



HONG LEONG FINANCE

Full Year Financial Statements And Dividend Announcement

Condensed interim consolidated financial statements for the six months and full year ended 31 December 2025.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Group

Note	6 months ended 31 Dec 2025	6 months ended 31 Dec 2024	+ / (-)	12 months ended 31 Dec 2025	12 months ended 31 Dec 2024	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest on loans	136,991	216,780	(36.8)	311,914	447,469	(30.3)
Hiring charges	36,445	30,995	17.6	71,835	57,347	25.3
Other interest income	23,949	41,745	(42.6)	60,958	88,478	(31.1)
Interest income/hiring charges	197,385	289,520	(31.8)	444,707	593,294	(25.0)
Less: Interest expense	E10 118,037	177,144	(33.4)	276,134	368,242	(25.0)
Net interest income/hiring charges	79,348	112,376	(29.4)	168,573	225,052	(25.1)
Fee and commission income	10,590	4,107	>100.0	14,697	8,105	81.3
Other operating income	E6 61	67	(9.0)	170	126	34.9
Income before operating expenses	89,999	116,550	(22.8)	183,440	233,283	(21.4)
Less: Staff costs	35,786	37,964	(5.7)	81,859	81,461	0.5
Depreciation of property, plant and equipment	4,790	4,597	4.2	9,293	8,495	9.4
Other operating expenses	10,777	10,499	2.6	21,038	18,847	11.6
Total operating expenses	51,353	53,060	(3.2)	112,190	108,803	3.1
Profit from operations before allowances	38,646	63,490	(39.1)	71,250	124,480	(42.8)
Add/(Less): (Allowances for)/reversal or recovery of doubtful debts and other financial assets	(1,967)	(1,839)	7.0	4,255	284	>100.0
Profit before tax	36,679	61,651	(40.5)	75,505	124,764	(39.5)
Less: Income tax expense	E8 6,178	10,152	(39.1)	12,789	20,681	(38.2)
Profit for the year/ Comprehensive income attributable to owners of the Company	30,501	51,499	(40.8)	62,716	104,083	(39.7)
Annualised earnings per share (cents)						
- Basic	13.58	22.96		13.97	23.20	
- Diluted	13.55	22.95		13.95	23.19	

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash at banks and in hand		514,186	772,045	513,079	770,957
Statutory deposit with the Monetary Authority of Singapore ("MAS")		341,649	336,926	341,649	336,926
Singapore Government debt securities and MAS Bills		1,735,275	1,777,106	1,735,275	1,777,106
Hire purchase receivables		2,350,029	2,086,790	2,350,029	2,086,790
Loans, advances and factoring receivables		9,762,451	9,599,602	9,762,451	9,599,602
		12,112,480	11,686,392	12,112,480	11,686,392
Allowances for doubtful debts		(14,046)	(18,666)	(14,046)	(18,666)
		12,098,434	11,667,726	12,098,434	11,667,726
Other receivables, deposits and prepayments		13,083	16,611	13,083	16,610
Subsidiaries and long-term investments		-	-	535	535
Property, plant and equipment	E11	60,569	63,476	60,569	63,476
Total assets		14,763,196	14,633,890	14,762,624	14,633,336
Liabilities					
Deposits and balances of customers	E10	12,298,987	12,300,265	12,303,699	12,304,858
Borrowings		706	1,449	706	1,449
Trade and other payables		331,076	201,916	329,728	200,599
Current tax payable		11,546	19,134	11,536	19,120
Deferred tax liabilities		4,911	3,591	4,911	3,591
Total liabilities		12,647,226	12,526,355	12,650,580	12,529,617
Equity					
Share capital		894,475	891,641	894,475	891,641
Reserves		896,970	873,060	896,970	873,060
Accumulated profits		324,525	342,834	320,599	339,018
Equity attributable to owners of the Company		2,115,970	2,107,535	2,112,044	2,103,719
Total equity and liabilities		14,763,196	14,633,890	14,762,624	14,633,336
Acceptances, guarantees and other obligations on behalf of customers		449	449	449	449
Number of shares in issue		449,687,308	448,568,933	449,687,308	448,568,933
Net asset value per share (\$)		4.71	4.70	4.70	4.69

