

HONG LEONG INVESTMENT BANK BERHAD
Registration No. 197001000928 (10209-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	The Group		The Bank	
		As at	As at	As at	As at
		30.09.2021	30.06.2021	30.09.2021	30.06.2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		196,204	118,351	193,115	116,519
Deposits and placements with banks and other financial institutions		-	31,139	-	31,139
Financial assets at fair value through profit or loss ("FVTPL")	8	375,933	523,419	375,737	523,223
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,527,514	1,350,820	1,527,514	1,350,820
Financial investments at amortised cost	10	1,096,659	1,059,286	1,096,659	1,059,286
Derivative financial assets	17	30,226	34,494	30,226	34,494
Loans and advances	11	370,170	335,759	370,170	335,759
Clients' and brokers' balances	12	190,673	199,794	190,673	199,794
Other assets	13	52,244	46,136	52,235	46,135
Investment in subsidiaries		-	-	200	200
Deferred tax assets		117,525	121,199	117,525	121,199
Property and equipment	14	7,732	8,418	7,732	8,418
Right-of-use ("ROU") assets		15,268	16,121	15,268	16,121
Intangible assets - computer software		4,572	2,759	4,572	2,759
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		4,013,706	3,876,681	4,010,612	3,874,852
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	773,680	701,538	773,680	701,538
Deposits and placements of banks and other financial institutions	16	2,112,097	2,049,422	2,112,097	2,049,422
Derivative financial liabilities	17	34,775	41,056	34,775	41,056
Clients' and brokers' balances		169,243	176,640	169,243	176,640
Lease liabilities		14,415	15,193	14,415	15,193
Provision for tax		2	9	-	-
Other liabilities	18	294,276	133,614	291,376	131,972
Subordinated obligations	19	101,258	100,192	101,258	100,192
TOTAL LIABILITIES		3,499,746	3,217,664	3,496,844	3,216,013
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		261,010	406,067	260,818	405,889
TOTAL EQUITY		513,960	659,017	513,768	658,839
TOTAL EQUITY AND LIABILITIES		4,013,706	3,876,681	4,010,612	3,874,852
COMMITMENTS AND CONTINGENCIES					
	27	5,789,641	5,993,970	5,789,641	5,993,970
Net assets per ordinary share (RM)		3.11	3.99	3.11	3.99

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 2021.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	26,714	27,329	26,714	27,329
Interest income for financial assets at FVTPL	20b	7,105	9,130	7,105	9,130
Interest expense	21	(22,382)	(23,675)	(22,382)	(23,675)
Net interest income		11,437	12,784	11,437	12,784
Non-interest income	22	35,216	58,056	35,216	58,056
Net income		46,653	70,840	46,653	70,840
Overhead expenses	23	(21,901)	(30,259)	(21,901)	(30,259)
Operating profit before allowances		24,752	40,581	24,752	40,581
Write-back of allowance for impairment losses on loans and advances	24	173	2,679	173	2,679
Write-back of allowance for impairment losses on financial investments and other other financial assets	25	113	171	113	171
Profit before taxation		25,038	43,431	25,038	43,431
Taxation		(5,991)	(5,333)	(5,991)	(5,333)
Net profit for the financial period		19,047	38,098	19,047	38,098
Earnings per share (sen)					
- Basic		11.5	23.1	11.5	23.1
- Diluted		11.5	23.1	11.5	23.1

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 2021.

HONG LEONG INVESTMENT BANK BERHAD

Registration No. 197001000928 (10209-W)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Individual Quarter		The Group Cumulative Months Ended	
	Current quarter ended 30.09.2021 RM'000	Last year's quarter ended 30.09.2020 RM'000	Current year ended 30.09.2021 RM'000	Last year's ended 30.09.2020 RM'000
Net profit for the financial period	19,047	38,098	19,047	38,098
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(9,654)	4,873	(9,654)	4,873
- Net changes in expected credit losses	(17)	112	(17)	112
Income tax relating to net fair value changes on financial investments at FVOCI	2,317	(1,169)	2,317	(1,169)
Other comprehensive (expense)/income for the financial period, net of tax	(7,354)	3,816	(7,354)	3,816
Total comprehensive income for the financial period, net of tax	11,693	41,914	11,693	41,914

