

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

	Note	The Group		The Bank	
		As at	As at	As at	As at
		30.09.2023	30.06.2023	30.09.2023	30.06.2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		229,634	293,334	229,286	291,918
Deposits and placements with banks and other financial institutions		5,199	130,012	5,199	130,012
Financial assets at fair value through profit or loss ("FVTPL")	8	233,034	275,700	232,829	275,496
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,909,673	1,838,115	1,909,673	1,838,115
Financial investments at amortised cost	10	1,167,074	1,138,237	1,167,074	1,138,237
Derivative financial assets	17	51,701	67,036	51,701	67,036
Loans and advances	11	331,205	409,817	331,205	409,817
Clients' and brokers' balances	12	167,731	132,829	167,731	132,829
Other assets	13	81,378	32,708	81,375	32,705
Statutory deposits with Bank Negara Malaysia		65,940	52,350	65,940	52,350
Investment in subsidiaries		-	-	200	200
Deferred tax assets		94,971	96,878	94,971	96,878
Property and equipment	14	3,479	4,309	3,479	4,309
Right-of-use ("ROU") assets		10,886	11,739	10,886	11,739
Intangible assets - computer software		5,156	4,950	5,156	4,950
Goodwill		28,986	28,986	28,986	28,986
TOTAL ASSETS		4,386,047	4,517,000	4,385,691	4,515,577
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	15	881,053	703,676	881,053	703,676
Deposits and placements of banks and other financial institutions	16	2,538,204	2,858,234	2,538,204	2,858,234
Derivative financial liabilities	17	47,087	54,074	47,087	54,074
Clients' and brokers' balances		153,610	119,653	153,610	119,653
Lease liabilities		10,464	11,271	10,464	11,271
Provision for tax		4	7	-	-
Other liabilities	18	133,406	126,338	133,453	125,264
Subordinated obligations	19	101,262	100,195	101,262	100,195
TOTAL LIABILITIES		3,865,090	3,973,448	3,865,133	3,972,367
EQUITY					
Share capital		252,950	252,950	252,950	252,950
Reserves		268,007	290,602	267,608	290,260
TOTAL EQUITY		520,957	543,552	520,558	543,210
TOTAL EQUITY AND LIABILITIES		4,386,047	4,517,000	4,385,691	4,515,577
COMMITMENTS AND CONTINGENCIES					
	27	9,278,631	8,278,632	9,278,631	8,278,632
Net assets per ordinary share (RM)		3.16	3.29	3.15	3.29

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 2023.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Note	The Group			
		Individual Quarter		Cumulative Months Ended	
		Current	Last year	Current	Last
		quarter ended	quarter ended	year to date	year to date
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	20a	39,029	29,755	39,029	29,755
Interest income for financial assets at FVTPL	20b	4,872	5,146	4,872	5,146
Interest expense	21	(31,887)	(21,717)	(31,887)	(21,717)
Net interest income		12,014	13,184	12,014	13,184
Non-interest income	22	32,340	25,702	32,340	25,702
Net income		44,354	38,886	44,354	38,886
Overhead expenses	23	(27,432)	(22,934)	(27,432)	(22,934)
Operating profit before allowances		16,922	15,952	16,922	15,952
Write-back of impairment losses on loans and advances	24	53	18	53	18
(Allowance for)/write-back of impairment losses on financial losses on financial investments and other other financial assets	25	(76)	105	(76)	105
Profit before taxation		16,899	16,075	16,899	16,075
Taxation		(4,042)	(3,874)	(4,042)	(3,874)
Net profit for the financial period		12,857	12,201	12,857	12,201
Earnings per share (sen)					
- Basic		7.8	7.4	7.8	7.4
- Diluted		7.8	7.4	7.8	7.4

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 2023.

