

Hong Leong Financial Group post positive H1FY24 performance with Net Profit Growth to RM1.57 Billion; declares interim dividend of 18.00 sen per share

KUALA LUMPUR, 28 February 2024 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first half results for the six months ended 31 December 2023 (“H1FY24”).

- Net profit attributable to shareholders (“PATAMI”) for H1FY24 improved by 6.2% to RM1.57 billion driven by improved contributions across all operating companies.
- Commercial banking division, Hong Leong Bank Berhad’s (“HLB”) profit before tax (“PBT”) increased by 4.4% year-on-year (“y-o-y”) underpinned by continued strong loan/financing expansion, sustained non-interest income and robust contributions from our associate.
- Insurance division, HLA Holdings Sdn Bhd’s (“HLAH”) PBT grew by 3.1% y-o-y from improved takaful business and Singapore contributions as well as higher share of profits from its associate.
- Investment banking division, Hong Leong Capital Berhad’s (“HLCB”) PBT rose 29.8% y-o-y mainly from higher net brokerage and client trust income as well as improved equity investment performance.
- This translates to an annualised return on average equity (“ROE”) of 11.0%.
- Book value per share increased to RM25.1 from RM22.3 a year ago.
- The Board has declared an interim dividend of 18.00 sen per share in H1FY24, amounting to a dividend payout of RM204.9 million.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “The Group’s sustained H1FY24 financial performance is a positive reflection of the strong fundamentals and growing momentum in all segments of our business. Strong asset quality, stringent cost controls and higher contributions from our associates contributed to improved profitability. This was achieved despite the challenging operating environment amid macroeconomic headwinds and financial market volatility.

Going into the second half of the financial year, we are maintaining our cautious stance given the continuing macroeconomic uncertainty. However, we anticipate Malaysia’s economy to remain resilient driven by domestic demand and Government economic initiatives.

HLFG will actively prioritise our strategic focus on delivering sustainable and improved performance by growing target segments, developing new product offerings as well as enhancing customer-centricity.

With asset quality being a key priority, the Group will continue to uphold its sound loan monitoring and management of credit risk, while also maintaining its strong capital and liquidity position to

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support asset growth. This is on top of prudent cost control and continuous technology investment in operational resiliency and digital capabilities across all operating companies.”

Accordingly, the Group proposed an all-cash interim dividend of 18.00 sen per share amounting to a dividend payout of RM204.9 million.

Commercial Banking – PBT of RM2,584 million (+4.4% y-o-y)

- HLB recorded a PBT of RM2,584 million for the period, an increase of 4.4% y-o-y mainly driven by continued strong loan/financing expansion, sustained non-interest income and robust contributions from our associate
- The Bank’s operating expenses (“OPEX”) remained prudently managed through strategic cost management initiatives with a healthy Cost-to-Income Ratio (“CIR”) of 39.7%.
- Gross loans and financing grew by 7.5% y-o-y to RM185.2 billion led by expansion in key segments of mortgage, auto loans, SME and commercial banking, as well as overseas operations. Domestic loans/financing growth of 7.2% y-o-y continues to outperform the industry growth rate of 5.3% y-o-y.
- Residential mortgages increased by 7.2% y-o-y and transport vehicle loans/financing grew 10.1% y-o-y while domestic loans to business enterprises expanded by 8.7 % y-o-y. The Bank’s community banking initiative focusing on customers within the SME segment registered a solid 12.6% y-o-y loan growth.
- Asset quality position remained stable with a Gross Impaired Loans (“GIL”) ratio of 0.56% and an adequate Loan Impairment Coverage (“LIC”) ratio of 163.4% as at 31 December 2023. Inclusive of the provisions made and value of securities the Bank holds on our GIL, the Bank’s LIC ratio stood at 233.4%.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.9%, 13.9% and 15.9% respectively as at 31 December 2023.

Insurance – PBT of RM259 million (+3.1 % y-o-y)

- HLAH recorded improved PBT from RM251 million to RM259 million, higher by 3.1% y-o-y, driven by improved takaful business and Singapore contributions as well as higher share of profits from its associates.
- Our life Insurance business under Hong Leong Assurance Berhad (“HLA”) registered a PBT of RM220.8 million, marginally declining by -1.3% y-o-y from lower insurance income as a result of higher expected claims reserves and a decline in investment income attributable to lower fair value gains, partially offset from lower management expenses.
- For Family Takaful, Hong Leong MSIG Takaful’s (“HLMT”) recorded a positive H1FY24 PBT of RM7.6 million on the back of improved takaful service results and higher investment income.

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- Our overseas general insurance companies, namely HL Assurance Pte. Ltd in Singapore and Hong Leong Insurance (Asia) Limited in Hong Kong, exponentially grew gross premiums by 39.1% and 30.6% y-o-y respectively.

Investment Banking – PBT of RM47 million (+29.8% y-o-y)

- HLGB PBT rose 29.8% from RM36 million to RM47 million mainly due to better brokerage and client trust income as well as improved equity investment performance.
- Stockbroking PBT improved by 58.3% y-o-y in line with higher Bursa's market activity coupled with our improved market share of 3.9% vs 3.7% last year.
- Investment banking division PBT declined -34.9% from lower net interest income due to margin compression from higher funding cost, resulting in lower treasury income contribution. Improved fee-based income from capital markets with Debt Markets completing two Environmental, Social and Governance ("ESG") financing mandates, while the Equity Market's performance was impacted by delays of some mandated deals.
- The fund management business recorded PBT of RM4.8 million, declining by -24.8% y-o-y mainly attributable to lower average asset under management ("AUM") and investment costs incurred in strengthening and expanding our distribution channels for agency and institutional unit trust agents (IUTAs).

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 has been awarded the Gold Award in the Financial Services sector at The Edge ESG Awards 2023 for the second year in a row in recognition of its commitment to upholding ESG principles and integrating sustainable practices into all layers of operations.

On the investment banking front, Hong Leong Investment Bank ("HLIB") has secured 3 new ESG debt financing mandates for the period under review with programme size of up to RM3.0 billion for the financing of sustainable forestry, renewable energy and construction of green logistic hub.

HLFG will continue to strengthen our sustainability efforts with added focus across our operating companies on encouraging our customers to adopt more sustainable practices.

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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:

Investor Relations

Hanif Kamarudin

Tel: +603 2080 9888

Email: cfo-hlfg@hongleong.com.my

Media

Vivian Tan

General Manager, Corporate Communication & CSR

Tel: +603 2081 8888 Extn 61914

Email: capr@hlbb.hongleong.com.my