-	-	-	(23,156)	-	(23,156)
Total comprehensive (expense)/income	-	-	-	(23,156)	72,463	49,307
Transfer from regulatory reserve	-	-	(1,001)	-	1,001	-
Dividend paid	-	-	-	-	(61,305)	(61,305)
At 30 June 2022	246,896	(31,157)	12,148	(19,792)	736,898	944,993
At 1 July 2020	246,896	(6,031)	12,076	9,349	578,020	840,310
Net profit for the financial year	-	-	-	-	203,287	203,287
Other comprehensive expense, net of tax	-	-	-	(5,985)	-	(5,985)
Total comprehensive (expense)/income	-	-	-	(5,985)	203,287	197,302
Purchase of treasury shares	-	(25,126)	-	-	-	(25,126)
Transfer to regulatory reserve	-	-	1,073	-	(1,073)	-
Dividend paid	-	-	-	-	(55,495)	(55,495)
At 30 June 2021	246,896	(31,157)	13,149	3,364	724,739	956,991

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Non-Distributable		Distributable	
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Retained Profits RM'000	Total RM'000
<b>The Company</b>				
At 1 July 2021	246,896	(31,044)	299,389	515,241
Net profit for the financial year	-	-	174,780	174,780
Total comprehensive income	-	-	174,780	174,780
Dividend paid	-	-	(61,332)	(61,332)
At 30 June 2022	<b>246,896</b>	<b>(31,044)</b>	<b>412,837</b>	<b>628,689</b>
At 1 July 2020	246,896	(5,918)	262,330	503,308
Net profit for the financial year	-	-	92,578	92,578
Total comprehensive income	-	-	92,578	92,578
Purchase of treasury shares	-	(25,126)	-	(25,126)
Dividend paid	-	-	(55,519)	(55,519)
At 30 June 2021	246,896	(31,044)	299,389	515,241

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<b>The Group</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	97,172	177,350
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	4,036	3,628
- Amortisation of intangible assets	1,884	1,528
- Depreciation of ROU assets	3,982	3,999
- Gain on disposal of property and equipment	(35)	-
- Property and equipment written off	5	22
- Write-back of allowance for impairment losses on loans and advances	(174)	(3,026)
- Write-back of allowance for impairment losses on financial investments and other financial assets	(388)	(296)
- Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	10,085	4,451
- Derivative financial instruments	(14,023)	(19,532)
- Net unrealised loss on fair value changes arising from fair value hedges	2,166	2,068
- Interest income from:		
- Financial assets at FVTPL	(23,989)	(37,423)
- Financial investments at FVOCI	(40,653)	(35,464)
- Financial investments at amortised cost	(33,625)	(31,157)
- Interest expense from:		
- Derivative financial instruments	28,578	41,500
- Subordinated obligations	4,231	4,232
- Lease liabilities	812	1,009
- Dividend income from:		
- Financial assets at FVTPL	(8,652)	(6,314)
	<b>(65,760)</b>	<b>(70,775)</b>
<b>Operating profit before changes in working capital</b>	<b>31,412</b>	<b>106,575</b>
Changes in working capital:		
- Securities purchased under resale agreements	-	50,172
- Financial assets at FVTPL	398,821	109,991
- Derivative financial instruments	7	(1)
- Loans and advances	(57,787)	(16,710)
- Clients' and brokers' balances	(111,354)	58,999
- Other assets	17,155	(11,424)
Net changes in operating assets	<b>246,842</b>	<b>191,027</b>
- Deposits from customers	58,098	(36,209)
- Deposits and placements of banks and other financial institutions	(142,187)	(23,789)
- Clients' and brokers' balances	99,718	(98,202)
- Other liabilities	63,948	19,619
Net changes in operating liabilities	<b>79,577</b>	<b>(138,581)</b>
<b>Cash generated from operating activities</b>	<b>357,831</b>	<b>159,021</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<b>The Group</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash generated from operating activities</b>	<b>357,831</b>	159,021
Net income tax paid	<b>(5,766)</b>	(6,680)
<b>Net cash generated from operating activities</b>	<b>352,065</b>	152,341
<b><u>Cash flows from investing activities</u></b>		
Net disposal/(purchases) of financial investments at FVOCI	<b>45,404</b>	(101,302)
Net purchases of financial investments at amortised cost	<b>(196,252)</b>	(194,207)
Dividend received from:		
- Financial assets at FVTPL	<b>8,652</b>	6,314
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	<b>119,311</b>	114,238
Interest expenses paid on derivative financial instruments	<b>(30,536)</b>	(40,961)
Proceeds from disposal of property and equipment	<b>35</b>	-
Purchase of property and equipment	<b>(3,512)</b>	(2,410)
Purchase of intangible assets	<b>(3,708)</b>	(1,689)
<b>Net cash used in investing activities</b>	<b>(60,606)</b>	(220,017)
<b><u>Cash flows from financing activities</u></b>		
Interest paid on subordinated obligations	<b>(4,230)</b>	(4,218)
Lease payment	<b>(4,401)</b>	(4,475)
Dividend paid	<b>(61,305)</b>	(55,495)
Purchase of treasury shares	<b>-</b>	(25,126)
<b>Net cash used in financing activities</b>	<b>(69,936)</b>	(89,314)
<b>Net changes in cash and cash equivalents during the financial year</b>	<b>221,523</b>	(156,990)
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>201,172</b>	358,162
<b>Cash and cash equivalents at end of the financial year</b>	<b>422,695</b>	201,172
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>322,674</b>	170,033
Deposits and placements with banks and other financial institutions	<b>100,021</b>	31,139
	<b>422,695</b>	201,172