C. Condensed interim statements of changes in equity

	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total \$'000
Group							
At 1 January 2025	891,641	848,036	2,307	1,944	20,773	342,834	2,107,535
Issue of shares under share option scheme	2,671						2,671
Value of employee services received for issue of share options				262			262
Value of employee services transferred for share options exercised or lapsed	163			(329)		166	-
Final dividend of 10 cents per share (tax exempt one-tier) paid in respect of year 2024						(44,865)	(44,865)
Interim dividend of 2.75 cents per share (tax exempt one-tier) paid in respect of year 2025						(12,349)	(12,349)
Adjustment under MAS 811					8,297	(8,297)	-
Comprehensive income for the year						62,716	62,716
Transfer to Statutory reserve		15,680				(15,680)	-
At 31 December 2025	894,475	863,716	2,307	1,877	29,070	324,525	2,115,970
At 1 January 2024	891,578	822,015	2,307	2,090	15,135	327,155	2,060,280
Issue of shares under share option scheme	59						59
Value of employee services received for issue of share options				305			305
Value of employee services transferred for share options exercised or lapsed	4			(451)		447	-
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						(40,371)	(40,371)
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						(16,821)	(16,821)
Adjustment under MAS 811					5,638	(5,638)	-
Comprehensive income for the year						104,083	104,083
Transfer to Statutory reserve		26,021				(26,021)	-
At 31 December 2024	891,641	848,036	2,307	1,944	20,773	342,834	2,107,535

C. Condensed interim statements of changes in equity (continued)

Company	Share capital \$'000	Statutory reserve \$'000	Capital reserve \$'000	Share option reserve \$'000	Regulatory loss allowance reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 January 2025	891,641	848,036	2,307	1,944	20,773	339,018	2,103,719
Issue of shares under share option scheme	2,671						2,671
Value of employee services received for issue of share options				262			262
Value of employee services transferred for share options exercised or lapsed	163			(329)		166	-
Final dividend of 10 cents per share (tax exempt one-tier) paid in respect of year 2024						(44,865)	(44,865)
Interim dividend of 2.75 cents per share (tax exempt one-tier) paid in respect of year 2025						(12,349)	(12,349)
Adjustment under MAS 811					8,297	(8,297)	-
Comprehensive income for the year						62,606	62,606
Transfer to Statutory reserve		15,680				(15,680)	-
At 31 December 2025	894,475	863,716	2,307	1,877	29,070	320,599	2,112,044
At 1 January 2024	891,578	822,015	2,307	2,090	15,135	323,492	2,056,617
Issue of shares under share option scheme	59						59
Value of employee services received for issue of share options				305			305
Value of employee services transferred for share options exercised or lapsed	4			(451)		447	-
Final dividend of 9 cents per share (tax exempt one-tier) paid in respect of year 2023						(40,371)	(40,371)
Interim dividend of 3.75 cents per share (tax exempt one-tier) paid in respect of year 2024						(16,821)	(16,821)
Adjustment under MAS 811					5,638	(5,638)	-
Comprehensive income for the year						103,930	103,930
Transfer to Statutory reserve		26,021				(26,021)	-
At 31 December 2024	891,641	848,036	2,307	1,944	20,773	339,018	2,103,719

