

**HONG LEONG INVESTMENT BANK BERHAD**  
*(Company No: 10209-W)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	The Group		The Bank	
		As at	As at	As at	As at
		31.03.2020	30.06.2019	31.03.2020	30.06.2019
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		691,635	450,062	691,556	443,459
Financial assets at fair value through profit or loss ("FVTPL")	8	855,135	1,246,572	855,088	1,246,208
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,235,650	1,110,915	1,235,650	1,110,915
Financial investments at amortised cost	10	849,276	735,665	849,276	735,665
Derivative financial assets	17	63,003	28,310	63,003	28,310
Loans and advances	11	234,868	205,290	234,868	205,290
Clients' and brokers' balances	12	184,771	196,362	184,771	196,362
Other assets	13	66,960	47,472	66,952	47,459
Statutory deposits with Bank Negara Malaysia		26,385	37,259	26,385	37,259
Tax recoverable		4	-	-	
Investment in subsidiaries		-	-	200	200
Deferred tax assets		88,558	80,926	88,558	80,926
Property and equipment	14	11,239	12,774	11,239	12,774
Right-of-use assets ("ROU")		21,999	-	21,999	-
Intangible assets - computer software		1,819	2,143	1,819	2,143
Goodwill		28,986	28,986	28,986	28,986
<b>TOTAL ASSETS</b>		<b>4,360,288</b>	4,182,736	<b>4,360,350</b>	4,175,956
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>					
Deposits from customers	15	937,586	748,004	937,586	748,004
Deposits and placements of banks and other financial institutions	16	2,313,773	2,422,120	2,313,773	2,422,120
Derivative financial liabilities	17	92,668	34,310	92,668	34,310
Clients' and brokers' balances		166,803	183,123	166,803	183,123
Lease liabilities		22,087	-	22,087	-
Provision for tax		-	8	-	-
Other liabilities	18	204,680	134,126	204,759	127,624
Subordinated obligations	19	101,233	150,505	101,233	150,505
<b>TOTAL LIABILITIES</b>		<b>3,838,830</b>	3,672,196	<b>3,838,909</b>	3,665,686
<b>EQUITY</b>					
Share capital		252,950	252,950	252,950	252,950
Reserves		268,508	257,590	268,491	257,320
<b>TOTAL EQUITY</b>		<b>521,458</b>	510,540	<b>521,441</b>	510,270
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,360,288</b>	4,182,736	<b>4,360,350</b>	4,175,956
<b>COMMITMENTS AND CONTINGENCIES</b>					
	26	7,739,265	11,469,676	7,739,265	11,469,676
<b>Net assets per ordinary share (RM)</b>		<b>3.16</b>	3.09	<b>3.16</b>	3.09

*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 2019.*

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	<b>The Group</b>			
		<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
		<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
		<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
		<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	20a	<b>28,452</b>	26,719	<b>81,840</b>	90,125
Interest income for financial assets at FVTPL	20b	<b>9,697</b>	11,934	<b>30,232</b>	34,558
Interest expense	21	<b>(26,284)</b>	(28,404)	<b>(81,224)</b>	(93,685)
Net interest income		<b>11,865</b>	10,249	<b>30,848</b>	30,998
Non-interest income	22	<b>27,027</b>	24,617	<b>85,611</b>	68,003
Net income		<b>38,892</b>	34,866	<b>116,459</b>	99,001
Overhead expenses	23	<b>(20,758)</b>	(24,087)	<b>(71,479)</b>	(64,370)
Operating profit before allowances (Allowance for)/write-back of credit impairment losses	24	<b>18,134</b>	10,779	<b>44,980</b>	34,631
<b>Profit before taxation</b>		<b>14,731</b>	11,205	<b>41,304</b>	34,833
Taxation		<b>1,465</b>	3,295	<b>5,230</b>	10,484
<b>Net profit for the financial period</b>		<b>16,196</b>	14,500	<b>46,534</b>	45,317
Earnings per share (sen)					
- Basic		<b>9.8</b>	8.8	<b>28.2</b>	27.5
- Diluted		<b>9.8</b>	8.8	<b>28.2</b>	27.5

*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 2019.*

**HONG LEONG INVESTMENT BANK BERHAD**

(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>16,196</b>	14,500	<b>46,534</b>	45,317
<b>Other comprehensive (expense)/income:</b>				
Items that will not be reclassified subsequently to income statements				
Equity instruments at FVOCI				
- Net fair value changes	(37)	-	(37)	
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(5,771)	3,069	(3,172)	8,698
- Net transfer to income statements on disposal	(226)	632	(6,831)	(372)
- Net changes in expected credit losses	33	(340)	23	(3)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>1,439</b>	(888)	<b>2,401</b>	(1,998)
<b>Other comprehensive (expense)/income for the financial period, net of tax</b>	<b>(4,562)</b>	2,473	<b>(7,616)</b>	6,325
<b>Total comprehensive income for the financial period, net of tax</b>	<b>11,634</b>	16,973	<b>38,918</b>	51,642