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 2021.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Note	The Bank			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year's	Current	Last
		quarter ended	quarter ended	year ended	year's ended
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	26,693	27,323	26,693	27,323
Interest income for financial assets at FVTPL	20b	7,105	9,130	7,105	9,130
Interest expense	21	(22,382)	(23,675)	(22,382)	(23,675)
Net interest income		11,416	12,778	11,416	12,778
Non-interest income	22	35,181	58,030	35,181	58,030
Net income		46,597	70,808	46,597	70,808
Overhead expenses	23	(21,859)	(30,221)	(21,859)	(30,221)
Operating profit before allowances		24,738	40,587	24,738	40,587
Write-back of allowance for impairment losses on loans and advances	24	173	2,679	173	2,679
Write-back of allowance for impairment losses on financial losses on financial investments and other other financial assets	25	113	171	113	171
Profit before taxation		25,024	43,437	25,024	43,437
Taxation		(5,991)	(5,333)	(5,991)	(5,333)
Net profit for the financial period		19,033	38,104	19,033	38,104
Earnings per share (sen)					
- Basic		11.5	23.1	11.5	23.1
- Diluted		11.5	23.1	11.5	23.1

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 2021.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Individual Quarter		The Bank	
	Current	Last year's	Cumulative	Months Ended
	quarter ended	quarter ended	year ended	year's ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	19,033	38,104	19,033	38,104
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(9,654)	4,873	(9,654)	4,873
- Net changes in expected credit losses	(17)	112	(17)	112
Income tax relating to net fair value changes on financial investments at FVOCI	2,317	(1,169)	2,317	(1,169)
Other comprehensive (expense)/income for the financial period, net of tax	(7,354)	3,816	(7,354)	3,816
Total comprehensive income for the financial period, net of tax	11,679	41,920	11,679	41,920

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 2021.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	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	
The Group					
At 1 July 2021	252,950	13,149	3,364	389,554	659,017
Net profit for the financial period	-	-	-	19,047	19,047
Other comprehensive expense, net of tax	-	-	(7,354)	-	(7,354)
Total comprehensive (expense)/income for the financial period	-	-	(7,354)	19,047	11,693
Transfer to regulatory reserve	-	553	-	(553)	-
Dividend payable	-	-	-	(156,750)	(156,750)
At 30 September 2021	252,950	13,702	(3,990)	251,298	513,960
At 1 July 2020	252,950	12,076	9,349	279,903	554,278
Net profit for the financial period	-	-	-	38,098	38,098
Other comprehensive income, net of tax	-	-	3,816	-	3,816
Total comprehensive income for the financial period	-	-	3,816	38,098	41,914
Transfer to regulatory reserve	-	1,383	-	(1,383)	-
At 30 September 2020	252,950	13,459	13,165	316,618	596,192

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 2021.

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Non-distributable			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Bank</u>					
At 1 July 2021	252,950	13,149	3,364	389,376	658,839
Net profit for the financial period	-	-	-	19,033	19,033
Other comprehensive expense, net of tax	-	-	(7,354)	-	(7,354)
Total comprehensive (expense)/income for the financial period	-	-	(7,354)	19,033	11,679
Transfer to regulatory reserve	-	553	-	(553)	-
Dividend payable	-	-	-	(156,750)	(156,750)
At 30 September 2021	252,950	13,702	(3,990)	251,106	513,768
At 1 July 2020	252,950	12,076	9,349	279,828	554,203
Net profit for the financial period	-	-	-	38,104	38,104
Other comprehensive income, net of tax	-	-	3,816	-	3,816
Total comprehensive income for the financial period	-	-	3,816	38,104	41,920
Transfer to regulatory reserve	-	1,383	-	(1,383)	-
At 30 September 2020	252,950	13,459	13,165	316,549	596,123