D. Condensed interim consolidated statement of cash flows

	Group	
	12 months ended 31 Dec 2025 \$'000	12 months ended 31 Dec 2024 \$'000
Operating activities		
Profit for the year	62,716	104,083
Adjustments for:		
Impact of accrual of interest income	2,654	1,871
Impact of accrual of interest expense	(27,401)	(15,978)
(Reversal)/allowances for impairment loss on loans, advances and receivables	(4,121)	258
Interest expense on lease liabilities	1,273	1,254
Interest expense on borrowings	23	102
Depreciation of property, plant and equipment	9,293	8,495
Value of employee services received for issue of share options	262	305
Loss on disposal of property, plant and equipment	5	-
Income tax expense	12,789	20,681
	57,493	121,071
Changes in working capital:		
Loans, advances and receivables	(426,587)	(8,569)
Other receivables, deposits and prepayments	874	9,576
Singapore Government debt securities, MAS Bills and MAS Floating Rate Note ("FRN")	41,831	(67,094)
Deposits and balances of customers	(1,278)	(347,669)
Trade and other payables	160,116	2,964
Cash used in operations	(167,551)	(289,721)
Income taxes paid	(19,057)	(17,552)
Cash flows used in operating activities	(186,608)	(307,273)
Investing activities		
Purchase of property, plant and equipment	(3,795)	(1,868)
Cash flows used in investing activities	(3,795)	(1,868)
Financing activities		
Payment for lease liabilities	(6,151)	(6,061)
Proceeds from exercise of share options	2,671	59
Proceeds from borrowings	-	10,564
Repayment of borrowings	(743)	(27,037)
Interest paid	(1,296)	(1,356)
Dividends paid	(57,214)	(57,192)
Cash flows used in financing activities	(62,733)	(81,023)
Net decrease in cash and cash equivalents	(253,136)	(390,164)
Cash and cash equivalents at beginning of year	1,108,971	1,499,135
Cash and cash equivalents at end of year	855,835	1,108,971

Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprise the following:

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash at banks and in hand	514,186	772,045
Statutory deposit with the Monetary Authority of Singapore ("MAS")	341,649	336,926
Cash and cash equivalents	855,835	1,108,971

In addition to the cash and cash equivalents above, marketable Singapore Government debt securities and MAS Bills amounted to \$1,735,275,000 (31 December 2024: \$1,777,106,000) for the Group.

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hong Leong Finance Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2025 comprise the Company and its subsidiaries (collectively, the “Group”). The principal activities of the Company are those relating to financing business and provision of corporate advisory services. The principal activities of the subsidiaries are the provision of nominee services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2025 have been prepared in accordance with Singapore Financial Reporting Standards (International) SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2025.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The application of the new or revised SFRS(I)s and related interpretations which were mandatory for the annual period beginning on 1 January 2025 does not have a material effect on the financial statements.

E. Notes to the condensed interim consolidated financial statements (continued)

3. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

5. Segment information

The majority of the revenue for the Group is from the same business segment. Its principal activities relate to financing business augmented by secondary non-lending activities such as provision of corporate advisory services and provision of nominee services. All activities are carried out in the Republic of Singapore.

E. Notes to the condensed interim consolidated financial statements (continued)

6. Other operating income includes loss on disposal of plant and equipment amounting to \$5,000 (2H 2024: < \$1,000) for the second half of 2025 and \$5,000 (31 December 2024: < \$1,000) for the year ended 31 December 2025.

7. Profit after tax

	Group		
	2025	2024	+ / (-)
	\$'000	\$'000	%
- first half year	32,215	52,584	(38.7)
- second half year	30,501	51,499	(40.8)

The decrease in the profit after tax for the second half of 2025 as compared to the same period in 2024 was mainly attributed to the year-on-year decrease in net interest income, driven by lower net interest margin.

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are:

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	\$'000	\$'000	\$'000	\$'000
Current year	6,171	9,446	11,462	19,108
Adjustment for prior years	(7)	(6)	7	(6)
Current tax expense	6,164	9,440	11,469	19,102
Deferred tax expense relating to origination and reversal of temporary differences	14	712	1,320	1,579
Total income tax expense	6,178	10,152	12,789	20,681

The effective tax rate for the year ended 31 December 2025 is 16.9% (31 December 2024: 16.6%).