*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 2019.*

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	<b>The Bank</b>			
		<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
		<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
		<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
		<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	20a	<b>28,436</b>	26,706	<b>81,784</b>	90,078
Interest income for financial assets at FVTPL	20b	<b>9,697</b>	11,934	<b>30,232</b>	34,558
Interest expense	21	<b>(26,284)</b>	(28,404)	<b>(81,224)</b>	(93,685)
Net interest income		<b>11,849</b>	10,236	<b>30,792</b>	30,951
Non-interest income	22	<b>27,288</b>	24,586	<b>85,767</b>	67,866
Net income		<b>39,137</b>	34,822	<b>116,559</b>	98,817
Overhead expenses	23	<b>(20,712)</b>	(24,031)	<b>(71,327)</b>	(64,202)
Operating profit before allowances (Allowance for)/write-back of credit impairment losses	24	<b>18,425</b>	10,791	<b>45,232</b>	34,615
<b>Profit before taxation</b>		<b>15,022</b>	11,217	<b>41,556</b>	34,817
Taxation		<b>1,458</b>	3,297	<b>5,231</b>	10,486
<b>Net profit for the financial period</b>		<b>16,480</b>	14,514	<b>46,787</b>	45,303
Earnings per share (sen)					
- Basic		<b>10.0</b>	8.8	<b>28.4</b>	27.5
- Diluted		<b>10.0</b>	8.8	<b>28.4</b>	27.5

*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 2019.*

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>16,480</b>	14,514	<b>46,787</b>	45,303
<b>Other comprehensive (expense)/income:</b>				
Items that will not be reclassified subsequently to income statements				
Equity instruments at FVOCI				
- Net fair value changes	<b>(37)</b>	-	<b>(37)</b>	-
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>(5,771)</b>	3,069	<b>(3,172)</b>	8,698
- Net transfer to income statements on disposal	<b>(226)</b>	632	<b>(6,831)</b>	(372)
- Net changes in expected credit losses	<b>33</b>	(340)	<b>23</b>	(3)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>1,439</b>	(888)	<b>2,401</b>	(1,998)
<b>Other comprehensive (expense)/income for the financial period, net of tax</b>	<b>(4,562)</b>	2,473	<b>(7,616)</b>	6,325
<b>Total comprehensive income for the financial period, net of tax</b>	<b>11,918</b>	16,987	<b>39,171</b>	51,628

*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 2019.*

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Attributable to owner of the parent				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<b><u>The Group</u></b>					
<b>At 1 July 2019</b>	<b>252,950</b>	<b>11,606</b>	<b>7,794</b>	<b>238,190</b>	<b>510,540</b>
Net profit for the financial period	-	-	-	46,534	46,534
Other comprehensive expense, net of tax	-	-	(7,616)	-	(7,616)
Total comprehensive (expense)/income for the financial period	-	-	(7,616)	46,534	38,918
Transfer to regulatory reserve	-	1,230	-	(1,230)	-
Dividend paid	-	-	-	(28,000)	(28,000)
<b>At 31 March 2020</b>	<b>252,950</b>	<b>12,836</b>	<b>178</b>	<b>255,494</b>	<b>521,458</b>
At 1 July 2018	252,950	12,743	(1,391)	238,174	502,476
Net profit for the financial period	-	-	-	45,317	45,317
Other comprehensive income, net of tax	-	-	6,325	-	6,325
Total comprehensive income for the financial period	-	-	6,325	45,317	51,642
Transfer from regulatory reserve	-	(1,035)	-	1,035	-
Dividend paid	-	-	-	(45,500)	(45,500)
<b>At 31 March 2019</b>	<b>252,950</b>	<b>11,708</b>	<b>4,934</b>	<b>239,026</b>	<b>508,618</b>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2019.

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

CONDENSED FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Non-distributable			Distributable	
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
<b><u>The Bank</u></b>					
<b>At 1 July 2019</b>	<b>252,950</b>	<b>11,606</b>	<b>7,794</b>	<b>237,920</b>	<b>510,270</b>
Net profit for the financial period	-	-	-	46,787	46,787
Other comprehensive expense, net of tax	-	-	(7,616)	-	(7,616)
Total comprehensive (expense)/income for the financial period	-	-	(7,616)	46,787	39,171
Transfer to regulatory reserve	-	1,230	-	(1,230)	-
Dividend paid	-	-	-	(28,000)	(28,000)
<b>At 31 March 2020</b>	<b>252,950</b>	<b>12,836</b>	<b>178</b>	<b>255,477</b>	<b>521,441</b>
At 1 July 2018	252,950	12,743	(1,391)	237,945	502,247
Net profit for the financial period	-	-	-	45,303	45,303
Other comprehensive income, net of tax	-	-	6,325	-	6,325
Total comprehensive income for the financial period	-	-	6,325	45,303	51,628
Transfer from regulatory reserve	-	(1,035)	-	1,035	-
Dividend paid	-	-	-	(45,500)	(45,500)
<b>At 31 March 2019</b>	<b>252,950</b>	<b>11,708</b>	<b>4,934</b>	<b>238,783</b>	<b>508,375</b>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2019.

