

Hong Leong Financial Group records double-digit net profit growth to RM742 Million for its first quarter results ended 30 September 2023

KUALA LUMPUR, 30 November 2023 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first quarter results for the period ended 30 September 2023 (“Q1FY24”).

- Net profit attributable to shareholders (“PATAMI”) for Q1FY24 improved by 10.8% to RM742 million driven by improved contributions across all operating companies.
- Hong Leong Bank Berhad (“HLB”), the commercial banking division, profit before tax (“PBT”) increased by 4.7% year-on-year (“y-o-y”) underpinned by strong loan/financing expansion, sustained non-interest income and improved asset quality metrics, coupled with solid contributions from our associates.
- HLA Holdings Sdn Bhd (“HLAH”), the insurance division, PBT grew strongly by 84.9% y-o-y from higher investments mark-to-market valuation gains from its subsidiaries and improved share of profits from its associate.
- Hong Leong Capital Berhad (“HLCB”), the investment banking division, PBT rose 31.8% y-o-y mainly from better propriety investment performance and higher profit contribution from Hong Leong Investment (“HLIB”).
- This translates to an annualised return on average equity (“ROE”) of 10.8%
- Book value per share increased to RM24.25 from RM23.94 a year ago

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “Our positive Q1FY24 performance is a testament to the resilience of our operating companies despite the current turbulent economic environment posed by elevated interest rates and volatile market conditions.

Looking forward, we will remain vigilant and maintain a cautious outlook for the rest of the financial year as global economic headwinds continue to persist. Nevertheless, we anticipate Malaysia’s economy to expand moderately underpinned by sustained domestic demand that is primarily driven by stable household spending, a healthy labour market and benign inflation conditions.

Guided by our strategic priorities, the Group will continue to invest in our human capital, accelerate our digitalisation transformation while keeping a sharp focus on risk management and further integrate Environmental, Social and Governance (“ESG”) considerations into the way we conduct our business to deliver sustainable business performance and long-term value for all stakeholders.”

Commercial Banking – PBT of RM1,243 million (+4.7% y-o-y)

- HLB recorded a PBT of RM1,243 million for the period, an increase of 4.7% y-o-y mainly driven by strong loan/financing expansion, sustained non-interest income and improved asset quality metrics, coupled with solid contributions from our associates.
- The Bank's operating expenses ("OPEX") remained prudently managed through strategic cost management initiatives with a healthy Cost-to-Income Ratio ("CIR") of 39.9%.
- Gross loans and financing grew by 7.2% y-o-y to RM181.7 billion led by an expansion in our key segments of mortgages, SME and commercial banking, as well as overseas operations.
- Residential mortgages increased by 7.5% y-o-y and transport vehicle loans/financing grew 9.2% y-o-y while domestic loans to business enterprises expanded by 8.0 % y-o-y. The Bank's community banking initiative focusing on customers within the SME segment registered a solid 10.4% y-o-y loan growth.
- Asset quality position remained stable with a Gross Impaired Loans ("GIL") ratio of 0.57% and adequate Loan Impairment Coverage ("LIC") ratio of 164.6% as at 30 September 2023. Inclusive of the provisions made and value of securities the Bank holds on our GIL, the Bank's LIC ratio stood at 234.6%.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.6%, 13.6% and 15.7% respectively as at 30 September 2023.

Insurance – PBT of RM87 million (84.9 % y-o-y)

- HLAH recorded improved PBT from RM47 million to RM87 million, higher by 84.9% y-o-y, driven by higher mark-to-market valuation gain on investments during the period from its subsidiaries and higher share of profits from its associate.
- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, registered a PBT of RM79.3 million, an increase of 47.3% y-o-y. Gross premiums was stable at RM722.8 million versus the same period last year while the new business regular premiums declined -6.3% y-o-y due to absence of the government's Pelindungan Tenang Voucher (PTV) program and consumers' sentiment remaining cautious.
- Our Family Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad ("HLMT") also declined -14.9% y-o-y in gross contributions due to lower bancatakaful channel contributions to Mortgage Reducing Term Takaful.
- Our overseas general insurance companies, HL Assurance Pte. Ltd and Hong Leong Insurance (Asia) Limited's gross premiums experienced growth of 37.1% and 30.7% y-o-y respectively.

Investment Banking – PBT of RM27 million (+31.8% y-o-y)

- HLCB PBT grew 31.8% from RM21 million to RM27 million mainly due to better performance in HLCB's proprietary investment and higher profit contribution by Hong Leong Investment Bank Berhad ("HLIB").
- Our stockbroking division under HLIB, improved by 68% in PBT y-o-y in line with the 28% uptick in Bursa's market activity coupled with our higher market share of 4.35% vs 3.56% last year.
- The fund management business under Hong Leong Asset Management Berhad ("HLAM") and its subsidiary, Hong Leong Islamic Asset Management ("HLISAM") recorded -16.9% y-o-y lower net profit after tax of RM2.4 million, mainly attributable to investment costs incurred in strengthening and expanding our distribution channels.

Sustainability Journey

The Group actively drives our ESG efforts under a Group-Wide approach. This is in line with our operating companies' endeavours in strengthening their sustainable efforts to create a positive impact for our stakeholders, communities and the environment.

Our commercial bank HLB, together with Hong Leong Islamic Bank and Cagamas Berhad, has successfully concluded a total of RM300 million in green housing loans and green asset financing transactions. This is Malaysia's first corporate issuance relating to green housing loans and financing.

Our investment bank HLIB recently completed the issuance of a Climate Bonds Initiatives ("CBI")-qualified solar power Sukuk, the first such issuance in Malaysia and the World.

Recognition

HLFG was awarded, for the third consecutive year, with The Edge Billion Ringgit Club (BRC) 2023 award for the highest growth in profit after tax over three years in the financial services category of RM10 billion and above market capitalisation.

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About Hong Leong Financial Group

Hong Leong Financial Group Berhad, as the listed financial services arm of Hong Leong Group, is a leading provider of financial services through its subsidiaries and associate companies.

The Group's financial services companies provide a broad spectrum of financial services – commercial and Islamic banking, treasury, insurance and Family Takaful, investment banking, stockbroking and asset management throughout Malaysia, Singapore, China, Hong Kong, Vietnam and Cambodia. Based in Kuala Lumpur, our products and services are distributed via a diverse range of distribution channels.

Our vision is to be an integrated financial services group that consistently meets our customers' needs. Our goal is to become a leader in the financial services industry; a leader in each of the markets that we operate in.

For further details, visit www.hlfg.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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