E. Notes to the condensed interim consolidated financial statements (continued)

9. Financial instruments

Accounting classifications and fair values

(i) Loans, advances and receivables and deposits and balances of customers

The fair value of fixed rate loans, advances and receivables and deposits and balances of customers, which will mature and reprice more than six months after the reporting date, has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities with a maturity of six months or less (including other loans, advances and receivables, and other deposits/savings accounts) approximate their fair values.

(ii) Singapore Government debt securities and MAS bills

Fair value is based on quoted market bid prices at the reporting date.

(iii) Investments (long-term), other financial assets and financial liabilities

Investments (long-term) in unquoted securities amounted to \$12,000, are classified as fair value through other comprehensive income and fully impaired as at 31 December 2025 (31 December 2024: \$12,000, fully impaired).

The carrying amounts of other financial assets and financial liabilities with a maturity of less than one year (including other receivables, other deposits, cash, trade payables and other payables) are estimated to approximate their fair values in view of the short period to maturity.

In accordance with the accounting policy on Financial Instruments, certain financial assets and financial liabilities are not carried at fair value in the statements of financial position as at the reporting dates. The aggregate net fair values of these financial assets and financial liabilities are disclosed in the following table:-

	Group			
	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec 2025 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2024 \$'000
Financial assets				
Loans, advances and receivables	12,098,434	12,127,123	11,667,726	11,654,782
Singapore Government debt securities and MAS bills	1,735,275	1,742,847	1,777,106	1,778,545
	13,833,709	13,869,970	13,444,832	13,433,327
Financial liabilities				
Deposits and balances of customers	(12,298,987)	(12,350,957)	(12,300,265)	(12,396,865)
	1,534,722	1,519,013	1,144,567	1,036,462

E. Notes to the condensed interim consolidated financial statements (continued)

9. Financial instruments (continued)

Accounting classifications and fair values (continued)

	Company			
	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec 2025 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2024 \$'000
Financial assets				
Loans, advances and receivables	12,098,434	12,127,123	11,667,726	11,654,782
Singapore Government debt securities and MAS bills	1,735,275	1,742,847	1,777,106	1,778,545
	13,833,709	13,869,970	13,444,832	13,433,327
Financial liabilities				
Deposits and balances of customers	(12,303,699)	(12,355,700)	(12,304,858)	(12,401,531)
	1,530,010	1,514,270	1,139,974	1,031,796

Fair value hierarchy

Fair value measurements for financial assets and financial liabilities by the levels in the fair value hierarchy are based on the inputs to valuation techniques. The different levels are defined as follows:-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability including prices of an item that is not identical.

*Group/Company financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

The fair value of the portion of loans, advances and receivables being Level 3 instruments amounts to \$4.055 billion (31 December 2024: \$3.41 billion) against a carrying value of \$4.026 billion (31 December 2024: \$3.424 billion). Singapore Government debt securities and MAS bills are Level 1 instruments with fair value of \$1.74 billion (31 December 2024: \$1.78 billion). The portion of deposits and balances of customers being Level 2 instruments have a fair value of \$10.51 billion (31 December 2024: \$9.38 billion) against a carrying value of \$10.45 billion (31 December 2024: \$9.28 billion).

*Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature or frequent repricing and where the effect of discounting is immaterial.

E. Notes to the condensed interim consolidated financial statements (continued)

10. Borrowings

Included in borrowings are borrowings from Enterprise Singapore as follows:

	Group and Company	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Borrowings from Enterprise Singapore		
- Amount repayable within one year	554	808
- Amount repayable after one year	152	641
Total Borrowings	706	1,449

Borrowings from Enterprise Singapore represents unsecured advances from Enterprise Singapore under the Local Enterprise Finance Scheme ("LEFS") and Extended Local Enterprise Finance Scheme ("ELEFS") to finance LEFS and ELEFS borrowers. Interest expense on Enterprise Singapore amounting to \$10,000 (2H 2024: \$20,000) for the second half of 2025 and \$23,000 for the year ended 31 December 2025 (31 December 2024: \$45,000).