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 2021.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	The Group		The Bank	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	25,038	43,431	25,024	43,437
Adjustments for non-cash items	(14,223)	(18,705)	(14,222)	(18,705)
Operating profit before changes in working capital	10,815	24,726	10,802	24,732
Changes in working capital:				
Net changes in operating assets	115,630	(225,397)	115,637	(225,399)
Net changes in operating liabilities	131,331	255,790	130,074	257,264
Net income tax paid	(7)	(8)	-	-
Net cash generated from operating activities	257,769	55,111	256,513	56,597
Net cash used in investing activities	(210,098)	(63,636)	(210,099)	(63,636)
Net cash used in financing activities	(957)	(959)	(957)	(959)
Net changes in cash and cash equivalents	46,714	(9,484)	45,457	(7,998)
Cash and cash equivalents at beginning of financial period	149,490	272,603	147,658	271,013
Cash and cash equivalents at end of financial period	196,204	263,119	193,115	263,015
Cash and cash equivalents comprise:				
Cash and short term funds	196,204	162,906	193,115	162,802
Deposit and placements with bank and other financial institutions	-	100,213	-	100,213
	196,204	263,119	193,115	263,015

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 2021.

EXPLANATORY NOTES

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 September 2021 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

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

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2021 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS16)

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

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

2. Audit report

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

3. Seasonality or cyclicity of operations

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

4. Items affecting net income and cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 30 September 2021.

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EXPLANATORY NOTES

5. Changes in estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 30 September 2021.

6. Issuance and repayments

Save as detailed below, there were no other new shares issuance, no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 30 September 2021.

7. Dividends

There were no dividends paid during the financial quarter ended 30 September 2021.

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

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	50,189	20,953	50,189	20,953
Malaysian Government Investment Issues	122,975	31,180	122,975	31,180
Negotiable instruments of deposits	149,556	398,979	149,556	398,979
Cagamas bonds	15,011	15,015	15,011	15,015
	337,731	466,127	337,731	466,127
Quoted securities				
In Malaysia:				
Shares	8,133	7,384	8,133	7,384
Unit trust investment	196	196	-	-
	8,329	7,580	8,133	7,384
Unquoted securities				
Corporate bond and/or sukuk	29,873	49,712	29,873	49,712
	375,933	523,419	375,737	523,223

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EXPLANATORY NOTES

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

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	136,048	32,232
Malaysian Government Investment Issues	281,971	283,907
Cagamas bonds	65,599	75,488
	483,618	391,627
Unquoted securities		
Foreign currency bonds	127,663	105,169
Corporate bond and/or sukuk	916,233	854,024
	1,043,896	959,193
	1,527,514	1,350,820

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	
The Group and the Bank	(Stage 1)	impaired	impaired	(Stage 3)
	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	372	-	-	372
Allowances made	4	-	-	4
Amount written back	(3)	-	-	(3)
New financial assets originated or purchased	17	-	-	17
Financial assets derecognised	(32)	-	-	(32)
Exchange differences	(3)	-	-	(3)
At 30 September 2021	355	-	-	355
At 1 July 2020	341	-	-	341
Allowances made	37	-	-	37
Amount written back	(38)	-	-	(38)
New financial assets originated or purchased	148	-	-	148
Financial assets derecognised	(89)	-	-	(89)
Exchange differences	(27)	-	-	(27)
At 30 June 2021	372	-	-	372

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EXPLANATORY NOTES

10. Financial investments at amortised cost

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	461,118	462,996
Malaysian Government Investment Issues	574,736	515,821
	1,035,854	978,817
Unquoted securities		
Foreign currency bonds	16,946	16,639
Corporate bond and/or sukuk	43,872	63,842
	60,818	80,481
Less: Expected credit losses	(13)	(12)
	1,096,659	1,059,286

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

	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
The Group and the Bank				
At 1 July 2021	12	-	-	12
Exchange differences	1	-	-	1
At 30 September 2021	13	-	-	13
At 1 July 2020	15	-	-	15
Financial assets derecognised	(1)	-	-	(1)
Exchange differences	(2)	-	-	(2)
At 30 June 2021	12	-	-	12

