

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	The Group		The Company	
		As at 31.03.2024 RM'000	As at 30.06.2023 RM'000	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
ASSETS					
Cash and short term funds		144,344	352,914	3,687	34,892
Deposits and placements with banks and other financial institutions		10,000	140,012	22,150	-
Financial assets at fair value through profit or loss ("FVTPL")	10	695,820	633,386	378,675	358,334
Financial investments at fair value through other comprehensive income ("FVOCI")	11	2,039,910	1,838,115	-	-
Financial investments at amortised cost	12	1,215,853	1,138,237	-	-
Derivative financial assets	18	33,140	67,036	-	-
Loans and advances	13	308,364	409,817	-	-
Clients' and brokers' balances	14	258,462	140,476	-	-
Other assets	15	51,269	47,745	1,375	187
Statutory deposits with Bank Negara Malaysia		60,198	52,350	-	-
Tax recoverable		27	155	-	125
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		86,224	97,574	-	-
Property and equipment		2,933	5,398	-	-
Right-of-use ("ROU") assets		10,848	13,799	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		5,716	5,688	-	-
TOTAL ASSETS		4,956,167	4,975,761	652,461	640,112
LIABILITIES					
Deposits from customers	16	1,031,145	703,676	-	-
Deposits and placements of banks and other financial institutions	17	2,416,943	2,858,234	-	-
Derivative financial liabilities	18	24,392	54,074	-	-
Clients' and brokers' balances		253,135	145,393	-	-
Lease liabilities		10,545	13,432	-	-
Other liabilities	19	126,843	135,271	994	1,139
Current tax liabilities		1,433	110	845	-
Subordinated obligations	20	101,263	100,195	-	-
TOTAL LIABILITIES		3,965,699	4,010,385	1,839	1,139

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 2023

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	The Group		The Company	
	As at	As at	As at	As at
	31.03.2024	30.06.2023	31.03.2024	30.06.2023
Note	RM'000	RM'000	RM'000	RM'000
EQUITY				
Share capital	246,896	246,896	246,896	246,896
Reserves	774,729	749,637	434,770	423,121
Treasury shares for ESOS Scheme	(31,157)	(31,157)	(31,044)	(31,044)
TOTAL EQUITY	990,468	965,376	650,622	638,973
TOTAL EQUITY AND LIABILITIES	4,956,167	4,975,761	652,461	640,112
COMMITMENTS AND CONTINGENCIES				
27	9,468,078	8,278,632	-	-
Net assets per share attributable to ordinary equity holder of the Company (RM)				
	4.20	4.09		

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 2023

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Current quarter ended 31.03.2024	Last year quarter ended 31.03.2023	Current year to date 31.03.2024	Last year to date 31.03.2023
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Interest income	21a	39,928	34,511	119,923
Interest income for financial assets at FVTPL	21b	5,179	6,660	14,525
Interest expense	22	(33,178)	(27,533)	(97,449)
Net interest income		11,929	13,638	36,999
Non-interest income	23	51,370	38,613	140,241
Net income		63,299	52,251	177,240
Overhead expenses	24	(36,419)	(35,766)	(103,357)
Operating profit before allowances		26,880	16,485	73,883
Write-back of impairment losses on loans and advances	25	63	8	13
Write-back/(Allowance for) impairment losses on financial investments and other financial assets	26	143	(55)	49
Profit before taxation		27,086	16,438	73,945
Taxation		(4,616)	(3,262)	(12,790)
Net profit for the financial period		22,470	13,176	61,155
Earnings per share (sen)				
- Basic		9.5	5.6	25.9
- Diluted		9.5	5.6	25.9

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 2023

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Net profit for the financial period	22,470	13,176	61,155	41,818
Other comprehensive income:				
Items that will be reclassified subsequently to income statements:				
Debt instruments at FVOCI				
- Net fair value changes	2,700	11,888	5,176	18,887
- Net changes in expected credit losses	4	(8)	87	(19)
Income tax relating to net fair value changes on financial investments at FVOCI	(648)	(2,853)	(1,242)	(4,533)
Other comprehensive income for the financial period, net of tax	2,056	9,027	4,021	14,335
Total comprehensive income for the financial period	24,526	22,203	65,176	56,153

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 2023

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 2024

	Current quarter ended 31.03.2024	Last year quarter ended 31.03.2023	Current year to date 31.03.2024	Last year to date 31.03.2023
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Interest income	201	131	694	400
Interest expense	-	-	-	-
Net interest income	201	131	694	400
Non-interest income	11,536	3,110	53,873	48,197
Net income	11,737	3,241	54,567	48,597
Overhead expenses	(581)	(409)	(1,725)	(1,281)
Profit before taxation	11,156	2,832	52,842	47,316
Taxation	(847)	45	(1,092)	(87)
Net profit/total comprehensive income for the financial period	10,309	2,877	51,750	47,229
Earnings per share (sen)				
- Basic	4.4	1.2	21.9	20.0
- Diluted	4.4	1.2	21.9	20.0