Borrowings from MAS SGD Facility for ESG loans are secured by assignment of eligible loan agreements as collaterals under Enterprise Singapore's Enhanced Enterprise Financing Scheme. There are no outstanding borrowings from MAS SGD Facility for ESG loans as at 31 December 2025 (31 December 2024: \$Nil). Interest expense on MAS SGD Facility for ESG loans amounting to \$Nil for the second half of 2025 and the year ended 31 December 2025 (2H 2024: \$2,000 and 31 December 2024: \$28,000).

Borrowings from MAS SGD Term Facility are secured by debt securities as collaterals. There are no outstanding borrowings from MAS SGD Term Facility as at 31 December 2025 (31 December 2024: \$Nil). Interest expense on MAS SGD Term Facility amounting to \$Nil for the second half of 2025 and the year ended 31 December 2025 (2H 2024 and 31 December 2024: \$28,000).

There are no outstanding bank borrowings as at 31 December 2025 (31 December 2024: \$Nil). Interest expense on bank borrowings amounting to \$Nil for the second half of 2025 and the year ended 31 December 2025 (2H 2024 and 31 December 2024: \$1,000).

11. During the six months ended 31 December 2025, the Group acquired property, plant and equipment amounting to \$4,998,000 (2H 2024: \$8,931,000) and disposed of property, plant and equipment amounting to \$930,000 (2H 2024: \$337,000).
12. There are no debt securities issuance as at 31 December 2025 (31 December 2024: \$Nil) for the Group and the Company.

F. Other information required by SGX Listing Rule Appendix 7.2

1. Review

The consolidated statement of financial position of Hong Leong Finance Limited (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2025 and its related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended have been audited in accordance with Singapore Standards on Auditing.

The condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2025 and 31 December 2024 have not been audited or reviewed.

2. Review of the performance of the Group

The Group’s net profit for the second half of 2025 amounted to \$30.5 million, down 40.8% compared with the same period in 2024 primarily due to compression in net interest margins. For full year 2025, net profit stood at \$62.7 million, 39.7% year-on-year decrease against a strong prior-year performance.

For the second half of 2025, total interest income declined by 31.8%, as the significant decline in benchmark interest rates intensified competitive pricing pressures across lending markets resulting in lower interest yields. The interest rate pressures were moderated by higher interest income on hiring charges of 17.6%, supported by strong growth in the loan portfolio.

The impact was partially mitigated by a reduction in funding costs, underpinned by effective deposit repricing management where interest expenses decreased by 33.4% to \$118.0 million. As a result, net interest income declined by 29.4% to \$79.3 million. Full year net interest income decreased by 25.1% to \$168.5 million, the decline of 25.0% in interest income was cushioned by 25.3% increase in hiring charges, and partially offset by a corresponding 25.0% decrease in interest expenses.

Notwithstanding the pressure on net interest income, the Group achieved strong growth in fee-based income. Fee and commission income more than doubled to \$10.6 million for second half 2025 and increased by 81.3% to \$14.7 million for the full year 2025, driven by increased property financing activities amid improving market sentiment.

Cost management remained disciplined during the year. For second half 2025, total operating expenses decreased by 3.2% to \$51.4 million mainly on prudent staff cost containment and management. Total operating expenses increased by 3.1% to \$112.2 million for the full year, reflecting ongoing investments in digital capabilities and infrastructure. Depreciation on the capital investment on IT infrastructure and the launch of HLF Digital system in 2025 contributed to the higher depreciation charge of 4.2% and 9.4% respectively for second half and full year 2025. Other operating expenses increased 2.6% and 11.6% to \$10.8 million and \$21.0 million for second half and full year 2025 respectively, mainly due to ongoing business transformation costs.