HONG LEONG INVESTMENT BANK BERHAD

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Individual Quarter		The Group Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	12,857	12,201	12,857	12,201
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(8,896)	(2,083)	(8,896)	(2,083)
- Net changes in expected credit losses	19	(4)	19	(4)
Income tax relating to net fair value changes on financial investments at FVOCI	2,135	500	2,135	500
Other comprehensive expense for the financial period, net of tax	(6,742)	(1,587)	(6,742)	(1,587)
Total comprehensive income for the financial period, net of tax	6,115	10,614	6,115	10,614

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 2023.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

		The Bank				
		Individual Quarter		Cumulative Months Ended		
		Current	Last year	Current	Last	
		quarter ended	quarter ended	year to date	year to date	
Note		30.09.2023	30.09.2022	30.09.2023	30.09.2022	
		RM'000	RM'000	RM'000	RM'000	
	Interest income	20a	38,999	29,736	38,999	29,736
	Interest income for financial assets at FVTPL	20b	4,872	5,146	4,872	5,146
	Interest expense	21	(31,887)	(21,717)	(31,887)	(21,717)
	Net interest income		11,984	13,165	11,984	13,165
	Non-interest income	22	32,309	25,690	32,309	25,690
	Net income		44,293	38,855	44,293	38,855
	Overhead expenses	23	(27,428)	(22,902)	(27,428)	(22,902)
	Operating profit before allowances		16,865	15,953	16,865	15,953
	Write-back of impairment losses on loans and advances	24	53	18	53	18
	(Allowance for)/write-back of impairment losses on financial losses on financial investments and other other financial assets	25	(76)	105	(76)	105
	Profit before taxation		16,842	16,076	16,842	16,076
	Taxation		(4,042)	(3,859)	(4,042)	(3,859)
	Net profit for the financial period		12,800	12,217	12,800	12,217
	Earnings per share (sen)					
	- Basic		7.8	7.4	7.8	7.4
	- Diluted		7.8	7.4	7.8	7.4

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 2023.

HONG LEONG INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	12,800	12,217	12,800	12,217
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(8,896)	(2,083)	(8,896)	(2,083)
- Net changes in expected credit losses	19	(4)	19	(4)
Income tax relating to net fair value changes on financial investments at FVOCI	2,135	500	2,135	500
Other comprehensive expense for the financial period, net of tax	(6,742)	(1,587)	(6,742)	(1,587)
Total comprehensive income for the financial period, net of tax	6,058	10,630	6,058	10,630

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 2023.

HONG LEONG INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	<u>Attributable to owner of the parent</u>				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<u>The Group</u>					
At 1 July 2023	252,950	14,429	(4,486)	280,659	543,552
Net profit for the financial period	-	-	-	12,857	12,857
Other comprehensive expense, net of tax	-	-	(6,742)	-	(6,742)
Total comprehensive (expense)/income	-	-	(6,742)	12,857	6,115
Transfer to regulatory reserve	-	575	-	(575)	-
Dividend paid	-	-	-	(28,710)	(28,710)
At 30 September 2023	252,950	15,004	(11,228)	264,231	520,957
At 1 July 2022	252,950	12,148	(19,792)	288,171	533,477
Net profit for the financial period	-	-	-	12,201	12,201
Other comprehensive expense, net of tax	-	-	(1,587)	-	(1,587)
Total comprehensive (expense)/income	-	-	(1,587)	12,201	10,614
Transfer to regulatory reserve	-	3,786	-	(3,786)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 30 September 2022	252,950	15,934	(21,379)	257,646	505,151

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 2023.

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	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 2023	252,950	14,429	(4,486)	280,317	543,210
Net profit for the financial period	-	-	-	12,800	12,800
Other comprehensive expense, net of tax	-	-	(6,742)	-	(6,742)
Total comprehensive (expense)/income	-	-	(6,742)	12,800	6,058
Transfer to regulatory reserve	-	575	-	(575)	-
Dividend paid	-	-	-	(28,710)	(28,710)
At 30 September 2023	252,950	15,004	(11,228)	263,832	520,558
At 1 July 2022	252,950	12,148	(19,792)	287,881	533,187
Net profit for the financial period	-	-	-	12,217	12,217
Other comprehensive expense, net of tax	-	-	(1,587)	-	(1,587)
Total comprehensive (expense)/income	-	-	(1,587)	12,217	10,630
Transfer to regulatory reserve	-	3,786	-	(3,786)	-
Dividend paid	-	-	-	(38,940)	(38,940)
At 30 September 2022	252,950	15,934	(21,379)	257,372	504,877

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 2023.

