

HONG LEONG INVESTMENT BANK BERHAD
Registration No. 197001000928 (10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	The Group		The Bank	
		As at	As at	As at	As at
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		293,334	251,447	291,918	251,259
Deposits and placements with banks and other financial institutions		130,012	100,021	130,012	100,021
Financial assets at fair value through profit or loss ("FVTPL")	8	275,700	26,496	275,496	26,297
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,838,115	1,256,640	1,838,115	1,256,640
Financial investments at amortised cost	10	1,138,237	1,250,442	1,138,237	1,250,442
Derivative financial assets	17	67,036	38,393	67,036	38,393
Loans and advances	11	409,817	393,720	409,817	393,720
Clients' and brokers' balances	12	132,829	103,077	132,829	103,077
Other assets	13	32,708	32,173	32,705	32,145
Statutory deposits with Bank Negara Malaysia		52,350	-	52,350	-
Investment in subsidiaries		-	-	200	200
Deferred tax assets		96,878	110,559	96,878	110,559
Property and equipment	14	4,309	7,623	4,309	7,623
Right-of-use ("ROU") assets		11,739	14,589	11,739	14,589
Intangible assets - computer software		4,950	4,652	4,950	4,652
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		4,517,000	3,618,818	4,515,577	3,618,603
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	703,676	759,636	703,676	759,636
Deposits and placements of banks and other financial institutions	16	2,858,234	1,907,235	2,858,234	1,907,235
Derivative financial liabilities	17	54,074	26,705	54,074	26,705
Clients' and brokers' balances		119,653	76,502	119,653	76,502
Lease liabilities		11,271	13,901	11,271	13,901
Provision for tax		7	-	-	-
Other liabilities	18	126,338	201,169	125,264	201,244
Subordinated obligations	19	100,195	100,193	100,195	100,193
TOTAL LIABILITIES		3,973,448	3,085,341	3,972,367	3,085,416
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		290,602	280,527	290,260	280,237
TOTAL EQUITY		543,552	533,477	543,210	533,187
TOTAL EQUITY AND LIABILITIES		4,517,000	3,618,818	4,515,577	3,618,603
COMMITMENTS AND CONTINGENCIES					
	27	8,278,632	5,967,639	8,278,632	5,967,639
Net assets per ordinary share (RM)		3.29	3.23	3.29	3.23

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended	quarter ended	year to date	year to date
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	35,379	27,192	131,677	108,150
Interest income for financial assets at FVTPL	20b	5,144	5,156	22,110	23,989
Interest expense	21	(28,075)	(19,362)	(101,659)	(82,954)
Net interest income		12,448	12,986	52,128	49,185
Non-interest income	22	19,843	24,175	92,044	114,344
Net income		32,291	37,161	144,172	163,529
Overhead expenses	23	(26,335)	(25,199)	(101,777)	(91,931)
Operating profit before allowances		5,956	11,962	42,395	71,598
(Allowance for)/write-back of impairment losses on loans and advances	24	(49)	27	9	174
Write-back of allowance for impairment losses on financial investments and other other financial assets	25	492	116	190	479
Profit before taxation		6,399	12,105	42,594	72,251
Taxation		(194)	(3,477)	(8,885)	(17,885)
Net profit for the financial year		6,205	8,628	33,709	54,366
Earnings per share (sen)					
- Basic		3.8	5.2	20.4	32.9
- Diluted		3.8	5.2	20.4	32.9

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

HONG LEONG INVESTMENT BANK BERHAD

Registration No. 197001000928 (10209-W)

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	6,205	8,628	33,709	54,366
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	1,240	(6,187)	20,127	(30,187)
- Net changes in expected credit losses	28	(205)	9	(214)
Income tax relating to net fair value changes on financial investments at FVOCI	(297)	1,485	(4,830)	7,245
Other comprehensive income/(expense) for the financial year, net of tax	971	(4,907)	15,306	(23,156)
Total comprehensive income for the financial year, net of tax	7,176	3,721	49,015	31,210