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<b>The Company</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	175,499	93,839
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised loss/(gain) on revaluation of financial assets at FVTPL	9,440	(533)
- Dividend income from:		
- Financial assets at FVTPL	(7,442)	(5,453)
- Subsidiary companies	(175,750)	(84,000)
	(173,752)	(89,986)
<b>Operating profit before changes in working capital</b>	<b>1,747</b>	<b>3,853</b>
Increase in financial assets at FVTPL	(95,621)	(12,609)
(Increase)/Decrease in other assets	(114)	454
(Decrease)/Increase in other liabilities	(415)	823
<b>Cash used in operating activities</b>	<b>(94,403)</b>	<b>(7,479)</b>
Net income tax paid	(724)	(882)
<b>Net cash used in operating activities</b>	<b>(95,127)</b>	<b>(8,361)</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend received from:		
- Financial assets at FVTPL	7,442	5,453
- Subsidiary companies	175,750	84,000
<b>Net cash generated from investing activities</b>	<b>183,192</b>	<b>89,453</b>
<b><u>Cash flows from financing activities</u></b>		
Purchase of treasury shares	-	(25,126)
Dividend paid	(61,332)	(55,519)
<b>Net cash used in financing activities</b>	<b>(61,332)</b>	<b>(80,645)</b>
<b>Net changes in cash and cash equivalents during the financial year</b>	<b>26,733</b>	<b>447</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>1,160</b>	<b>713</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>27,893</b>	<b>1,160</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>27,893</b>	<b>1,160</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021*

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

*Registration No: 199101002695 (213006-U)*

**NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

**Explanatory Notes pursuant to the Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM")**

**1. Basis of preparation**

The unaudited condensed financial statements for the financial year ended 30 June 2022 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company for the financial year ended 30 June 2021. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 30 June 2021.

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 2021 and modified for the adoption of the following Amendments to MFRSs applicable for financial year beginning on or after 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform - Phase 2'

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

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**2. Auditors' report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 30 June 2021 was not qualified.

**3. Comments about seasonal or cyclical factors**

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 30 June 2022.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 30 June 2022.

## **HLCB Q4 (30.06.2022)**

### **5. Change in estimate**

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 30 June 2022.

### **6. Debt and Equity Securities**

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 30 June 2022, other than as mentioned below.

#### Purchase of shares pursuant to ESOS

In accordance with MFRS 132 "Financial instruments: Presentation and Disclosure", the shares purchased for the benefit of the ESOS holdings are recorded as "Treasury Shares for ESOS" in equity on the statements of financial position.

Total shares held by ESOS Trust comprise 11,110,700 (30.06.2021: 11,110,700) shares in the Group costing RM31,157,101 (30.06.2021: RM31,157,101) inclusive of transaction costs, as at 30 June 2022.

### **7. Dividends paid**

On 30 August 2021, the Board of Directors declared a final single-tier dividend of 26.0 sen per share in respect of the financial year ended 30 June 2021. The final single-tier dividend of 26.0 sen amounting to RM61.3 million was paid on 16 November 2021.

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

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 June 2022.

### **9. Subsequent events**

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

HLCB Q4 (30.06.2022)

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

	The Group		The Company	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
<b>Money market instruments</b>				
Malaysian Government Securities	-	20,953	-	-
Malaysian Government Investment Issues	-	31,180	-	-
Negotiable instruments of deposits	-	398,979	-	-
Cagamas bonds	-	15,015	-	-
	-	466,127	-	-
<b>Quoted securities</b>				
In Malaysia:				
Shares	54,104	63,281	48,139	56,533
Unit trust investment	307,276	212,698	307,076	212,501
	361,380	275,979	355,215	269,034
<b>Unquoted securities</b>				
Corporate bond and/or sukuk	19,743	49,712	-	-
	381,123	791,818	355,215	269,034

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

	The Group	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	120,972	32,232
Malaysian Government Investment Issues	242,625	283,907
Cagamas bonds	69,603	75,488
	433,200	391,627
<b>Unquoted securities</b>		
Foreign currency bonds	70,227	105,169
Corporate bond and/or sukuk	753,213	854,024
	823,440	959,193
	1,256,640	1,350,820

**HLCB Q4 (30.06.2022)**

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

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

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2021	372	-	-	372
Allowances made	15	-	-	15
Amount written back	(18)	-	-	(18)
New financial assets originated or purchased	59	-	-	59
Financial assets derecognised	(261)	-	-	(261)
Exchange differences	(9)	-	-	(9)
At 30 June 2022	<b>158</b>	-	-	<b>158</b>
At 1 July 2020	341	-	-	341
Allowances made	37	-	-	37
Amount written back	(38)	-	-	(38)
New financial assets originated or purchased	148	-	-	148
Financial assets derecognised	(89)	-	-	(89)
Exchange differences	(27)	-	-	(27)
At 30 June 2021	<b>372</b>	-	-	<b>372</b>