HONG LEONG INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	The Group		The Bank	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	16,899	16,075	16,842	16,076
Adjustments for non-cash items	(18,330)	(22,914)	(18,329)	(22,910)
Operating loss before changes in working capital	(1,431)	(6,839)	(1,487)	(6,834)
Changes in working capital:				
Net changes in operating assets	22,694	(506,688)	22,694	(506,690)
Net changes in operating liabilities	(101,628)	235,794	(129,217)	231,610
Net income tax paid	(3)	(3)	-	-
Net cash used in operating activities	(80,368)	(277,736)	(108,010)	(281,914)
Net cash (used in)/generated from investing activities	(78,500)	139,591	(78,500)	139,589
Net cash used in financing activities	(29,645)	(947)	(935)	(947)
Net changes in cash and cash equivalents	(188,513)	(139,092)	(187,445)	(143,272)
Cash and cash equivalents at beginning of financial period	423,346	351,468	421,930	351,280
Cash and cash equivalents at end of financial period	234,833	212,376	234,485	208,008
Cash and cash equivalents comprise:				
Cash and short term funds	229,634	212,376	229,286	208,008
Deposit and placements with bank and other financial institutions	5,199	-	5,199	-
	234,833	212,376	234,485	208,008

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 2023.

EXPLANATORY NOTES

1. Basis of preparation

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

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2023. 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 2023.

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 2023 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2023:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities'

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 2023.

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EXPLANATORY NOTES

5. Changes in estimates

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 30 September 2023.

6. Issuance and repayments

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

7. Dividends

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

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

	The Group		The Bank	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	50,658	61,789	50,658	61,789
Malaysian Government Investment Issues	-	122,507	-	122,507
Negotiable instruments of deposits	100,051	49,885	100,051	49,885
	150,709	234,181	150,709	234,181
Quoted securities				
In Malaysia:				
Shares	4,897	6,542	4,897	6,542
Unit trust investment	205	204	-	-
	5,102	6,746	4,897	6,542
Unquoted securities				
Foreign currency bonds	47,279	-	47,279	-
Corporate bond and/or sukuk	29,944	34,773	29,944	34,773
	77,223	34,773	77,223	34,773
	233,034	275,700	232,829	275,496

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EXPLANATORY NOTES

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

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	213,526	214,625
Malaysian Government Investment Issues	477,813	449,106
Cagamas bonds	90,626	85,085
	781,965	748,816
Unquoted securities		
Foreign currency bonds	105,173	72,512
Corporate bond and/or sukuk	1,022,535	1,016,787
	1,127,708	1,089,299
	1,909,673	1,838,115

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 2023	167	-	-	167
Allowances made	2	-	-	2
Amount written back	(1)	-	-	(1)
New financial assets originated or purchased	45	-	-	45
Financial assets derecognised	(27)	-	-	(27)
At 30 September 2023	186	-	-	186
At 1 July 2022	158	-	-	158
Allowances made	8	-	-	8
Amount written back	(14)	-	-	(14)
New financial assets originated or purchased	40	-	-	40
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	167	-	-	167

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EXPLANATORY NOTES

10. Financial investments at amortised cost

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	541,983	597,232
Malaysian Government Investment Issues	585,347	501,501
	1,127,330	1,098,733
Unquoted securities		
Corporate bond and/or sukuk	39,744	39,504
Less: Expected credit losses	-	-
	1,167,074	1,138,237

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 2023/30 September 2023	-	-	-	-
At 1 July 2022/30 June 2023	-	-	-	-

11. Loans and advances

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
Term loan financing	35,299	106,109
Share margin financing	296,044	303,898
Staff loans	20	22
Other loans	127	126
Gross loans and advances	331,490	410,155
Less: Expected credit losses	(285)	(338)
Total net loans and advances	331,205	409,817

