

HONG LEONG INVESTMENT BANK BERHAD
(Company No: 10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	The Group		The Bank	
		As at	As at	As at	As at
		31.03.2018	30.06.2017	31.03.2018	30.06.2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		128,438	206,739	128,342	206,669
Securities purchased under resale agreements		35,618	35,123	35,618	35,123
Financial assets at fair value through profit or loss	8	923,333	1,080,680	923,333	1,080,680
Financial investments available-for-sale	9	1,065,579	973,149	1,065,339	972,915
Financial investments held-to-maturity	10	839,535	909,215	839,535	909,215
Derivative financial assets	17	27,043	19,916	27,043	19,916
Loans and advances	11	253,033	236,592	253,033	236,592
Clients' and brokers' balances	12	227,497	267,774	227,497	267,774
Other assets	13	46,756	48,021	46,735	48,020
Statutory deposits with Bank					
Negara Malaysia		42,357	58,100	42,357	58,100
Investment in subsidiaries		-	-	200	200
Deferred tax assets		97,107	90,153	97,107	90,153
Property and equipment		9,027	4,755	9,027	4,755
Intangible assets - computer software		3,297	4,810	3,297	4,810
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		3,727,606	3,964,013	3,727,449	3,963,908
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	714,061	648,867	714,061	648,867
Deposits and placements of banks and other financial institutions	16	2,003,774	2,247,733	2,003,774	2,247,733
Obligations on securities sold under repurchase agreements		99,162	149,111	99,162	149,111
Derivative financial liabilities	17	54,804	47,959	54,804	47,959
Clients' and brokers' balances		186,379	220,494	186,379	220,494
Other liabilities	18	119,881	95,599	119,938	95,678
Subordinated obligations	19	50,946	50,262	50,946	50,262
TOTAL LIABILITIES		3,229,007	3,460,025	3,229,064	3,460,104
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		245,649	251,038	245,435	250,854
TOTAL EQUITY		498,599	503,988	498,385	503,804
TOTAL EQUITY AND LIABILITIES		3,727,606	3,964,013	3,727,449	3,963,908
COMMITMENTS AND CONTINGENCIES					
	26	9,403,219	7,931,230	9,403,219	7,931,230
Net assets per ordinary share (RM)		3.02	3.05	3.02	3.05

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 2017.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
		RM'000	RM'000	RM'000	RM'000
Interest income	20	36,523	36,815	112,225	110,341
Interest expense	21	(26,072)	(26,904)	(80,982)	(78,354)
Net interest income		10,451	9,911	31,243	31,987
Non-interest income	22	25,865	35,025	82,531	90,840
Net income		36,316	44,936	113,774	122,827
Overhead expenses	23	(19,895)	(23,507)	(68,502)	(69,085)
Net operating profit		16,421	21,429	45,272	53,742
Write-back of/(allowance for) impairment losses on loans and advances and other losses	24	372	124	156	(27)
Profit before taxation		16,793	21,553	45,428	53,715
Taxation		1,739	782	6,290	5,031
Net profit for the financial period		18,532	22,335	51,718	58,746
Earnings per share (sen)					
- Basic		11.2	13.5	31.3	35.6
- Diluted		11.2	13.5	31.3	35.6

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 2017.

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 2018**

	Individual Quarter		The Group Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	18,532	22,335	51,718	58,746
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale	(879)	2,247	(1,622)	(2,384)
- Net transfer to income statements on disposal of financial investments available-for-sale	(60)	(1,011)	(1,149)	(3,216)
Income tax relating to net fair value changes on financial investments available-for-sale	225	(297)	664	1,343
Other comprehensive (expense)/income for the financial period, net of tax	(714)	939	(2,107)	(4,257)
Total comprehensive income for the financial period, net of tax	17,818	23,274	49,611	54,489

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 2017.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