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	41,304	34,833	41,556	34,817
Adjustments for non-cash items	(21,125)	(111,809)	(21,525)	(112,260)
Operating profit/(loss) before changes in working capital	20,179	(76,976)	20,031	(77,443)
Changes in working capital:				
Net changes in operating assets	345,169	166,013	344,847	166,036
Net changes in operating liabilities	134,988	(461,134)	141,188	(461,084)
Net income tax paid	(13)	(9)	-	-
Net cash generated from/(used in) operating activities	500,323	(372,106)	506,066	(372,491)
Net cash (used in)/generated from investing activities	(174,375)	417,283	(173,594)	417,734
Net cash used in financing activities	(84,375)	(46,836)	(84,375)	(46,836)
Net changes in cash and cash equivalents	241,573	(1,659)	248,097	(1,593)
Cash and cash equivalents at beginning of financial period	450,062	55,967	443,459	55,857
Cash and cash equivalents at end of financial period	691,635	54,308	691,556	54,264
<b>Cash and cash equivalents comprise:</b>				
Cash and short term funds	691,635	54,308	691,556	54,264

*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 2019.*



# HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

## EXPLANATORY NOTES

### 1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2020 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 2019. 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 2019.

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 2019 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle
  - Amendments to MFRS 112 'Income Taxes'
  - Amendments to MFRS 123 'Borrowings Costs'

The adoption of these MFRSs, amendments to MFRSs and IC Interpretations did not have any significant financial impact on the results of the Group and the Bank other than the effects and change in accounting policies arising from the adoption of MFRS 16 as disclosed in Note 34.

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

### 2. Audit report

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

### 3. Seasonality or cyclicity of operations

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 31 March 2020.

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**EXPLANATORY NOTES**

**5. Changes in estimates**

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 31 March 2020.

**6. Issuance and repayments**

Save as detailed below, there were no other new shares issuance, no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 31 March 2020.

**7. Dividends**

There were no dividends paid during the financial quarter ended 31 March 2020.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
Malaysian Government Securities	-	20,806	-	20,806
Negotiable instruments of deposits	<b>688,583</b>	991,171	<b>688,583</b>	991,171
Cagamas bonds	<b>10,002</b>	5,017	<b>10,002</b>	5,017
	<b>698,585</b>	1,016,994	<b>698,585</b>	1,016,994
<b>Quoted securities</b>				
In Malaysia:				
Shares	<b>10,706</b>	36,340	<b>10,706</b>	36,340
Unit trust investment	<b>47</b>	364	-	-
	<b>10,753</b>	36,704	<b>10,706</b>	36,340
<b>Unquoted securities</b>				
Shares	<b>1,365</b>	1,365	<b>1,365</b>	1,365
Foreign currency bonds	<b>8,935</b>	-	<b>8,935</b>	-
Corporate bond and/or sukuk	<b>135,497</b>	191,509	<b>135,497</b>	191,509
	<b>145,797</b>	192,874	<b>145,797</b>	192,874
	<b>855,135</b>	1,246,572	<b>855,088</b>	1,246,208

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Debt instruments	<b>1,235,613</b>	1,110,915
Equity instruments	<b>37</b>	-
	<b>1,235,650</b>	1,110,915

**HONG LEONG INVESTMENT BANK BERHAD**  
(Company No: 10209-W)

**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Debt instruments		
<b>Money market instruments</b>		
Malaysian Government Securities	103,886	235,724
Malaysian Government Investment Issues	20,194	31,073
Cagamas bonds	72,984	56,022
	<b>197,064</b>	<b>322,819</b>
<b>Unquoted securities</b>		
Foreign currency bonds	88,472	111,351
Corporate bond and/or sukuk	950,077	676,745
	<b>1,038,549</b>	<b>788,096</b>
	<b>1,235,613</b>	<b>1,110,915</b>

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

	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	not credit	credit	
<b>The Group and the Bank</b>	(Stage 1)	(Stage 2)	(Stage 3)	RM'000
	RM'000	RM'000	RM'000	
At 1 July 2019	143	-	-	143
Allowances made	5	-	-	5
Amount written back	(19)	-	-	(19)
New financial assets originated or purchased	148	-	-	148
Financial assets derecognised	(92)	-	-	(92)
Exchange differences	(19)	-	-	(19)
At 31 March 2020	<b>166</b>	<b>-</b>	<b>-</b>	<b>166</b>
At 1 July 2018	205	-	-	205
Allowances made	44	-	-	44
Amount written back	(20)	-	-	(20)
New financial assets originated or purchased	524	-	-	524
Financial assets derecognised	(607)	-	-	(607)
Exchange differences	(3)	-	-	(3)
At 30 June 2019	<b>143</b>	<b>-</b>	<b>-</b>	<b>143</b>

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
(b) Equity instruments		
<b>Quoted securities:</b>		
In Malaysia:		
Shares and warrants	37	-

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**EXPLANATORY NOTES**

**10. Financial investments at amortised cost**

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	289,509	157,905
Malaysian Government Investment Issues	517,491	478,451
	<b>807,000</b>	<b>636,356</b>
<b>Unquoted securities</b>		
Foreign currency bonds	17,137	53,810
Corporate bond and/or sukuk	25,154	45,535
	<b>42,291</b>	<b>99,345</b>
Less: Expected credit losses	(15)	(36)
	<b>849,276</b>	<b>735,665</b>

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

<b>The Group and the Bank</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2019	36	-	-	36
Financial assets derecognised	(22)	-	-	(22)
Exchange differences	1	-	-	1
At 31 March 2020	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>
At 1 July 2018	24	-	-	24
New financial assets originated or purchased	15	-	-	15
Exchange differences	(3)	-	-	(3)
At 30 June 2019	<b>36</b>	<b>-</b>	<b>-</b>	<b>36</b>