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 2023

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 2024

	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 2023	246,896	(31,157)	14,429	(4,486)	739,694	965,376
Net profit for the financial period	-	-	-	-	61,155	61,155
Other comprehensive income, net of tax	-	-	-	4,021	-	4,021
Total comprehensive income	-	-	-	4,021	61,155	65,176
Transfer to regulatory reserve	-	-	543	-	(543)	-
Dividend paid	-	-	-	-	(40,084)	(40,084)
At 31 March 2024	246,896	(31,157)	14,972	(465)	760,222	990,468
At 1 July 2022	246,896	(31,157)	12,148	(19,792)	736,898	944,993
Net profit for the financial period	-	-	-	-	41,818	41,818
Other comprehensive income, net of tax	-	-	-	14,335	-	14,335
Total comprehensive income	-	-	-	14,335	41,818	56,153
Transfer from regulatory reserve	-	-	1,361	-	(1,361)	-
Dividend paid	-	-	-	-	(44,799)	(44,799)
At 31 March 2023	246,896	(31,157)	13,509	(5,457)	732,556	956,347

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 2023

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 2024

	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 2023	246,896	(31,044)	423,121	638,973
Net profit for the financial period	-	-	51,750	51,750
Total comprehensive income	-	-	51,750	51,750
Dividend paid	-	-	(40,101)	(40,101)
At 31 March 2024	246,896	(31,044)	434,770	650,622
At 1 July 2022	246,896	(31,044)	412,837	628,689
Net profit for the financial period	-	-	47,229	47,229
Total comprehensive income	-	-	47,229	47,229
Dividend paid	-	-	(44,819)	(44,819)
At 31 March 2023	246,896	(31,044)	415,247	631,099

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 2023

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	The Group	
	31.03.2024	31.03.2023
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	73,945	52,550
Adjustments for:		
- Depreciation of property and equipment	2,780	3,418
- Amortisation of intangible assets	1,825	1,694
- Depreciation of ROU assets	2,974	2,998
- (Gain) on liquidation of a subsidiary	-	(37)
- (Gain) on disposal of property and equipment	-	(3)
- (Write-back) for impairment losses on loans and advances	(13)	(58)
- (Allowance for)/write-back of impairment losses on financial investments and other financial assets	(49)	302
- Net unrealised (gain)/loss on revaluation of:		
- Financial assets at FVTPL	(11,630)	(2,336)
- Derivative financial instruments	6,641	(7,705)
- Net unrealised (gain)/loss on fair value changes arising from fair value hedges	(3,504)	218
- Net realised (gain) arising from sale of financial investment at FVOCI	(9,702)	(2,522)
- Interest income from:		
- Financial assets at FVTPL	(14,525)	(16,966)
- Financial investments at FVOCI	(48,942)	(34,151)
- Financial investments at amortised cost	(27,946)	(24,973)
- Interest expense from:		
- Derivative financial instruments	4,885	6,935
- Subordinated obligations	3,188	3,177
- Lease liabilities	426	548
- Dividend income from:		
- Financial assets at FVTPL	(11,413)	(9,051)
	(105,005)	(78,512)
Operating (loss) before changes in working capital	(31,060)	(25,962)
Changes in working capital:		
- Financial assets at FVTPL	(52,043)	(251,688)
- Derivative financial instruments	(2,999)	-
- Loans and advances	101,466	48,003
- Clients' and brokers' balances	(117,899)	151,287
- Other assets	(3,011)	(20,202)
- Statutory deposits with Bank Negara Malaysia	(7,848)	(41,000)
Net changes in operating assets	(82,334)	(113,600)
- Deposits from customers	327,469	(270,222)
- Deposits and placements of banks and other financial institutions	(441,291)	525,571
- Clients' and brokers' balances	107,742	(102,493)
- Other liabilities	(8,428)	(132,285)
Net changes in operating liabilities	(14,508)	20,571
Cash used in operating activities	(127,902)	(118,991)