**12. Financial investments at amortised cost**

	<b>The Group</b>	
	<b>As at 30/06/2022 RM'000</b>	<b>As at 30/06/2021 RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	626,305	462,996
Malaysian Government Investment Issues	585,104	515,821
	<b>1,211,409</b>	978,817
<b>Unquoted securities</b>		
Foreign currency bonds	-	16,639
Corporate bond and/or sukuk	39,033	63,842
	<b>39,033</b>	80,481
Less: Expected credit losses	-	(12)
	<b>1,250,442</b>	1,059,286

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

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

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2021	12	-	-	12
Financial assets derecognised	(12)	-	-	(12)
At 30 June 2022	-	-	-	-
At 1 July 2020	15	-	-	15
Amount written back	(1)	-	-	(1)
Exchange differences	(2)	-	-	(2)
At 30 June 2021	12	-	-	12

**13. Loans and advances**

	<b>The Group</b>	
	<b>As at 30/06/2022 RM'000</b>	<b>As at 30/06/2021 RM'000</b>
Term loan financing	64,536	41,986
Share margin financing	329,373	294,054
Staff loans	30	37
Other loans	128	265
Gross loans and advances	394,067	336,342
Less: Expected credit losses	(347)	(583)
Net loans and advances	393,720	335,759
<b>a. <u>By type of customer</u></b>		
Domestic non-bank financial institutions		
- Others	30,060	-
Domestic business enterprises		
- Small and medium enterprises	60,626	60,590
- Others	77,956	90,417
Individuals	222,711	181,065
Foreign entities	2,714	4,270
Gross loans and advances	394,067	336,342
<b>b. <u>By interest rate sensitivity</u></b>		
Fixed rate		
- Staff housing loans	30	37
- Other fixed rate loan	128	265
Variable rate		
- Cost plus	393,909	336,040
Gross loans and advances	394,067	336,342

## 13. Loans and advances (continued)

	The Group	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
<b>c. <u>By residual contractual maturity</u></b>		
Maturity within one year	303,766	322,201
More than one year to three years	36,289	-
More than three years to five years	-	8,163
More than five years	54,012	5,978
Gross loans and advances	<u>394,067</u>	<u>336,342</u>
<b>d. <u>By geographical distribution</u></b>		
Malaysia	<u>394,067</u>	<u>336,342</u>
<b>e. <u>By economic purpose</u></b>		
Purchase of securities	335,572	302,180
Working capital	28,277	33,860
Purchase of transport vehicles	-	126
Purchase of landed properties	158	176
Others	30,060	-
Gross loans and advances	<u>394,067</u>	<u>336,342</u>
<b>f. Impaired loans and advances</b>		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	265	6,522
Impaired during the financial year	12	-
Amount written-back during the financial year	(87)	(6,257)
Amount written-off during the financial year	(62)	-
At 30 June	<u>128</u>	<u>265</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>128</u>	<u>265</u>
(iii) <u>By economic purpose</u>		
Purchase of transport vehicles	-	126
Purchase of landed properties	128	139
Gross impaired loans and advances	<u>128</u>	<u>265</u>



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

g. Movements in expected credit losses are as follows:

<b>The Group</b>	<b>12 Months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total ECL</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	
	<b>(Stage 1)</b>	<b>(Stage 2)</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2021	<b>263</b>	<b>194</b>	<b>126</b>	<b>583</b>
Transferred to Stage 1	<b>144</b>	<b>(29)</b>	<b>(115)</b>	<b>-</b>
Transferred to Stage 2	<b>(22)</b>	<b>22</b>	<b>-</b>	<b>-</b>
New financial assets originated	<b>11</b>	<b>10</b>	<b>-</b>	<b>21</b>
Financial assets derecognised	<b>(4)</b>	<b>-</b>	<b>(80)</b>	<b>(84)</b>
Allowance made	<b>188</b>	<b>-</b>	<b>115</b>	<b>303</b>
Allowance written-back	<b>(270)</b>	<b>(160)</b>	<b>-</b>	<b>(430)</b>
Allowance written-off	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>(46)</b>
At 30 June 2022	<b>310</b>	<b>37</b>	<b>-</b>	<b>347</b>
At 1 July 2020	656	1	2,978	3,635
Transferred to Stage 1	223	(13)	(210)	-
Transferred to Stage 2	(13)	2,342	(2,329)	-
New financial assets originated	12	1	-	13
Financial assets derecognised	(3)	-	-	(3)
Allowance made	105	79	2	186
Allowance written-back	(717)	(2,216)	(315)	(3,248)
At 30 June 2021	263	194	126	583

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

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Performing accounts	<b>314,413</b>	200,673
Impaired accounts	<b>2,861</b>	5,247
	<b>317,274</b>	205,920
Less: Expected credit losses	<b>(998)</b>	(1,188)
	<b>316,276</b>	204,732