11. Loans and advances

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Term loan financing	40,375	41,986
Share margin financing	329,904	294,054
Staff loans	35	37
Other loans	266	265
Gross loans and advances	370,580	336,342
Less: Expected credit losses	(410)	(583)
Total net loans and advances	370,170	335,759

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
(i) Gross loans and advances disbursed by type of customers		
Domestic business enterprises		
- Small and medium enterprises	56,281	60,590
- Others	88,807	90,417
Individuals	221,181	181,065
Foreign entities	4,311	4,270
	370,580	336,342
(ii) Gross loans and advances analysed by interest rate sensitivity		
Variable rate	370,279	336,040
Fixed rate		
- Staff housing loans	35	37
- Other fixed rate loans	266	265
	370,580	336,342
(iii) Gross loans and advances analysed by residual contractual maturity		
Maturing within one year	358,050	322,201
One year to three years	-	-
Three years to five years	7,107	8,163
Over five years	5,423	5,978
	370,580	336,342
(iv) Loans and advances analysed by their economic purposes		
Working capital	33,303	33,860
Purchase of securities	336,976	302,180
Purchase of transport vehicles	126	126
Purchase of landed properties	175	176
	370,580	336,342
(v) Gross loans and advances analysed by geographical distribution		
Malaysia	370,580	336,342
(vi) Impaired loans and advances		
(a) Movements in impaired loans and advances		
At 1 July	265	6,522
Amount written-back during the financial period/year	-	(6,257)
At 30 June	265	265

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
(vi) Impaired loans and advances (continued)		
(b) By economic purposes		
Purchase of transport vehicles	126	126
Purchase of landed properties	139	139
	265	265

(vii) Movements in expected credit losses:

The Group and the Bank	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2021	263	194	126	583
Transferred to Stage 1	1	(1)	-	-
New financial assets originated	3	10	-	13
Allowance made	13	-	-	13
Allowance written-back	(52)	(147)	-	(199)
At 30 September 2021	228	56	126	410
At 1 July 2020	656	1	2,978	3,635
Transferred to Stage 1	223	(13)	(210)	-
Transferred to Stage 2	(13)	2,342	(2,329)	-
New financial assets originated	12	1	-	13
Financial assets derecognised	(3)	-	-	(3)
Allowance made	105	79	2	186
Allowance written-back	(717)	(2,216)	(315)	(3,248)
At 30 June 2021	263	194	126	583

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EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Performing accounts	189,373	195,735
Impaired accounts	2,389	5,247
	191,762	200,982
Less: Expected credit losses	(1,089)	(1,188)
	190,673	199,794

13. Other assets

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	1	-	-	-
Amount due from holding company	154	130	154	130
Amount due from related companies	374	-	374	-
Deposits and prepayments	13,366	12,587	13,358	12,587
Fee income receivables	8,413	5,202	8,413	5,202
Collaterals pledged for derivative transactions	7,482	7,227	7,482	7,227
Treasury related receivables	20,493	20,624	20,493	20,624
Other receivables	3,904	2,308	3,904	2,307
	54,187	48,078	54,178	48,077
Less: Expected credit losses	(1,943)	(1,942)	(1,943)	(1,942)
	52,244	46,136	52,235	46,135

14. Valuation of property and equipment

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

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15. Deposits from customers

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Fixed Deposit	773,680	701,538
 (i) The deposits are sourced from the following customers:		
Government & statutory bodies	595,972	530,754
Business enterprises	164,417	157,569
Individuals	13,291	13,215
	773,680	701,538
 (ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	773,680	701,538

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Licensed banks	84,867	209,916
Licensed investment banks	20,937	101,016
Other financial institutions	2,006,293	1,738,490
	2,112,097	2,049,422

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17. Derivative financial assets/(liabilities)