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 2023

HONG LEONG CAPITAL BERHAD
Registration No: 199101002695 (213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	The Group	
	31.03.2024	31.03.2023
	RM'000	RM'000
Cash used in operating activities	(127,902)	(118,991)
Net income tax paid	(1,231)	(4,232)
Net cash used in operating activities	(129,133)	(123,223)
<u>Cash flows from investing activities</u>		
Net (purchases) of financial investments at FVOCI	(190,929)	(317,740)
Net (purchases)/proceeds of financial investments at amortised cost	(82,647)	153,871
Dividend received from:		
- Financial assets at FVTPL	10,949	9,051
Proceeds from liquidation of a subsidiary	-	37
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	105,776	100,149
Interest expenses paid on derivative financial instruments	(4,890)	(8,375)
Proceeds from disposal of property and equipment	-	3
Purchase of property and equipment	(315)	(595)
Purchase of intangible assets	(1,853)	(2,332)
Net cash used in investing activities	(163,909)	(65,931)
<u>Cash flows from financing activities</u>		
Interest paid on subordinated obligations	(2,120)	(2,121)
Lease payment	(3,336)	(3,453)
Dividend paid	(40,084)	(44,799)
Net cash used in financing activities	(45,540)	(50,373)
Net changes in cash and cash equivalents during the financial period	(338,582)	(239,527)
Cash and cash equivalents at beginning of the financial period	492,926	422,695
Cash and cash equivalents at end of the financial period	154,344	183,168
Cash and cash equivalents comprise:		
Cash and short term funds	144,344	183,168
Deposits and placements with banks and other financial institutions	10,000	-
	154,344	183,168

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 2023

HONG LEONG CAPITAL BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	The Company	
	31.03.2024	31.03.2023
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	52,842	47,316
Adjustments for:		
- Net unrealised (gain) on revaluation of financial assets at FVTPL	(12,402)	(1,951)
- Dividend income from:		
- Financial assets at FVTPL	(8,793)	(7,475)
- Subsidiary companies	(28,710)	(38,940)
	(49,905)	(48,366)
Operating profit/(loss) before changes in working capital	2,937	(1,050)
Increase in financial assets at FVTPL	(7,939)	(2,937)
(Increase)/Decrease in other assets	(724)	73
(Decrease) in other liabilities	(145)	(299)
Cash used in operating activities	(5,871)	(4,213)
Net income tax paid	(122)	(437)
Net cash used in operating activities	(5,993)	(4,650)
<u>Cash flows from investing activities</u>		
Dividend received from:		
- Financial assets at FVTPL	8,329	7,475
- Subsidiary companies	28,710	38,940
Net cash generated from investing activities	37,039	46,415
<u>Cash flows from financing activities</u>		
Dividend paid	(40,101)	(44,819)
Net cash used in financing activities	(40,101)	(44,819)
Net changes in cash and cash equivalents during the financial period	(9,055)	(3,054)
Cash and cash equivalents at beginning of the financial period	34,892	27,893
Cash and cash equivalents at end of the financial period	25,837	24,839
Cash and cash equivalents comprise:		
Cash and short term funds	3,687	24,839
Deposits and placements with banks and other financial institutions	22,150	-
	25,837	24,839

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 2023

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

Registration No: 199101002695 (213006-U)

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

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 2024 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 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 Company 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 year 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 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 2023 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 2024.

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 2024.

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 2024.

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 2024, 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 (30.06.2023: 11,110,700) shares in the Group costing RM31,157,101 (30.06.2023: RM31,157,101) inclusive of transaction costs, as at 31 March 2024.

7. Dividends payable/paid

On 30 August 2023, the Board of Directors declared a final single-tier dividend of 17.0 sen per share in respect of the financial year ended 30 June 2023. The final single-tier dividend of 17.0 sen amounting to RM42.0 million was paid on 21 November 2023.

8. Valuations of property, plant and equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 2024.

9. 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.

HLCB Q3 (31.03.2024)

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

	The Group		The Company	
	As at	As at	As at	As at
	31.03.2024	30.06.2023	31.03.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Malaysian Government Securities	21,622	61,789	-	-
Malaysian Government Investment Issues	20,960	122,507	-	-
Negotiable instruments of deposits	99,768	49,885	-	-
	142,350	234,181	-	-
Quoted securities				
In Malaysia:				
Shares	153,171	55,593	68,514	49,699
Unit trust investment	310,370	308,839	310,161	308,635
	463,541	364,432	378,675	358,334
Unquoted securities				
Corporate bond and/or sukuk	89,929	34,773	-	-
	695,820	633,386	378,675	358,334

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

	The Group	
	As at	As at
	31.03.2024	30.06.2023
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	380,594	214,625
Malaysian Government Investment Issues	504,605	449,106
Cagamas bonds	80,804	85,085
	966,003	748,816
Unquoted securities		
Foreign currency bonds	136,960	72,512
Corporate bond and/or sukuk	936,947	1,016,787
	1,073,907	1,089,299
	2,039,910	1,838,115

HLCB Q3 (31.03.2024)

11. 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 2023	167	-	-	167
Allowances made	29	-	-	29
Amount written back	(7)	-	-	(7)
New financial assets originated or purchased	161	-	-	161
Financial assets derecognised	(105)	-	-	(105)
Exchange differences	9	-	-	9
At 31 March 2024	<u>254</u>	<u>-</u>	<u>-</u>	<u>254</u>
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	<u>167</u>	<u>-</u>	<u>-</u>	<u>167</u>

