

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	The Group		The Company	
		As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
ASSETS					
Cash and short term funds		321,011	170,033	3,080	1,160
Deposits and placements with banks and other financial institutions		-	31,139	-	-
Financial assets at fair value through profit or loss ("FVTPL")	11	671,165	791,818	363,806	269,034
Financial investments at fair value through other comprehensive income ("FVOCI")	12	1,462,776	1,350,820	-	-
Financial investments at amortised cost	13	1,092,137	1,059,286	-	-
Derivative financial assets	19	31,984	34,494	-	-
Loans and advances	14	400,393	335,759	-	-
Clients' and brokers' balances	15	360,028	204,732	-	-
Other assets	16	45,756	58,260	280	219
Tax recoverable		46	28	-	-
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		114,587	123,234	-	-
Property and equipment		9,636	9,800	-	-
Right-of-use assets ("ROU")		16,352	18,966	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		4,791	3,169	-	-
TOTAL ASSETS		4,563,721	4,224,597	613,740	516,987
LIABILITIES					
Deposits from customers	17	923,185	701,538	-	-
Deposits and placements of banks and other financial institutions	18	2,060,737	2,049,422	-	-
Derivative financial liabilities	19	21,229	41,056	-	-
Clients' and brokers' balances		355,355	207,183	-	-
Lease liabilities		15,684	18,069	-	-
Other liabilities	20	140,973	148,343	543	1,521
Current tax liabilities		3,609	1,803	461	225
Subordinated obligations	21	101,248	100,192	-	-
TOTAL LIABILITIES		3,622,020	3,267,606	1,004	1,746

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	The Group		The Company	
		As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
EQUITY					
Share capital		246,896	246,896	246,896	246,896
Reserves		725,962	741,252	396,884	299,389
Treasury shares for ESOS		(31,157)	(31,157)	(31,044)	(31,044)
TOTAL EQUITY		941,701	956,991	612,736	515,241
TOTAL LIABILITIES AND EQUITY		4,563,721	4,224,597	613,740	516,987
COMMITMENTS AND CONTINGENCIES					
	28	5,874,103	5,993,970	-	-
Net assets per share attributable to ordinary equity holder of the Company (RM)		3.99	4.06		

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Current quarter ended 31/03/2022	Last year quarter ended 31/03/2021	Current year to date 31/03/2022	Last year to date 31/03/2021
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Interest income	22a	26,954	24,282	81,496
Interest income for financial assets at FVTPL	22b	5,217	9,336	18,833
Interest expense	23	(19,208)	(21,333)	(63,691)
Net interest income		12,963	12,285	36,638
Non-interest income	24	41,434	67,689	140,090
Net income		54,397	79,974	176,728
Overhead expenses	25	(27,972)	(32,948)	(92,510)
Operating profit before allowances (Allowance for)/write-back of impairment losses on loans and advances	26	26,425	47,026	84,218
Write-back of/(allowance for) impairment losses on financial investments and other financial assets	27	(55)	124	147
Profit before taxation		166	(294)	363
Taxation		26,536	46,856	84,728
Net profit for the period		(6,552)	(6,235)	(20,464)
		19,984	40,621	64,264
Earnings per share (sen)				
- Basic		8.5	17.2	27.3
- Diluted		8.5	17.2	27.3

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Net profit for the period	19,984	40,621	64,264	132,375
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(7,567)	(17,813)	(24,000)	(18,354)
- Net changes in expected credit losses	15	(6)	(9)	68
Income tax relating to net fair value changes on financial investments at FVOCI	1,816	4,275	5,760	4,405
Other comprehensive expense for the period, net of tax	(5,736)	(13,544)	(18,249)	(13,881)
Total comprehensive income for the period, net of tax	14,248	27,077	46,015	118,494

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Current quarter ended 31/03/2022	Last year quarter ended 31/03/2021	Current year to date 31/03/2022	Last year to date 31/03/2021
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Interest income	22a 1	-	18	9
Interest expense	23 -	-	-	-
Net interest income	1	-	18	9
Non-interest income	24 328	2,019	160,569	76,629
Net income	329	2,019	160,587	76,638
Overhead expenses	25 (278)	(265)	(945)	(1,160)
Profit before taxation	51	1,754	159,642	75,478
Taxation	(200)	(470)	(815)	(1,381)
Net (loss)/profit/total comprehensive income for the period	(149)	1,284	158,827	74,097
(Loss)/Earnings per share (sen)				
- Basic	(0.1)	0.5	67.3	31.1
- Diluted	(0.1)	0.5	67.3	31.1

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Attributable to owners of the parent					Total RM'000
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Regulatory Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
The Group						
At 1 July 2021	246,896	(31,157)	13,149	3,364	724,739	956,991
Net profit for the financial period	-	-	-	-	64,264	64,264
Other comprehensive expense, net of tax	-	-	-	(18,249)	-	(18,249)
Total comprehensive (expense)/income	-	-	-	(18,249)	64,264	46,015
Transfer to regulatory reserve	-	-	1,547	-	(1,547)	-
Dividend paid	-	-	-	-	(61,305)	(61,305)
At 31 March 2022	246,896	(31,157)	14,696	(14,885)	726,151	941,701
At 1 July 2020	246,896	(6,031)	12,076	9,349	578,020	840,310
Net profit for the financial period	-	-	-	-	132,375	132,375
Other comprehensive expense, net of tax	-	-	-	(13,881)	-	(13,881)
Total comprehensive (expense)/income	-	-	-	(13,881)	132,375	118,494
Purchase of treasury shares	-	(25,126)	-	-	-	(25,126)
Transfer to regulatory reserve	-	-	1,889	-	(1,889)	-
Dividend paid	-	-	-	-	(55,495)	(55,495)
At 31 March 2021	246,896	(31,157)	13,965	(4,532)	653,011	878,183