F. Other information (continued)

2. Review of the performance of the Group (continued)

Net allowances for loans and other financial assets for second half 2025 was a net charge of \$2.0 million compared to \$1.8 million for same period last year. Expected credit losses for the full year 2025 were a net reversal for loans and other financial assets at \$4.3 million compared to \$0.3 million in 2024. This included a net write-back of \$5.3 million in allowances for non credit-impaired loans with refined risk parameters after setting aside the pre-exemptive allowance for economic uncertainty and impact from US tariff hike, partially offset by a \$1.1 million allowance for credit-impaired loans. With the continued adoption of prudent lending and disciplined credit assessment practices, the non-performing loan (“NPL”) ratio remained low at 0.4%. The Group continues to set aside adequate loss allowances coverage for its loan portfolio.

Net loan assets totalled \$12,098 million as at 31 December 2025, representing an increase of 3.7% or \$430 million from \$11,668 million as at 31 December 2024. The growth in loans helped support net interest income amid a narrowing net interest margin during the year. The loan portfolio remained predominantly secured, reflecting the Group’s prudent credit risk management and disciplined underwriting standards.

Deposits and balances of customers decreased marginally to \$12,299 million as at 31 December 2025, compared to \$12,300 million as at 31 December 2024, representing a slight decline of 0.01% or \$1 million. The Group continues to actively optimize its balance sheet to support loan growth while managing funding efficiency.

As at 31 December 2025, the Group held \$2,591 million (31 December 2024: \$2,886 million) in cash and cash equivalents, including statutory deposits with the Monetary Authority of Singapore (“MAS”), Singapore Government securities and MAS Bills held as liquid assets. Liquidity buffers were maintained above the regulatory Minimum Liquid Assets (“MLA”) requirement. Surplus funds were prudently deployed into higher-yielding liquid assets to enhance net returns while preserving a strong liquidity position.

Group shareholders’ funds stood at \$2,116 million as at 31 December 2025 (31 December 2024: \$2,108 million). Net asset value per share increased to \$4.71 (31 December 2024: \$4.70 per share), underscoring the Group’s steady capital accretion and financial resilience.

The Group’s Capital Adequacy Ratio (“CAR”) was 16.1% as at 31 December 2025, remaining well above the regulatory minimum requirement, providing a strong buffer to support business growth and absorb potential market volatility.

With a robust capital base, sound liquidity position and disciplined risk management framework, the Group is well positioned to navigate prevailing market uncertainties while pursuing sustainable growth opportunities.

There has been no forecast or prospect statement previously disclosed to shareholders in respect of the period under review.

F. Other information (continued)

3. Commentary on significant trends and competitive conditions in the industry

According to press release by the Ministry of Trade and Industry (MTI), for the full year 2025, the economy expanded by 5.0%, easing from 5.3% growth in 2024. This was mainly driven by strong momentum in manufacturing and construction (7.6%), and service producing industries including finance and insurance (4.3%). MTI announced that the GDP growth forecast for Singapore for 2026 has been upgraded to 2.0% to 4.0%, underscoring continued resilience despite global headwinds like trade tensions.

On the global front, the Federal Reserve (“Fed”) kept the federal funds rate unchanged at 3.50% - 3.75% at its first policy meeting of 2026 after the three rate cuts in 2025, citing elevated uncertainty in the economic outlook, particularly from geopolitical and tariff-related policy actions that could affect inflation and growth. Domestically, Fed rate cuts typically translate into lower Singapore benchmark rates, resulting in near-term margin compression for financial institutions. The pass-through is partial and subject to local liquidity conditions and monetary policies. With local markets having priced-in much of the Fed’s easing, domestic rates are expected to stabilize going forward.

Amid a challenging operating environment, Hong Leong Finance (“HLF”) continued to make significant milestones in its digital transformation journey. Following the successful integration of the digital platform for vehicle loan applications that won us the prestigious “Best Automobile Financing Product in Asia Pacific” and “SBR Technology Excellence Award 2025”, HLF has made the public launch of its HLF Digital. The launch has been met with positive customer response and strong onboarding, underpinned by growing customer adoption for seamless, secure, and convenient digital financial solutions.

HLF Digital delivers an omnichannel experience that allows customers to perform financial transactions conveniently while maintaining access to personalized advisory support through our extensive branch network and trusted relationship managers. This approach reinforces HLF’s customer-centric proposition and differentiates HLF amid intensifying competition from digital and alternative financing providers.