12. Financial investments at amortised cost

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Money market instruments		
Malaysian Government Securities	550,077	597,232
Malaysian Government Investment Issues	625,787	501,501
	<u>1,175,864</u>	<u>1,098,733</u>
Unquoted securities		
Corporate bond and/or sukuk	39,989	39,504
Less: Expected credit losses	-	-
	<u>1,215,853</u>	<u>1,138,237</u>

HLCB Q3 (31.03.2024)

12. 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 2023/31 March 2024	-	-	-	-
At 1 July 2022/30 June 2023	-	-	-	-

13. Loans and advances

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Term loan financing	29,370	106,109
Share margin financing	279,303	303,898
Staff loans	16	22
Other loans	-	126
Gross loans and advances	308,689	410,155
Less: Expected credit losses	(325)	(338)
Net loans and advances	308,364	409,817
 (i) <u>By type of customer</u>		
Domestic non-bank financial institutions		
- Others	29,369	30,082
Domestic business enterprises		
- Small and medium enterprises	51,504	53,024
- Others	45,311	121,410
Individuals	178,959	200,679
Foreign entities	3,546	4,960
Gross loans and advances	308,689	410,155
 (ii) <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	16	22
- Other fixed rate loans	-	126
Variable rate	308,673	410,007
Gross loans and advances	308,689	410,155

13. Loans and advances (continued)

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
(iii) <u>By residual contractual maturity</u>		
Maturity within one year	308,673	374,785
One year to three years	16	30,022
Three years to five years	-	5,222
Over five years	-	126
Gross loans and advances	<u>308,689</u>	<u>410,155</u>
(iv) <u>By geographical distribution</u>		
Malaysia	<u>308,689</u>	<u>410,155</u>
(v) <u>By economic purpose</u>		
Purchase of securities	279,303	374,699
Working capital	-	5,226
Purchase of landed properties	16	148
Others	29,370	30,082
Gross loans and advances	<u>308,689</u>	<u>410,155</u>
(vi) Impaired loans and advances		
(a) Movements in the impaired loans and advances are as follows:		
At 1 July	126	128
Impaired during the financial period/year	2	6
Amount written-back during the financial period/year	(128)	(8)
At 31 March/30 June	<u>-</u>	<u>126</u>
(b) <u>By geographical distribution</u>		
Malaysia	<u>-</u>	<u>126</u>
(c) <u>By economic purpose</u>		
Purchase of landed properties	<u>-</u>	<u>126</u>

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13. Loans and advances (continued)

(vii) Movements in expected credit losses are as follows:

The Group	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL (Stage 1) RM'000	not credit impaired (Stage 2) RM'000	credit impaired (Stage 3) RM'000	
At 1 July 2023	315	23	-	338
Transferred to Stage 1	4	(4)	-	-
Transferred to Stage 2	(3)	3	-	-
New financial assets originated	18	-	-	18
Financial assets derecognised	(61)	(18)	-	(79)
Allowance made	165	-	-	165
Allowance written-back	(114)	(3)	-	(117)
At 31 March 2024	<u>324</u>	<u>1</u>	<u>-</u>	<u>325</u>
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	<u>315</u>	<u>23</u>	<u>-</u>	<u>338</u>

14. Clients' and brokers' balances

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Performing accounts	257,235	139,919
Impaired accounts	<u>2,062</u>	<u>1,423</u>
	259,297	141,342
Less: Expected credit losses	<u>(835)</u>	<u>(866)</u>
	<u>258,462</u>	<u>140,476</u>

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15. Other assets

	The Group		The Company	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Amount due from subsidiaries	-	-	8	-
Deposits and prepayments	17,001	10,540	26	24
Fee income receivable	3,372	9,100	-	-
Collaterals pledged for derivative transactions	3,651	9,651	-	-
Treasury related receivables	10,651	-	-	-
Amount due from unit trust funds	7,685	8,212	-	-
Other receivables	9,661	5,890	1,341	163
Manager's stocks and consumables	584	5,737	-	-
	52,605	49,130	1,375	187
Less: Expected credit losses	(1,336)	(1,385)	-	-
	51,269	47,745	1,375	187

16. Deposits from customers

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Fixed deposits	1,031,145	703,676
(i) The deposits are sourced from the following customers:		
Government and statutory bodies	752,039	440,357
Business enterprises	267,389	250,563
Individuals	11,717	12,756
	1,031,145	703,676
(ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	1,029,864	703,676
- six months to one year	1,281	-
	1,031,145	703,676

17. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31.03.2024 RM'000	As at 30.06.2023 RM'000
Licensed banks	50,169	449,219
Licensed investment banks	143,842	132,865
Other financial institutions	2,222,932	2,276,150
	2,416,943	2,858,234

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18. Derivative financial assets/(liabilities)