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Non-Distributable		Distributable	
	Share Capital RM'000	Treasury Shares for ESOS RM'000	Retained Profits RM'000	Total RM'000
The Company				
At 1 July 2021	246,896	(31,044)	299,389	515,241
Net profit for the financial period	-	-	158,827	158,827
Total comprehensive income	-	-	158,827	158,827
Dividend paid	-	-	(61,332)	(61,332)
At 31 March 2022	246,896	(31,044)	396,884	612,736
At 1 July 2020	246,896	(5,918)	262,330	503,308
Net profit for the financial period	-	-	74,097	74,097
Total comprehensive income	-	-	74,097	74,097
Purchase of treasury shares	-	(25,126)	-	(25,126)
Dividend paid	-	-	(55,519)	(55,519)
At 31 March 2021	246,896	(31,044)	280,908	496,760

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	The Group	
	31/03/2022	31/03/2021
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	84,728	153,000
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	2,917	2,691
- Amortisation of intangible assets	1,362	1,164
- Depreciation of ROU assets	2,962	2,993
- Property and equipment written off	-	22
- Write-back of allowance for impairment losses on loans and advances	(163)	(2,854)
- Write-back of allowance for impairment losses on financial investments and other financial assets	(272)	(342)
- Impaired loans and advances written-off	16	26
- Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	6,742	5,843
- Derivative financial instruments	(14,855)	(20,973)
- Net unrealised loss on fair value changes arising from fair value hedges	1,666	1,637
- Interest income from:		
- Financial assets at FVTPL	(18,833)	(29,303)
- Financial investments at FVOCI	(30,903)	(26,728)
- Financial investments at amortised cost	(25,223)	(22,902)
- Interest expense from:		
- Derivative financial instruments	23,141	31,591
- Subordinated obligations	3,177	3,177
- Lease liabilities	610	785
- Dividend income from:		
- Financial assets at FVTPL	(6,390)	(4,853)
	(54,046)	(58,026)
Operating profit before changes in working capital	30,682	94,974
Changes in working capital:		
- Securities purchased under resale agreements	-	50,172
- Financial assets at FVTPL	114,044	136,508
- Derivative financial instruments	30	(2)
- Loans and advances	(64,488)	3,728
- Clients' and brokers' balances	(155,067)	(73,224)
- Other assets	12,525	(17,852)
Net changes in operating assets	(92,956)	99,330
- Deposits from customers	221,647	94,461
- Deposits and placements of banks and other financial institutions	11,315	(208,747)
- Clients' and brokers' balances	148,172	168,050
- Other liabilities	(6,468)	37,603
Net changes in operating liabilities	374,666	91,367
Cash generated from operating activities	312,392	285,671

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	The Group	
	31/03/2022	31/03/2021
	RM'000	RM'000
Cash generated from operating activities	312,392	285,671
Net income tax paid	(4,268)	(2,477)
Net cash generated from operating activities	308,124	283,194
<u>Cash flows from investing activities</u>		
Net (purchase)/disposal of financial investments at FVOCI	(150,945)	116,678
Net purchase of financial investments at amortised cost	(45,979)	(194,185)
Dividend received from:		
- Financial assets at FVTPL	6,390	4,853
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	100,504	97,295
Interest expenses paid on derivative financial instruments	(24,848)	(31,018)
Purchase of property and equipment	(2,753)	(2,279)
Purchase of intangible assets	(2,984)	(205)
Net cash used in investing activities	(120,615)	(8,861)
<u>Cash flows from financing activities</u>		
Interest paid on subordinated obligations	(2,121)	(2,109)
Lease payment	(4,244)	(3,488)
Dividend paid	(61,305)	(55,495)
Purchase of treasury shares	-	(25,126)
Net cash used in financing activities	(67,670)	(86,218)
Net changes in cash and cash equivalents during the financial period	119,839	188,115
Cash and cash equivalents at beginning of the financial period	201,172	358,162
Cash and cash equivalents at end of the financial period	321,011	546,277
Cash and cash equivalents comprise:		
Cash and short term funds	321,011	546,277

