

Hong Leong Financial Group post positive 9MFY24 performance with Net Profit Growth to RM2.39 Billion

KUALA LUMPUR, 30 May 2024 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its results for the nine months ended 31 March 2024 (“9MFY24”).

- Net profit attributable to shareholders (“PATAMI”) for 9MFY24 increased by 7.9% year-on-year (“y-o-y”) to RM2.39 billion driven by improved contributions across all operating companies.
- Commercial banking division, Hong Leong Bank Berhad’s (“HLB”) profit before tax (“PBT”) increased by 7.4% y-o-y underpinned by continued strong loan/financing expansion, healthy asset quality and robust contributions from our associate.
- Insurance division, HLA Holdings Sdn Bhd’s (“HLAH”) PBT grew by 2.1% y-o-y from investments mark-to-market valuation gains and improved share of profits from its associate.
- Investment banking division, Hong Leong Capital Berhad’s (“HLCB”) PBT grew strongly by 40.7% y-o-y mainly from higher brokerage income and better proprietary investment performance.
- This translates to an annualised return on average equity (“ROE”) of 11.3%.
- Book value per share increased to RM25.77 as at 31 March 2024 from RM23.94 as at 30 June 2023.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “The Group’s 9MFY24 performance was commendable, as we achieved a return on equity (“ROE”) of 11.3% underpinned by our strong asset quality, robust loans/financing growth, improved investment income and higher contributions from our associates. This is a testament to the resilience of our operating companies and growth momentum in key segments of our business.

Going into the final quarter of the financial year, we are cautiously optimistic on the continuity of our business growth momentum as we anticipate Malaysia’s economy to remain resilient on the back of domestic demand and Government economic initiatives. Nevertheless, we are cognizant of downside risks as the global economy faces external headwinds from evolving geopolitical and trade tensions between major economies.

Looking forward, we remain focused on executing our strategic priorities in key growth areas, one of which is making wealth management more accessible to customers by enhancing its capabilities and solutions in line with our commercial bank’s brand promise of “Built Around You”. The Group is also committed on safeguarding our customers’ financial well-being as our life insurance businesses increases its focus on protection plans and target to roll out a fully digital offering of micro insurances to enlarge their customer base for further cross selling.

For Immediate Release

Additionally, the Group will also 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 RM3,852 million (+7.4% y-o-y)

- HLB recorded a PBT of RM3,852 million for the period, an increase of 7.4% y-o-y mainly driven by solid loans/financing growth, disciplined cost management and robust contributions from our associate.
- Net interest income for the period was sustained at RM3,463 million from robust loan growth with net interest margin for 9MFY24 at 1.85%, which has consecutively improved over the past four quarters despite funding cost pressure. Non-interest income declined to RM831 million attributable to lower trading and investment income as well as reduced forex exchange gain. This was partially mitigated by the stronger wealth management contribution and higher credit card-related fees.
- The Bank’s operating expenses increased by 3.9% mainly attributable to personnel cost with 9MFY24 Cost-to-Income Ratio (“CIR”) stood at 39.8%.
- Gross loans, advances and financing maintained a robust growth momentum, with an expansion of 7.8% y-o-y to RM187.8 billion, contributed by expansion in our key segments of mortgage, auto loans, SME and commercial banking, as well as overseas operations. Domestic loans/financing growth of 8.0% y-o-y came in ahead of the industry growth rate of 6.0% y-o-y.
- SME portfolio expanded by 14.3% y-o-y to RM35.8 billion driven by the Bank’s community banking initiatives while residential mortgages were higher by 6.8% y-o-y to RM93.7 billion, supported by a healthy loan pipeline. Additionally, transport vehicle loans/financing grew by 10.6% y-o-y to RM21.2 billion, in line with the Bank’s strategic initiatives and collaborations to strengthen dealer coverage.
- Asset quality position remained stable with a Gross Impaired Loans (“GIL”) ratio of 0.57% and Loan Impairment Coverage (“LIC”) ratio at 154.4% as at 31 March 2024. Inclusive of the value of securities held on our GIL, the Bank’s LIC ratio is at 224.4%.
- Capital position of the Bank is supportive of future growth opportunities with CET 1, Tier 1 and Total Capital ratios at 12.5%, 13.5% and 15.5% respectively as at 31 March 2024.

Insurance – PBT of RM453 million (+2.1 % y-o-y)

- HLAH recorded a PBT of RM453 million, higher by 2.1% y-o-y, mainly contributed by stronger investment income as well as higher share of profits from its associate.
- Our life insurance business under Hong Leong Assurance Berhad registered a PBT of RM372.1 million, which declined by 2.3% y-o-y from lower net insurance service results arising from higher medical claims, partially mitigated by improved investment income. New business

For Immediate Release

premiums for 9MFY24 of RM540 million were lower by 1.8% y-o-y mainly due to a contraction in saving plans segment. This was partially alleviated from higher protection plans new business in the High Net Worth segment, which recorded a 51.1% growth in annual premiums in line with our strategy to focus on protection policies.

- For Family Takaful, Hong Leong MSIG Takaful's gross contributions for 9MFY24 decreased by 6.8% y-o-y to RM450 million mainly due to contraction in single premium credit-related insurance.
- Our overseas general insurance companies, namely HL Assurance Pte. Ltd in Singapore and Hong Leong Insurance (Asia) Limited in Hong Kong, continue to grow gross premiums by 35% and 25% y-o-y respectively.

Investment Banking – PBT of RM74 million (+40.7% y-o-y)

- HLCB PBT rose 40.7% to RM73.9 million mainly due to higher stockbroking income and improved equity investment performance but recorded lower contribution from investment banking.
- Stockbroking PBT improved by 57.7% y-o-y driven by higher Bursa Malaysia traded volume coupled with our improved market share of 3.99% vs 3.81% last year.
- Investment banking PBT declined by 45.3% y-o-y from lower net interest income due to margin compression from higher funding cost and lower fees recorded in the Equity Market division as a result of delays in completion of mandated deals. This was partly cushioned by fee-income from Debt markets division which improved by 61.1% YoY.
- The fund management business recorded PBT of RM7.3 million, declining by 9.8% y-o-y mainly attributable to lower average asset under management (“AUM”) and ongoing investment costs incurred to expand and strengthen our distribution channels.

Sustainability Journey

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

Our commercial bank has partnered with Refiller Mobile and actively encourages its staff to implement sustainable practices in their lifestyles by inviting staff and the public to refill essential household products at the zero-waste store on wheels by reusing their own containers. This is in line with the bank's commitment to integrating ESG considerations into all layers of operations and promoting a zero-waste lifestyle for all.

On the investment banking front, Hong Leong Investment Bank (“HLIB”) currently has over RM3.0 billion worth of debt programmes for ESG projects, of which RM2.0 billion of the issuances are in the pipeline to be completed over the next 6 months. HLIB will also be introducing its first green Tier-2 capital to fund its lending and investment activities under its Green Framework.

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

###

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