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

HONG LEONG INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended	quarter ended	year to date	year to date
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	35,355	27,182	131,577	108,085
Interest income for financial assets at FVTPL	20b	5,144	5,156	22,110	23,989
Interest expense	21	(28,075)	(19,362)	(101,659)	(82,954)
Net interest income		12,424	12,976	52,028	49,120
Non-interest income	22	19,841	24,126	92,043	114,150
Net income		32,265	37,102	144,071	163,270
Overhead expenses	23	(26,330)	(25,167)	(101,762)	(91,784)
Operating profit before allowances (Allowance for)/write-back of impairment		5,935	11,935	42,309	71,486
losses on loans and advances	24	(49)	27	9	174
Write-back of allowance for impairment losses on financial investments and other other financial assets	25	492	116	190	479
Profit before taxation		6,378	12,078	42,508	72,139
Taxation		(175)	(3,477)	(8,851)	(17,885)
Net profit for the financial year		6,203	8,601	33,657	54,254
Earnings per share (sen)					
- Basic		3.8	5.2	20.4	32.9
- Diluted		3.8	5.2	20.4	32.9

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	6,203	8,601	33,657	54,254
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	1,240	(6,187)	20,127	(30,187)
- Net changes in expected credit losses	28	(205)	9	(214)
Income tax relating to net fair value changes on financial investments at FVOCI	(297)	1,485	(4,830)	7,245
Other comprehensive income/(expense) for the financial year, net of tax	971	(4,907)	15,306	(23,156)
Total comprehensive income for the financial year, net of tax	7,174	3,694	48,963	31,098

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

HONG LEONG INVESTMENT BANK BERHAD

Registration No. 197001000928 (10209-W)

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<u>Attributable to owner of the parent</u>				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Group</u>					
At 1 July 2022	252,950	12,148	(19,792)	288,171	533,477
Net profit for the financial year	-	-	-	33,709	33,709
Other comprehensive income, net of tax	-	-	15,306	-	15,306
Total comprehensive income for the financial year	-	-	15,306	33,709	49,015
Transfer to regulatory reserve	-	2,281	-	(2,281)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 30 June 2023	252,950	14,429	(4,486)	280,659	543,552
At 1 July 2021	252,950	13,149	3,364	389,554	659,017
Net profit for the financial year	-	-	-	54,366	54,366
Other comprehensive expense, net of tax	-	-	(23,156)	-	(23,156)
Total comprehensive (expense)/income for the financial year	-	-	(23,156)	54,366	31,210
Transfer to regulatory reserve	-	(1,001)	-	1,001	-
Dividend paid	-	-	-	(156,750)	(156,750)
At 30 June 2022	252,950	12,148	(19,792)	288,171	533,477

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

HONG LEONG INVESTMENT BANK BERHAD

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**CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Non-distributable			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
<u>The Bank</u>					
At 1 July 2022	252,950	12,148	(19,792)	287,881	533,187
Net profit for the financial year	-	-	-	33,657	33,657
Other comprehensive income, net of tax	-	-	15,306	-	15,306
Total comprehensive income for the financial year	-	-	15,306	33,657	48,963
Transfer to regulatory reserve	-	2,281	-	(2,281)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 30 June 2023	252,950	14,429	(4,486)	280,317	543,210
At 1 July 2021	252,950	13,149	3,364	389,376	658,839
Net profit for the financial year	-	-	-	54,254	54,254
Other comprehensive expense, net of tax	-	-	(23,156)	-	(23,156)
Total comprehensive (expense)/income for the financial year	-	-	(23,156)	54,254	31,098
Transfer to regulatory reserve	-	(1,001)	-	1,001	-
Dividend paid	-	-	-	(156,750)	(156,750)
At 30 June 2022	252,950	12,148	(19,792)	287,881	533,187