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	The Company	
	31/03/2022	31/03/2021
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	159,642	75,478
<u>Adjustments for non-cash items:</u>		
- Net unrealised loss/(gain) on revaluation of financial assets at FVTPL	4,786	(720)
- Dividend income from:		
- Financial assets at FVTPL	(5,200)	(4,109)
- Subsidiary companies	(156,750)	(66,000)
	(157,164)	(70,829)
Operating profit before changes in working capital	2,478	4,649
(Increase)/Decrease in financial assets at FVTPL	(99,558)	7,771
Increase in other assets	(61)	(475)
(Decrease)/Increase in other liabilities	(978)	391
Cash (used in)/generated from operating activities	(98,119)	12,336
Net income tax paid	(579)	(115)
Net cash (used in)/generated from operating activities	(98,698)	12,221
<u>Cash flows from investing activities</u>		
Dividend received from:		
- Financial assets at FVTPL	5,200	4,109
- Subsidiary companies	156,750	66,000
Net cash generated from investing activities	161,950	70,109
<u>Cash flows from financing activities</u>		
Purchase of treasury shares	-	(25,126)
Dividend paid	(61,332)	(55,519)
Net cash used in financing activities	(61,332)	(80,645)
Net changes in cash and cash equivalents during the financial period	1,920	1,685
Cash and cash equivalents at beginning of the financial period	1,160	713
Cash and cash equivalents at end of the financial period	3,080	2,398
Cash and cash equivalents comprise:		
Cash and short term funds	3,080	2,398

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2021

HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")

Registration No: 199101002695 (213006-U)

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

Explanatory Notes pursuant to the Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM")

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2022 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 paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company 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 Company 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 year beginning on or after 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform -Phase 2'

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 Company.

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 Company'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. Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2021 was not qualified.

3. Comments about seasonal or cyclical factors

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 31 March 2022.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 31 March 2022.

5. Change in estimate

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 31 March 2022.

6. Debt and Equity Securities

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2022, other than as mentioned below.

Purchase of shares pursuant to ESOS

In accordance with MFRS 132 "Financial instruments: Presentation and Disclosure", the shares purchased for the benefit of the ESOS holdings are recorded as "Treasury Shares for ESOS" in equity on the statements of financial position.

Total shares held by ESOS Trust comprise 11,110,700 (30.06.2021: 11,110,700) shares in the Group costing RM31,157,101 (30.06.2021: RM31,157,101) inclusive of transaction costs, as at 31 March 2022.

7. Dividends payable/paid

On 30 August 2021, the Board of Directors declared a final single-tier dividend of 26.0 sen per share in respect of the financial year ended 30 June 2021. The final single-tier dividend of 26.0 sen amounting to RM61.3 million was paid on 16 November 2021.

8. Valuations of property, plant and equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 2022.

9. Significant events

COVID-19 pandemic

The Malaysian economy had fared better following the reopening of its international border on 1 April 2022 after two years of travel restrictions.

The Group will continue to monitor the situation closely and assess the impact on the Group's earnings as the situation evolves.

10. Subsequent events

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

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

	The Group		The Company	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Money market instruments				
Malaysian Government Securities	29,539	20,953	-	-
Malaysian Government Investment Issues	31,016	31,180	-	-
Negotiable instruments of deposits	149,576	398,979	-	-
Cagamas bonds	-	15,015	-	-
	210,131	466,127	-	-
Quoted securities				
In Malaysia:				
Shares	81,009	63,281	56,447	56,533
Unit trust investment	307,558	212,698	307,359	212,501
	388,567	275,979	363,806	269,034
Unquoted securities				
Foreign currency bonds	27,474	-	-	-
Corporate bond and/or sukuk	44,993	49,712	-	-
	72,467	49,712	-	-
	671,165	791,818	363,806	269,034

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

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Money market instruments		
Malaysian Government Securities	133,473	32,232
Malaysian Government Investment Issues	278,444	283,907
Cagamas bonds	85,519	75,488
	497,436	391,627
Unquoted securities		
Foreign currency bonds	110,178	105,169
Corporate bond and/or sukuk	855,162	854,024
	965,340	959,193
	1,462,776	1,350,820

HLCB Q3 (31.03.2022)

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

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

The Group	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	372	-	-	372
Allowances made	12	-	-	12
Amount written back	(13)	-	-	(13)
New financial assets originated or purchased	59	-	-	59
Financial assets derecognised	(63)	-	-	(63)
Exchange differences	(4)	-	-	(4)
At 31 March 2022	363	-	-	363
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

13. Financial investments at amortised cost

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Money market instruments		
Malaysian Government Securities	480,485	462,996
Malaysian Government Investment Issues	572,622	515,821
	1,053,107	978,817
Unquoted securities		
Foreign currency bonds	-	16,639
Corporate bond and/or sukuk	39,030	63,842
	39,030	80,481
Less: Expected credit losses	-	(12)
	1,092,137	1,059,286

HLCB Q3 (31.03.2022)

13. Financial investments at amortised cost (continued)

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

The Group	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	12	-	-	12
Exchange differences	(12)	-	-	(12)
At 31 March 2022	-	-	-	-
At 1 July 2020	15	-	-	15
Amount written back	(1)	-	-	(1)
Exchange differences	(2)	-	-	(2)
At 30 June 2021	12	-	-	12

14. Loans and advances

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Term loan financing	63,955	41,986
Share margin financing	336,653	294,054
Staff loans	32	37
Other loans	126	265
Gross loans and advances	400,766	336,342
Less: Expected credit losses	(373)	(583)
Net loans and advances	400,393	335,759
a. <u>By type of customer</u>		
Domestic non-bank financial institutions		
- Others	29,538	-
Domestic business enterprises		
- Small and medium enterprises	60,040	60,590
- Others	77,896	90,417
Individuals	230,643	181,065
Foreign entities	2,649	4,270
Gross loans and advances	400,766	336,342
b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	32	37
- Other fixed rate loan	126	265
Variable rate		
- Cost plus	400,608	336,040
Gross loans and advances	400,766	336,342