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
30.09.2021			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,810,000	24,406	(31,134)
- futures	41,863	249	-
- cross currency swaps	83,725	1,935	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	588,804	3,493	(158)
- foreign currency forwards	263,132	88	(2,056)
(iii) Equity related contracts:			
- Call options	200	55	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(1,427)
	4,857,724	30,226	(34,775)
30.06.2021			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,515,000	26,970	(38,673)
- cross currency swaps	82,995	2,791	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,048,158	2,814	(238)
- foreign currency forwards	311,456	1,812	(501)
- foreign currency spots	23,611	23	-
(iii) Equity related contracts:			
- Call options	200	84	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(1,644)
	5,051,420	34,494	(41,056)

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18. Other liabilities

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	144	203	144	203
Amount due to related companies	1,380	643	1,376	639
Remisiers' trust deposits	15,587	16,392	15,587	16,392
Treasury related payables	31,605	42,465	31,605	42,465
Advance payments received for corporate exercise	1,708	-	1,708	-
Other payables and accrued liabilities	86,884	73,693	83,988	72,055
Dividend payable	156,750	-	156,750	-
Provision for post employment benefits	218	218	218	218
	294,276	133,614	291,376	131,972

19. Subordinated obligations

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,263	197
	101,263	100,197
Less: Unamortised discounts	(5)	(5)
	101,258	100,192

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

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

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

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

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20a. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,807	3,644	3,807	3,644
Money at call and deposit placements with financial institutions	226	1,589	226	1,589
Financial investments at FVOCI	10,105	10,272	10,105	10,272
Financial investments at amortised cost	8,284	7,480	8,284	7,480
Others	4,292	4,344	4,292	4,344
Total interest income	26,714	27,329	26,714	27,329

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances	3,807	3,644	3,807	3,644
Money at call and deposit placements with financial institutions	205	1,583	205	1,583
Financial investments at FVOCI	10,105	10,272	10,105	10,272
Financial investments at amortised cost	8,284	7,480	8,284	7,480
Others	4,292	4,344	4,292	4,344
Total interest income	26,693	27,323	26,693	27,323

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20b. Interest income for financial assets at FVTPL

	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
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	7,105	9,130	7,105	9,130

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
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,346	1,310	1,346	1,310
Deposits from customers	10,127	10,617	10,127	10,617
Derivative financial instruments	9,649	10,469	9,649	10,469
Subordinated obligations	1,066	1,067	1,066	1,067
Lease liabilities	179	215	179	215
Others	15	(3)	15	(3)
	22,382	23,675	22,382	23,675

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22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2021 RM'000	Last year's quarter ended 30.09.2020 RM'000	Current year ended 30.09.2021 RM'000	Last year's ended 30.09.2020 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,450	917	1,450	917
Arranger fees	533	53	533	53
Underwriting commissions	-	129	-	129
Placement fees	4,185	730	4,185	730
Brokerage income	21,154	41,767	21,154	41,767
Fees on loans and advances	39	38	39	38
Commission from future contracts	186	237	186	237
Other fee income	661	1,302	661	1,302
	28,208	45,173	28,208	45,173
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,167)	(2,347)	(2,167)	(2,347)
- financial investments at FVOCI	1,971	10,045	1,971	10,045
- derivative financial instruments	10,156	(15,952)	10,156	(15,952)
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(1,144)	2,189	(1,144)	2,189
- derivative financial instruments	2,242	737	2,242	737
Dividend income from:				
- financial assets at FVTPL	669	217	669	217
Net unrealised loss on fair value changes arising from fair value hedges				
	(463)	(530)	(463)	(530)
	11,264	(5,641)	11,264	(5,641)
<u>Other income:</u>				
Foreign exchange (loss)/gain	(4,265)	18,516	(4,265)	18,516
Other non-operating income	9	8	9	8
	(4,256)	18,524	(4,256)	18,524
Total non-interest income	35,216	58,056	35,216	58,056