As part of our commitment in enhancing customer engagement and digital transformation, HLF officially opened its next-generation branch at Punggol Coast Mall (“PCM”), showcasing digital innovations such as a digital LED art wall, augmented reality experiences and a revamped website designed to improve usability.

HLF continues to be recognized as a trusted brand name with consecutive accolades in “Asean Finance Company of Choice”, “Top 1000 World Banks” and the “Top 100 Most Valuable Singaporean Brands”. In addition, it attained the “Most Transparent Company Award (Big Cap)” at the SIAS Investors’ Choice Awards, and a “Top 5% ranking in the Singapore Governance and Transparency Index” among listed companies. Beyond financial performance, HLF was also honored with the “Company of Good Heart (1 Heart)” recognition by the National Volunteer & Philanthropy Center, underscoring our dedication to corporate responsibility and community impact. In recognition of HLF’s broader sustainability and EESG initiatives, PCM Branch was awarded Building and Construction Authority’s (BCA) Green Mark Platinum certification.

Collectively, these external recognitions reflect HLF’s disciplined execution of its strategy to balance business transformation and customer trust, as the Company continues to create sustainable value for customers, shareholders, and the wider community.

F. Other information (continued)

3. Commentary on significant trends and competitive conditions in the industry (continued)

Looking ahead, external developments and heightened geopolitical tensions may continue to weigh on growth in 2026. Amid a volatile interest rate and uncertain economic environment, we will focus on deepening customer relationships and strengthening support for SME financing to drive scalable and sustainable growth, anchored by prudent compliance, disciplined credit underwriting, and robust risk management frameworks. These priorities will enable us to safeguard asset quality, preserve financial resilience and navigate global uncertainties in the year ahead.

4. Dividends

A Final Dividend of 6.15 cents per share (tax exempt one-tier) is recommended by the directors for approval by shareholders in respect of the year ended 31 December 2025. Subject to shareholders' approval at the Annual General Meeting to be held on 23 April 2026, the dividend will be payable on 21 May 2026.

Latest Year

(i)	Name of Dividend	Final (Proposed)
	Dividend Type	Cash
	Dividend Rate	6.15 cents per share
	Total Dividend	\$27,656,000*
	Tax Rate	Tax exempt one-tier
(ii)	Name of Dividend	Interim (Paid on 5 September 2025)
	Dividend Type	Cash
	Dividend Rate	2.75 cents per share
	Total Dividend	\$12,349,000
	Tax Rate	Tax exempt one-tier

Previous Year

(i)	Name of Dividend	Final (Paid on 22 May 2025)
	Dividend Type	Cash
	Dividend Rate	10 cents per share
	Total Dividend	\$44,865,000
	Tax Rate	Tax exempt one-tier
(ii)	Name of Dividend	Interim (Paid on 5 September 2024)
	Dividend Type	Cash
	Dividend Rate	3.75 cents per share
	Total Dividend	\$16,821,000
	Tax Rate	Tax exempt one-tier

* The amount of dividend is computed on the shares in issue as at 31 December 2025. This amount is subject to change arising from the issue of shares upon exercise of options, if any, under the Hong Leong Finance Share Option Scheme 2001 ("Share Option Scheme") between 31 December 2025 and the last day for exercise of options to determine shareholders' entitlement to the dividend.

F. Other information (continued)

5. Shares issued and outstanding convertibles

Since the end of the previous half year,

- (i) pursuant to the Hong Leong Finance Share Option Scheme 2001 (“Share Option Scheme”), market price options to subscribe for 3,004,000 shares at an exercise price of \$2.62 per share were granted on 16 September 2025;
- (ii) options to 500,000 shares under the Share Option Scheme to subscribe for shares granted on 16 September 2025 were not accepted;
- (iii) the Company issued the following 1,036,375 shares upon exercise of options under the Share Option Scheme

Share price	Number of shares issued
\$2.23	58,000
\$2.31	191,500
\$2.34	113,500
\$2.38	163,000
\$2.44	150,000
\$2.45	174,500
\$2.48	176,875
\$2.58	9,000
Total	<u>1,036,375</u>

- (iv) options to 139,735 shares under the Share Option Scheme lapsed upon cessation of employment of participants; and
- (v) options to 451,500 shares granted prior to 16 September 2025 under the Share Option Scheme lapsed upon expiry of options.