14. Loans and advances (continued)

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
c. <u>By residual contractual maturity</u>		
Maturity within one year	359,656	322,201
More than one year to three years	35,667	-
More than three years to five years	32	8,163
More than five years	5,411	5,978
Gross loans and advances	<u>400,766</u>	<u>336,342</u>
d. <u>By geographical distribution</u>		
Malaysia	<u>400,766</u>	<u>336,342</u>
e. <u>By economic purpose</u>		
Purchase of securities	342,782	302,180
Working capital	28,288	33,860
Purchase of transport vehicles	-	126
Purchase of landed properties	158	176
Others	29,538	-
Gross loans and advances	<u>400,766</u>	<u>336,342</u>
f. Impaired loans and advances		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	265	6,522
Impaired during the financial period/year	4	-
Amount written-back during the financial period/year	(80)	(6,257)
Amount written-off during the financial period/year	(63)	-
At 31 March/30 June	<u>126</u>	<u>265</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>126</u>	<u>265</u>
(iii) <u>By economic purpose</u>		
Purchase of transport vehicles	-	126
Purchase of landed properties	126	139
Gross impaired loans and advances	<u>126</u>	<u>265</u>

HLCB Q3 (31.03.2022)

14. Loans and advances (continued)

g. Movements in expected credit losses are as follows:

The Group	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	140	(25)	(115)	-
Transferred to Stage 2	(16)	16	-	-
New financial assets originated	9	10	-	19
Financial assets derecognised	(2)	-	(80)	(82)
Allowance made	174	1	115	290
Allowance written-back	(234)	(157)	-	(391)
Allowance written-off	-	-	(46)	(46)
At 31 March 2022	<u>334</u>	<u>39</u>	<u>-</u>	<u>373</u>
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	<u>263</u>	<u>194</u>	<u>126</u>	<u>583</u>

15. Clients' and brokers' balances

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Performing accounts	352,635	200,673
Impaired accounts	8,351	5,247
	<u>360,986</u>	<u>205,920</u>
Less: Expected credit losses	(958)	(1,188)
	<u>360,028</u>	<u>204,732</u>

16. Other assets

	The Group		The Company	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Amount due from subsidiary companies	-	-	2	-
Amount due from related companies	30	3	27	-
Deposits and prepayments	8,463	13,228	38	24
Fee income receivable	7,514	5,202	-	-
Cash collaterals pledged for derivative transactions	3,382	7,227	-	-
Treasury related receivables	14,873	20,624	-	-
Other receivables	12,874	13,554	213	195
Manager's stocks and consumables	539	364	-	-
	47,675	60,202	280	219
Less: Expected credit losses	(1,919)	(1,942)	-	-
	45,756	58,260	280	219

17. Deposits from customers

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
a. <u>By type of deposits</u>		
Fixed deposits	923,185	701,538
b. <u>By type of customer</u>		
Government and statutory bodies	749,590	530,754
Business enterprises	159,149	157,569
Individuals	14,446	13,215
	923,185	701,538
c. The maturity structure of fixed deposits are as follows:		
Due within:		
- six months	921,961	701,538
- six months to one year	1,224	-
	923,185	701,538

18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Licensed banks	302,901	209,916
Licensed investment banks	-	101,016
Other financial institutions	1,757,836	1,738,490
	2,060,737	2,049,422

HLCB Q3 (31.03.2022)

19. Derivative financial assets/(liabilities)

The Group	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31/03/2022			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	3,148,000	25,107	(18,033)
- Futures	113,515	2,642	-
- Cross currency swaps	84,085	1,617	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,201,785	1,944	(2,231)
- Foreign currency forwards	258,918	467	(722)
- Foreign currency spot	33,634	4	(1)
(iii) Equity related contracts:			
- Futures	18,731	137	-
- Call option	200	66	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(242)
	4,928,868	31,984	(21,229)
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 spot	23,611	23	-
(iii) Equity related contracts:			
- Call option	200	84	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(1,644)
	5,051,420	34,494	(41,056)

20. Other liabilities

	The Group		The Company	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
Amount due to holding company	258	232	39	29
Amount due to related companies	774	734	-	11
Remisiers' trust deposits	15,532	16,392	-	-
Treasury related payables	-	42,465	-	-
Advance payments received for corporate exercise	55,297	-	-	-
Other payables and accrued liabilities	68,891	88,302	504	1,481
Post employment benefits obligation				
- defined contribution plan	220	218	-	-
Expected credit losses - loans & advances commitments	1	-	-	-
	140,973	148,343	543	1,521

21. Subordinated obligations

	The Group	
	As at 31/03/2022 RM'000	As at 30/06/2021 RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,252	197
	101,252	100,197
Less: Unamortised discounts	(4)	(5)
	101,248	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.

Subsequently, on 14 June 2019, HLIB 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.