		The Bank				
		Individual Quarter		Cumulative Months Ended		
		Current	Last year's	Current	Last	
Note		quarter ended	quarter ended	year ended	year's ended	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017	
		RM'000	RM'000	RM'000	RM'000	
	Interest income	20	36,509	36,804	112,186	110,278
	Interest expense	21	(26,072)	(26,904)	(80,982)	(78,354)
	Net interest income		10,437	9,900	31,204	31,924
	Non-interest income	22	25,808	35,009	82,378	90,811
	Net income		36,245	44,909	113,582	122,735
	Overhead expenses	23	(19,838)	(23,443)	(68,340)	(68,920)
	Net operating profit		16,407	21,466	45,242	53,815
	Write-back of/(allowance for) impairment losses on loans and advances and other losses	24	372	124	156	(27)
	Profit before taxation		16,779	21,590	45,398	53,788
	Taxation		1,739	782	6,290	5,031
	Net profit for the financial period		18,518	22,372	51,688	58,819
	Earnings per share (sen)					
	- Basic		11.2	13.6	31.3	35.7
	- Diluted		11.2	13.6	31.3	35.7

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 2017.

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 2018

	<u>Individual Quarter</u>		<u>Cumulative Months Ended</u>	
	<u>Current</u>	<u>Last year's</u>	<u>Current</u>	<u>Last</u>
	<u>quarter ended</u>	<u>quarter ended</u>	<u>year ended</u>	<u>year's ended</u>
	<u>31.03.2018</u>	<u>31.03.2017</u>	<u>31.03.2018</u>	<u>31.03.2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	18,518	22,372	51,688	58,819
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation of financial investments available-for-sale	(879)	2,247	(1,622)	(2,384)
- Net transfer to income statements on disposal of financial investments available-for-sale	(60)	(1,011)	(1,149)	(3,216)
Income tax relating to net fair value changes on financial investments available-for-sale	225	(297)	664	1,343
Other comprehensive (expense)/income for the financial period, net of tax	(714)	939	(2,107)	(4,257)
Total comprehensive income for the financial period, net of tax	17,804	23,311	49,581	54,562

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 2017.

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 2018

	Attributable to owner of the parent						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits/ RM'000	
<u>The Group</u>							
At 1 July 2017	252,950	-	-	2,504	1,440	247,094	503,988
Net profit for the financial period	-	-	-	-	-	51,718	51,718
Other comprehensive expense, net of tax	-	-	-	-	(2,107)	-	(2,107)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(2,107)	51,718	49,611
Transfer from regulatory reserve	-	-	-	(40)	-	40	-
Dividend paid	-	-	-	-	-	(55,000)	(55,000)
At 31 March 2018	252,950	-	-	2,464	(667)	243,852	498,599
At 1 July 2016	165,000	87,950	196,867	3,563	5,637	36,634	495,651
Net profit for the financial period	-	-	-	-	-	58,746	58,746
Other comprehensive expense, net of tax	-	-	-	-	(4,257)	-	(4,257)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(4,257)	58,746	54,489
Transfer from regulatory reserve	-	-	-	(489)	-	489	-
Dividend paid	-	-	-	-	-	(52,300)	(52,300)
At 31 March 2017	165,000	87,950	196,867	3,074	1,380	43,569	497,840

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 2017.

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 2018

	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits/ RM'000	
<u>The Bank</u>							
At 1 July 2017	252,950	-	-	2,504	1,440	246,910	503,804
Net profit for the financial period	-	-	-	-	-	51,688	51,688
Other comprehensive expense, net of tax	-	-	-	-	(2,107)	-	(2,107)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(2,107)	51,688	49,581
Transfer from regulatory reserve	-	-	-	(40)	-	40	-
Dividend paid	-	-	-	-	-	(55,000)	(55,000)
At 31 March 2018	252,950	-	-	2,464	(667)	243,638	498,385
At 1 July 2016	165,000	87,950	196,867	3,563	5,637	36,357	495,374
Net profit for the financial period	-	-	-	-	-	58,819	58,819
Other comprehensive expense, net of tax	-	-	-	-	(4,257)	-	(4,257)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(4,257)	58,819	54,562
Transfer from regulatory reserve	-	-	-	(489)	-	489	-
Dividend paid	-	-	-	-	-	(52,300)	(52,300)
At 31 March 2017	165,000	87,950	196,867	3,074	1,380	43,365	497,636

