

For Immediate Release

Hong Leong Capital Group Records a Net Profit Attributable To Shareholders of RM44.3 Million for its First Half Financial Results Ended 31 December 2021

KUALA LUMPUR, 28 FEBRUARY 2022 – Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the results of the Company and its subsidiaries (“HLCB Group”) for the six months ended 31 December 2021 (“H1FY22”).

- The Group recorded a net profit attributable to shareholders of RM44.3 million, a decrease of 51.7% year-on-year (“y-o-y”). The lower profit contribution was from its key operating subsidiary; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) in the current period.
- Book value per share decreased from RM4.06 as at 30 June 2021 to RM3.93 as at 31 December 2021 after payment of a final single-tier dividend of 26 sen for financial year ended 30 June 2021.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “The remaining months of our financial year 2022 is expected to remain challenging for several reasons. Persistently elevated inflation stemming from supply chain disruptions has led to expectations of aggressive Fed rate hikes, which may cause other countries to follow suit, sending jitters to financial markets. This comes alongside geopolitical tensions and China’s slowing economy. The emergence of the highly infectious Omicron variant has also added another element of uncertainty into the equation. We expect the credit spread of strong quality bonds to tighten. Increasing rates allows the Group to replenish upcoming maturities with higher yielding assets while we continue to manage our funding cost.

Nevertheless, we believe inventory rebuild will help ease supply chain disruptions, paving the way for a more sustainable recovery in the second half of calendar year 2022.”

Investment Banking

- Our investment banking subsidiary, HLIB’s net profit after tax decreased 59.8% y-o-y to RM30.3 million, from lower profit contribution from its stockbroking division and investment banking division. HLIB contributed 68.5% of HLCB Group’s profit after tax.
- Our stockbroking division’s financial performance was affected by the much lower Bursa market activity in the first 6 months of our financial year 2022, with Bursa traded volume decreasing by 47.6% y-o-y. The lower retail participation during this period has also led HLIB to record a lower market share during this period. The Bank had embarked on several new business initiatives to diversify our revenue base and help cushion the drop in brokerage related income.

- Our investment banking division's performance was affected by delays in completion of mandated deals due to the imposition of movement restrictions in the early part of the current financial year.
- Our banking subsidiary had and will continuously focus on strategic cost management initiatives to optimise our cost structure.
- Capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 34.9%, 34.9% and 46.1% respectively as at 31 December 2021.

Fund Management and Unit Trust Management

- The fund management business of HLCB Group, undertaken via our subsidiary, Hong Leong Asset Management Berhad ("HLAM") and its subsidiary, Hong Leong Islamic Asset Management ("HLISAM") recorded an increase in profit after tax by 17.4% to RM11.8 million attributed to higher average assets under management ("AUM") during this period compared to 31 December 2020.
- HLISAM has successfully grown its AUM by more than three (3) times compared to the previous corresponding period. The team shall continue to work closely with their distributors and clients via the digital platform and virtual engagements to further build and diversify our AUM base.

Sustainability Journey

- The Group continues to emphasize on our sustainability priorities with the aim of integrating Environmental, Social and Governance ("ESG") components into the Bank's strategies. The Bank will continue to build its footprint on the ESG front. Aside from integrating assessments into investment banking and financing activities, the Bank is committed to sustainability by setting out a clear vision with goals, targets and roadmap.
- Our Research team had already incorporated ESG-related write-ups and reports into our research coverage to create more awareness for sustainable investments to our clients.
- HLAM Group is working towards embedding sustainability within asset management practices in a manner that aligns with Value-Based Intermediation ("VBI") and Shariah principles.

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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 Berhad (“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

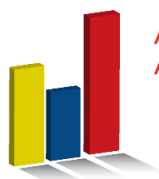
Lau Yew Sun

Chief Financial Officer

Tel: +603 2083 1800

Email: ir@hlcb.hongleong.com.my

Hong Leong Capital Berhad is a subsidiary of:



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THE ASIAN BANKER

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