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22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2021 RM'000	Last year's quarter ended 30.09.2020 RM'000	Current year ended 30.09.2021 RM'000	Last year's ended 30.09.2020 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	1,450	917	1,450	917
Arranger fees	533	53	533	53
Underwriting commissions	-	129	-	129
Placement fees	4,185	730	4,185	730
Brokerage income	21,154	41,767	21,154	41,767
Fees on loans and advances	39	38	39	38
Commission from future contracts	186	237	186	237
Other fee income	627	1,276	627	1,276
	28,174	45,147	28,174	45,147
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,167)	(2,347)	(2,167)	(2,347)
- financial investments at FVOCI	1,971	10,045	1,971	10,045
- derivative financial instruments	10,156	(15,952)	10,156	(15,952)
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(1,144)	2,189	(1,144)	2,189
- derivative financial instruments	2,242	737	2,242	737
Dividend income from:				
- financial assets at FVTPL	668	217	668	217
Net unrealised loss on fair value changes arising from fair value hedges	(463)	(530)	(463)	(530)
	11,263	(5,641)	11,263	(5,641)
<u>Other income:</u>				
Foreign exchange (loss)/gain	(4,265)	18,516	(4,265)	18,516
Other non-operating income	9	8	9	8
	(4,256)	18,524	(4,256)	18,524
Total non-interest income	35,181	58,030	35,181	58,030

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23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2021 RM'000	Last year's quarter ended 30.09.2020 RM'000	Current year ended 30.09.2021 RM'000	Last year's ended 30.09.2020 RM'000
Personnel expenses	13,372	20,982	13,372	20,982
Promotion and marketing related expenses	290	122	290	122
Establishment related expenses	4,026	4,142	4,026	4,142
General administrative expenses	4,213	5,013	4,213	5,013
	21,901	30,259	21,901	30,259
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	11,639	19,516	11,639	19,516
Defined contribution plan	1,717	1,674	1,717	1,674
Other employee benefits	16	(208)	16	(208)
	13,372	20,982	13,372	20,982
(ii) Promotion and marketing related expenses comprise the following:				
Advertisement and publicity expenses	-	-	-	-
Entertainment and business improvement	284	98	284	98
Others	6	24	6	24
	290	122	290	122
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	773	691	773	691
Amortisation of intangible assets	341	317	341	317
Depreciation of ROU assets	853	859	853	859
Rental expenses	35	24	35	24
Others	2,024	2,251	2,024	2,251
	4,026	4,142	4,026	4,142
(iv) General administrative expenses comprise the following:				
Management fee	1,070	1,485	1,070	1,485
Teletransmission expenses	1,725	1,670	1,725	1,670
Auditors' remuneration				
- Statutory audit fees	61	61	61	61
Legal and professional fees	448	687	448	687
Property and equipment written off	-	22	-	22
Others	909	1,088	909	1,088
	4,213	5,013	4,213	5,013

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23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2021 RM'000	Last year's quarter ended 30.09.2020 RM'000	Current year ended 30.09.2021 RM'000	Last year's ended 30.09.2020 RM'000
Personnel expenses	13,348	20,952	13,348	20,952
Promotion and marketing related expenses	290	122	290	122
Establishment related expenses	4,022	4,138	4,022	4,138
General administrative expenses	4,199	5,009	4,199	5,009
	21,859	30,221	21,859	30,221
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	11,619	19,490	11,619	19,490
Defined contribution plan	1,714	1,670	1,714	1,670
Other employee benefits	15	(208)	15	(208)
	13,348	20,952	13,348	20,952
(ii) Promotion and marketing related expenses comprise the following:				
Entertainment and business improvement	284	98	284	98
Others	6	24	6	24
	290	122	290	122
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	773	691	773	691
Amortisation of intangible assets	341	317	341	317
Depreciation of ROU assets	853	859	853	859
Rental expenses	31	20	31	20
Others	2,024	2,251	2,024	2,251
	4,022	4,138	4,022	4,138
(iv) General administrative expenses comprise the following:				
Management fee	1,070	1,481	1,070	1,481
Teletransmission expenses	1,725	1,670	1,725	1,670
Auditors' remuneration				
- Statutory audit fees	59	59	59	59
Legal and professional fees	437	685	437	685
Property and equipment written off	-	22	-	22
Others	908	1,092	908	1,092
	4,199	5,009	4,199	5,009

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
- Loans and advances	173	2,705	173	2,705
Impaired loans and advances written-off	-	(26)	-	(26)
	173	2,679	173	2,679