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	The Group		The Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	42,594	72,251	42,508	72,139
Adjustments for non-cash items	(86,319)	(62,974)	(86,314)	(62,970)
Operating (loss)/profit before changes in working capital	(43,725)	9,277	(43,806)	9,169
Changes in working capital:				
Net changes in operating assets	(345,978)	547,519	(345,986)	547,533
Net changes in operating liabilities	863,411	(116,743)	862,262	(115,025)
Net income tax paid	(16)	(22)	-	-
Net cash generated from operating activities	473,692	440,031	472,470	441,677
Net cash used in investing activities	(354,786)	(73,291)	(354,792)	(73,293)
Net cash used in financing activities	(47,028)	(164,762)	(47,028)	(164,762)
Net changes in cash and cash equivalents	71,878	201,978	70,650	203,622
Cash and cash equivalents at beginning of financial year	351,468	149,490	351,280	147,658
Cash and cash equivalents at end of financial year	423,346	351,468	421,930	351,280
Cash and cash equivalents comprise:				
Cash and short term funds	293,334	251,447	291,918	251,259
Deposit and placements with bank and other financial institutions	130,012	100,021	130,012	100,021
	423,346	351,468	421,930	351,280

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

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial year ended 30 June 2023 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2022. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2022.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2022 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2022:

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

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 30 June 2023.

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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 30 June 2023.

6. Issuance and repayments

There were no other new shares issuance, no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 30 June 2023.

7. Dividends

There were no dividends paid during the financial quarter ended 30 June 2023.

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

	The Group		The Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	61,789	-	61,789	-
Malaysian Government Investment Issues	122,507	-	122,507	-
Negotiable instruments of deposits	49,885	-	49,885	-
	234,181	-	234,181	-
Quoted securities				
In Malaysia:				
Shares	6,542	6,554	6,542	6,554
Unit trust investment	204	199	-	-
	6,746	6,753	6,542	6,554
Unquoted securities				
Corporate bond and/or sukuk	34,773	19,743	34,773	19,743
	275,700	26,496	275,496	26,297

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EXPLANATORY NOTES

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

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	214,625	120,972
Malaysian Government Investment Issues	449,106	242,625
Cagamas bonds	85,085	69,603
	748,816	433,200
Unquoted securities		
Foreign currency bonds	72,512	70,227
Corporate bond and/or sukuk	1,016,787	753,213
	1,089,299	823,440
	1,838,115	1,256,640

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

	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
The Group and the Bank				
At 1 July 2022	158	-	-	158
Allowances made	8	-	-	8
Amount written back	(14)	-	-	(14)
New financial assets originated or purchased	40	-	-	40
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	167	-	-	167
At 1 July 2021	372	-	-	372
Allowances made	15	-	-	15
Amount written back	(18)	-	-	(18)
New financial assets originated or purchased	59	-	-	59
Financial assets derecognised	(261)	-	-	(261)
Exchange differences	(9)	-	-	(9)
At 30 June 2022	158	-	-	158

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EXPLANATORY NOTES

10. Financial investments at amortised cost

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	597,232	626,305
Malaysian Government Investment Issues	501,501	585,104
	1,098,733	1,211,409
Unquoted securities		
Corporate bond and/or sukuk	39,504	39,033
Less: Expected credit losses	-	-
	1,138,237	1,250,442

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

	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
The Group and the Bank				
At 1 July 2022/30 June 2023	-	-	-	-
At 1 July 2021	12	-	-	12
Financial assets derecognised	(12)	-	-	(12)
At 30 June 2022	-	-	-	-

11. Loans and advances

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Term loan financing	106,109	64,536
Share margin financing	303,898	329,373
Staff loans	22	30
Other loans	126	128
Gross loans and advances	410,155	394,067
Less: Expected credit losses	(338)	(347)
Total net loans and advances	409,817	393,720