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15. Other assets

	The Group		The Company	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
Amount due from related companies	117	3	114	-
Deposits and prepayments	9,560	13,228	27	24
Fee income receivable	10,930	5,202	-	-
Cash collaterals pledged for derivative transactions	10,120	7,227	-	-
Treasury related receivables	-	20,624	-	-
Other receivables	12,045	13,554	192	195
Manager's stocks and consumables	275	364	-	-
	<b>43,047</b>	<b>60,202</b>	<b>333</b>	<b>219</b>
Less: Expected credit losses	(1,970)	(1,942)	-	-
	<b>41,077</b>	<b>58,260</b>	<b>333</b>	<b>219</b>

16. Deposits from customers

	The Group	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
a. <u>By type of deposits</u>		
Fixed deposits	<b>759,636</b>	701,538
b. <u>By type of customer</u>		
Government and statutory bodies	553,869	530,754
Business enterprises	192,248	157,569
Individuals	13,519	13,215
	<b>759,636</b>	<b>701,538</b>
c. The maturity structure of fixed deposits are as follows:		
Due within:		
- six months	758,405	701,538
- six months to one year	1,231	-
	<b>759,636</b>	<b>701,538</b>

17. Deposits and placements of banks and other financial institutions

	The Group	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
Licensed banks	264,951	209,916
Licensed investment banks	22,067	101,016
Other financial institutions	1,620,217	1,738,490
	<b>1,907,235</b>	<b>2,049,422</b>

## 18. Derivative financial assets/(liabilities)

<b>The Group</b>	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>30/06/2022</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	3,303,000	31,048	(16,729)
- Futures	149,897	236	(1,061)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,340,695	5,249	(8,601)
- Foreign currency forwards	175,960	931	(194)
(iii) Equity related contracts:			
- Call option	200	50	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	879	(120)
	<u>5,039,752</u>	<u>38,393</u>	<u>(26,705)</u>
<b>30/06/2021</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	3,515,000	26,970	(38,673)
- Cross currency swaps	82,995	2,791	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,048,158	2,814	(238)
- Foreign currency forwards	311,456	1,812	(501)
- Foreign currency spot	23,611	23	-
(iii) Equity related contracts:			
- Call option	200	84	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(1,644)
	<u>5,051,420</u>	<u>34,494</u>	<u>(41,056)</u>

19. Other liabilities

	The Group		The Company	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
Amount due to holding company	122	232	13	29
Amount due to related companies	660	734	-	11
Remisiers' trust deposits	14,605	16,392	-	-
Treasury related payables	20,317	42,465	-	-
Advance payments received for corporate exercise	65,383	-	-	-
Other payables and accrued liabilities	111,053	88,302	1,093	1,481
Post employment benefits obligation				
- defined contribution plan	221	218	-	-
	<b>212,361</b>	<b>148,343</b>	<b>1,106</b>	<b>1,521</b>

20. Subordinated obligations

	The Group	
	As at 30/06/2022 RM'000	As at 30/06/2021 RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	197	197
	<b>100,197</b>	<b>100,197</b>
Less: Unamortised discounts	(4)	(5)
	<b>100,193</b>	<b>100,192</b>

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

Subsequently, on 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

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21a. Interest income

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
Loan and advances	4,290	3,452	16,484	14,302
Money at call and deposits placements with banks and other financial institutions	805	543	1,786	5,018
Financial investments at FVOCI	9,750	8,736	40,653	35,464
Financial investments at amortised cost	8,402	8,255	33,625	31,157
Others	4,152	4,450	16,347	17,126
Total interest income	<u>27,399</u>	<u>25,436</u>	<u>108,895</u>	<u>103,067</u>
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	<u>5</u>	<u>4</u>	<u>23</u>	<u>13</u>

21b. Interest income for financial assets at FVTPL

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
Financial assets at FVTPL	<u>5,156</u>	<u>8,120</u>	<u>23,989</u>	<u>37,423</u>

22. Interest expense

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	1,486	1,095	4,836	5,120
Deposits from customers	11,148	8,891	44,029	38,982
Derivative financial instruments	5,437	9,909	28,578	41,500
Subordinated obligations	1,054	1,055	4,231	4,232
Lease liabilities	202	224	812	1,009
Others	67	9	599	6
Total interest expense	<u>19,394</u>	<u>21,183</u>	<u>83,085</u>	<u>90,849</u>