**11. Loans and advances**

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loan financing	65,082	19,862
Share margin financing	174,388	188,217
Staff loans	46	51
Other loans	281	515
Gross loans and advances	<b>239,797</b>	<b>208,645</b>
Allowance for impairment losses:		
- expected credit losses	(4,929)	(3,355)
Total net loans and advances	<b>234,868</b>	<b>205,290</b>

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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Gross loans and advances disbursed by type of customers</b>		
Domestic business enterprises		
- Small and medium enterprises	49,952	509
- Others	95,905	71,282
Individuals	91,002	128,253
Foreign entities	2,938	8,601
	<b>239,797</b>	<b>208,645</b>
<b>(ii) Gross loans and advances analysed by interest rate sensitivity</b>		
Variable rate	239,470	208,079
Fixed rate		
- Staff housing loans	46	51
- Other fixed rate loans	281	515
	<b>239,797</b>	<b>208,645</b>
<b>(iii) Gross loans and advances analysed by residual contractual maturity</b>		
Maturing within one year	223,437	202,210
One year to three years	10,002	6,384
Over five years	6,358	51
	<b>239,797</b>	<b>208,645</b>
<b>(iv) Loans and advances analysed by their economic purposes</b>		
Working capital	16,314	6,384
Purchase of securities	223,156	201,696
Purchase of transport vehicles	126	126
Purchase of landed properties	201	439
	<b>239,797</b>	<b>208,645</b>
<b>(v) Gross loans and advances analysed by geographical distribution</b>		
Malaysia	<b>239,797</b>	<b>208,645</b>
<b>(vi) Impaired loans and advances</b>		
<b>(a) Movements in impaired loans and advances</b>		
At 1 July	6,898	6,873
Impaired during the financial period/year	1,825	25
Amount written-back during the financial year	(316)	-
At 31 March/30 June	<b>8,407</b>	<b>6,898</b>

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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vi) Impaired loans and advances (continued)</b>		
<b>(b) By economic purposes</b>		
Purchase of transport vehicles	126	126
Purchase of landed properties	154	388
Purchase of securities	1,814	-
Working capital	6,313	6,384
	<b>8,407</b>	<b>6,898</b>

**(vii) Movements in allowance for impairment losses:**

**Expected credit losses**

<b>The Group and the Bank</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2019	140	1	3,214	3,355
Transferred to Stage 1	3	(3)	-	-
Transferred to Stage 2	(6)	6	-	-
Transferred to Stage 3	(11)	-	11	-
New financial assets originated	237	-	2,657	2,894
Financial assets derecognised	(2)	-	(3,088)	(3,090)
Allowance made	117	1	1,837	1,955
Allowance written-back	(150)	(1)	(34)	(185)
At 31 March 2020	<b>328</b>	<b>4</b>	<b>4,597</b>	<b>4,929</b>
At 1 July 2018	223	3	2,959	3,185
Transferred to Stage 1	18	(18)	-	-
Transferred to Stage 2	(16)	16	-	-
New financial assets originated	21	1	-	22
Financial assets derecognised	(4)	-	-	(4)
Allowance made	29	1	287	317
Allowance written-back	(131)	(2)	(32)	(165)
At 30 June 2019	<b>140</b>	<b>1</b>	<b>3,214</b>	<b>3,355</b>

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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Performing accounts	182,284	195,980
Impaired accounts	4,431	602
	<b>186,715</b>	<b>196,582</b>
Allowance for impairment losses:		
- expected credit losses	(1,944)	(220)
	<b>184,771</b>	<b>196,362</b>

**13. Other assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due from holding company	189	133	189	133
Amount due from related companies	320	474	320	474
Deposits and prepayments	17,992	8,105	17,984	8,105
Fee income receivables	6,255	8,883	6,255	8,883
Collaterals pledged for derivative transactions	13,048	7,417	13,048	7,417
Treasury related receivables	20,893	19,185	20,893	19,185
Equity related receivables	6,603	-	6,603	-
Other receivables	3,089	4,645	3,089	4,632
	<b>68,389</b>	<b>48,842</b>	<b>68,381</b>	<b>48,829</b>
Allowance for impairment losses:				
- Expected credit losses	(1,429)	(1,370)	(1,429)	(1,370)
	<b>66,960</b>	<b>47,472</b>	<b>66,952</b>	<b>47,459</b>

**14. Valuation of property and equipment**

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

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**EXPLANATORY NOTES**

**15. Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposit	<b>937,586</b>	748,004
<p>(i) The deposits are sourced from the following customers:</p>		
Government & statutory bodies	706,729	525,319
Business enterprises	213,399	180,092
Individuals	17,458	42,593
	<b>937,586</b>	748,004
<p>(ii) The maturity structure of fixed deposits is as follows:</p>		
Due within:		
- six months	936,408	748,004
- six months to one year	1,178	-
	<b>937,586</b>	748,004

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	365,398	319,492
Licensed investment banks	100,158	130,032
Other financial institutions	1,848,217	1,972,596
	<b>2,313,773</b>	2,422,120