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 2017.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	The Group		The Bank	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	45,428	53,715	45,398	53,788
Adjustments for non-cash items	(53,596)	(78,990)	(53,594)	(78,990)
Operating loss before changes in working capital	(8,168)	(25,275)	(8,196)	(25,202)
Changes in working capital:				
Net changes in operating assets	176,928	349,395	176,948	349,559
Net changes in operating liabilities	(238,547)	255,921	(238,569)	257,462
Net income tax refund	-	5	-	-
Net cash (used in)/generated from operating activities	(69,787)	580,046	(69,817)	581,819
Net cash generated from/(used in) investing activities	47,807	(511,135)	47,811	(511,179)
Net cash used in financing activities	(56,321)	(53,643)	(56,321)	(53,643)
Net changes in cash and cash equivalents	(78,301)	15,268	(78,327)	16,997
Cash and cash equivalents at beginning of financial period	206,739	270,795	206,669	269,053
Cash and cash equivalents at end of financial period	128,438	286,063	128,342	286,050
Cash and cash equivalents comprise:				
Cash and short term funds	128,438	286,063	128,342	286,050
Deposit and placements with other financial institutions	-	-	-	-
	128,438	286,063	128,342	286,050

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 2017.

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 2018 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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 2017. 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 2017.

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 2017 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"

The adoption of these amendments did not have any material financial impact on the current period or any prior period and is not likely to affect future periods.

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 2018.

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 2018.

6. Issuance and repayments

There were no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 31 March 2018.

7. Dividends

There were no dividends paid during the financial quarter ended 31 March 2018.

8. Financial assets at fair value through profit or loss

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Financial assets held-for-trading		
Money market instruments		
Malaysian Government Investment Issues	-	30,561
Negotiable instruments of deposits	703,203	831,596
Bankers' acceptances	49,855	-
	753,058	862,157
Quoted securities		
In Malaysia:		
Shares	6,976	19,501
Unquoted securities		
Foreign currency bonds	15,741	-
Corporate bond and/or sukuk	147,479	198,943
	163,220	198,943
	923,254	1,080,601
Financial assets designated at fair value through profit or loss		
Quoted securities		
In Malaysia:		
Shares	79	79
	923,333	1,080,680

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

EXPLANATORY NOTES

9. Financial investments available-for-sale

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	30,756	30,378	30,756	30,378
Malaysian Government Investment Issues	101,492	60,896	101,492	60,896
Cagamas bonds	55,693	65,442	55,693	65,442
	187,941	156,716	187,941	156,716
Quoted securities				
Unit trust investment	240	234	-	-
Unquoted securities				
Shares	245	245	245	245
Foreign currency bonds	80,407	74,832	80,407	74,832
Corporate bond and/or sukuk	796,746	741,122	796,746	741,122
	877,398	816,199	877,398	816,199
	1,065,579	973,149	1,065,339	972,915

10. Financial investments held-to-maturity

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	181,457	211,031
Malaysian Government Investment Issues	515,443	518,643
	696,900	729,674
Unquoted securities		
Foreign currency bonds	56,655	93,757
Corporate bond and/or sukuk	85,980	85,784
	142,635	179,541
	839,535	909,215