## 23. Non-interest income

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
(a) <b>Fee income:</b>				
Fee on loans and advances	1	253	341	494
Arranger fees	30	823	1,503	3,856
Placement fees	4,824	372	8,973	13,726
Corporate advisory fees	4,995	1,942	9,970	6,626
Underwriting Commission	740	-	1,343	129
Brokerage commissions	11,448	24,326	67,241	135,265
Commission from futures contracts	163	165	908	821
Unit trust fee income	11,974	15,741	58,104	57,269
Other fee income	1,205	1,341	4,743	8,062
	<u>35,380</u>	<u>44,963</u>	<u>153,126</u>	<u>226,248</u>
(b) <b>Net income from securities:</b>				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	(3,258)	(1,570)	(5,423)	9,539
- Financial investments at FVOCI	(7,130)	(2,342)	(6,364)	12,931
- Derivative financial instruments	23,881	1,866	35,400	(27,187)
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(3,343)	1,392	(10,085)	(4,451)
- Derivative financial instruments	(832)	(1,441)	14,023	19,532
Dividend income from:				
- Financial assets at FVTPL	2,262	1,461	8,652	6,314
Net unrealised loss on fair value changes arising from fair value hedges	(500)	(431)	(2,166)	(2,068)
	<u>11,080</u>	<u>(1,065)</u>	<u>34,037</u>	<u>14,610</u>
(c) <b>Other income</b>				
Gain on disposal of property and equipment	35	-	35	-
Foreign exchange (loss)/gain	(13,090)	116	(14,236)	23,830
Other non-operating income	66	538	599	1,296
	<u>(12,989)</u>	<u>654</u>	<u>(13,602)</u>	<u>25,126</u>
Total non-interest income	<u>33,471</u>	<u>44,552</u>	<u>173,561</u>	<u>265,984</u>
<b>The Company</b>				
(a) <b>Net income from securities:</b>				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	(405)	(623)	2,522	4,534
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(4,654)	(187)	(9,440)	533
Dividend income from:				
- Financial assets at FVTPL	2,242	1,344	7,442	5,453
- Subsidiary companies	19,000	18,000	175,750	84,000
	<u>16,183</u>	<u>18,534</u>	<u>176,274</u>	<u>94,520</u>
(b) <b>Other income</b>				
Foreign exchange loss	-	-	-	(47)
Other income	(1)	166	477	856
Total non-interest income	<u>16,182</u>	<u>18,700</u>	<u>176,751</u>	<u>95,329</u>

## 24. Overhead expenses

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	12,329	17,919	69,264	83,212
- Others	10,928	3,234	13,838	12,466
	<b>23,257</b>	<b>21,153</b>	<b>83,102</b>	<b>95,678</b>
Establishment costs				
- Depreciation of property and equipment	1,119	937	4,036	3,628
- Amortisation of intangible assets	522	364	1,884	1,528
- Depreciation of ROU assets	1,020	1,006	3,982	3,999
- Rental of premises	23	26	142	97
- Information technology expenses	2,479	2,484	9,279	9,483
- Others	579	729	2,998	2,828
	<b>5,742</b>	<b>5,546</b>	<b>22,321</b>	<b>21,563</b>
Marketing expenses				
- Advertisement and publicity	438	486	836	653
- Entertainment and business improvement	277	92	1,022	531
- Others	45	19	110	121
	<b>760</b>	<b>597</b>	<b>1,968</b>	<b>1,305</b>
Administration and general expenses				
- Management fees	954	1,367	5,100	7,282
- Communication expenses	278	313	1,122	1,344
- Property and equipment written off	5	-	5	22
- Auditors' remuneration				
- Statutory audit	38	203	389	472
- Regulatory related fee	54	46	62	54
- Tax compliance fee	31	33	31	33
- Other fees	-	120	-	120
- Legal and professional fees	656	758	1,485	3,061
- Others	2,556	2,591	11,256	10,663
	<b>4,572</b>	<b>5,431</b>	<b>19,450</b>	<b>23,051</b>
Total overhead expenses	<b>34,331</b>	<b>32,727</b>	<b>126,841</b>	<b>141,597</b>
<b>The Company</b>				
Personnel costs				
- Salaries, bonuses and allowances	-	-	-	-
- Others	51	81	201	219
	<b>51</b>	<b>81</b>	<b>201</b>	<b>219</b>
Establishment costs				
- Information technology expenses	-	6	1	25
- Others	14	13	51	46
	<b>14</b>	<b>19</b>	<b>52</b>	<b>71</b>

## 24. Overhead expenses (continued)

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/6/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/6/2021 RM'000
<b>The Company</b> (continued)				
Administration and general expenses				
- Management fees	(48)	28	94	504
- Communication expenses	1	1	25	8
- Auditors' remuneration				
- Statutory audit	20	20	79	79
- Regulatory related fee	3	3	11	11
- Legal and professional fees	1	3	22	22
- Others	288	188	791	589
	<u>265</u>	<u>243</u>	<u>1,022</u>	<u>1,213</u>
Total overhead expenses	<u>330</u>	<u>343</u>	<u>1,275</u>	<u>1,503</u>

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

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
Expected credit losses				
- Loans and advances	26	198	190	3,052
- Loans and advances commitments	1	-	-	-
Impaired loans and advances written-off	-	-	(16)	(26)
	<u>27</u>	<u>198</u>	<u>174</u>	<u>3,026</u>

## 26. Write-back of/(allowance for) impairment losses on financial investments and other financial assets

	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000
<b>The Group</b>				
(a) Financial investments				
(i) Financial investments at FVOCI	205	37	214	(31)
(ii) Financial investments at amortised cost	-	3	12	3
	<u>205</u>	<u>40</u>	<u>226</u>	<u>(28)</u>
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	(39)	(92)	190	838
- Impaired clients' and brokers' balances recovered	-	-	91	-
(ii) Other assets	(50)	6	(28)	(514)
	<u>(89)</u>	<u>(86)</u>	<u>253</u>	<u>324</u>
	<u>116</u>	<u>(46)</u>	<u>479</u>	<u>296</u>