HLCB Q3 (31.03.2022)

22a. Interest income

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Loan and advances	4,184	3,547	12,194	10,850
Money at call and deposits placements with banks and other financial institutions	296	1,036	981	4,475
Financial investments at FVOCI	10,146	7,926	30,903	26,728
Financial investments at amortised cost	8,373	7,671	25,223	22,902
Others	3,955	4,102	12,195	12,676
Total interest income	<u>26,954</u>	<u>24,282</u>	<u>81,496</u>	<u>77,631</u>
The Company				
Money at call and deposits placements with banks and other financial institutions	<u>1</u>	<u>-</u>	<u>18</u>	<u>9</u>

22b. Interest income for financial assets at FVTPL

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Financial assets at FVTPL	<u>5,217</u>	<u>9,336</u>	<u>18,833</u>	<u>29,303</u>

23. Interest expense

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Deposits and placements of banks and other financial institutions	896	1,361	3,350	4,025
Deposits from customers	11,042	8,703	32,881	30,091
Derivative financial instruments	5,588	9,983	23,141	31,591
Subordinated obligations	1,044	1,043	3,177	3,177
Lease liabilities	194	231	610	785
Others	444	12	532	(3)
Total interest expense	<u>19,208</u>	<u>21,333</u>	<u>63,691</u>	<u>69,666</u>

24. Non-interest income

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	258	157	340	241
Arranger fees	710	1,162	1,473	3,033
Placement fees	665	8,096	4,149	13,354
Corporate advisory fees	1,900	2,888	4,975	4,684
Underwriting Commission	603	-	603	129
Brokerage commissions	17,244	33,314	55,793	110,939
Commission from futures contracts	394	231	745	656
Unit trust fee income	13,413	14,571	46,130	41,528
Other fee income	841	1,175	3,538	6,721
	36,028	61,594	117,746	181,285
(b) Net income from securities:				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	273	(435)	(2,165)	11,109
- Financial investments at FVOCI	(1,454)	729	766	15,273
- Derivative financial instruments	(2,872)	7,627	11,519	(29,053)
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(4,093)	(2,148)	(6,742)	(5,843)
- Derivative financial instruments	10,149	18,822	14,855	20,973
Dividend income from:				
- Financial assets at FVTPL	2,686	1,427	6,390	4,853
Net unrealised loss on fair value changes arising from fair value hedges	(516)	(603)	(1,666)	(1,637)
	4,173	25,419	22,957	15,675
(c) Other income				
Foreign exchange gain/(loss)	1,114	(19,555)	(1,146)	23,714
Other non-operating income	119	231	533	758
	1,233	(19,324)	(613)	24,472
Total non-interest income	41,434	67,689	140,090	221,432
The Company				
(a) Net income from securities:				
Net realised gain arising from sale of:				
- Financial assets at FVTPL	734	1,786	2,927	5,157
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	(2,720)	(1,300)	(4,786)	720
Dividend income from:				
- Financial assets at FVTPL	2,207	1,319	5,200	4,109
- Subsidiary companies	-	-	156,750	66,000
	221	1,805	160,091	75,986
(b) Other income				
Foreign exchange loss	-	-	-	(47)
Other income	107	214	478	690
Total non-interest income	328	2,019	160,569	76,629

25. Overhead expenses

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	21,061	18,173	56,935	65,293
- Others	(3,680)	3,313	2,910	9,232
	17,381	21,486	59,845	74,525
Establishment costs				
- Depreciation of property and equipment	1,054	941	2,917	2,691
- Amortisation of intangible assets	493	370	1,362	1,164
- Depreciation of ROU assets	975	999	2,962	2,993
- Rental of premises	18	30	119	71
- Information technology expenses	2,111	2,426	6,800	6,999
- Others	794	764	2,419	2,099
	5,445	5,530	16,579	16,017
Marketing expenses				
- Advertisement and publicity	178	26	398	167
- Entertainment and business improvement	273	77	745	439
- Others	33	13	65	139
	484	116	1,208	745
Administration and general expenses				
- Management fees	1,235	1,887	4,146	5,915
- Communication expenses	262	383	844	1,031
- Property and equipment written off	-	-	-	22
- Auditors' remuneration				
- Statutory audit	97	98	351	269
- Regulatory related fee	3	3	8	8
- Legal and professional fees	120	716	829	2,303
- Others	2,945	2,729	8,700	8,035
	4,662	5,816	14,878	17,583
Total overhead expenses	27,972	32,948	92,510	108,870
The Company				
Personnel costs				
- Salaries, bonuses and allowances	-	-	-	-
- Others	45	(28)	150	138
	45	(28)	150	138
Establishment costs				
- Information technology expenses	-	1	1	19
- Others	13	-	37	33
	13	1	38	52

25. Overhead expenses (continued)

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/3/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/3/2021 RM'000
The Company (continued)				
Marketing expenses				
- Others	-	-	-	37
	-	-	-	37
Administration and general expenses				
- Management fees	32	116	142	476
- Communication expenses	-	1	24	7
- Auditors' remuneration				
- Statutory audit	20	20	59	59
- Regulatory related fee	3	3	8	8
- Legal and professional fees	-	(1)	21	19
- Others	165	153	503	364
	220	292	757	933
Total overhead expenses	278	265	945	1,160

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

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
Expected credit losses				
- Loans and advances	(38)	124	164	2,854
- Loans and advances commitments	(1)	-	(1)	-
Impaired loans and advances written-off	(16)	-	(16)	(26)
	(55)	124	147	2,828