The Group	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
31.03.2024			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,992,000	17,126	(13,595)
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	3,465,148	12,687	(10,370)
- Foreign currency forwards	91,339	111	(427)
- Foreign currency spot	399	1	-
(iii) Equity related contracts:			
- Call option	50,000	3,215	-
	8,598,886	33,140	(24,392)
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 option	200	22	-
	7,360,169	67,036	(54,074)

19. Other liabilities

	The Group		The Company	
	As at	As at	As at	As at
	31.03.2024	30.06.2023	31.03.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	185	156	33	13
Amount due to related companies	904	621	335	263
Remisiers' trust deposits	13,600	13,893	-	-
Treasury related payables	40,629	14,782	-	-
Equity related payables	27,415	-	-	-
Advance payments received for corporate exercise	4,980	8,108	-	-
Other payables and accrued liabilities	38,908	97,489	626	863
Post employment benefits obligation				
- defined contribution plan	222	222	-	-
	126,843	135,271	994	1,139

20. Subordinated obligations

	The Group	
	As at	As at
	31.03.2024	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	-	(2)
	101,263	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.

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.

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21a. Interest income

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Loan and advances	4,098	4,731	14,158	14,078
Money at call and deposits placements with financial institutions	1,058	891	3,494	3,047
Financial investments at FVOCI	16,810	11,931	48,942	34,151
Financial investments at amortised cost	9,471	8,338	27,946	24,973
Others	8,491	8,620	25,383	20,921
Total interest income	<u>39,928</u>	<u>34,511</u>	<u>119,923</u>	<u>97,170</u>
The Company				
Money at call and deposits placements with financial institutions	<u>201</u>	<u>131</u>	<u>694</u>	<u>400</u>

21b. Interest income for financial assets at FVTPL

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Financial assets at FVTPL	<u>5,179</u>	<u>6,660</u>	<u>14,525</u>	<u>16,966</u>

22. Interest expense

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Deposits and placements of banks and other financial institutions	6,138	7,888	18,554	16,086
Deposits from customers	24,361	17,012	70,086	46,591
Derivative financial instruments	1,451	1,308	4,885	6,935
Subordinated obligations	1,055	1,043	3,188	3,177
Lease liabilities	132	177	426	548
Others	41	105	310	333
Total interest expense	<u>33,178</u>	<u>27,533</u>	<u>97,449</u>	<u>73,670</u>

23. Non-interest income

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
(a) Fee and commission income:				
Fee on loans and advances	-	743	9	753
Arranger fees	74	50	2,450	416
Placement fees	2,451	2,254	6,229	9,405
Corporate advisory fees	1,215	1,000	3,701	4,460
Underwriting commission	-	488	333	854
Brokerage commissions	16,660	13,293	44,113	34,080
Commission from futures contracts	288	262	739	698
Unit trust fee income	11,321	11,498	34,882	34,523
Other fee income	1,479	754	4,351	4,590
	<u>33,488</u>	<u>30,342</u>	<u>96,807</u>	<u>89,779</u>
(b) Net income from securities:				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	5,213	2,207	5,966	(1,939)
- Financial investments at FVOCI	1,782	2,072	9,702	2,522
- Derivative financial instruments	(1)	(6,507)	11,177	14,065
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	4,407	(501)	11,630	2,336
- Derivative financial instruments	7,897	16,270	(6,641)	7,705
Dividend income from:				
- Financial assets at FVTPL	4,847	3,098	11,413	9,051
Net unrealised gain/(loss) on fair value changes arising from fair value hedges	57	140	3,504	(218)
	<u>24,202</u>	<u>16,779</u>	<u>46,751</u>	<u>33,522</u>
(c) Other income:				
Gain on disposal of property and equipment	-	-	-	3
Gain on liquidation of a subsidiary	-	37	-	37
Foreign exchange loss	(6,445)	(8,586)	(3,653)	(11,169)
Other non-operating income	125	41	336	144
	<u>(6,320)</u>	<u>(8,508)</u>	<u>(3,317)</u>	<u>(10,985)</u>
Total non-interest income	<u>51,370</u>	<u>38,613</u>	<u>140,241</u>	<u>112,316</u>

The Company

(a) Net income from securities:				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	3,432	(464)	3,968	(169)
Net unrealised gain on revaluation of:				
- Financial assets at FVTPL	4,942	767	12,402	1,951
Dividend income from:				
- Financial assets at FVTPL	3,162	2,807	8,793	7,475
- Subsidiary companies	-	-	28,710	38,940
Total non-interest income	<u>11,536</u>	<u>3,110</u>	<u>53,873</u>	<u>48,197</u>