27. Commitments and contingencies

	As at 30/06/2022 Principal Amount RM'000	As at 30/06/2021 Principal Amount RM'000
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	7,140	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Over one year	-	30,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	919,747	911,550
	<u>927,887</u>	<u>942,550</u>
<b>Derivative financial instruments</b>		
Interest rate related contracts:		
- One year or less	1,019,897	1,592,995
- Over one year to five years	2,503,000	2,075,000
Foreign exchange related contracts		
- One year or less	1,516,655	1,383,225
Equity related contracts		
- Over one year to five years	200	200
	<u>5,039,752</u>	<u>5,051,420</u>
	<u>5,967,639</u>	<u>5,993,970</u>

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

**28. Fair value of financial instruments**

Determination of fair value and fair value hierarchy

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active market where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities, unit trust investments and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

<b>The Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.06.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	<b>361,380</b>	<b>19,743</b>	-	<b>381,123</b>
- Money market instruments	-	-	-	-
- Quoted securities	<b>361,380</b>	-	-	<b>361,380</b>
- Unquoted securities	-	<b>19,743</b>	-	<b>19,743</b>
Financial investments at FVOCI	-	<b>1,256,640</b>	-	<b>1,256,640</b>
- Money market instruments	-	<b>433,200</b>	-	<b>433,200</b>
- Unquoted securities	-	<b>823,440</b>	-	<b>823,440</b>
Derivative financial assets	-	<b>38,393</b>	-	<b>38,393</b>
	<b>361,380</b>	<b>1,314,776</b>	-	<b>1,676,156</b>

**HLCB Q4 (30.06.2022)****28. Fair value of financial instruments (continued)**Determination of fair value and fair value hierarchy (continued)

<b>The Group</b> <b>30.06.2022</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	<b>26,705</b>	-	<b>26,705</b>
<b>30.06.2021</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	275,979	515,839	-	791,818
- Money market instruments	-	466,127	-	466,127
- Quoted securities	275,979	-	-	275,979
- Unquoted securities	-	49,712	-	49,712
Financial investments at FVOCI	-	1,350,820	-	1,350,820
- Money market instruments	-	391,627	-	391,627
- Unquoted securities	-	959,193	-	959,193
Derivative financial assets	-	34,494	-	34,494
	275,979	1,901,153	-	2,177,132
<b>Financial liability</b>				
Derivative financial liabilities	-	41,056	-	41,056
<b>The Company</b>				
<b>30.06.2022</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	<b>355,215</b>	-	-	<b>355,215</b>
<b>30.06.2021</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	269,034	-	-	269,034

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

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

	<b>The Group</b>	
	<b>30/06/2022</b>	<b>30.06.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
At 1 July	-	1,432
Disposed during the financial year	-	(1,432)
At 30 June	-	-

29. Capital adequacy

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

	<b>HLIB</b> <b>30/06/2022</b>	<b>HLIB</b> <b>30/06/2021</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	<b>39.445%</b>	50.575%
Tier 1 capital ratio	<b>39.445%</b>	50.575%
Total capital ratio	<b>50.437%</b>	61.409%
<b>After deducting proposed dividends: <sup>(1)</sup></b>		
CET1 capital ratio	<b>35.367%</b>	34.419%
Tier 1 capital ratio	<b>35.367%</b>	34.419%
Total capital ratio	<b>46.359%</b>	45.253%

Note:

<sup>(1)</sup> Proposed dividends of RM38,940,000 (30.06.2021: RM156,750,000).

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

	<b>HLIB</b> <b>30/06/2022</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2021</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	<b>252,950</b>	252,950
Retained profits	<b>287,881</b>	389,376
Other reserves	<b>(19,792)</b>	3,364
Less: goodwill and intangibles	<b>(33,638)</b>	(31,745)
Less: deferred tax assets	<b>(110,559)</b>	(121,199)
Less: investment in subsidiary companies	<b>(200)</b>	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	<b>-</b>	(1,850)
Total CET1 capital	<b>376,642</b>	490,696
<b>Tier 1 capital</b>		
	<b>376,642</b>	490,696
<b>Tier 2 capital</b>		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>4,952</b>	5,115
Subordinated obligations	<b>100,000</b>	100,000
Total Tier 2 capital	<b>104,952</b>	105,115
Total capital	<b>481,594</b>	595,811

Note:

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

**29. Capital adequacy (continued)**

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

	<b>HLIB</b>	<b>HLIB</b>
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>396,120</b>	409,205
Market risk	<b>217,123</b>	248,108
Operational risk	<b>341,603</b>	312,925
	<b><u>954,846</u></b>	<b><u>970,238</u></b>

**30. Segmental reporting**

(a) Segment information by activities for the financial year ended 30 June 2022:

<b>The Group</b>	<b>Investment banking and stockbroking RM'000</b>	<b>Fund management and unit trust management RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>30 June 2022</b>					
<b>Net income</b>					
Net interest income	49,120	591	88	-	49,799
Non interest income	114,150	58,196	176,945	(175,730)	173,561
Total net income	<u>163,270</u>	<u>58,787</u>	<u>177,033</u>	<u>(175,730)</u>	<u>223,360</u>
<b>Results</b>					
Profit from operations	72,139	25,152	175,611	(175,730)	97,172
Taxation					<u>(24,709)</u>
Profit after taxation					<u>72,463</u>
<b>30 June 2021</b>					
<b>Net income</b>					
Net interest income	49,105	439	97	-	49,641
Non interest income	197,704	57,322	95,531	(84,573)	265,984
Total net income	<u>246,809</u>	<u>57,761</u>	<u>95,628</u>	<u>(84,573)</u>	<u>315,625</u>
<b>Results</b>					
Profit from operations	143,248	24,712	93,963	(84,573)	177,350
Taxation					<u>25,937</u>
Profit after taxation					<u>203,287</u>

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

**31. Property and equipment**

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2021.

