

## RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS

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The Board of Directors of Hong Leong Finance Limited (“**HLF**” or the “**Company**”) refers to the Company’s announcement of 25 March 2026 on its Notice of 66<sup>th</sup> Annual General Meeting to be held on 23 April 2026 (“**AGM**”), in particular, the invitation to shareholders to submit questions related to the resolutions to be tabled for approval at the AGM, by 9 April 2026 (“**Cut-Off Date**”). As of the Cut-Off Date, the Company had received questions relating to the Company’s Annual Report 2025 from shareholders, and the Company’s responses to the questions raised are set out below:

### **Question 1:**

*I have been following the company's financial performances for many years and a shareholder, mainly to diversify from the other finance company. It has been clear that the company has been under-performing against the other listed finance company (obvious one) as shown in their profitability over the past several years and the share price. What is the management doing about it?*

### **HLF’s response:**

We appreciate your continued support, and we noted the concern given our recent financial performance.

HLF has a larger proportion of floating-rate and SORA-linked loans. The falling benchmark rates in 2025 led to immediate decline in loan yields, reducing interest income. The impact of faster asset repricing, slower funding cost reduction, and competitive lending pressure drove margin compression and a decline in net profit to \$62.7 million.

It is worth noting that HLF has sustained strong net profit since 2021, even through the Covid-19 pandemic, and reported record net profits in 2022 (\$130.9 million) and 2024 (\$104.1 million) which outperformed our peers.

The moderation of our performance demonstrated the Group’s strong sensitivity to interest rate movements. This positions us well to benefit from future rate cycles and optimise margins as conditions stabilise.

Overall, HLF remains fundamentally strong with robust capital and liquidity positions. We continue to deliver consistent dividends to shareholders with a strong dividend payout ratio of 63.8%.

Amidst the uncertain interest rate and macro-economic environment, we will focus on optimising balance sheet management, defending net interest margins through proactive loan repricing and funding strategies, maintaining strong asset quality, diversifying income streams, and enforcing cost discipline.

We remain committed to drive sustainable profits and long-term shareholders’ value.

**Question 2:**

*Being the biggest finance company in Singapore, we would expect it to capture market share and perform better than its two much smaller competitors. But it has not the case. Why?*

**HLF's response:**

HLF remains financially resilient with high-quality assets, stable liquidity funding, and strong market capitalisation.

We are committed to delivering consistent, risk-adjusted returns over the long term. We have taken a disciplined and prudent approach to growth and will continue to leverage our market position in loans and deposits, while investing in capabilities, including digitalisation, to capture opportunities in a sustainable manner.

Thank you for your continued support.

**Question 3:**

*At the last AGM, Chairman Kwek also mentioned that finance companies are not allowed to buy in shares on the market, nor are they allowed to expand beyond Singapore. In view of the legal restriction and the lack of a clear roadmap of the company, shouldn't it engage an external consultant to do a strategic review of the business to narrow the gap between the share price and the asset value?*

**HLF's response:**

HLF operates within a defined regulatory framework of the Finance Companies Act 1967 (FCA). Within these parameters, Management and the Board remain focused on delivering sustainable value through prudent capital management, disciplined lending practices, and continuous enhancement of our core businesses.

The Board regularly reviews our strategy and positioning, taking into account market conditions, competitive dynamics, and growth opportunities. We remain open to engaging external consultants to support specific strategic initiatives or reviews that can enhance long-term shareholder value, where appropriate.

**Question 4:**

*At the last AGM, Chairman Kwek Leng Beng disclosed that he had a "plan" that would increase the shareholder value. Since then, there has been no news about it. Has the "plan" been aborted?*

**HLF's response:**

The plan is under review, considering the evolving market developments and economic conditions.

We appreciate your understanding and patience.

By Order of the Board

Enid Ling Peek Fong  
Ng Siew Ping, Jaslin  
Company Secretaries

Date: 17 April 2026