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

EXPLANATORY NOTES

11. Loans and advances

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Term loan financing	34,321	25,685
Share margin financing	218,876	210,707
Staff loans	60	64
Other loans	472	586
Gross loans and advances	<u>253,729</u>	<u>237,042</u>
Less: Allowance for losses on loans and advances		
- individual assessment allowance	(116)	(110)
- collective assessment allowance	(580)	(340)
Total net loans and advances	<u>253,033</u>	<u>236,592</u>
 (i) Gross loans and advances disbursed by type of customers are as follows:		
Domestic business enterprises		
- Small and medium enterprises	9,818	110
- Others	126,199	120,574
Individuals	109,699	108,535
Foreign entities	8,013	7,823
	<u>253,729</u>	<u>237,042</u>
 (ii) Gross loans and advances analysed by interest rate sensitivity are as follows:		
Variable rate	253,197	236,392
Fixed rate		
- Staff housing loans	60	64
- Other fixed rate loans	472	586
	<u>253,729</u>	<u>237,042</u>
 (iii) Gross loans and advances analysed by residual contractual maturity are as follows:		
Maturing within one year	233,783	225,988
One year to three years	19,886	10,990
Over five years	60	64
	<u>253,729</u>	<u>237,042</u>

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

EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
(iv) Loans and advances analysed by their economic purposes are as follows:		
Working capital	20,840	25,685
Purchase of securities	232,357	210,707
Purchase of transport vehicles	117	110
Purchase of landed properties	415	540
	253,729	237,042
(v) Gross loans and advances analysed by geographical distribution are as follows:		
Malaysia	253,729	237,042
(vi) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	11,576	574
Impaired during the financial period/year	10	11,002
Amount written-back during the financial period/year	(4,710)	-
At 31 March/30 June	6,876	11,576
(vii) Movements in allowance for loans and advances are as follows:		
Individual assessment allowance		
At 1 July	110	100
Allowance made during the financial period/year	6	10
At 31 March/30 June	116	110
Collective assessment allowance		
At 1 July	340	914
Allowance made/(written-back) during the financial period/year	240	(574)
At 31 March/30 June	580	340
(viii) Impaired loans and advances analysed by their economic purposes are as follows:		
Purchase of transport vehicles	116	110
Purchase of landed properties	355	476
Working capital	6,405	10,990
	6,876	11,576

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

EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Performing accounts	224,675	266,955
Impaired accounts	3,096	1,264
	227,771	268,219
Less: Allowance for bad and doubtful debts		
- individual assessment allowance	(244)	(417)
- collective assessment allowance	(30)	(28)
	227,497	267,774

13. Other assets

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	1	1	-	-
Amount due from holding company	6	-	6	-
Amount due from related companies	247	20	247	20
Deposits and prepayments	9,112	5,004	9,112	5,004
Fee income receivables	3,170	16,076	3,170	16,076
Collaterals pledged for derivative transactions	9,046	22,531	9,046	22,531
Other receivables	25,174	4,389	25,154	4,389
	46,756	48,021	46,735	48,020

14. Valuation of property and equipment

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

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

EXPLANATORY NOTES

15. Deposits from customers

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Fixed Deposit	714,061	648,867
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	528,223	456,337
Business enterprises	160,691	171,984
Individuals	25,147	20,546
	714,061	648,867
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	712,952	642,665
- six months to one year	1,109	6,202
	714,061	648,867

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
Licensed banks	192,051	778,053
Licensed investment banks	70,013	50,004
Other financial institutions	1,741,710	1,419,676
	2,003,774	2,247,733

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

EXPLANATORY NOTES

17. Derivative financial assets/liabilities

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31.03.2018			
Interest rate related contracts:			
- Interest rate swaps	4,845,000	9,103	(13,827)
- Futures	122,505	-	(225)
- Cross currency swaps	77,290	7,928	-
Foreign exchange related contracts:			
- Foreign currency swaps	3,589,569	9,904	(39,096)
- Foreign currency forwards	134,704	-	(1,656)
- Foreign currency spots	3,915	3	-
Equity related contracts:			
- Call options	7,000	105	-
	8,779,983	27,043	(54,804)
30.06.2017			
Interest rate related contracts:			
- Interest rate swaps	5,015,000	12,806	(23,881)
- Futures	322,498	337	-
- Cross currency swaps	171,770	83	(16,724)
Foreign exchange related contracts:			
- Foreign currency swaps	1,520,828	5,883	(7,345)
- Foreign currency forwards	73,399	171	(6)
- Foreign currency spots	17,735	1	(3)
Equity related contracts:			
- Call options	7,000	635	-
	7,128,230	19,916	(47,959)