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

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

**33. Capital commitments**

Capital commitments for the purchase of property and equipment as at 30 June 2022 is RM3.1 million.

**34. Related party transactions**

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms' length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders' Mandate for recurrent related party transactions obtained at a general meeting.

## HLCB Q4 (30.06.2022)

### Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

#### 1. Performance review

##### (a) Current financial quarter under review against previous corresponding financial quarter

	The Group		Variance	
	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	RM'000	%
Net income	46,632	56,925	(10,293)	-18.1%
Profit before tax	12,444	24,350	(11,906)	-48.9%
Profit after tax	8,199	70,912	(62,713)	-88.4%
Profit attributable to equity holders of the Company	8,199	70,912	(62,713)	-88.4%

The group recorded a 48.9% lower profit before tax ("PBT") of RM12.4 million for the 4th quarter ended 30 June 2022 as compared to RM24.4 million recorded in the previous year's corresponding quarter.

Lower PBT mainly contributed by lower non-interest income earned (-24.9%).

The performance of the respective operating business segments for the 4th quarter ended 30 June 2022 as compared to the previous year corresponding quarter is analysed as follows:-

	The Group		Variance	
	Current quarter ended 30/06/2022 RM'000	Last year quarter ended 30/06/2021 RM'000	RM'000	%
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	12,078	18,510	(6,432)	-34.7%
Fund management and unit trust management	3,399	5,421	(2,022)	-37.3%
Investment holding and others	(3,033)	419	(3,452)	>-100.0%
	<u>12,444</u>	<u>24,350</u>	<u>(11,906)</u>	<u>-48.9%</u>

Investment banking and stockbroking - lower PBT by RM6.4 million (-34.7%) due to lower profit contribution from its stockbroking division in current quarter.

Fund management and unit trust management - PBT decreased by RM2.0 million (-37.3%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT decreased by RM3.5 million (>-100.0%) mainly due to higher unrealised loss on revaluation of financial assets at FVTPL.



## HLCB Q4 (30.06.2022)

### 1. Performance review (continued)

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

	The Group		Variance	
	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000	RM'000	%
Net income	223,360	315,625	(92,265)	-29.2%
Profit before tax	97,172	177,350	(80,178)	-45.2%
Profit after tax	72,463	203,287	(130,824)	-64.4%
Profit attributable to equity holders of the Company	72,463	203,287	(130,824)	-64.4%

The group recorded a lower PBT of RM97.2 million for the financial year ended 30 June 2022 as compared to RM177.4 million recorded in the previous financial year.

Lower PBT mainly due to lower non-interest income earned (-34.7%).

The performance of the respective operating business segments for the twelve months ended 30 June 2022 as compared to the previous financial year is analysed as follows:-

	The Group		Variance	
	Current year to date 30/06/2022 RM'000	Last year to date 30/06/2021 RM'000	RM'000	%
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	72,139	143,248	(71,109)	-49.6%
Fund management and unit trust management	25,152	24,712	440	1.8%
Investment holding and others	(119)	9,390	(9,509)	>-100.0%
	<u>97,172</u>	<u>177,350</u>	<u>(80,178)</u>	<u>-45.2%</u>

Investment banking and stockbroking - Lower PBT by RM71.1 million (-49.6%) mainly attributed to lower profit contribution from both its stockbroking division and investment banking division.

Fund management and unit trust management - PBT increased by RM0.4 million (1.8%) mainly due to higher net contribution from management fee income.

Investment holding and others - PBT decreased by RM9.5 million (>-100.0%) mainly due to unrealised loss on revaluation of financial assets at FVTPL.

## HLCB Q4 (30.06.2022)

### 1. Performance review (continued)

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

	The Group		Variance	
	Current quarter ended 30/06/2022 RM'000	Preceding quarter ended 31/03/2022 RM'000	RM'000	%
	Net income	46,632	54,397	(7,765)
Profit before tax	12,444	26,536	(14,092)	-53.1%
Profit after tax	8,199	19,984	(11,785)	-59.0%
Profit attributable to equity holders of the Company	8,199	19,984	(11,785)	-59.0%

For the financial quarter ended 30 June 2022, the Group reported a lower PBT of RM12.4 million as compared to RM26.5 million in the preceding financial quarter ended 31 March 2022. The lower PBT was mainly due to lower non-interest income earned (-19.2%) and higher overhead expenses incurred (22.7%).