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**EXPLANATORY NOTES**

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

	<b>The Group and the Bank</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>31.03.2020</b>			
Interest rate related contracts:			
- Interest rate swaps	4,827,575	43,616	(70,914)
- Futures	56,095	-	(505)
- Cross currency swaps	86,300	472	-
Foreign exchange related contracts:			
- Foreign currency swaps	1,584,102	18,363	(19,448)
- Foreign currency forwards	224,250	552	(1,801)
	<b>6,778,322</b>	<b>63,003</b>	<b>(92,668)</b>
<b>30.06.2019</b>			
Interest rate related contracts:			
- Interest rate swaps	8,005,000	16,732	(29,429)
- Futures	91,819	-	(134)
- Cross currency swaps	82,720	2,745	-
Foreign exchange related contracts:			
- Foreign currency swaps	2,313,381	8,731	(4,228)
- Foreign currency forwards	170,641	48	(519)
Equity related contracts:			
- Futures	29,152	39	-
- Call options	7,000	15	-
	<b>10,699,713</b>	<b>28,310</b>	<b>(34,310)</b>

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**EXPLANATORY NOTES**

**18. Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to related companies	3	-	3	-
Remisiers' trust deposits	12,593	13,011	12,593	13,011
Treasury related payables	5,296	20,624	5,296	20,624
Advance payments received for corporate exercise	247	66,015	247	66,015
Other payables and accrued liabilities	185,946	34,264	186,025	27,762
Provision for post employment benefits	214	212	214	212
Expected credit losses - loans & advances commitments	381	-	381	-
	<b>204,680</b>	<b>134,126</b>	<b>204,759</b>	<b>127,624</b>

**19. Subordinated obligations**

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
RM100.0 million Tier 2 subordinated notes, at par	100,000	150,000
Add: Interest payable	1,240	603
	<b>101,240</b>	<b>150,603</b>
Less: Unamortised discounts	(7)	(98)
	<b>101,233</b>	<b>150,505</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.

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

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.

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**EXPLANATORY NOTES**

**20a. Interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended</b>	<b>Last year's quarter ended</b>	<b>Current year ended</b>	<b>Last year's ended</b>
	<b>31.03.2020 RM'000</b>	<b>31.03.2019 RM'000</b>	<b>31.03.2020 RM'000</b>	<b>31.03.2019 RM'000</b>
Loans and advances	3,917	3,645	10,947	10,406
Money at call and deposit placements with financial institutions	2,508	1,102	6,744	2,059
Financial investments at FVOCI	10,590	11,710	30,848	46,673
Financial investments at amortised cost	7,210	6,902	21,317	20,073
Others	4,227	3,360	11,984	10,914
<b>Total interest income</b>	<b>28,452</b>	<b>26,719</b>	<b>81,840</b>	<b>90,125</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended</b>	<b>Last year's quarter ended</b>	<b>Current year ended</b>	<b>Last year's ended</b>
	<b>31.03.2020 RM'000</b>	<b>31.03.2019 RM'000</b>	<b>31.03.2020 RM'000</b>	<b>31.03.2019 RM'000</b>
Loans and advances	3,917	3,645	10,947	10,406
Money at call and deposit placements with financial institutions	2,492	1,089	6,688	2,012
Financial investments at FVOCI	10,590	11,710	30,848	46,673
Financial investments at amortised cost	7,210	6,902	21,317	20,073
Others	4,227	3,360	11,984	10,914
<b>Total interest income</b>	<b>28,436</b>	<b>26,706</b>	<b>81,784</b>	<b>90,078</b>

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**EXPLANATORY NOTES**

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

	Individual Quarter		The Group and the Bank Cumulative Months Ended	
	Current quarter ended	Last year's quarter ended	Current year ended	Last year's ended
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Financial assets at FVTPL	<b>9,697</b>	11,934	<b>30,232</b>	34,558

**21. Interest expense**

	Individual Quarter		The Group and the Bank Cumulative Months Ended	
	Current quarter ended	Last year's quarter ended	Current year ended	Last year's ended
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Deposits and placements of banks and other financial institutions	<b>4,724</b>	8,231	<b>15,605</b>	27,263
Deposits from customers	<b>16,211</b>	17,585	<b>48,881</b>	58,404
Derivative financial instruments	<b>4,010</b>	1,901	<b>11,601</b>	5,736
Subordinated obligations	<b>1,055</b>	658	<b>4,208</b>	2,004
Others	<b>284</b>	29	<b>929</b>	278
	<b>26,284</b>	28,404	<b>81,224</b>	93,685

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**EXPLANATORY NOTES**

**22. Non-interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.03.2020 RM'000</b>	<b>Last year's quarter ended 31.03.2019 RM'000</b>	<b>Current year ended 31.03.2020 RM'000</b>	<b>Last year's ended 31.03.2019 RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	948	630	2,791	3,544
Arranger fees	798	877	2,852	2,585
Underwriting commissions	188	-	188	1,623
Placement fees	6,078	1,036	8,281	2,949
Brokerage income	22,047	12,722	48,132	39,626
Fees on loans and advances	795	19	886	100
Commission from future contracts	736	188	1,309	571
Other fee income	2,650	842	7,810	3,087
	<b>34,240</b>	<b>16,314</b>	<b>72,249</b>	<b>54,085</b>
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	6,379	1,782	11,790	1,048
- financial investments at FVOCI	10,353	4,814	22,749	8,852
- derivative financial instruments	35,355	(12,798)	48,045	(29,482)
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(9,300)	6,119	(12,302)	8,993
- derivative financial instruments	(12,650)	4,849	(23,821)	12,039
Dividend income from:				
- financial assets at FVTPL	224	234	1,005	1,621
	<b>30,361</b>	<b>5,000</b>	<b>47,466</b>	<b>3,071</b>
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	30
Foreign exchange (loss)/gain	(37,577)	3,297	(34,125)	10,801
Other non-operating income	3	6	21	16
	<b>(37,574)</b>	<b>3,303</b>	<b>(34,104)</b>	<b>10,847</b>
Total non-interest income	<b>27,027</b>	<b>24,617</b>	<b>85,611</b>	<b>68,003</b>