27. Write-back of/(allowance for) impairment losses on financial investments and other financial assets

	Current quarter ended 31/03/2022 RM'000	Last year quarter ended 31/03/2021 RM'000	Current year to date 31/03/2022 RM'000	Last year to date 31/03/2021 RM'000
The Group				
(a) Financial investments				
(i) Financial investments at FVOCI	(15)	6	9	(68)
(ii) Financial investments at amortised cost	-	(1)	12	-
	(15)	5	21	(68)
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Impaired clients' and brokers' balances recovered	91	42	229	930
	91	-	91	-
(ii) Other assets	(1)	(341)	22	(520)
	181	(299)	342	410
	166	(294)	363	342

28. Commitments and contingencies

	As at 31/03/2022 Principal Amount RM'000	As at 30/06/2021 Principal Amount RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	18,460	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Over one year	500	30,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	925,275	911,550
	<u>945,235</u>	<u>942,550</u>
Derivative financial instruments		
Interest rate related contracts:		
- One year or less	1,207,600	1,592,995
- Over one year to five years	2,208,000	2,075,000
Foreign exchange related contracts		
- One year or less	1,494,337	1,383,225
Equity related contracts		
- One year or less	18,731	-
- Over one year to five years	200	200
	<u>4,928,868</u>	<u>5,051,420</u>
	<u>5,874,103</u>	<u>5,993,970</u>

29. 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 exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group'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.

The Group	Level 1	Level 2	Level 3	Total
31.03.2022	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	388,567	282,598	-	671,165
- Money market instruments	-	210,131	-	210,131
- Quoted securities	388,567	-	-	388,567
- Unquoted securities	-	72,467	-	72,467
Financial investments at FVOCI	-	1,462,776	-	1,462,776
- Money market instruments	-	497,436	-	497,436
- Unquoted securities	-	965,340	-	965,340
Derivative financial assets	-	31,984	-	31,984
	388,567	1,777,358	-	2,165,925

HLCB Q3 (31.03.2022)

29. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Group 31.03.2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial liability				
Derivative financial liabilities	-	21,229	-	21,229

30.06.2021

Financial assets

Financial assets at FVTPL	275,979	515,839	-	791,818
- Money market instruments	-	466,127	-	466,127
- Quoted securities	275,979	-	-	275,979
- Unquoted securities	-	49,712	-	49,712
Financial investments at FVOCI	-	1,350,820	-	1,350,820
- Money market instruments	-	391,627	-	391,627
- Unquoted securities	-	959,193	-	959,193
Derivative financial assets	-	34,494	-	34,494
	275,979	1,901,153	-	2,177,132

Financial liability

Derivative financial liabilities	-	41,056	-	41,056
----------------------------------	---	--------	---	--------

The Company
31.03.2022

Financial asset

Financial assets at FVTPL				
- Quoted securities	363,806	-	-	363,806

30.06.2021

Financial asset

Financial assets at FVTPL				
- Quoted securities	269,034	-	-	269,034

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

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

	The Group	
	31/03/2022	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 31 March/30 June	-	-

30. Capital adequacy

- (i) The capital adequacy ratios of the banking subsidiary are as follows:

	HLIB 31/03/2022	HLIB 30/06/2021
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	32.451%	50.575%
Tier 1 capital ratio	32.451%	50.575%
Total capital ratio	<u>42.969%</u>	<u>61.409%</u>
After deducting proposed dividends: ⁽¹⁾		
CET1 capital ratio	32.451%	34.419%
Tier 1 capital ratio	32.451%	34.419%
Total capital ratio	<u>42.969%</u>	<u>45.253%</u>

Note:

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

- (ii) The components of CET1, Tier 1 and total capital of the banking subsidiary are as follows:

	HLIB 31/03/2022 RM'000	HLIB 30/06/2021 RM'000
CET1 capital		
Paid-up ordinary share capital	252,950	252,950
Retained profits	232,626	389,376
Other reserves	(14,885)	3,364
Less: goodwill and intangibles	(33,502)	(31,745)
Less: deferred tax assets	(112,551)	(121,199)
Less: investment in subsidiary companies	(200)	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	-	(1,850)
Total CET1 capital	<u>324,438</u>	<u>490,696</u>
Tier 1 capital	324,438	490,696
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,161	5,115
Subordinated obligations	100,000	100,000
Total Tier 2 capital	<u>105,161</u>	<u>105,115</u>
Total capital	<u>429,599</u>	<u>595,811</u>

Note:

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

30. Capital adequacy (continued)

(iii) Breakdown of risk-weighted assets of the banking subsidiary in the various risk weights:

	HLIB 31/03/2022 RM'000	HLIB 30/06/2021 RM'000
Credit risk	412,917	409,205
Market risk	251,781	248,108
Operational risk	335,092	312,925
	<u>999,790</u>	<u>970,238</u>

31. Segmental reporting

(a) Segment information by activities for the financial period ended 31 March 2022:

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
31 March 2022					
Net income					
Net interest income	36,144	421	73	-	36,638
Non interest income	90,024	46,165	160,714	(156,813)	140,090
Total net income	<u>126,168</u>	<u>46,586</u>	<u>160,787</u>	<u>(156,813)</u>	<u>176,728</u>
Results					
Profit from operations	60,061	21,753	159,727	(156,813)	84,728
Taxation					<u>(20,464)</u>
Profit after taxation					<u>64,264</u>
31 March 2021					
Net income					
Net interest income	36,922	287	59	-	37,268
Non interest income	169,707	41,527	76,758	(66,560)	221,432
Total net income	<u>206,629</u>	<u>41,814</u>	<u>76,817</u>	<u>(66,560)</u>	<u>258,700</u>
Results					
Profit from operations	124,738	19,291	75,531	(66,560)	153,000
Taxation					<u>(20,625)</u>
Profit after taxation					<u>132,375</u>

(b) Segmental analysis by geographical location has not been prepared as the Group's operations are predominantly conducted in Malaysia.

32. Property and equipment

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2021.

33. Changes in composition of the Group

There were no changes in composition of the Group for the current financial year and up to the date of this report.

34. Capital commitments

Capital commitments for the purchase of property and equipment as at 31 March 2022 is RM2.8 million.

35. Changes in contingent liabilities

There were no contingent liabilities since the last audited reporting period.

36. Related party transactions

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms' length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders' Mandate for recurrent related party transactions obtained at a general meeting.

Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Performance review

(a) Current financial quarter under review against previous corresponding financial quarter

	The Group			
	Current	Last year		
	quarter ended	quarter ended		
	31/03/2022	31/03/2021	Variance	%
	RM'000	RM'000	RM'000	%
Net income	54,397	79,974	(25,577)	-32.0%
Profit before tax	26,536	46,856	(20,320)	-43.4%
Profit after tax	19,984	40,621	(20,637)	-50.8%
Profit attributable to equity holders of the Company	19,984	40,621	(20,637)	-50.8%

The group recorded a 43.4% lower profit before tax ("PBT") of RM26.5 million for the 3rd quarter ended 31 March 2022 as compared to RM46.9 million recorded in the previous year corresponding quarter.

Lower PBT mainly contributed by lower non-interest income earned (-38.8%).

The performance of the respective operating business segments for the 3rd quarter ended 31 March 2022 as compared to the previous year corresponding quarter is analysed as follows:-

	The Group			
	Current	Last year		
	quarter ended	quarter ended		
	31/03/2022	31/03/2021	Variance	%
	RM'000	RM'000	RM'000	%
Profit before tax by segments:				
Investment banking and stockbroking	20,195	38,994	(18,799)	-48.2%
Fund management and unit trust management	6,167	6,061	106	1.7%
Investment holding and others	174	1,801	(1,627)	-90.3%
	<u>26,536</u>	<u>46,856</u>	<u>(20,320)</u>	<u>-43.4%</u>

Investment banking and stockbroking - lower PBT by RM18.8 million (-48.2%) due to lower profit contribution from both its stockbroking division and investment banking division in current quarter.

Fund management and unit trust management - PBT increased by RM0.1 million (1.7%) mainly due to higher net contribution from management fee income.

Investment holding and others - PBT decreased by RM1.6 million (-90.3%) mainly due to higher unrealised loss on revaluation of financial assets at FVTPL and lower realised gain on disposal of financial assets at FVTPL.

HLCB Q3 (31.03.2022)

1. Performance review (continued)

(b) Current financial period under review against previous corresponding financial period

	The Group			
	Current	Last		
	year to date	year to date	Variance	
	31/03/2022	31/03/2021	RM'000	%
Net income	176,728	258,700	(81,972)	-31.7%
Profit before tax	84,728	153,000	(68,272)	-44.6%
Profit after tax	64,264	132,375	(68,111)	-51.5%
Profit attributable to equity holders of the Company	64,264	132,375	(68,111)	-51.5%

The group recorded a lower PBT of RM84.7 million for the financial period ended 31 March 2022 as compared to RM153.0 million recorded in the previous financial period.

Lower PBT mainly due to lower non-interest income earned (-36.7%).

The performance of the respective operating business segments for the nine months ended 31 March 2022 as compared to the previous financial period is analysed as follows:-

	The Group			
	Current	Last		
	year to date	year to date	Variance	
	31/03/2022	31/03/2021	RM'000	%
Profit before tax by segments:	RM'000	RM'000	RM'000	
Investment banking and stockbroking	60,061	124,738	(64,677)	-51.9%
Fund management and unit trust management	21,753	19,291	2,462	12.8%
Investment holding and others	2,914	8,971	(6,057)	-67.5%
	84,728	153,000	(68,272)	-44.6%

Investment banking and stockbroking - Lower PBT by RM64.7 million (-51.9%) mainly attributed to lower profit contribution from both its stockbroking division and investment banking division.

Fund management and unit trust management - PBT increased by RM2.5 million (12.8%) mainly due to higher net contribution from management fee income.

Investment holding and others - PBT decreased by RM6.1 million (-67.5%) mainly due to unrealised loss on revaluation of financial assets at FVTPL.