The performance of the respective operating business segments for the three months ended 30 June 2022 as compared to the preceding quarter is analysed as follows:-

Profit before tax by segments:	The Group		Variance	
	Current quarter ended 30/06/2022 RM'000	Preceding quarter ended 31/03/2022 RM'000	RM'000	%
	Investment banking and stockbroking	12,078	20,195	(8,117)
Fund management and unit trust management	3,399	6,167	(2,768)	-44.9%
Investment holding and others	(3,033)	174	(3,207)	>-100.0%
	<u>12,444</u>	<u>26,536</u>	<u>(14,092)</u>	<u>-53.1%</u>

Investment banking and stockbroking - lower PBT by RM8.1 million (-40.2%) mainly due to lower profit contribution from both its stockbroking division and investment banking division.

Fund management and unit trust management - PBT decreased by RM2.8 million (-44.9%) mainly due to lower net contribution from management fee income in current quarter.

Investment holding and others - PBT decreased by RM3.2 million (>-100.0%) mainly due to higher unrealised loss on revaluation of financial assets at FVTPL.

## HLCB Q4 (30.06.2022)

### 2. Prospects for 2022

In the second half of FY2022, the global economy was confronted with renewed difficulties. Geopolitical tensions escalated between Russia and Ukraine, resulting in a military conflict that intensified pre-existing strains from the pandemic, such as disruptions to global supply chains and spikes in food and energy prices. To address the persistent and rising inflationary pressures, central banks around the world have begun to remove policy accommodation at a quicker pace, risking a sharper slowdown in global growth.

Back at home, social and economic restrictions continued to loosen. Notwithstanding the rising external headwinds, domestic growth prospects have improved following the nation's transition to endemicity, reopening of international borders and improvement in labour market conditions. Consequently, as Malaysia's recovery is on a stronger footing, Bank Negara Malaysia began to normalise monetary conditions by raising the Overnight Policy Rate by 25 basis points in May 2022 to 2.00% and another 25 basis points in July 2022 to 2.25% from the record low rate of 1.75%.

The Group will continue to remain prudent and exercise vigilance as we strive to improve business performance amid continued uncertainty in the operating environment.

### 3. Variance in profit forecast and shortfall in profit guarantee

The Group had not entered into any scheme that requires it to present forecast results or guarantee any profits.

### 4. Taxation

	Financial quarter ended		Financial period ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	208	1,554	6,286	7,653
- Over provision in prior years	-	(73)	(22)	(79)
Deferred taxation	4,037	(48,043)	18,445	(33,511)
	<u>4,245</u>	<u>(46,562)</u>	<u>24,709</u>	<u>(25,937)</u>

### 5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the latest practicable date which was not earlier than 7 days from the issue of this report.

**6. Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 June 2022:

<b>The Group</b>	<b>Principal amount RM'000</b>	<b>Fair Value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Interest rate related contracts			
(i) Less than 1 year	1,019,897	2,945	(3,249)
(ii) 1 year to 3 years	1,803,000	17,392	(8,892)
(iii) More than 3 years	700,000	11,826	(5,769)
Foreign exchange related contracts			
(i) Less than 1 year	1,516,655	6,180	(8,795)
Equity related contracts			
(i) More than 3 years	200	50	-
	<b>5,039,752</b>	<b>38,393</b>	<b>(26,705)</b>

The above contracts are subject to credit risk and market risk.

**Credit risk**

Credit risk arises when counterparties to derivatives contracts are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to credit risk.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

**Related accounting policies**

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

Fair value hedge

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

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### 7. Group borrowings and debt securities

The Group Unsecured	More than 1 year		Less than 1 year		Sub-total		Total RM'000
	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	
<b>As at 30 June 2022</b>							
RM100.0 million Tier 2 subordinated notes	-	<b>99,996</b>	-	<b>197</b>	-	<b>100,193</b>	<b>100,193</b>
<b>As at 30 June 2021</b>							
RM100.0 million Tier 2 subordinated notes	-	99,995	-	197	-	100,192	100,192

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

On 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

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### 8. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

### 9. Dividends

A final single-tier dividend of 19.0 sen per share has been declared for the current quarter.

Amount per share:	19.0 sen
Previous corresponding quarter:	26.0 sen
Payment date:	To be announced later
Entitlement date:	To be announced later

### 10. Earnings per share

#### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Financial quarter ended		Financial period ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
<b>The Group</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>8,199</b>	70,912	<b>72,463</b>	203,287
Weighted average number of ordinary shares in issue ('000):	<b>235,785</b>	235,785	<b>235,785</b>	237,698
Basic earnings per share (sen)	<b>3.5</b>	30.1	<b>30.7</b>	85.5
<b>The Company</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>15,953</b>	18,481	<b>174,780</b>	92,578
Weighted average number of ordinary shares in issue ('000):	<b>235,890</b>	235,890	<b>235,890</b>	237,803
Basic earnings per share (sen)	<b>6.8</b>	7.8	<b>74.1</b>	38.9

#### (b) Fully diluted earnings per share

There is no diluted earnings per share as the Group and the Company have no category of dilutive potential ordinary shares outstanding as at 30 June 2022 and 30 June 2021.

Dated this 30 August 2022.