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
(i) Gross loans and advances disbursed by type of customers		
Domestic non-bank financial institutions		
- Others	30,082	30,060
Domestic business enterprises		
- Small and medium enterprises	53,024	60,626
- Others	121,410	77,956
Individuals	200,679	222,711
Foreign entities	4,960	2,714
	410,155	394,067
(ii) Gross loans and advances analysed by interest rate sensitivity		
Variable rate	410,007	393,909
Fixed rate		
- Staff housing loans	22	30
- Other fixed rate loans	126	128
	410,155	394,067
(iii) Gross loans and advances analysed by residual contractual maturity		
Maturing within one year	374,785	352,548
One year to three years	30,022	36,121
Three years to five years	5,222	-
Over five years	126	5,398
	410,155	394,067
(iv) Loans and advances analysed by their economic purposes		
Working capital	5,226	28,277
Purchase of securities	374,699	335,572
Purchase of landed properties	148	158
Others	30,082	30,060
	410,155	394,067
(v) Gross loans and advances analysed by geographical distribution		
Malaysia	410,155	394,067
(vi) Impaired loans and advances		
(a) Movements in impaired loans and advances		
At 1 July	128	265
Impaired during the financial year	6	12
Amount written-back during the financial year	(8)	(87)
Amount written-off during the financial year	-	(62)
At 30 June	126	128

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
(vi) Impaired loans and advances (continued)		
(b) By economic purposes		
Purchase of landed properties	126	128

(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 2022	310	37	-	347
Transferred to Stage 1	20	(20)	-	-
Transferred to Stage 2	(17)	17	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(4)	-	-	(4)
Allowance made	105	14	-	119
Allowance written-back	(104)	(25)	-	(129)
At 30 June 2023	315	23	-	338
At 1 July 2021	263	194	126	583
Transferred to Stage 1	144	(29)	(115)	-
Transferred to Stage 2	(22)	22	-	-
New financial assets originated	11	10	-	21
Financial assets derecognised	(4)	-	(80)	(84)
Allowance made	188	-	115	303
Allowance written-back	(270)	(160)	-	(430)
Allowance written-off	-	-	(46)	(46)
At 30 June 2022	310	37	-	347

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EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Performing accounts	132,272	101,214
Impaired accounts	1,423	2,861
	133,695	104,075
Less: Expected credit losses	(866)	(998)
	132,829	103,077

13. Other assets

	The Group		The Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	3	14	-	-
Amount due from holding company	130	130	130	130
Deposits and prepayments	9,571	8,525	9,571	8,525
Fee income receivables	9,100	10,930	9,100	10,930
Collaterals pledged for derivative transactions	9,651	10,120	9,651	10,120
Other receivables	5,638	4,424	5,638	4,410
	34,093	34,143	34,090	34,115
Less: Expected credit losses	(1,385)	(1,970)	(1,385)	(1,970)
	32,708	32,173	32,705	32,145

14. Valuation of property and equipment

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

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15. Deposits from customers

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Fixed Deposit	703,676	759,636
(i) The deposits are sourced from the following customers:		
Government & statutory bodies	440,357	553,869
Business enterprises	250,563	192,248
Individuals	12,756	13,519
	703,676	759,636
(ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	703,676	758,405
- six months to one year	-	1,231
	703,676	759,636

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Licensed banks	449,219	264,951
Licensed investment banks	132,865	22,067
Other financial institutions	2,276,150	1,620,217
	2,858,234	1,907,235

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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
30.06.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,270,000	23,444	(13,793)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	2,914,410	42,691	(40,058)
- foreign currency forwards	175,559	879	(223)
(iii) Equity related contracts:			
- Call options	200	22	-
	7,360,169	67,036	(54,074)
30.06.2022			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,303,000	31,048	(16,729)
- futures	149,897	236	(1,061)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,340,695	5,249	(8,601)
- foreign currency forwards	175,960	931	(194)
(iii) Equity related contracts:			
- Call options	200	50	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	879	(120)
	5,039,752	38,393	(26,705)

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18. Other liabilities

	The Group		The Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	-	80	-	80
Amount due to related companies	19	577	16	574
Remisiers' trust deposits	13,893	14,605	13,893	14,605
Treasury related payables	14,782	20,317	14,782	20,317
Advance payments received for corporate exercise	8,108	65,383	8,108	65,383
Other payables and accrued liabilities	89,314	99,986	88,243	100,064
Provision for post employment benefits	222	221	222	221
	126,338	201,169	125,264	201,244

19. Subordinated obligations

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	197	197
	100,197	100,197
Less: Unamortised discounts	(2)	(4)
	100,195	100,193

