

Hong Leong Capital Records RM22.7 Million Net Profit in its First Quarter Ended 30 September 2023

KUALA LUMPUR, 30 NOVEMBER 2023 - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the results of the Company and its subsidiaries for the financial period ended 30 September 2023 (“1QFY24”).

HLCB recorded a net profit after tax of RM22.7 million, an increase of 41.8% year-on-year (“y-o-y”) mainly due to better performance in HLCB’s proprietary investment and higher profit contribution from its key operating subsidiary, Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”), in the current financial period. As at 30 September 2023, the book value per share decreased to RM3.99 from RM4.09 as at 30 June 2023 after declaration of a final single-tier dividend of 17 cents for financial year ended 30 June 2023.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “We started the new financial year with positive results, recording an improved profit before tax (“PBT”) of RM27.4 million, a 31.7% increase over RM20.8 million y-o-y. The improved results were mainly driven by our stockbroking division, contributing 65% of the PBT. This was on the back of higher Bursa Malaysia trading volume y-o-y as there was renewed investor interest following the conclusion of the state elections, and the launch of the Malaysia National Energy Transition Roadmap and Madani Economy plans.

Looking ahead, the outlook for the capital markets and investment activities in Malaysia is anticipated to remain uncertain in spite of a projected modest expansion in the economy, weighed down by weaker external demand, tight credit conditions and geopolitical tensions in the Middle-East. As our business environment remains susceptible to these conditions and external headwinds, we will remain vigilant against these risks by constantly exercising discipline in managing our capital, liquidity and costs efficiencies to deliver sustainable results to our stakeholders.”

Investment Banking

The Company’s investment banking subsidiary, HLIB, recorded a net profit after tax of RM12.9 million, an increase of RM0.7 million y-o-y arising from higher profit contribution from its stockbroking division. The stockbroking division delivered a strong comeback with an increase of 68% in PBT y-o-y. This follows the Bank’s increased market share of 4.35% vs 3.56% last year, as well as a 28% uptick in Bursa’s market activity y-o-y. HLIB is also constantly innovating its offerings to remain competitive and cater to varying customers’ needs, such as introducing zero brokerage for first trade as part of its online onboarding campaign.

Higher funding cost continued to affect HLIB’s performance in investment banking, resulting in net interest margin compression and thinner trading liquidity, limiting trading opportunities.

Meanwhile, the Bank's Equity market segment faced challenges with lower market activities and delay in the completion of mandated deals.

However, HLIB continued its uptrend momentum in the Debt market, following the completion of key mandated deals including the issuance of the first Climate Bonds Initiatives ("CBI")-qualified solar power Sukuk in Malaysia and the World.

Overall, the Bank's Capital position remains robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 38.2%, 38.2% and 49.2% respectively as at 30 September 2023.

Fund Management and Unit Trust Management

The fund management business of HLCB, undertaken via its subsidiary, Hong Leong Asset Management Berhad ("HLAM") and HLAM's subsidiary, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") recorded a net profit after tax of RM2.4 million, a decrease of 16.9% y-o-y. This was attributed to investment costs incurred in strengthening and expanding distribution channels.

HLAM's Assets Under Management ("AUM") size has remained stable y-o-y at RM11 billion, funded by the growth in Equity Funds negated by the continued downtrend in the Money Market Funds. HLISAM delivered a robust growth of 159% y-o-y increase in AUM, amounting to RM1.23 billion with strong expansion in its Fixed Income Funds.

Looking ahead, HLAM is actively growing its distribution channels to secure a larger market share, focusing on funds from EPF members and via the agency model. The speed to market is now enabled with digital on-boarding capabilities, which were launched in November 2023, offering a seamless sign-on experience for customers.

Sustainability Journey

In the financial year ended 30 September 2023, HLCB continued to expand its commitment and investment in the ESG space. HLIB, its investment arm, has successfully advised, arranged, and managed the issuance of the reNIKOLA Solar II Sdn Bhd's RM390.0 million Green Sukuk program jointly with MIDF Amanah Investment Bank Bhd. This issuance marks the issuance of the world's first climate sukuk certified by the Climate Bonds Initiative. With this, the Green Sukuk has been independently verified by RAM Sustainability Sdn Bhd to have complied with the science-based Climate Bonds Standard and Certification Scheme, an overarching science-based, multi-sector certification scheme for investments that address the challenge of climate change and are consistent with the goals of the Paris Climate Agreement.

Moving forward, HLCB will continue to seek investment opportunities in the ESG space, with green bonds being one of its key focuses in the coming year. The Company will also intensify efforts to assist clients in their transition towards sustainable practices in line with increased attention from investors and regulators. As to-date, its efforts have translated into three

sustainability related mandates. On the operational front, HLCB is expanding its digitalisation efforts to reduce its paper usage, thus reducing its carbon footprint while improving business process efficiency and service delivery. In addition, the Company will align its sustainability priorities to the material matters identified by its stakeholders pursuant to its materiality assessment which was completed recently.

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About Hong Leong Capital Group

Hong Leong Capital Berhad (“HLCB”) is an investment holding company of the investment banking and asset management business group under Hong Leong Financial Group. It aims to be a leading regional financial services institution providing diversified clients with a full range of value propositions and financial solutions in the areas of investment banking, stockbroking, futures broking, nominees and custodian services, unit trust and fund management and related financial services, and investment management services. These segments are serviced by HLCB’s key operating subsidiaries, namely Hong Leong Investment Bank Berhad (“HLIB”) and Hong Leong Asset Management Bhd (“HLAM”).

Supported by strong business acumen, its firm foundation of values, efficient customer support, and distribution and communications channels, HLCB, together with HLIB and HLAM, are focused on assisting its wide range of clients in achieving superior long term risk-adjusted returns.

For further details, visit www.hlcap.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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