24. Overhead expenses

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	20,039	21,323	54,351	55,376
- Other employee benefits	4,030	3,597	12,095	11,088
	24,069	24,920	66,446	66,464
Establishment costs				
- Depreciation of property and equipment	771	1,136	2,780	3,418
- Amortisation of intangible assets	619	616	1,825	1,694
- Depreciation of ROU assets	987	1,015	2,974	2,998
- Rental of premises	8	67	33	104
- Information technology expenses	3,063	3,070	9,251	8,732
- Others	656	328	2,108	1,597
	6,104	6,232	18,971	18,543
Marketing expenses				
- Advertisement and publicity	284	307	556	653
- Entertainment and business improvement	464	416	825	873
- Others	149	90	379	346
	897	813	1,760	1,872
Administration and general expenses				
- Management fees	1,400	1,260	4,425	3,368
- Communication expenses	231	194	613	576
- Auditors' remuneration				
- Statutory audit	109	100	315	305
- Regulatory related fee	3	3	9	8
- Legal and professional fees	230	235	906	824
- Others	3,376	2,009	9,912	8,028
	5,349	3,801	16,180	13,109
Total overhead expenses	36,419	35,766	103,357	99,988
The Company				
Personnel costs				
- Other employee benefits	55	64	178	184
	55	64	178	184
Establishment costs				
- Information technology expenses	-	-	-	1
- Others	14	17	42	44
	14	17	42	45

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24. Overhead expenses (continued)

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Company (continued)				
Administration and general expenses				
- Management fees	362	133	839	371
- Communication expenses	3	1	15	21
- Auditors' remuneration				
- Statutory audit	13	20	57	59
- Regulatory related fee	3	3	9	8
- Legal and professional fees	-	-	36	33
- Others	131	171	549	560
	<u>512</u>	<u>328</u>	<u>1,505</u>	<u>1,052</u>
Total overhead expenses	<u>581</u>	<u>409</u>	<u>1,725</u>	<u>1,281</u>

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

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
Expected credit losses				
- Loans and advances	63	6	13	58
- Loans and advances commitments	-	2	-	-
	<u>63</u>	<u>8</u>	<u>13</u>	<u>58</u>

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

	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	Current year to date 31.03.2024 RM'000	Last year to date 31.03.2023 RM'000
The Group				
(a) Financial investments				
(i) Financial investments at FVOCI	(4)	8	(87)	19
(ii) Financial investments at amortised cost	-	-	-	-
	(4)	8	(87)	19
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	19	(148)	31	10
- Impaired clients' and brokers' balances recovered	5	-	56	32
(ii) Other assets	123	85	49	(363)
	<u>147</u>	<u>(63)</u>	<u>136</u>	<u>(321)</u>
	<u>143</u>	<u>(55)</u>	<u>49</u>	<u>(302)</u>

27. Commitments and contingencies

	As at 31.03.2024 Principal Amount RM'000	As at 30.06.2023 Principal Amount RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	1,000	1,000
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Less than one year	700	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	867,492	917,463
	<u>869,192</u>	<u>918,463</u>
Derivative financial instruments		
Interest rate related contracts:		
- One year or less	1,486,000	768,000
- Over one year to five years	3,506,000	3,502,000
Foreign exchange related contracts		
- One year or less	3,495,477	3,089,969
- Over one year to five years	61,409	-
Equity related contracts		
- Over one year to five years	50,000	200
	<u>8,598,886</u>	<u>7,360,169</u>
	<u>9,468,078</u>	<u>8,278,632</u>

The Group does not have commitments and contingent liabilities other than as disclosed above.

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 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
31.03.2024	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	463,541	232,279	-	695,820
- Money market instruments	-	142,350	-	142,350
- Quoted securities	463,541	-	-	463,541
- Unquoted securities	-	89,929	-	89,929
Financial investments at FVOCI	-	2,039,910	-	2,039,910
- Money market instruments	-	966,003	-	966,003
- Unquoted securities	-	1,073,907	-	1,073,907
Derivative financial assets	-	33,140	-	33,140
	463,541	2,305,329	-	2,768,870

HLCB Q3 (31.03.2024)**28. Fair value of financial instruments (continued)**Determination of fair value and fair value hierarchy (continued)

The Group 31.03.2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial liability				
Derivative financial liabilities	-	24,392	-	24,392
30.06.2023				
Financial assets				
Financial assets at FVTPL	364,432	268,954	-	633,386
- Money market instruments	-	234,181	-	234,181
- Quoted securities	364,432	-	-	364,432
- 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
	364,432	2,174,105	-	2,538,537
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074
The Company				
31.03.2024				
Financial asset				
Financial assets at FVTPL				
- Quoted securities				
	378,675	-	-	378,675
30.06.2023				
Financial asset				
Financial assets at FVTPL				
- Quoted securities				
	358,334	-	-	358,334