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

EXPLANATORY NOTES

18. Other liabilities

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	-	265	-	265
Amount due to a subsidiary companies	-	-	5	-
Remisiers' trust deposits	13,975	13,786	13,975	13,786
Other payables and accrued liabilities	105,700	81,346	105,752	81,425
Provision for post employment benefits	206	202	206	202
	119,881	95,599	119,938	95,678

19. Subordinated obligations

	The Group and the Bank	
	31.03.2018	30.06.2017
	RM'000	RM'000
RM50.0 million Tier 2 subordinated notes, at par	50,000	50,000
Add: Interest payable	1,060	392
	51,060	50,392
Less: Unamortised discounts	(114)	(130)
	50,946	50,262

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.

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

EXPLANATORY NOTES

20. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,795	4,519	11,113	15,285
Money at call and deposit placements with financial institutions	1,010	315	2,832	1,179
Financial assets at fair value through profit or loss	7,709	8,041	26,630	32,730
Financial investments available-for-sale	9,749	11,237	28,220	28,854
Financial investments held-to-maturity	8,065	7,817	24,720	19,548
Derivative financial instruments	2,064	2,030	6,571	5,996
Others	4,131	2,856	12,139	6,749
Total interest income	36,523	36,815	112,225	110,341

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,795	4,519	11,113	15,285
Money at call and deposit placements with financial institutions	996	304	2,793	1,116
Financial assets at fair value through profit or loss	7,709	8,041	26,630	32,730
Financial investments available-for-sale	9,749	11,237	28,220	28,854
Financial investments held-to-maturity	8,065	7,817	24,720	19,548
Derivative financial instruments	2,064	2,030	6,571	5,996
Others	4,131	2,856	12,139	6,749
Total interest income	36,509	36,804	112,186	110,278

21. Interest expense

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	7,746	8,327	24,234	21,361
Deposits from customers	13,261	14,017	40,733	43,304
Derivative financial instruments	2,889	3,897	9,672	11,533
Subordinated notes	659	659	2,005	2,013
Others	1,517	4	4,338	143
	26,072	26,904	80,982	78,354

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

EXPLANATORY NOTES

22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,682	582	4,028	4,395
Arranger fees	170	784	4,185	5,680
Underwriting commissions	-	1,701	-	1,701
Placement fees	675	8,511	1,468	12,052
Brokerage income	19,882	17,809	50,279	42,035
Fees on loans and advances	-	266	418	1,435
Commission from future contracts	293	182	683	468
Other fee income	959	1,213	14,508	3,465
	23,661	31,048	75,569	71,231
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at fair value through profit or loss	11,475	(5,905)	23,075	1,931
- financial investments available-for-sale	(183)	367	1,078	3,054
- financial investments held-to-maturity	-	115	-	115
- derivative financial instruments	(14,823)	1,872	(49,466)	21,544
Net unrealised (loss)/gain on revaluation of:				
- financial assets at fair value through profit or loss	(10,218)	7,410	(19,916)	(2,093)
- derivative financial instruments	(16,056)	(5,553)	(521)	9,503
Dividend income from:				
- financial assets at fair value through profit or loss	1,020	1,199	2,489	1,609
- financial investments available-for-sale	2	3	67	9
	(28,783)	(492)	(43,194)	35,672
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	102
Loss on liquidation of subsidiaries	-	-	-	(7)
Foreign exchange gain/(loss)	30,984	4,461	50,130	(16,182)
Other non-operating income	3	8	26	24
	30,987	4,469	50,156	(16,063)
Total non-interest income	25,865	35,025	82,531	90,840