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year's	Current	Last
	quarter ended	quarter ended	year ended	year's ended
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments				
(i) Financial investments at FVOCI	17	(112)	17	(112)
(ii) Financial investments at amortised cost	(1)	-	(1)	-
	16	(112)	16	(112)
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	99	657	99	657
- Impaired clients' and brokers' balances recovered	-	-	-	-
(ii) Other assets	(2)	(374)	(2)	(374)
	97	283	97	283
	113	171	113	171

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26. Related party transactions

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

27. Commitments and contingencies

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

	<u>The Group and the Bank</u>	
	<u>30.09.2021</u>	<u>30.06.2021</u>
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- over one year	30,000	30,000
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	900,917	911,550
	<u>931,917</u>	<u>942,550</u>
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,535,588	1,592,995
- Over one year to five years	2,470,000	2,075,000
Foreign exchange related contracts:		
- One year or less	851,936	1,383,225
Equity related contracts:		
- Over one year to five years	200	200
	<u>4,857,724</u>	<u>5,051,420</u>
	<u>5,789,641</u>	<u>5,993,970</u>

EXPLANATORY NOTES

28. Fair value of financial instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
30.09.2021	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	8,329	367,604	-	375,933
- Money market instruments	-	337,731	-	337,731
- Quoted securities	8,329	-	-	8,329
- Unquoted securities	-	29,873	-	29,873
Financial investments at FVOCI	-	1,527,514	-	1,527,514
- Money market instruments	-	483,618	-	483,618
- Unquoted securities	-	1,043,896	-	1,043,896
Derivative financial assets	-	30,226	-	30,226
	8,329	1,925,344	-	1,933,673
Financial liability				
Derivative financial liabilities	-	34,775	-	34,775
30.06.2021				
Financial assets				
Financial assets at FVTPL	18,121	632,119	1,432	651,672
- Money market instruments	-	588,325	-	588,325
- Quoted securities	18,121	-	-	18,121
- Unquoted securities	-	43,794	1,432	45,226
Financial investments at FVOCI	-	1,266,529	-	1,266,529
- Money market instruments	-	124,569	-	124,569
- Unquoted securities	-	1,141,960	-	1,141,960
Derivative financial assets	-	54,957	-	54,957
	18,121	1,953,605	1,432	1,973,158
Financial liability				
Derivative financial liabilities	-	81,620	-	81,620

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28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Bank	Level 1	Level 2	Level 3	Total
30.09.2021	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	8,133	367,604	-	375,737
- Money market instruments	-	337,731	-	337,731
- Quoted securities	8,133	-	-	8,133
- Unquoted securities	-	29,873	-	29,873
Financial investments at FVOCI	-	1,527,514	-	1,527,514
- Money market instruments	-	483,618	-	483,618
- Unquoted securities	-	1,043,896	-	1,043,896
Derivative financial assets	-	30,226	-	30,226
	8,133	1,925,344	-	1,933,477
Financial liability				
Derivative financial liabilities	-	34,775	-	34,775
30.06.2021				
Financial assets				
Financial assets at FVTPL	18,033	632,119	1,432	651,584
- Money market instruments	-	588,325	-	588,325
- Quoted securities	18,033	-	-	18,033
- Unquoted securities	-	43,794	1,432	45,226
Financial investments at FVOCI	-	1,266,529	-	1,266,529
- Money market instruments	-	124,569	-	124,569
- Unquoted securities	-	1,141,960	-	1,141,960
Derivative financial assets	-	54,957	-	54,957
	18,033	1,953,605	1,432	1,973,070
Financial liability				
Derivative financial liabilities	-	81,620	-	81,620

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

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28. Fair value of financial instruments (continued)

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

	The Group and the Bank	
	30.09.2021	30.06.2021
	RM'000	RM'000
Financial assets at FVTPL		
At 1 July	-	1,432
Disposed during the financial period/year	-	(1,432)
At 30 September/30 June	-	-

29. Capital adequacy

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

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

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	32.436%	50.556%	32.442%	50.575%
Tier 1 capital ratio	32.436%	50.556%	32.442%	50.575%
Total capital ratio	42.762%	61.379%	42.781%	61.409%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	32.436%	34.419%	32.442%	34.419%
Tier 1 capital ratio	32.436%	34.419%	32.442%	34.419%
Total capital ratio	42.762%	45.241%	42.781%	45.253%

Note:

⁽¹⁾ Proposed dividends of RM Nil (30.06.2021: RM156,750,000).