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
(i) Gross loans and advances disbursed by type of customers		
Domestic non-bank financial institutions		
- Others	30,084	30,082
Domestic business enterprises		
- Small and medium enterprises	52,213	53,024
- Others	50,444	121,410
Individuals	193,295	200,679
Foreign entities	5,454	4,960
	331,490	410,155
(ii) Gross loans and advances analysed by interest rate sensitivity		
Variable rate	331,343	410,007
Fixed rate		
- Staff housing loans	20	22
- Other fixed rate loans	127	126
	331,490	410,155
(iii) Gross loans and advances analysed by residual contractual maturity		
Maturing within one year	296,133	374,785
One year to three years	30,020	30,022
Three years to five years	5,210	5,222
Over five years	127	126
	331,490	410,155
(iv) Loans and advances analysed by their economic purposes		
Working capital	5,215	5,226
Purchase of securities	296,043	374,699
Purchase of landed properties	147	148
Others	30,085	30,082
	331,490	410,155
(v) Gross loans and advances analysed by geographical distribution		
Malaysia	331,490	410,155
(vi) Impaired loans and advances		
(a) Movements in impaired loans and advances		
At 1 July	126	128
Impaired during the financial year	1	6
Amount written-back during the financial year	-	(8)
At 30 September/30 June	127	126

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EXPLANATORY NOTES

11. Loans and advances (continued)

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
(vi) Impaired loans and advances (continued)		
(b) By economic purposes		
Purchase of landed properties	127	126

(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 2023	315	23	-	338
Transferred to Stage 1	2	(2)	-	-
Transferred to Stage 2	(1)	1	-	-
New financial assets originated	1	-	-	1
Financial assets derecognised	(39)	-	-	(39)
Allowance made	9	-	-	9
Allowance written-back	(22)	(2)	-	(24)
At 30 September 2023	265	20	-	285
At 1 July 2022	310	37	-	347
Transferred to Stage 1	20	(20)	-	-
Transferred to Stage 2	(17)	17	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(4)	-	-	(4)
Allowance made	105	14	-	119
Allowance written-back	(104)	(25)	-	(129)
At 30 June 2023	315	23	-	338

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EXPLANATORY NOTES

12. Clients' and brokers' balances

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
Performing accounts	167,141	132,272
Impaired accounts	1,422	1,423
	168,563	133,695
Less: Expected credit losses	(832)	(866)
	167,731	132,829

13. Other assets

	The Group		The Bank	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	3	3	-	-
Amount due from holding company	156	130	156	130
Amount due from related companies	529	-	529	-
Deposits and prepayments	11,558	9,571	11,558	9,571
Fee income receivables	7,384	9,100	7,384	9,100
Collaterals pledged for derivative transactions	14,785	9,651	14,785	9,651
Treasury related receivables	41,119	-	41,119	-
Other receivables	7,371	5,638	7,371	5,638
	82,905	34,093	82,902	34,090
Less: Expected credit losses	(1,527)	(1,385)	(1,527)	(1,385)
	81,378	32,708	81,375	32,705

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	
	30.09.2023	30.06.2023
	RM'000	RM'000
Fixed Deposit	881,053	703,676
(i) The deposits are sourced from the following customers:		
Government & statutory bodies	537,387	440,357
Business enterprises	323,376	250,563
Individuals	20,290	12,756
	881,053	703,676
(ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	871,738	703,676
- six months to one year	9,315	-
	881,053	703,676

16. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	30.09.2023	30.06.2023
	RM'000	RM'000
Licensed banks	458,354	449,219
Licensed investment banks	83,133	132,865
Other financial institutions	1,996,717	2,276,150
	2,538,204	2,858,234

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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
30.09.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,493,000	22,967	(13,309)
- futures	152,935	-	(376)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	3,556,414	27,807	(33,394)
- foreign currency forwards	168,374	858	-
- foreign currency spots	3,547	1	(8)
(iii) Equity related contracts:			
- Call options	200	68	-
	8,374,470	51,701	(47,087)
30.06.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,270,000	23,444	(13,793)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	2,914,410	42,691	(40,058)
- foreign currency forwards	175,559	879	(223)
(iii) Equity related contracts:			
- Call options	200	22	-
	7,360,169	67,036	(54,074)

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18. Other liabilities

	The Group		The Bank	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	112	105	112	105
Amount due to related companies	772	281	768	278
Remisiers' trust deposits	13,989	13,893	13,989	13,893
Treasury related payables	41,111	14,782	41,111	14,782
Advance payments received for corporate exercise	5,199	8,108	5,199	8,108
Other payables and accrued liabilities	43,291	88,947	43,342	87,876
Dividend payable	28,710	-	28,710	-
Provision for post employment benefits	222	222	222	222
	133,406	126,338	133,453	125,264