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

EXPLANATORY NOTES

22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,682	582	4,028	4,395
Arranger fees	170	784	4,185	5,680
Underwriting commissions	-	1,701	-	1,701
Placement fees	675	8,511	1,468	12,052
Brokerage income	19,882	17,809	50,279	42,035
Fees on loans and advances	-	266	418	1,435
Commission from future contracts	293	182	683	468
Other fee income	904	1,200	14,361	3,443
	23,606	31,035	75,422	71,209
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at fair value through profit or loss	11,475	(5,905)	23,075	1,931
- financial investments available-for-sale	(183)	367	1,078	3,054
- financial investments held-to-maturity	-	115	-	115
- derivative financial instruments	(14,823)	1,872	(49,466)	21,544
Net unrealised (loss)/gain on revaluation of:				
- financial assets at fair value through profit or loss	(10,218)	7,410	(19,916)	(2,093)
- derivative financial instruments	(16,056)	(5,553)	(521)	9,503
Dividend income from:				
- financial assets at fair value through profit or loss	1,020	1,199	2,489	1,609
- financial investments available-for-sale	-	-	61	-
	(28,785)	(495)	(43,200)	35,663
<u>Other income:</u>				
Gain on disposal of property and equipment	-	-	-	102
Loss on liquidation of subsidiaries	-	-	-	(4)
Foreign exchange gain/(loss)	30,984	4,461	50,130	(16,182)
Other non-operating income	3	8	26	23
	30,987	4,469	50,156	(16,061)
Total non-interest income	25,808	35,009	82,378	90,811

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

EXPLANATORY NOTES

23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	10,816	14,505	42,825	43,489
Promotion and marketing related expenses	701	830	1,657	1,904
Establishment related expenses	3,900	3,739	11,446	11,409
General administrative expenses	4,478	4,433	12,574	12,283
	19,895	23,507	68,502	69,085
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	8,735	12,272	36,421	37,034
Defined contribution plan	1,576	1,472	4,604	4,383
Other employee benefits	505	761	1,800	2,072
	10,816	14,505	42,825	43,489
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	1	1	38	33
Entertainment and business improvement	653	707	1,474	1,661
Others	47	122	145	210
	701	830	1,657	1,904
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	440	396	1,124	1,111
Amortisation of intangible assets	676	679	2,019	2,071
Rental expenses	1,040	966	3,419	3,051
Others	1,744	1,698	4,884	5,176
	3,900	3,739	11,446	11,409
(iv) General administrative expenses comprise the following:				
Management fee	687	764	1,972	2,086
Teletransmission expenses	1,270	1,311	4,013	3,615
Auditors' remuneration				
- Statutory audit fees	69	64	204	197
Legal and professional fees	776	1,131	2,405	2,817
Others	1,676	1,163	3,980	3,568
	4,478	4,433	12,574	12,283

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

EXPLANATORY NOTES

23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	10,781	14,465	42,710	43,375
Promotion and marketing related expenses	701	830	1,657	1,904
Establishment related expenses	3,881	3,719	11,408	11,369
General administrative expenses	4,475	4,429	12,565	12,272
	19,838	23,443	68,340	68,920
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	8,705	12,238	36,323	36,937
Defined contribution plan	1,571	1,466	4,587	4,366
Other employee benefits	505	761	1,800	2,072
	10,781	14,465	42,710	43,375
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	1	1	38	33
Entertainment and business improvement	653	707	1,474	1,661
Others	47	122	145	210
	701	830	1,657	1,904
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	440	396	1,124	1,111
Amortisation of intangible assets	676	679	2,019	2,071
Rental expenses	1,032	958	3,394	3,026
Others	1,733	1,686	4,871	5,161
	3,881	3,719	11,408	11,369
(iv) General administrative expenses comprise the following:				
Management fee	687	764	1,972	2,086
Teletransmission expenses	1,270	1,311	4,013	3,615
Auditors' remuneration				
- Statutory audit fees	67	63	199	192
Legal and professional fees	776	1,131	2,405	2,817
Others	1,675	1,160	3,976	3,562
	4,475	4,429	12,565	12,272

