Press Release

For Immediate Release

Hong Leong Capital Achieved a Net Profit of RM29.9 Million for its First Half Financial Results Ended 31 December 2024

KUALA LUMPUR, 26 FEBRUARY 2025 - Hong Leong Capital Berhad ("HLCB" or the "Company") today announced the second quarter results of the Company and its subsidiaries for the financial period ended 31 December 2024 ("1H FY25").

- HLCB recorded a net profit after tax of RM29.9 million for 1H FY25, 23% lower compared to corresponding period in the previous year of RM38.7 million. The results were primarily impacted by lower income from investment banking division ("IB division") and asset management, as well as lower equity investment returns.
- Book value per share increase to RM4.26 as at 31 December 2024 from RM4.10 a year ago.

Hong Leong Capital Berhad's Chairman, Tan Kong Khoon commented, "The Group delivered encouraging results in the first half of FY25, in light of volatile capital markets resulting in lower investment gains and delays in some capital market deals. A key highlight was the continued positive momentum in our stockbroking franchise, driven by increased trading volumes on the local bourse, leading to gains in our domestic retail and institutional market share.

Looking ahead, we anticipate continued positive economic growth in Malaysia, supported by a robust labor market, healthy domestic consumption, a recovery in exports, and rising domestic investment. However, external headwinds could present challenges to near-term growth. In particular, the escalation of protectionist policies could lead to heightened trade tensions, inflationary pressures and tighter global financial conditions. Nevertheless, we believe Malaysia's inherent economic resilience offers a strong foundation for continued expansion.

HLCB remains committed to executing our strategic priorities and delivering long-term value creation for all our stakeholders. We will continue to explore expansion of our product offerings and physical presence within the stockbroking division, growing our investment banking business by focusing on our award-winning sustainability advisory services and strengthening our distribution capabilities across all segments within the group. We will also continue to exercise discipline in managing our capital, liquidity and cost efficiency."

Hong Leong Investment Bank Berhad ("HLIB")

- HLIB reported a net profit after tax of RM21.9 million, an increase of 2% y-o-y, driven primarily by the improved performance of our stockbroking division ("SB division").

- Our SB division delivered strong results with a profit before tax ("PBT") of RM24.9 million, an 18% increase from RM21.2 million the previous year. This growth is attributed to the higher Bursa Malaysia average daily trading volume of RM3.3 billion compared to RM2.5 billion a year earlier. However, our overall market share declined by 0.24% y-o-y to 3.67%, driven by the increase of foreign institution flows, of which HLIB have limited participation. Excluding foreign participation, HLIB's market share had increased by 0.35% to 5.97%.

- Our IB division reported a lower PBT of RM3.9 million, a decline of 45% y-o-y due to lower profit contribution from our Debt Markets and Treasury & Markets ("T&M"). Our Debt Markets' performance was impacted by the delay in the completion of a few mandated deals while T&M's performance was affected by mark-to-market movements arising from widened spreads between bonds and interest rate swap. Our Equity Markets recorded improved deal flows and delivered better profits.

- As at 31 December 2024, the Bank's capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 35.4%, 35.4% and 44.5% respectively.

Hong Leong Asset Management Bhd ("HLAM") and Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM")

- HLCB's fund management business operating under HLAM and HLAM's subsidiary, HLISAM, reported a net profit after tax of RM3.2 million, a decline of 24% y-o-y. This decrease is primarily attributed to lower average Assets Under Management ("AUM") and the ongoing investments in expanding and strengthening its distribution channels.

- Our average AUM recorded a decline of 3% y-o-y to RM11.3 billion due primarily to redemptions made in our Fixed Income and Money Market Funds. However, our strategic focus on growing the Equity Funds and private mandate yielded positive results, with average AUM increasing by 8% to RM4.2 billion and 24% to RM1.2 billion, respectively. We continue to solidify our presence in the Islamic capital market with our Islamic funds under HLISAM recording strong growth of 66% y-o-y to RM1.9 billion average AUM, fueled mainly by growth in our Fixed Income Funds.

Sustainability Journey

- HLCB has made further progress in our sustainability journey by becoming the first investment banking group in Malaysia to become an official signatory to the Partnership for Carbon Accounting Financials ("PCAF"). This move reflects HLCB's commitment to measuring and disclosing its greenhouse gas ("GHG") emissions associated with financed activities. With this initiative, HLCB is not only aligning itself with international best practices in the financial sector but also reinforcing its role to contribute to Malaysia's target towards net-zero by 2050.
- HLIB completed several notable sustainability debt mandates in 1H FY25 and has received market recognition for its commitment to sustainable financing. One of our deals, a RM500 million Green Medium Term Notes programme has been recognised in FinanceAsia Achievement Awards 2024 for the Best Bond Deal (Malaysia Winner) and Best Bond Deal (Southeast Asia Highly Commended).
- In terms of sustainable products, HLIB has launched an Environmental, Social and Governance ("ESG")-compliant Share Margin Financing in January 2025. This new offering will allow HLIB clients to enjoy low interest rates and higher margin of financing limit for purchases of ESG-compliant securities based on the FTSE4Good Bursa Malaysia ("F4GBM") Index.

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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:

Investor Relations
San Kah Yee
Chief Financial Officer
Tel: +603 2083 1800
Email: ir@hlcb.hongleong.com.my