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

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

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

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

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20a. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,326	4,290	19,404	16,484
Money at call and deposit placements with financial institutions	430	598	2,605	1,041
Financial investments at FVOCI	13,868	9,750	48,019	40,653
Financial investments at amortised cost	8,184	8,402	33,157	33,625
Others	7,571	4,152	28,492	16,347
Total interest income	35,379	27,192	131,677	108,150

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,326	4,290	19,404	16,484
Money at call and deposit placements with financial institutions	406	588	2,505	976
Financial investments at FVOCI	13,868	9,750	48,019	40,653
Financial investments at amortised cost	8,184	8,402	33,157	33,625
Others	7,571	4,152	28,492	16,347
Total interest income	35,355	27,182	131,577	108,085

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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	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	5,144	5,156	22,110	23,989

21. Interest expense

	Individual Quarter		The Group and the Bank Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,540	1,486	22,626	4,836
Deposits from customers	18,753	11,148	65,344	44,029
Derivative financial instruments	1,478	5,437	8,413	28,578
Subordinated obligations	1,055	1,054	4,232	4,231
Lease liabilities	139	170	601	681
Others	110	67	443	599
	28,075	19,362	101,659	82,954

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22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.06.2023 RM'000	Last year quarter ended 30.06.2022 RM'000	Current year to date 30.06.2023 RM'000	Last year to date 30.06.2022 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	546	4,995	5,006	9,970
Arranger fees	2,324	30	2,740	1,503
Underwriting commissions	-	740	854	1,343
Placement fees	833	4,824	10,238	8,973
Brokerage income	10,641	11,448	44,721	67,241
Fees on loans and advances	256	1	1,009	341
Commission from future contracts	215	163	913	908
Other fee income	964	1,206	5,555	4,743
	15,779	23,407	71,036	95,022
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	120	(2,854)	(1,650)	(7,945)
- financial investments at FVOCI	1,304	(7,130)	3,826	(6,364)
- derivative financial instruments	17,546	23,881	31,611	35,400
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(874)	1,230	(428)	(691)
- derivative financial instruments	(7,490)	(832)	215	14,023
Dividend income from:				
- financial assets at FVTPL	34	19	1,630	1,237
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	144	(500)	(74)	(2,166)
	10,784	13,814	35,130	33,494
<u>Other income:</u>				
Gain on disposal of property and equipment	-	35	2	35
Gain on liquidation of subsidiaries	195	-	232	-
Foreign exchange loss	(8,743)	(13,090)	(19,912)	(14,236)
Other non-operating income	1,828	9	5,556	29
	(6,720)	(13,046)	(14,122)	(14,172)
Total non-interest income	19,843	24,175	92,044	114,344

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22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
30.06.2023	30.06.2022	30.06.2023	30.06.2022	
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	546	4,995	5,006	9,970
Arranger fees	2,324	30	2,740	1,503
Underwriting commissions	-	740	854	1,343
Placement fees	833	4,824	10,238	8,973
Brokerage income	10,641	11,448	44,721	67,241
Fees on loans and advances	256	1	1,009	341
Commission from future contracts	215	163	913	908
Other fee income	931	1,158	5,429	4,553
	15,746	23,359	70,910	94,832
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	120	(2,854)	(1,650)	(7,945)
- financial investments at FVOCI	1,304	(7,130)	3,826	(6,364)
- derivative financial instruments	17,546	23,881	31,611	35,400
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(874)	1,229	(427)	(693)
- derivative financial instruments	(7,490)	(832)	215	14,023
Dividend income from:				
- financial assets at FVTPL	32	19	1,624	1,235
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	144	(500)	(74)	(2,166)
	10,782	13,813	35,125	33,490
<u>Other income:</u>				
Gain on disposal of property and equipment	-	35	2	35
Gain on liquidation of subsidiaries	195	-	232	-
Foreign exchange loss	(8,743)	(13,090)	(19,912)	(14,236)
Other non-operating income	1,861	9	5,686	29
	(6,687)	(13,046)	(13,992)	(14,172)
Total non-interest income	19,841	24,126	92,043	114,150