HLCB Q3 (31.03.2022)

1. Performance review (continued)

(c) Current financial quarter under review against preceding financial quarter

	The Group		Variance RM'000	%
	Current quarter ended 31/03/2022 RM'000	Preceding quarter ended 31/12/2021 RM'000		
Net income	54,397	54,934	(537)	-1.0%
Profit before tax	26,536	21,341	5,195	24.3%
Profit after tax	19,984	15,441	4,543	29.4%
Profit attributable to equity holders of the Company	19,984	15,441	4,543	29.4%

For the financial quarter ended 31 March 2022, the Group reported a higher PBT of RM26.5 million as compared to RM21.3 million in the preceding financial quarter ended 31 December 2021. The higher PBT was mainly due to lower overhead expenses incurred (-17.0%).

The performance of the respective operating business segments for the three months ended 31 March 2022 as compared to the preceding quarter is analysed as follows:-

	The Group		Variance RM'000	%
	Current quarter ended 31/03/2022 RM'000	Preceding quarter ended 31/12/2021 RM'000		
Profit before tax by segments:				
Investment banking and stockbroking	20,195	14,842	5,353	36.1%
Fund management and unit trust management	6,167	7,527	(1,360)	-18.1%
Investment holding and others	174	(1,028)	1,202	>100.0%
	<u>26,536</u>	<u>21,341</u>	<u>5,195</u>	24.3%

Investment banking and stockbroking - higher PBT by RM5.4 million (36.1%) mainly due to higher profit contribution from both its investment banking division and stockbroking division.

Fund management and unit trust management - PBT decreased by RM1.4 million (-18.1%) mainly due to lower net contribution from management fee income in current quarter.

Investment holding and others - PBT increased by RM1.2 million (>100.0%) mainly due to lower unrealised loss on revaluation of financial assets at FVTPL.

HLCB Q3 (31.03.2022)

2. Prospects for 2022

We are positive on Malaysia's outlook for the remaining calendar year 2022 arising from (i) Malaysia's relative safe-haven appeal amid the geopolitical conflict, (ii) transition to endemicity and reopening international borders, and (iii) possible "election rally" based on past GE12/13/14 trends.

With improving economic fundamentals helped by both the oil and gas and plantation sectors, we are cautiously optimistic that consumption and domestic demand will increase. FDIs have rebounded from \$64.2 billion to \$208.6 billion in 2021, signalling to an obviously more robust financial market outlook.

However, the ongoing Russia-Ukraine conflict and fear over the impact of selective lockdowns in China will continue to pose risks and uncertainties globally which may affect our country's economic recovery.

3. Variance in profit forecast and shortfall in profit guarantee

The Group had not entered into any scheme that requires it to present forecast results or guarantee any profits.

4. Taxation

	Financial quarter ended		Financial period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	1,705	1,950	6,078	6,099
- (Over)/Under provision in prior years	(22)	12	(22)	(6)
Deferred taxation	4,869	4,273	14,408	14,532
	<u>6,552</u>	<u>6,235</u>	<u>20,464</u>	<u>20,625</u>

HLCB Q3 (31.03.2022)

5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the latest practicable date which was not earlier than 7 days from the issue of this report.

6. Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of the debt securities in prior years have been used for as intended.

7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2022:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,207,600	6,868	(4,883)
(ii) 1 year to 3 years	1,583,000	10,823	(11,341)
(iii) More than 3 years	625,000	11,675	(2,051)
Foreign exchange related contracts			
(i) Less than 1 year	1,494,337	2,415	(2,954)
Equity related contracts			
(i) Less than 1 year	18,731	137	-
(ii) More than 3 years	200	66	-
	4,928,868	31,984	(21,229)

The above contracts are subject to credit risk and market risk.

Credit risk

Credit risk arises when counterparties to derivatives contracts are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

Related accounting policies

The accounting policies applied for recognising the financial instruments concerned are the same as those applied for the audited financial statements.

HLCB Q3 (31.03.2022)

8. Group borrowings and debt securities

The Group Unsecured	More than 1 year		Less than 1 year		Sub-total		Total RM'000
	Foreign currency	Local currency	Foreign currency	Local currency	Foreign currency	Local currency	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 31 March 2022							
RM100.0 million Tier 2 subordinated notes	-	99,996	-	1,252	-	101,248	101,248
As at 30 June 2021							
RM100.0 million Tier 2 subordinated notes	-	99,995	-	197	-	100,192	100,192
As at 31 March 2021							
RM100.0 million Tier 2 subordinated notes	-	99,994	-	1,252	-	101,246	101,246

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 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, HLIB 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.

HLCB Q3 (31.03.2022)

9. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

10. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial period ended 31 March 2022.

11. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Financial quarter ended		Financial period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
The Group				
Net profit attributable to equity holders of the Company (RM'000):	19,984	40,621	64,264	132,375
Weighted average number of ordinary shares in issue ('000):	235,785	235,785	235,785	238,334
Basic earnings per share (sen)	8.5	17.2	27.3	55.5
The Company				
Net (loss)/profit attributable to equity holders of the Company (RM'000):	(149)	1,284	158,827	74,097
Weighted average number of ordinary shares in issue ('000):	235,890	235,890	235,890	238,439
Basic (loss)/earnings per share (sen)	(0.1)	0.5	67.3	31.1

(b) Fully diluted earnings per share

There is no diluted earnings per share as the Group and the Company have no category of dilutive potential ordinary shares outstanding as at 31 March 2022 and 31 March 2021.

Dated this 30 May 2022.