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

EXPLANATORY NOTES

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
(Allowance for)/write-back of losses on impaired loans and advances:				
(a) Individual assessment allowance				
- made during the financial period	(4)	-	(6)	-
(b) Collective assessment written-back/(made) during the financial period	103	229	(240)	466
Write-back of/(allowance for) losses on clients' and brokers' balances:				
(a) Individual assessment allowance				
- made during the financial period	(60)	12	(96)	(282)
- written-back during the financial period	128	11	269	94
(b) Collective assessment written-back/(made) during the financial period	22	4	(2)	1
Bad debts on clients' and brokers' balances - recovered	-	500	-	500
Allowance for losses on other debtors				
(a) Individual assessment allowance				
- made during the financial period	85	(632)	(127)	(806)
- written-back during the financial period	98	-	358	-
	372	124	156	(27)

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

EXPLANATORY NOTES

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.

	The Group and the Bank	
	31.03.2018	30.06.2017
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	-	130,000
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	3,555	10,352
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	-	326
- maturity over one year	138	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	618,543	661,322
	623,236	803,000
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,452,505	1,778,383
- Over one year to five years	3,377,290	3,485,885
- Over five years	215,000	245,000
Foreign exchange related contracts:		
- One year or less	3,728,188	1,611,962
Equity related contracts:		
- Over one year to five years	7,000	7,000
	8,779,983	7,128,230
	9,403,219	7,931,230

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

EXPLANATORY NOTES

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.

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

EXPLANATORY NOTES

27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
31.03.2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	6,976	916,357	-	923,333
- Money market instruments	-	753,058	-	753,058
- Quoted securities	6,976	79	-	7,055
- Unquoted securities	-	163,220	-	163,220
Financial investments available-for-sale	240	1,065,094	245	1,065,579
- Money market instruments	-	187,941	-	187,941
- Quoted securities	240	-	-	240
- Unquoted securities	-	877,153	245	877,398
Derivative financial assets	-	27,043	-	27,043
	7,216	2,008,494	245	2,015,955
Financial liability				
Derivative financial liabilities	-	54,804	-	54,804
30.06.2017				
Financial assets				
Financial assets at fair value through profit or loss	19,501	1,061,179	-	1,080,680
- Money market instruments	-	862,157	-	862,157
- Quoted securities	19,501	79	-	19,580
- Unquoted securities	-	198,943	-	198,943
Financial investments available-for-sale	234	972,670	245	973,149
- Money market instruments	-	156,716	-	156,716
- Quoted securities	234	-	-	234
- Unquoted securities	-	815,954	245	816,199
Derivative financial assets	-	19,916	-	19,916
	19,735	2,053,765	245	2,073,745
Financial liability				
Derivative financial liabilities	-	47,959	-	47,959

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

EXPLANATORY NOTES

27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Bank	Level 1	Level 2	Level 3	Total
31.03.2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss	6,976	916,357	-	923,333
- Money market instruments	-	753,058	-	753,058
- Quoted securities	6,976	79	-	7,055
- Unquoted securities	-	163,220	-	163,220
Financial investments available-for-sale	-	1,065,094	245	1,065,339
- Money market instruments	-	187,941	-	187,941
- Unquoted securities	-	877,153	245	877,398
Derivative financial assets	-	27,043	-	27,043
	6,976	2,008,494	245	2,015,715
Financial liability				
Derivative financial liabilities	-	54,804	-	54,804
30.06.2017				
Financial assets				
Financial assets at fair value through profit or loss	19,501	1,061,179	-	1,080,680
- Money market instruments	-	862,157	-	862,157
- Quoted securities	19,501	79	-	19,580
- Unquoted securities	-	198,943	-	198,943
Financial investments available-for-sale	-	972,670	245	972,915
- Money market instruments	-	156,716	-	156,716
- Unquoted securities	-	815,954	245	816,199
Derivative financial assets	-	19,916	-	19,916
	19,501	2,053,765	245	2,073,511
Financial liability				
Derivative financial liabilities	-	47,959	-	47,959

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

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

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:

The Group and the Bank	Financial investments available-for-sale	
	31.03.2018	30.06.2017
	RM'000	RM'000
At beginning/end of financial period/year	<u>245</u>	<u>245</u>

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:

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	27.687%	29.759%	27.668%	29.744%
Tier 1 capital ratio	27.687%	29.759%	27.668%	29.744%
Total capital ratio	32.216%	33.928%	32.200%	33.912%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	27.687%	25.414%	27.668%	25.398%
Tier 1 capital ratio	27.687%	25.414%	27.668%	25.398%
Total capital ratio	32.216%	29.583%	32.200%	29.566%

Note:

⁽¹⁾ Proposed dividends of RM Nil (2017: RM55,000,000).