19. Subordinated obligations

	The Group and the Bank	
	30.09.2023	30.06.2023
	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	(1)	(2)
	101,262	100,195

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

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

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

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

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20a. Interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,634	4,620	5,634	4,620
Money at call and deposit placements with financial institutions	821	1,219	821	1,219
Financial investments at FVOCI	15,401	10,215	15,401	10,215
Financial investments at amortised cost	9,084	8,459	9,084	8,459
Others	8,089	5,242	8,089	5,242
Total interest income	39,029	29,755	39,029	29,755

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Loans and advances	5,634	4,620	5,634	4,620
Money at call and deposit placements with financial institutions	791	1,200	791	1,200
Financial investments at FVOCI	15,401	10,215	15,401	10,215
Financial investments at amortised cost	9,084	8,459	9,084	8,459
Others	8,089	5,242	8,089	5,242
Total interest income	38,999	29,736	38,999	29,736

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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	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	4,872	5,146	4,872	5,146

21. Interest expense

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,201	3,304	6,201	3,304
Deposits from customers	22,573	13,506	22,573	13,506
Derivative financial instruments	1,783	3,587	1,783	3,587
Subordinated obligations	1,067	1,067	1,067	1,067
Lease liabilities	128	161	128	161
Others	135	92	135	92
	31,887	21,717	31,887	21,717

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22. Non-interest income

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	961	1,450	961	1,450
Arranger fees	1,140	15	1,140	15
Underwriting commissions	-	366	-	366
Placement fees	2,844	3,562	2,844	3,562
Brokerage income	13,503	9,572	13,503	9,572
Fees on loans and advances	1	1	1	1
Commission from future contracts	217	233	217	233
Other fee income	1,092	3,131	1,092	3,131
	19,758	18,330	19,758	18,330
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	280	(2,710)	280	(2,710)
- financial investments at FVOCI	5,451	(394)	5,451	(394)
- derivative financial instruments	6,900	10,586	6,900	10,586
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(413)	(1,260)	(413)	(1,260)
- derivative financial instruments	(7,955)	6,655	(7,955)	6,655
Dividend income from:				
- financial assets at FVTPL	616	1,123	616	1,123
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	3,391	(498)	3,391	(498)
	8,270	13,502	8,270	13,502
<u>Other income:</u>				
Gain on disposal of property and equipment	-	2	-	2
Foreign exchange gain/(loss)	2,955	(7,297)	2,955	(7,297)
Other non-operating income	1,357	1,165	1,357	1,165
	4,312	(6,130)	4,312	(6,130)
Total non-interest income	32,340	25,702	32,340	25,702

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22. Non-interest income (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
<u>Fee and commission income:</u>				
Corporate advisory fees	961	1,450	961	1,450
Arranger fees	1,140	15	1,140	15
Underwriting commissions	-	366	-	366
Placement fees	2,844	3,562	2,844	3,562
Brokerage income	13,503	9,572	13,503	9,572
Fees on loans and advances	1	1	1	1
Commission from future contracts	217	233	217	233
Other fee income	1,041	3,119	1,041	3,119
	19,707	18,318	19,707	18,318
<u>Net income from securities</u>				
Net realised gain/(loss) arising from sale of:				
- financial assets at FVTPL	280	(2,710)	280	(2,710)
- financial investments at FVOCI	5,451	(394)	5,451	(394)
- derivative financial instruments	6,900	10,586	6,900	10,586
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(414)	(1,258)	(414)	(1,258)
- derivative financial instruments	(7,955)	6,655	(7,955)	6,655
Dividend income from:				
- financial assets at FVTPL	616	1,121	616	1,121
Net unrealised gain/(loss) on fair value changes arising from fair value hedges				
	3,391	(498)	3,391	(498)
	8,269	13,502	8,269	13,502
<u>Other income:</u>				
Gain on disposal of property and equipment	-	2	-	2
Foreign exchange gain/(loss)	2,955	(7,297)	2,955	(7,297)
Other non-operating income	1,378	1,165	1,378	1,165
	4,333	(6,130)	4,333	(6,130)
Total non-interest income	32,309	25,690	32,309	25,690