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23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	17,957	17,196	68,503	58,635
Promotion and marketing related expenses	141	281	1,140	1,012
Establishment related expenses	4,624	4,154	17,962	16,633
General administrative expenses	3,613	3,568	14,172	15,651
	26,335	25,199	101,777	91,931
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	15,054	14,817	57,633	51,384
Defined contribution plan	1,984	1,901	7,656	7,210
Other employee benefits	919	478	3,214	41
	17,957	17,196	68,503	58,635
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	-	20	-	20
Entertainment and business improvement	108	258	895	971
Others	33	3	245	21
	141	281	1,140	1,012
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	936	938	3,777	3,413
Amortisation of intangible assets	569	455	2,088	1,615
Depreciation of ROU assets	853	848	3,425	3,411
Rental expenses	25	12	111	102
Others	2,241	1,901	8,561	8,092
	4,624	4,154	17,962	16,633
(iv) General administrative expenses comprise the following:				
Management fee	558	655	2,758	3,435
Teletransmission expenses	1,948	1,571	7,194	6,989
Auditors' remuneration				
- Statutory audit fees	93	66	276	262
- Regulatory related fees	157	23	157	23
- Tax compliance fee	17	16	17	16
Legal and professional fees	392	538	989	1,159
Others	448	699	2,781	3,767
	3,613	3,568	14,172	15,651

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23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.06.2023 RM'000	Last year quarter ended 30.06.2022 RM'000	Current year to date 30.06.2023 RM'000	Last year to date 30.06.2022 RM'000
Personnel expenses	17,957	17,171	68,503	58,539
Promotion and marketing related expenses	141	281	1,140	1,012
Establishment related expenses	4,624	4,150	17,962	16,615
General administrative expenses	3,608	3,565	14,157	15,618
	26,330	25,167	101,762	91,784
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	15,054	14,796	57,633	51,303
Defined contribution plan	1,984	1,898	7,656	7,196
Other employee benefits	919	477	3,214	40
	17,957	17,171	68,503	58,539
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	-	20	-	20
Entertainment and business improvement	108	258	895	971
Others	33	3	245	21
	141	281	1,140	1,012
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	936	938	3,777	3,413
Amortisation of intangible assets	569	455	2,088	1,615
Depreciation of ROU assets	853	848	3,425	3,411
Rental expenses	25	16	99	94
Others	2,241	1,893	8,573	8,082
	4,624	4,150	17,962	16,615
(iv) General administrative expenses comprise the following:				
Management fee	557	655	2,755	3,432
Teletransmission expenses	1,948	1,571	7,194	6,989
Auditors' remuneration				
- Statutory audit fees	90	64	268	255
- Regulatory related fees	157	23	157	23
- Tax compliance fee	17	16	17	16
Legal and professional fees	392	539	989	1,140
Others	447	697	2,777	3,763
	3,608	3,565	14,157	15,618

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
(i) Loans and advances	(49)	26	9	190
(ii) Loans and advances commitments	-	1	-	-
Impaired loans and advances written-off	-	-	-	(16)
	(49)	27	9	174

25. Write-back of allowance for impairment losses on financial investments and other financial assets

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments				
(i) Financial investments at FVOCI	(28)	205	(9)	214
(ii) Financial investments at amortised cost	-	-	-	12
	(28)	205	(9)	226
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	122	(39)	132	190
- Impaired clients' and brokers' balances recovered	1	-	33	91
(ii) Other assets	397	(50)	34	(28)
	520	(89)	199	253
	492	116	190	479

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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.

Credit transactions and exposure with connected parties

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

	The Group and the Bank	
	30.06.2023	30.06.2022
	RM'000	RM'000
Outstanding credit exposures with connected parties	14,284	2,226
Percentage of outstanding credit exposures with connected parties as a proportion of total credit exposures	2.64%	3.17%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.00%	0.00%

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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	
	30.06.2023	30.06.2022
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	-	7,140
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	917,463	919,747
	918,463	927,887
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	768,000	1,019,897
- Over one year to five years	3,502,000	2,503,000
Foreign exchange related contracts:		
- One year or less	3,089,969	1,516,655
Equity related contracts:		
- Over one year to five years	200	200
	7,360,169	5,039,752
	8,278,632	5,967,639