As at the end of the year, unissued shares of the Company under options amounted to 16,705,900 shares (31 December 2024: 16,444,160 shares).

Pursuant to the Finance Companies Act 1967, the Company does not hold treasury shares and accordingly, there were no treasury shares held as at 31 December 2025 and 31 December 2024. There were also no shares held as subsidiary holdings as at 31 December 2025 and 31 December 2024.

F. Other information (continued)

6. Closure of books

Notice is hereby given that, subject to shareholders' approval of the payment of a final dividend of 6.15 cents per share in respect of the year ended 31 December 2025 at the Annual General Meeting to be held on 23 April 2026, the Share Transfer Books and Register of Members of the Company will be closed from 5.00 pm on 5 May 2026 up to (and including) 6 May 2026. Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 pm on 5 May 2026 will be registered to determine shareholders' entitlement to the dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will distribute the said dividend to holders of the securities accounts.

7. Shareholders' mandate for interested person transactions

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Rules").

8. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

9. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Beng	85	Cousin of Mr Kwek Leng Peck and Mr Kwek Leng Kee; and uncle of Mr Kevin Hangchi.	Chairman/Managing Director Full responsibilities as Chief Executive Officer. Managing Director of the Company since March 1979. Chairman of the Company since 1984.	-

BY ORDER OF THE BOARD
ENID LING PEEK FONG
NG SIEW PING, JASLIN
COMPANY SECRETARIES

Dated this 25th day of February 2026



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Independent auditors' report

Members of the Company Hong Leong Finance Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hong Leong Finance Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 14 to 72.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code'), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans, advances and receivables

(Refer to Note 12 to the financial statements)

The key audit matter

The Group's loans, advances and receivables to customers represent approximately 82% of its total assets. The determination of expected credit losses (ECL) is inherently subjective and requires significant judgment, given the elevated estimation uncertainty caused by current macroeconomic and geopolitical conditions.

We identified heightened judgmental inputs in the following areas: (i) identification of exposures that have experienced a significant increase in credit risk and (ii) selection and assigning probability weightings to forward-looking economic scenarios.

Management has also enhanced its probability of default model by further segmenting its products and customer portfolios into more granular groups.

How the matter was addressed in our audit

Our audit procedures to address this key audit matter included, amongst others:

- Evaluating the design, implementation and operating effectiveness of the key controls over the Group's credit approval and credit review processes.
- Assessing the reasonableness of the criteria used to determine significant increase in credit risk and testing a sample of credit reviews. For selected exposures, we challenged management's staging conclusions, including consideration of contradictory evidence and any objective evidence of impairment.
- Reviewing the Group's process for developing forward-looking economic scenarios, including the reasonableness of key economic variables against external data and the rationale for scenario probability weightings. We also performed sensitivity analyses to assess the impact of changes in scenario severity and weightings on the ECL allowance.
- Assessing the appropriateness of enhancements made to the ECL model methodology for compliance with SFRS(I) 9.
- For credit-impaired exposures, evaluate expected recoveries by considering the realisable values of collaterals and other potential repayment sources, including comparing collateral valuations to external evidence such as independent valuation reports, where available.
- Testing the accuracy and integrity of the data inputs used in the ECL calculations and reperformance of the ECL calculations.

Based on the procedures performed, we found that the methodology and key assumptions adopted by management in the ECL model to be appropriate, and that the ECL allowance was computed consistently in accordance with the model.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the analysis of shareholdings ('the Report') which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chun Wei (Chen Junwei).

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

25 February 2026