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23. Overhead expenses

	The Group			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
Personnel expenses	18,783	14,755	18,783	14,755
Promotion and marketing related expenses	201	158	201	158
Establishment related expenses	4,599	4,338	4,599	4,338
General administrative expenses	3,849	3,683	3,849	3,683
	27,432	22,934	27,432	22,934
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	15,793	12,285	15,793	12,285
Defined contribution plan	1,944	1,843	1,944	1,843
Other employee benefits	1,046	627	1,046	627
	18,783	14,755	18,783	14,755
(ii) Promotion and marketing related expenses comprise the following:				
Entertainment and business improvement	130	108	130	108
Others	71	50	71	50
	201	158	201	158
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	884	946	884	946
Amortisation of intangible assets	546	441	546	441
Depreciation of ROU assets	853	848	853	848
Rental expenses	3	10	3	10
Others	2,313	2,093	2,313	2,093
	4,599	4,338	4,599	4,338
(iv) General administrative expenses comprise the following:				
Management fee	906	718	906	718
Teletransmission expenses	1,920	1,716	1,920	1,716
Auditors' remuneration				
- Statutory audit fees	74	61	74	61
Legal and professional fees	54	105	54	105
Others	895	1,083	895	1,083
	3,849	3,683	3,849	3,683

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23. Overhead expenses (continued)

	The Bank			
	Individual Quarter		Cumulative Months Ended	
	Current quarter ended 30.09.2023 RM'000	Last year quarter ended 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Last year to date 30.09.2022 RM'000
Personnel expenses	18,783	14,730	18,783	14,730
Promotion and marketing related expenses	201	158	201	158
Establishment related expenses	4,599	4,334	4,599	4,334
General administrative expenses	3,845	3,680	3,845	3,680
	27,428	22,902	27,428	22,902
(i) Personnel expenses comprise the following:				
Salaries, bonuses and allowances	15,793	12,264	15,793	12,264
Defined contribution plan	1,944	1,839	1,944	1,839
Other employee benefits	1,046	627	1,046	627
	18,783	14,730	18,783	14,730
(ii) Promotion and marketing related expenses comprise the following:				
Entertainment and business improvement	130	108	130	108
Others	71	50	71	50
	201	158	201	158
(iii) Establishment related expenses comprise the following:				
Depreciation of property and equipment	884	946	884	946
Amortisation of intangible assets	546	441	546	441
Depreciation of ROU assets	853	848	853	848
Rental expenses	3	6	3	6
Others	2,313	2,093	2,313	2,093
	4,599	4,334	4,599	4,334
(iv) General administrative expenses comprise the following:				
Management fee	905	718	905	718
Teletransmission expenses	1,920	1,716	1,920	1,716
Auditors' remuneration				
- Statutory audit fees	72	59	72	59
Legal and professional fees	54	105	54	105
Others	894	1,082	894	1,082
	3,845	3,680	3,845	3,680

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

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
(i) Loans and advances	53	21	53	21
(ii) Loans and advances commitments	-	(3)	-	(3)
	53	18	53	18

25. (Allowance for)/write-back of impairment losses on financial investments and other financial assets

	The Group and the Bank			
	Individual Quarter		Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments				
(i) Financial investments at FVOCI	(19)	4	(19)	4
(ii) Financial investments at amortised cost	-	-	-	-
	(19)	4	(19)	4
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	34	94	34	94
- Impaired clients' and brokers' balances recovered	51	5	51	5
(ii) Other assets	(142)	2	(142)	2
	(57)	101	(57)	101
	(76)	105	(76)	105

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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.

	The Group and the Bank	
	30.09.2023	30.06.2023
	Principal Amount RM'000	Principal Amount RM'000
Commitments and Contingent Liabilities		
Direct Credit Substitutes	1,000	1,000
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice	-	-
- maturity less than one year	903,161	917,463
	904,161	918,463
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	1,000,935	768,000
- Over one year to five years	3,645,000	3,502,000
Foreign exchange related contracts:		
- One year or less	3,728,335	3,089,969
Equity related contracts:		
- Over one year to five years	200	200
	8,374,470	7,360,169
	9,278,631	8,278,632