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

29. Capital adequacy

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

	HLIB 31.03.2024	HLIB 30.06.2023
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	29.630%	38.498%
Tier 1 capital ratio	29.630%	38.498%
Total capital ratio	37.754%	48.792%
After deducting proposed dividends: ⁽¹⁾		
CET1 capital ratio	29.630%	35.719%
Tier 1 capital ratio	29.630%	35.719%
Total capital ratio	37.754%	46.013%

Note:

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

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

	HLIB 31.03.2024 RM'000	HLIB 30.06.2023 RM'000
CET1 capital		
Paid-up ordinary share capital	252,950	252,950
Retained profits	251,607	280,317
Other reserves	(465)	(4,486)
Less: goodwill and intangibles	(33,724)	(33,936)
Less: deferred tax assets	(85,528)	(96,878)
Less: investment in subsidiary companies	(200)	(200)
Total CET1 capital	384,640	397,767
Tier 1 capital		
	384,640	397,767
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	5,462	6,356
Subordinated obligations	100,000	100,000
Total Tier 2 capital	105,462	106,356
Total capital	490,102	504,123

Note:

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

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29. Capital adequacy (continued)

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

	HLIB	HLIB
	31.03.2024	30.06.2023
	RM'000	RM'000
Credit risk	436,927	508,514
Market risk	572,555	185,018
Operational risk	288,676	339,681
	<u>1,298,158</u>	<u>1,033,213</u>

30. Segmental reporting

(a) Segment information by activities for the financial period ended 31 March 2024:

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 2024					
Net income					
Net interest income	35,751	408	840	-	36,999
Non interest income	83,698	35,141	53,950	(32,548)	140,241
Total net income	<u>119,449</u>	<u>35,549</u>	<u>54,790</u>	<u>(32,548)</u>	<u>177,240</u>
Results					
Profit from operations	42,115	7,293	53,052	(28,515)	73,945
Taxation					<u>(12,790)</u>
Profit after taxation					<u>61,155</u>
31 March 2023					
Net income					
Net interest income	39,604	386	476	-	40,466
Non interest income	72,202	34,637	48,265	(42,788)	112,316
Total net income	<u>111,806</u>	<u>35,023</u>	<u>48,741</u>	<u>(42,788)</u>	<u>152,782</u>
Results					
Profit from operations	36,130	8,087	47,423	(39,090)	52,550
Taxation					<u>(10,732)</u>
Profit after taxation					<u>41,818</u>

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

31. 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 2023.

32. Changes in composition of the Group

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

33. Capital commitments

Capital commitments for the purchase of property and equipment as at 31 March 2024 is RM2.8 million.

34. 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.

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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		Variance	
	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	RM'000	%
Net income	63,299	52,251	11,048	21.1%
Profit before tax	27,086	16,438	10,648	64.8%
Profit after tax	22,470	13,176	9,294	70.5%
Profit attributable to equity holders of the Company	22,470	13,176	9,294	70.5%

For the 3rd quarter ended 31 March 2024, the Group posted higher profit before tax ("PBT") of RM27.1 million as compared to previous year's corresponding quarter of RM16.4 million.

Higher PBT mainly driven by higher non-interest income achieved amounting to RM12.8 million for the quarter.

The performance of the respective operating business segments for the 3rd quarter ended 31 March 2024 as compared to the previous year corresponding quarter is analysed as follows:

	The Group		Variance	
	Current quarter ended 31.03.2024 RM'000	Last year quarter ended 31.03.2023 RM'000	RM'000	%
Profit before tax by segments:				
Investment banking and stockbroking	13,937	11,979	1,958	16.3%
Fund management and unit trust management	1,977	1,622	355	21.9%
Investment holding and others	11,172	2,837	8,335	>100.0%
	<u>27,086</u>	<u>16,438</u>	<u>10,648</u>	64.8%

Investment banking and stockbroking - The better performance is mainly attributable from its stockbroking division during the quarter.

Fund management and unit trust management - PBT was higher mainly due to lower overheads incurred.

Investment holding and others - The increase in PBT was driven by better performance in the proprietary investment.

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1. Performance review (continued)

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

	The Group		Variance	
	Current	Last		
	year to date	year to date		%
	31.03.2024	31.03.2023	RM'000	
Net income	177,240	152,782	24,458	16.0%
Profit before tax	73,945	52,550	21,395	40.7%
Profit after tax	61,155	41,818	19,337	46.2%
Profit attributable to equity holders of the Company	61,155	41,818	19,337	46.2%

The Group posted a higher PBT of RM73.9 million for the financial period 31 March 2024 as compared to previous financial quarter of RM52.6 million. This increase was mainly attributable by higher non-interest income by RM27.9 million, 24.9%.

