

Hong Leong Capital Records a Net Profit Attributable To Shareholders of RM64.3 Million for its Nine Months Financial Results Ended 31 March 2022

KUALA LUMPUR, 30 MAY 2022 – Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the results of the Company and its subsidiaries (“HLCB”) for the nine months ended 31 March 2022 (“9MFY22”).

- HLCB recorded a net profit attributable to shareholders of RM64.3 million, a decrease of 51.5% year-on-year (“y-o-y”). Reflecting the reduced market activity in our local stock market, a lower profit contribution was recorded by 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 RM3.99 as at 31 March 2022 from lower valuation of financial investments at fair value through other comprehensive income for the financial period.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “The year of 2022 is expected to be challenging amid multiple headwinds for global GDP growth. The protracted Russia-Ukraine war and sanctions against Russia, alongside with China’s COVID-19 lockdowns will continue to pose risks and uncertainties globally. Concerns of further net outflows by foreigners and rising inflation’s impact on economic growth may further constrain global economic recovery and dampened the investment climate.

Amidst the volatility in the financial markets, we remain committed in our journey to deliver long-term sustainable growth of our business. We shall continue to sharpen the delivery of our business and services whilst improving on our digital solutions to our customers and drive for better cost efficiency and operational productivity.”

Investment Banking

- Our investment banking subsidiary, HLIB's net profit after tax decreased 58.6% y-o-y to RM45.7 million, arising from lower profit contribution from the stockbroking division and investment banking division. HLIB contributed 71.0% of HLCB's profit after tax.
- Our stockbroking division's financial performance was affected by the significantly lower Bursa market activity in the first 9 months of our financial year 2022, with Bursa traded value decreasing by 47.5% y-o-y. The lower retail participation during this period has also led HLIB recording a lower market share during this period. The Bank took action to embark on some new business initiatives to diversify our revenue base and help cushion the drop in brokerage related income.
- Our investment banking division's performance was adversely affected by delays in the completion of mandated deals within the current financial year caused by disruption from the movement restrictions.
- Our banking subsidiary has and will continuously adopt stringent cost discipline and tighten cost control to optimise our cost structure.
- Capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 32.5%, 32.5% and 43.0% respectively as at 31 March 2022.

Fund Management and Unit Trust Management

- The fund management business of HLCB, 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 12.7% to RM16.5 million. This was contributed by the higher management fee income from our enlarged equity funds under management with higher net fee rate.
- HLISAM has continued to chart steady growth in its Assets under Management ("AUM"). 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

- HLCB is committed to its Environmental, Social and Governance (“ESG”) footprint by setting out a clear vision with goals, targets and roadmap with the objective to embed and integrate ESG into the core of the Group. HLIB has commenced integrating sustainability assessments into the investment banking and financing activities, while HLAM has integrated ESG considerations into the research process to identify key ESG issues of the companies/industries under coverage. HLAM is also working towards embedding sustainability within its asset management practices in a manner that aligns with Value-Based Intermediation (“VBI”) and Shariah principles.
- HLAM has launched its first ESG fund, the Hong Leong Global ESG Fund (“HLGESGF”) on 20 April 2022. The HLGESGF aims to provide investors with medium to long-term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process and will incorporate the principles of ESG in security selection through MSCI ESG Ratings. Combining the capabilities of HLAM's investment team with this widely recognised ESG rating provider demonstrates HLAM's commitment in selecting good quality companies that potentially enhances returns for our investors.

End

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