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**EXPLANATORY NOTES**

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

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	948	630	2,791	3,544
Arranger fees	798	877	2,852	2,585
Underwriting commissions	188	-	188	1,623
Placement fees	6,078	1,036	8,281	2,949
Brokerage income	22,047	12,722	48,132	39,626
Fees on loans and advances	795	19	886	100
Commission from future contracts	736	188	1,309	571
Other fee income	2,613	814	7,674	2,958
	<b>34,203</b>	16,286	<b>72,113</b>	53,956
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	6,379	1,782	11,790	1,048
- financial investments at FVOCI	10,353	4,814	22,749	8,852
- derivative financial instruments	35,355	(12,798)	48,045	(29,482)
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(9,300)	6,119	(12,302)	8,993
- derivative financial instruments	(12,650)	4,849	(23,821)	12,039
Dividend income from:				
- financial assets at FVTPL	222	231	997	1,613
- subsidiaries	300	-	300	-
	<b>30,659</b>	4,997	<b>47,758</b>	3,063
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	30
Foreign exchange (loss)/gain	(37,577)	3,297	(34,125)	10,801
Other non-operating income	3	6	21	16
	<b>(37,574)</b>	3,303	<b>(34,104)</b>	10,847
Total non-interest income	<b>27,288</b>	24,586	<b>85,767</b>	67,866

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**EXPLANATORY NOTES**

**23. Overhead expenses**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.03.2020 RM'000</b>	<b>Last year's quarter ended 31.03.2019 RM'000</b>	<b>Current year ended 31.03.2020 RM'000</b>	<b>Last year's ended 31.03.2019 RM'000</b>
Personnel expenses	12,487	15,663	46,525	38,822
Promotion and marketing related expenses	419	574	1,092	1,704
Establishment related expenses	3,439	3,937	10,489	11,800
General administrative expenses	4,413	3,913	13,373	12,044
	<b>20,758</b>	<b>24,087</b>	<b>71,479</b>	<b>64,370</b>
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	10,408	13,677	40,481	32,728
Defined contribution plan	1,654	1,663	4,928	4,828
Other employee benefits	425	323	1,116	1,266
	<b>12,487</b>	<b>15,663</b>	<b>46,525</b>	<b>38,822</b>
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Advertisement and publicity expenses	-	2	22	39
Entertainment and business improvement	390	522	941	1,422
Others	29	50	129	243
	<b>419</b>	<b>574</b>	<b>1,092</b>	<b>1,704</b>
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	653	684	2,020	1,978
Amortisation of intangible assets	351	618	1,014	1,864
Depreciation of ROU assets	872	-	2,616	-
Rental expenses	24	969	69	3,017
Others	1,539	1,666	4,770	4,941
	<b>3,439</b>	<b>3,937</b>	<b>10,489</b>	<b>11,800</b>
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	680	604	2,018	1,670
Teletransmission expenses	1,863	1,430	5,368	3,971
Auditors' remuneration				
- Statutory audit fees	99	52	223	200
Legal and professional fees	912	752	2,908	2,546
Property and equipment written off	-	113	-	113
Others	859	962	2,856	3,544
	<b>4,413</b>	<b>3,913</b>	<b>13,373</b>	<b>12,044</b>

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**23. Overhead expenses (continued)**

	<b>Individual Quarter</b>		<b>The Bank Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year's</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year ended</b>	<b>year's ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	12,454	15,629	46,426	38,726
Promotion and marketing related expenses	419	574	1,092	1,704
Establishment related expenses	3,420	3,920	10,450	11,762
General administrative expenses	4,419	3,908	13,359	12,010
	<b>20,712</b>	<b>24,031</b>	<b>71,327</b>	<b>64,202</b>
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	10,380	13,649	40,397	32,647
Defined contribution plan	1,649	1,658	4,913	4,814
Other employee benefits	425	322	1,116	1,265
	<b>12,454</b>	<b>15,629</b>	<b>46,426</b>	<b>38,726</b>
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Advertisement and publicity expenses	-	2	22	39
Entertainment and business improvement	390	522	941	1,422
Others	29	50	129	243
	<b>419</b>	<b>574</b>	<b>1,092</b>	<b>1,704</b>
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	653	684	2,020	1,978
Amortisation of intangible assets	351	618	1,014	1,864
Depreciation of ROU assets	872	-	2,616	-
Rental expenses	16	961	45	2,993
Others	1,528	1,657	4,755	4,927
	<b>3,420</b>	<b>3,920</b>	<b>10,450</b>	<b>11,762</b>
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	689	604	2,026	1,669
Teletransmission expenses	1,863	1,430	5,368	3,971
Auditors' remuneration				
- Statutory audit fees	107	51	217	195
Legal and professional fees	910	750	2,903	2,521
Property and equipment written off	-	113	-	113
Others	850	960	2,845	3,541
	<b>4,419</b>	<b>3,908</b>	<b>13,359</b>	<b>12,010</b>