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

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:

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	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	192,094	247,094	191,910	246,910
Other reserves	(667)	1,440	(667)	1,440
Less: goodwill and intangibles	(32,283)	(33,796)	(32,283)	(33,796)
Less: deferred tax assets	(90,153)	(90,153)	(90,153)	(90,153)
Less: investment in subsidiary companies	-	-	(200)	(160)
Less: 55% of cumulative gains of financial instruments available-for-sale	-	(792)	-	(792)
Total CET1 Capital	321,941	376,743	321,557	376,399
Tier 1 Capital	321,941	376,743	321,557	376,399
Tier 2 Capital				
Collective assessment allowance ⁽²⁾ and regulatory reserve ⁽³⁾	2,665	2,783	2,665	2,783
Subordinated obligations	50,000	50,000	50,000	50,000
Regulatory adjustments:				
- Investment in subsidiary companies	-	-	-	(40)
Total Tier 2 Capital	52,665	52,783	52,665	52,743
Total Capital	374,606	429,526	374,222	429,142

Note:

(2) Excludes collective assessment allowance attributable to loans and advances classified as impaired.

(3) Includes the qualifying regulatory reserve for non-impaired loans and advances of RM2,464,000 (2017: RM2,504,000).

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

	The Group		The Bank	
	31.03.2018	30.06.2017	31.03.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	414,718	462,211	414,439	461,963
Market risk	456,134	517,433	456,134	517,433
Operational risk	291,951	286,353	291,616	286,064
	1,162,803	1,265,997	1,162,189	1,265,460

HONG LEONG INVESTMENT BANK BERHAD

(Company No: 10209-W)

EXPLANATORY NOTES

29. Significant events during the financial quarter ended 31 March 2018

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 2018 against the corresponding financial quarter

For the current financial quarter ended 31 March 2018, the Group recorded a profit before tax of RM16.8 million, as compared to a RM21.6 million recorded in the corresponding financial quarter. The decrease in profit of RM4.8 million was primarily attributable to the lower income earned from its Investment Banking Division.

33. Prospects for 2018

Despite a recovery in economic growth throughout FY2017, the outlook for FY2018 remains challenging as investors' sentiment remains susceptible to global economic uncertainties. However, the Bank will continue to focus on driving long-term sustainable growth for our businesses. The Bank's team of dedicated staff will also strengthen our efforts to build resilience towards disruptions in the market in the way we manage our processes, assets and businesses.

On the investment banking front, despite the challenging market conditions and operating environment, emphasis will continue to be placed on the offering of innovative financing solutions which has been the foundation of growth for HLIB since its inception in Year 2009. Moving forward, resources will be channeled towards further widening the deals origination universe and to strengthen the distribution and placement capability for the Bank to compete vigorously in the market.

For Stockbroking business, the Bank will continue with its efforts to drive and scale up our ranking with our Institutional clients. In addition, there are also initiatives to complement our client base, leveraging on our newly set up Islamic Trading platform. As for the Retail Business, the Bank aspires to retain our leadership position in Malaysia with eBroking being our main focus. The Bank will continue with our efforts to strengthen our brand image as a valued broker via tailored product offerings and build value research. Digital initiatives will be continuously refreshed to sustain customer experience for our online business. Overall, the Stockbroking business will remain challenging due to the volatile and cautious market sentiment and uncertain commodity price trend. The stiff competition in the retail broking segment with the introduction of new online foreign trading platform will put further pressure on brokerage rates.