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

EXPLANATORY NOTES

28. Fair value of financial instruments

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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28. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The Group	Level 1	Level 2	Level 3	Total
30.09.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	5,102	227,932	-	233,034
- Money market instruments	-	150,709	-	150,709
- Quoted securities	5,102	-	-	5,102
- Unquoted securities	-	77,223	-	77,223
Financial investments at FVOCI	-	1,909,673	-	1,909,673
- Money market instruments	-	781,965	-	781,965
- Unquoted securities	-	1,127,708	-	1,127,708
Derivative financial assets	-	51,701	-	51,701
	5,102	2,189,306	-	2,194,408
Financial liability				
Derivative financial liabilities	-	47,087	-	47,087
30.06.2023				
Financial assets				
Financial assets at FVTPL	6,746	268,954	-	275,700
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,746	-	-	6,746
- Unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,746	2,174,105	-	2,180,851
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074

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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
30.09.2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	4,897	227,932	-	232,829
- Money market instruments	-	150,709	-	150,709
- Quoted securities	4,897	-	-	4,897
- Unquoted securities	-	77,223	-	77,223
Financial investments at FVOCI	-	1,909,673	-	1,909,673
- Money market instruments	-	781,965	-	781,965
- Unquoted securities	-	1,127,708	-	1,127,708
Derivative financial assets	-	51,701	-	51,701
	4,897	2,189,306	-	2,194,203
Financial liability				
Derivative financial liabilities	-	47,087	-	47,087
30.06.2023				
Financial assets				
Financial assets at FVTPL	6,542	268,954	-	275,496
- Money market instruments	-	234,181	-	234,181
- Quoted securities	6,542	-	-	6,542
- Unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- Money market instruments	-	748,816	-	748,816
- Unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	6,542	2,174,105	-	2,180,647
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074

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

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EXPLANATORY NOTES

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	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Before deducting proposed dividends:				
Common equity tier 1 ("CET1") capital ratio	38.207%	38.507%	38.189%	38.498%
Tier 1 capital ratio	38.207%	38.507%	38.189%	38.498%
Total capital ratio	49.230%	48.789%	49.224%	48.792%
After deducting proposed dividends: ⁽¹⁾				
CET1 capital ratio	38.207%	35.731%	38.189%	35.719%
Tier 1 capital ratio	38.207%	35.731%	38.189%	35.719%
Total capital ratio	49.230%	46.013%	49.224%	46.013%

Note:

⁽¹⁾ Proposed dividends of RM Nil (30.06.2023: RM28,710,000).

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EXPLANATORY NOTES

29. Capital adequacy (continued)

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

	The Group		The Bank	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	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	251,949	280,659	251,607	280,317
Other reserves	(11,228)	(4,486)	(11,228)	(4,486)
Less: goodwill and intangibles	(34,142)	(33,936)	(34,142)	(33,936)
Less: deferred tax assets	(94,971)	(96,878)	(94,971)	(96,878)
Less: investment in subsidiary companies	-	-	(200)	(200)
Total CET1 Capital	364,558	398,309	364,016	397,767
Tier 1 Capital	364,558	398,309	364,016	397,767
Tier 2 Capital				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,179	6,360	5,178	6,356
Subordinated obligations	100,000	100,000	100,000	100,000
Total Tier 2 Capital	105,179	106,360	105,178	106,356
Total Capital	469,737	504,669	469,194	504,123

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	
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Credit risk	414,304	508,798	414,233	508,514
Market risk	213,380	185,425	212,970	185,018
Operational risk	326,487	340,168	325,982	339,681
	954,171	1,034,391	953,185	1,033,213

EXPLANATORY NOTES

30. Changes in the composition of the Group

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

31. Significant events subsequent to the financial quarter

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

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

For the current financial quarter ended 30 September 2023, the Group recorded higher profit before tax of RM16.9 million, as compared to a RM16.1 million in the corresponding financial quarter. This was primarily attributable to higher market share and Bursa volume recorded in the current quarter.

33. Prospects for 2024

Looking ahead, the global economy is poised for moderate growth, influenced by tight global credit conditions, persistent inflation and rising oil prices amid the Israel-Hamas conflict. Despite these challenges, Malaysian economy is expected to maintain a positive trajectory, driven by domestic demand and stable labour market conditions.

Against this backdrop and external headwinds, we will have to remain vigilant in monitoring our business performance and be disciplined in managing our capital, liquidity and costs.