

Hong Leong Capital Records a Net Profit of RM41.8 Million for its Nine Months Financial Results Ended 31 March 2023

KUALA LUMPUR, 31 MAY 2023 - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the third quarter results of the Company and its subsidiaries for the period ended 31 March 2023 (“9MFY23”).

- HLCB recorded a net profit after tax of RM41.8 million, a decrease of 34.9% year-on-year (“y-o-y”) due to lower profit contribution from its key operating subsidiaries; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) and Hong Leong Asset Management Bhd (“HLAM”) in the current financial period.
- Book value per share increased from RM4.01 as at 30 June 2022 to RM4.06 as at 31 March 2023.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “Over the past 9 months, the global investment environment has been volatile amidst rapid interest rate increases in the advanced economies, weaker demands across the world and increasing geopolitical polarisation. The situation was worsened by the banking sector turmoil in the US and Europe.

On the local front, Bank Negara Malaysia (BNM) raised the overnight policy rate (OPR) by 25 basis points to 3.00% in May 2023 following a pause in March as the economy showed signs of continued growth, underpinned by better labour market conditions and potential revival of the tourism sector with China’s reopening. Nonetheless, impacted by the global economic and investment market sentiments, Bursa market activities reduced further while investors adopted a wait-and-see attitude.

Under current conditions, we will be exercising discipline in managing our capital, liquidity and cost efficiency to deliver sustainable outcomes to our stakeholders.”

Investment Banking

- Our investment banking subsidiary, HLIB, reported a net profit after tax of RM27.5 million, a decrease of 40% y-o-y arising from lower profit contribution from both our stockbroking and investment banking division.
- Our stockbroking division’s financial performance was affected by the subdued Bursa market activity with traded value contracting by 28.2% y-o-y following geopolitical conflicts, interest rate hikes and concerns over risks of a potential recession in the US that would most likely slow down the global economy.

- Our investment banking division's performance was also impacted amidst market volatility and thinner liquidity trading conditions, similar to the headwinds faced by the stockbroking division, resulting in lower profits from our treasury & markets operations y-o-y. However, some improvement in deal flows from our equity and bonds mandates have partially cushioned the drop in profit. Overall, investment banking division's profit before tax dropped 38.9%.
- Our focus on digitalisation has marked a key milestone with the launch of a fully digital account opening experience for our customers in April 2023 and we are embarking on the implementation of a data warehouse to enable further automation and data analytics.
- The Bank's capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 41.3%, 41.3% and 53.2% respectively as at 31 March 2023.

Fund Management and Unit Trust Management

- The fund management business of HLCB, undertaken via our subsidiary, HLAM and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") reported a net profit after tax of RM6.1 million, a decrease of 63% y-o-y. This was mainly due to the 49.5% contraction of assets under management (AUM) y-o-y in our money market funds driven by the removal of tax exemption for this category of funds and competitive fixed deposits interest rates. We are continuously executing new strategies to drive and diversify our AUM base.
- Consistent and competitive investments scheme will remain our top priority. This year, our funds were awarded with a total of 20 individual fund awards at the Refinitiv Lipper Fund Awards Malaysia 2023 and Refinitiv Lipper Fund Awards Global Islamic 2023. These funds have recorded a RM88.9 million increase in AUM y-o-y.

Sustainability Journey

HLCB remains committed to our Sustainability journey. With a current theme focusing on Diversity and Inclusion, we now have over 30% of women representation on HLIB's Board of Directors and with the launch of Women's Day Campaigns, we have successfully reached out to more than 500 women promoting literacy on investing.

HLAM and HLISAM have also carried out various corporate social responsibility programmes in conjunction with our Hari Raya festival purchasing cookies from Ibuprenuer, a social enterprise that supports unemployed women in Malaysia and distributed them to 70 individuals in Rumah Titian Kaseh. We also collaborated with Pertubuhan Tindakan Wanita Islam (PERTIWI) Soup Kitchen and distributed 300 packs of meals to the homeless.

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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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