HONG LEONG INVESTMENT BANK BERHAD
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EXPLANATORY NOTES

29. Capital adequacy (continued)

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

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	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	232,804	389,554	232,626	389,376
Other reserves	(3,990)	3,364	(3,990)	3,364
Less: goodwill and intangibles	(33,558)	(31,745)	(33,558)	(31,745)
Less: deferred tax assets	(117,525)	(121,199)	(117,525)	(121,199)
Less: investment in subsidiary companies	-	-	(200)	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	-	(1,850)	-	(1,850)
Total CET1 Capital	330,681	491,074	330,303	490,696
Tier 1 Capital	330,681	491,074	330,303	490,696
Tier 2 Capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,271	5,120	5,263	5,115
Subordinated obligations	100,000	100,000	100,000	100,000
Total Tier 2 Capital	105,271	105,120	105,263	105,115
Total Capital	435,952	596,194	435,566	595,811

Note:

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

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

	The Group		The Bank	
	30.09.2021	30.06.2021	30.09.2021	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	421,689	409,572	421,063	409,205
Market risk	277,765	248,500	277,371	248,108
Operational risk	320,039	313,267	319,707	312,925
	1,019,493	971,339	1,018,141	970,238

EXPLANATORY NOTES

30. Significant events during the financial quarter ended 30 September 2021

COVID-19 pandemic

The Malaysian economy is on the road to recovery from COVID-19, although risks remain from the ongoing crisis.

The Group and the Bank will continue monitoring the situation closely and continue to assess impact on the

31. Changes in the composition of the Group

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

32. Significant events subsequent to the financial quarter

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

33. Review of performance for the financial quarter ended 30 September 2021 against the corresponding financial quarter

For the current financial quarter ended 30 September 2021, the Group recorded a profit before tax of RM25.0 million, as compared to a RM43.4 million recorded in the corresponding financial quarter. The decrease in profit of RM18.4 million was primarily attributable to lower profit contribution from both its Stockbroking Division and Investment Banking Division.

EXPLANATORY NOTES

34. Prospects for 2022

The improving Covid-19 situation in the country, is an indication that Malaysia is ready to enter the endemic phase. This could be seen through the declining trend in average daily cases, the number of clusters, and hospital utilisation capacity, while the country registers a high vaccination rate. With the reopening of the state borders, more economic recovery is anticipated.

The world continues to adapt and adjust to the new normal environment with the persistent lingering of the COVID-19 pandemic. Both fiscal and monetary policies remain accommodative in support of the global recovery. The outlook is dependent on the developments related to the pandemic and potential challenges that might affect the vaccination rate globally.

Advanced economies are expected to gradually recover in 2022. Asia's economic growth is also expected to improve, in tandem with the global recovery ahead.

Ongoing initiatives by the Government and Bank Negara Malaysia are expected to provide the much needed financial and fiscal support to the economy. Vaccine driven improvements and external demand growth will contribute towards the recovery in economic activities. With this recovery anticipation sentiment, Bursa Malaysia trading volume which has slowed down compared to previous year is expected to gain momentum again.

The Bank will continue:

- to focus on operational efficiency, maintain prudence in management of credit risk and asset quality while preserving strong corporate governance and sound risk management practices.
- to emphasise efforts to enhance our cybersecurity measures. The Bank is also progressively changing its way of doing business to cope with the new normal. This will mean putting more focus on serving our clients through digital channels.
- to execute our business strategies, sharpen our business continuity measures and drive our digital solutions to manage cost and improve productivity with the objective of delivering long-term sustainable growth as well as increase our shareholder value.