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**24. (Allowance for)/write-back of credit impairment losses**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 31.03.2020 RM'000</b>	<b>Last year's quarter ended 31.03.2019 RM'000</b>	<b>Current year ended 31.03.2020 RM'000</b>	<b>Last year's ended 31.03.2019 RM'000</b>
Expected credit losses				
(a) Loans and advances	(1,360)	24	(1,574)	6
Loans and advances commitments	(381)	-	(381)	-
	(1,741)	24	(1,955)	6
(b) Financial investments				
(i) Financial investments at FVOCI	(33)	340	(23)	3
(ii) Financial investments at amortised cost	(1)	3	21	(14)
	(34)	343	(2)	(11)
(c) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	(1,635)	29	(1,724)	51
- Impaired clients' and brokers' balances recovered	9	-	63	47
(ii) Deposits and placements with banks and other financial institutions	-	-	-	22
(iii) Securities purchased under resale agreements	-	-	-	2
(iv) Other assets	(2)	30	(58)	85
	(1,628)	59	(1,719)	207
	(3,403)	426	(3,676)	202

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**25. 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.

**26. Commitments and contingencies**

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments and Contingent Liabilities</b>		
Direct Credit Substitutes	<b>1,000</b>	1,000
Obligations under underwriting agreement	-	18,860
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- over one year	<b>68,000</b>	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	<b>891,943</b>	750,103
	<b>960,943</b>	769,963
<b>Derivative Financial Instruments</b>		
Interest rate related contracts:		
- One year or less	<b>1,343,670</b>	4,566,819
- Over one year to five years	<b>3,516,300</b>	3,367,720
- Over five years	<b>110,000</b>	245,000
Foreign exchange related contracts:		
- One year or less	<b>1,808,352</b>	2,484,022
Equity related contracts:		
- One year or less	-	36,152
	<b>6,778,322</b>	10,699,713
	<b>7,739,265</b>	11,469,676

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

Determination of fair value and fair value hierarchy

<b>The Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.03.2020</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	10,753	843,017	1,365	855,135
- Money market instruments	-	698,585	-	698,585
- Quoted securities	10,753	-	-	10,753
- Unquoted securities	-	144,432	1,365	145,797
Financial investments at FVOCI	37	1,235,613	-	1,235,650
- Money market instruments	-	197,064	-	197,064
- Quoted securities	37	-	-	37
- Unquoted securities	-	1,038,549	-	1,038,549
Derivative financial assets	-	63,003	-	63,003
	<b>10,790</b>	<b>2,141,633</b>	<b>1,365</b>	<b>2,153,788</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	92,668	-	92,668
<b>30.06.2019</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	36,704	1,208,503	1,365	1,246,572
- Money market instruments	-	1,016,994	-	1,016,994
- Quoted securities	36,704	-	-	36,704
- Unquoted securities	-	191,509	1,365	192,874
Financial investments at FVOCI	-	1,110,915	-	1,110,915
- Money market instruments	-	322,819	-	322,819
- Unquoted securities	-	788,096	-	788,096
Derivative financial assets	-	28,310	-	28,310
	<b>36,704</b>	<b>2,347,728</b>	<b>1,365</b>	<b>2,385,797</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	34,310	-	34,310

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

Determination of fair value and fair value hierarchy (continued)

<b>The Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.03.2020</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	10,706	843,017	1,365	855,088
- Money market instruments	-	698,585	-	698,585
- Quoted securities	10,706	-	-	10,706
- Unquoted securities	-	144,432	1,365	145,797
Financial investments at FVOCI	37	1,235,613	-	1,235,650
- Money market instruments	-	197,064	-	197,064
- Quoted securities	37	-	-	37
- Unquoted securities	-	1,038,549	-	1,038,549
Derivative financial assets	-	63,003	-	63,003
	<b>10,743</b>	<b>2,141,633</b>	<b>1,365</b>	<b>2,153,741</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	92,668	-	92,668
<b>30.06.2019</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	36,340	1,208,503	1,365	1,246,208
- Money market instruments	-	1,016,994	-	1,016,994
- Quoted securities	36,340	-	-	36,340
- Unquoted securities	-	191,509	1,365	192,874
Financial investments at FVOCI	-	1,110,915	-	1,110,915
- Money market instruments	-	322,819	-	322,819
- Unquoted securities	-	788,096	-	788,096
Derivative financial assets	-	28,310	-	28,310
	<b>36,340</b>	<b>2,347,728</b>	<b>1,365</b>	<b>2,385,433</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	34,310	-	34,310

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

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**EXPLANATORY NOTES**

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

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

	<b>The Group and the Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
At 1 July	1,365	1,380
Fair value changes recognised in income statement	-	(15)
At 31 March/30 June	1,365	1,365

**28. Capital adequacy**

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Before deducting proposed dividends:</b>				
Common equity tier 1 ("CET1") capital ratio	29.303%	30.883%	29.278%	30.907%
Tier 1 capital ratio	29.303%	30.883%	29.278%	30.907%
Total capital ratio	38.452%	43.440%	38.432%	43.489%
<b>After deducting proposed dividends: <sup>(1)</sup></b>				
CET1 capital ratio	29.303%	28.623%	29.278%	28.642%
Tier 1 capital ratio	29.303%	28.623%	29.278%	28.642%
Total capital ratio	38.452%	41.180%	38.432%	41.224%

Note:

<sup>(1)</sup> Proposed dividends of RM Nil (30.06.2019: RM28,000,005).