The performance of the respective operating business segments for the nine months ended 31 March 2024 as compared to the previous financial period is analysed as follows:

Profit before tax by segments:	The Group		Variance	
	Current	Last		
	year to date	year to date		%
	31.03.2024	31.03.2023	RM'000	
Investment banking and stockbroking	42,115	36,130	5,985	16.6%
Fund management and unit trust management	7,293	8,087	(794)	-9.8%
Investment holding and others	24,537	8,333	16,204	>100.0%
	<u>73,945</u>	<u>52,550</u>	<u>21,395</u>	40.7%

Investment banking and stockbroking - The increase of PBT was mainly attributable to the better performance in the stockbroking division.

Fund management and unit trust management - The under performance was mainly due to higher overheads incurred.

Investment holding and others - The increase in PBT was driven by better performance in the proprietary investment.

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1. Performance review (continued)

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

	The Group		Variance	
	Current quarter ended 31.03.2024	Preceding quarter ended 31.12.2023	RM'000	%
	RM'000	RM'000		
Net income	63,299	50,652	12,647	25.0%
Profit before tax	27,086	19,446	7,640	39.3%
Profit after tax	22,470	15,948	6,522	40.9%
Profit attributable to equity holders of the Company	22,470	15,948	6,522	40.9%

For the financial quarter ended 31 March 2024, the Group reported a higher PBT of RM27.1 million as compared to RM19.4 million in the preceding financial quarter ended 31 December 2023. The higher PBT was mainly arising from higher non-interest income by RM13.4 million.

The performance of the respective operating business segments for the three months ended 31 March 2024 as compared to the preceding quarter is analysed as follows:

Profit before tax by segments:	The Group		Variance	
	Current quarter ended 31.03.2024	Preceding quarter ended 31.12.2023	RM'000	%
	RM'000	RM'000		
Investment banking and stockbroking	13,937	11,336	2,601	22.9%
Fund management and unit trust management	1,977	2,330	(353)	-15.2%
Investment holding and others	11,172	5,780	5,392	93.3%
	<u>27,086</u>	<u>19,446</u>	<u>7,640</u>	<u>39.3%</u>

Investment banking and stockbroking - The increase in PBT was due to higher profit contribution from its stockbroking division.

Fund management and unit trust management - The under performance was driven by lower net contribution from management fee income.

Investment holding and others - Higher PBT was driven by better performance in the proprietary investment.

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2. Prospects for 2024

The persistent US inflation and increased global oil prices have revived concerns over the pace of interest rate cut by the Fed. The recent development of war tension in the Middle East has added complication to the geopolitical uncertainties further clouding the outlook of the global economic and financial recoveries post the pandemic. On the local front, the Malaysian economy is anticipating a positive trajectory with GDP growth driven by improved export performance and sustained domestic expenditure growth.

We will remain vigilant by constantly exercising discipline in managing our capital, liquidity and cost efficiencies.

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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	1,272	393	2,683	2,061
- Under provision in prior years	(1)	(11)	(1)	(5)
Deferred taxation	3,345	2,880	10,108	8,676
	<u>4,616</u>	<u>3,262</u>	<u>12,790</u>	<u>10,732</u>

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.

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6. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2024:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,486,000	2,922	(2,042)
(ii) 1 year to 3 years	1,457,000	8,328	(2,399)
(iii) More than 3 years	2,049,000	5,876	(9,154)
Foreign exchange related contracts			
(i) Less than 1 year	3,495,477	12,778	(10,793)
(ii) 1 year to 3 years	61,409	21	(4)
Equity related contracts			
(i) 1 year to 3 years	50,000	3,215	-
	8,598,886	33,140	(24,392)

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

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the statements of income unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the statements of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statements of income.

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7. Group borrowings and debt securities

The Group Unsecured	More than 1 year		Less than 1 year		Sub-total		Total RM'000
	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	
As at 31 March 2024							
RM100.0 million Tier 2 subordinated notes	-	100,000	-	1,263	-	101,263	101,263
As at 30 June 2023							
RM100.0 million Tier 2 subordinated notes	-	99,998	-	197	-	100,195	100,195
As at 31 March 2023							
RM100.0 million Tier 2 subordinated notes	-	99,998	-	1,251	-	101,249	101,249

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.

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8. 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.

9. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial period ended 31 March 2024.

10. 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 period.

	Financial quarter ended		Financial period ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
The Group				
Net profit attributable to equity holders of the Company (RM'000):	22,470	13,176	61,155	41,818
Weighted average number of ordinary shares in issue ('000):	235,785	235,785	235,785	235,785
Basic earnings per share (sen)	9.5	5.6	25.9	17.7
The Company				
Net profit attributable to equity holders of the Company (RM'000):	10,309	2,877	51,750	47,229
Weighted average number of ordinary shares in issue ('000):	235,890	235,890	235,890	235,890
Basic earnings per share (sen)	4.4	1.2	21.9	20.0

(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 2024 and 31 March 2023.

Dated this 30 May 2024.