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

EXPLANATORY NOTES

28. Fair value of financial instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
31.03.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	6,746	268,954	-	275,700
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,746	-	-	6,746
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,746	2,174,105	-	2,180,851
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074
30.06.2022				
Financial assets				
Financial assets at FVTPL	6,753	19,743	-	26,496
- Quoted securities	6,753	-	-	6,753
- Unquoted securities	-	19,743	-	19,743
Financial investments at FVOCI	-	1,256,640	-	1,256,640
- Money market instruments	-	433,200	-	433,200
- Unquoted securities	-	823,440	-	823,440
Derivative financial assets	-	38,393	-	38,393
	6,753	1,314,776	-	1,321,529
Financial liability				
Derivative financial liabilities	-	26,705	-	26,705

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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
31.03.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	6,542	268,954	-	275,496
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,542	-	-	6,542
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,542	2,174,105	-	2,180,647
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074
30.06.2022				
Financial assets				
Financial assets at FVTPL	6,554	19,743	-	26,297
- Quoted securities	6,554	-	-	6,554
- Unquoted securities	-	19,743	-	19,743
Financial investments at FVOCI	-	1,256,640	-	1,256,640
- Money market instruments	-	433,200	-	433,200
- Unquoted securities	-	823,440	-	823,440
Derivative financial assets	-	38,393	-	38,393
	6,554	1,314,776	-	1,321,330
Financial liability				
Derivative financial liabilities	-	26,705	-	26,705

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

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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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	38.507%	39.464%	38.498%	39.445%
Tier 1 capital ratio	38.507%	39.464%	38.498%	39.445%
Total capital ratio	48.789%	50.447%	48.792%	50.437%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	35.731%	35.389%	35.719%	35.367%
Tier 1 capital ratio	35.731%	35.389%	35.719%	35.367%
Total capital ratio	46.013%	46.372%	46.013%	46.359%

Note:

⁽¹⁾ Proposed dividends of RM28,710,000 (30.06.2022: RM38,940,000).

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EXPLANATORY NOTES

29. Capital adequacy (continued)

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

	The Group		The Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	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	280,659	288,171	280,317	287,881
Other reserves	(4,486)	(19,792)	(4,486)	(19,792)
Less: goodwill and intangibles	(33,936)	(33,638)	(33,936)	(33,638)
Less: deferred tax assets	(96,878)	(110,559)	(96,878)	(110,559)
Less: investment in subsidiary companies	-	-	(200)	(200)
Total CET1 Capital	398,309	377,132	397,767	376,642
Tier 1 Capital	398,309	377,132	397,767	376,642
Tier 2 Capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	6,360	4,952	6,356	4,952
Subordinated obligations	100,000	100,000	100,000	100,000
Total Tier 2 Capital	106,360	104,952	106,356	104,952
Total Capital	504,669	482,084	504,123	481,594

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	508,798	396,174	508,514	396,120
Market risk	185,425	217,522	185,018	217,123
Operational risk	340,168	341,935	339,681	341,603
	1,034,391	955,631	1,033,213	954,846

EXPLANATORY NOTES

30. Changes in the composition of the Group

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

31. Significant events subsequent to the financial quarter

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

32. Review of performance for the financial quarter ended 30 June 2023 against the corresponding financial quarter

For the current financial quarter ended 30 June 2023, the Group recorded a profit before tax of RM6.4 million, as compared to a RM12.1 million in the corresponding financial quarter. Decrease in profit mainly due to lesser IPO deal flows in the current quarter compared to the previous year's corresponding financial quarter.

33. Prospects for 2023

Going forward, global growth is expected to expand at a slower pace. While headline inflation has continued to ease amid lower cost factors, it remains elevated. Despite these headwinds, the Malaysian economy is anticipated to remain on a positive trajectory albeit on a weaker growth momentum, supported by domestic demand.

We remain cautious on the business environment that are susceptible to these external headwinds and will remain vigilant by constantly exercising discipline in managing our capital, liquidity and costs efficiency to deliver sustainable outcomes to our stakeholders.