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**EXPLANATORY NOTES**

**28. Capital adequacy (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET1 Capital</b>				
Paid-up ordinary share capital	<b>252,950</b>	252,950	<b>252,950</b>	252,950
Retained profits	<b>210,190</b>	238,190	<b>209,920</b>	237,920
Other reserves	<b>178</b>	7,794	<b>178</b>	7,794
Less: goodwill and intangibles	<b>(30,805)</b>	(31,129)	<b>(30,805)</b>	(31,129)
Less: deferred tax assets	<b>(88,558)</b>	(80,926)	<b>(88,558)</b>	(80,926)
Less: investment in subsidiary companies	-	-	<b>(200)</b>	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	<b>(98)</b>	(4,287)	<b>(98)</b>	(4,287)
<b>Total CET1 Capital</b>	<b>343,857</b>	382,592	<b>343,387</b>	382,122
<b>Tier 1 Capital</b>	<b>343,857</b>	382,592	<b>343,387</b>	382,122
<b>Tier 2 Capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>7,359</b>	5,556	<b>7,359</b>	5,556
Subordinated obligations	<b>100,000</b>	150,000	<b>100,000</b>	150,000
<b>Total Tier 2 Capital</b>	<b>107,359</b>	155,556	<b>107,359</b>	155,556
<b>Total Capital</b>	<b>451,216</b>	538,148	<b>450,746</b>	537,678

Note:

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31.03.2020</b>	<b>30.06.2019</b>	<b>31.03.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>588,603</b>	445,803	<b>588,731</b>	444,468
Market risk	<b>327,627</b>	519,994	<b>327,533</b>	519,266
Operational risk	<b>257,211</b>	273,038	<b>256,586</b>	272,622
	<b>1,173,441</b>	1,238,835	<b>1,172,850</b>	1,236,356

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**29. Significant events during the financial quarter ended 31 March 2020**

There were no material significant events during the financial quarter.

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

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

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

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

**32. Review of performance for the financial quarter ended 31 March 2020 against the corresponding financial quarter**

For the current financial quarter ended 31 March 2020, the Group recorded a profit before tax of RM14.7 million, as compared to a RM11.2 million recorded in the corresponding financial quarter. The increase in profit of RM3.5 million was primarily attributable to higher profit contribution from its Stockbroking Division.

**33. Prospects for 2020**

Entering into the last quarter of financial year ("FY") 2020, market outlook is still uncertain arising from the impact brought upon by Covid-19. As a result, there will still be volatility across asset prices including that of corporate and sovereign bonds.

With the current Movement Control Order ("MCO")'s situation, completing some of the mandates by June 2020 is getting challenging. In addition, there are some deferment of re-issuances under existing debt programmes to 2nd half of 2020 in view of the market uncertainties. Notwithstanding that, new deals are being actively pursued and to build the deal pipelines for FY 2021.

As most clients are unable to operate fully; their corporate exercises are suspended until there is more clarity of the market conditions. Some clients have decided to terminate their corporate exercise as the current market situation has adversely affected their profitability and fund raising will be challenging.



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**34. Changes in accounting policies**

MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" ("ROU") of the underlying asset and a lease liability reflecting future lease payments for most leases.

The ROU asset is depreciated in accordance with the principle as set out in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in income statements.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Bank have adopted this standard from its mandatory adoption date of 1 July 2019. As permitted by MFRS 16, the Group and the Bank have applied the modified retrospective approach and will not restate comparative amounts for the financial year prior to the first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied. All other ROU assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Bank's borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 for the Group and the Bank were ranging from 4.11% and 4.94% per annum.

(a) The table below summarises the effects upon adoption of MFRS 16 as at 1 July 2019:

	As at 30 June 2019 RM'000	Effect of adoption of MFRS 16 RM'000	As restated 1 July 2019 RM'000
<b>The Group</b>			
ROU assets	-	24,739	24,739
Lease liabilities	-	24,258	24,258
Other liabilities	127,624	481	128,105
	<u>127,624</u>	<u>481</u>	<u>128,105</u>
<b>The Bank</b>			
ROU assets	-	24,739	24,739
Lease liabilities	-	24,258	24,258
Other liabilities	134,126	481	134,607
	<u>134,126</u>	<u>481</u>	<u>134,607</u>

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**EXPLANATORY NOTES**

**34. Changes in accounting policies** (continued)

(b) Operating lease commitment reconciliation

The reconciliation on operating lease commitments under MFRS 117 to MFRS 16 are as follows:

	<b>The Group and the Bank RM'000</b>
Operating lease commitments disclosed as at 30 June 2019	<b>5,607</b>
Less: Discounted using the incremental borrowing	<b>(190)</b>
Less: Short-term leases recognised on a straight-line basis as expense	<b>(10)</b>
Less: Low-value leases recognised on a straight line basis as expense	<b>(72)</b>
Add: Adjustments as a result of a different treatment of extension and termination option	<b>18,923</b>
Lease liabilities recognised as at 1 July 2019	<b><u>24,258</u></b>