

## **HONG LEONG FINANCIAL GROUP DELIVERS DOUBLE-DIGIT NET PROFIT GROWTH TO RM3.20 BILLION FOR FY2024**

**Kuala Lumpur, 29 August 2024** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its results for the financial year ended 30 June 2024 (“FY2024”).

- Net profit attributable to shareholders (“PATAMI”) for FY2024 increased by 11.0% year-on-year (“y-o-y”) to RM3.20 billion driven by improved contributions across all operating companies.
- Commercial banking division, Hong Leong Bank Berhad’s (“HLB”) profit before tax (“PBT”) increased by 11.0% y-o-y underpinned by strong loans/financing growth, improved asset quality metrics and healthy contributions from our associates.
- Insurance division, HLA Holdings Sdn Bhd’s (“HLAH”) PBT grew by 2.8% y-o-y from investments mark-to-market valuation gains and improved share of profits from its associate.
- Investment banking and asset management division, Hong Leong Capital Berhad’s (“HLCB”) PBT grew strongly by 98.4% y-o-y from improvement in all operating subsidiaries as well as higher gains in equity investment.
- This translates to a commendable return on average equity (“ROE”) of 11.2%.
- Book value per share increased to RM26.53 as at 30 June 2024 from RM23.99 as at 30 June 2023.
- The Board has declared a final dividend of 36.0 sen per share, bringing the total dividend to 54.0 sen per share for FY2024, an uplift of 5 sen compared to the previous year.

**Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon** commented, “The Group has delivered a robust financial performance for FY2024 with double-digit net profit growth of 11.0% and ROE at 11.2%. The key drivers to our profit growth were underpinned by strong loans/financing growth, higher investment gains from insurance segment, improved brokerage income and healthy contributions from our associates. This showcases the strength of the Group’s operating companies in successfully navigating a challenging operating environment amid persistent external headwinds.

For the upcoming financial year, we expect Malaysia’s economic prospects to remain favourable on the back of resilient domestic demand, continued improvement in tourism as well as rise in trade activities and investments. We are nonetheless mindful of any downside risk of external headwinds from evolving geopolitical and trade tensions between major economies.

The Group is well positioned to capture economic growth and deliver sustainable value creation for all stakeholders as guided by our strategic priorities through enhancing our digital capabilities, expanding our suite of products and delivering customer-centric solutions. Our commercial bank

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rolled-out a refreshed HLB Connect mobile app which has enhanced its user experience with a suite of upgraded features and capabilities for the app's 2.9 million retail users. Likewise, our life insurance arm's Customer Portal, HLA360° is consistently upgraded with new features and has garnered robust user growth of 12% y-o-y and currently has over 480,000 users. In addition, our brokerage division has launched an innovative solution named Flexi-Trade which provides our customers with improved trading limits at lower brokerage rates.

We are also transforming our physical presence through our branch transformation initiative which would not only house all of HLFG's offerings, but has also been designed to be a dynamic community hub in fostering meaningful connections with customers. This is exemplified in our commercial bank's recent launch of one of its iconic Light Street Branch in Penang which is equipped with a special Priority Banking Lounge, exhibition space and café.

With sustainability being a core pillar of HLFG, the Group together with key operating companies have set short-term scope 1 and scope 2 Greenhouse Gas ("GHG") reduction target of 15% to 25% by 2026. This is part of the Group's overall commitment towards going net-zero by 2050 in line with the national target. Thus, reaffirming our long-term commitment towards making a positive impact for our customers and the community."

#### **Commercial Banking – PBT of RM5,134 million (+11.0% y-o-y)**

- HLB recorded a PBT of RM5,134 million in FY2024, an increase of 11.0% y-o-y mainly driven by strong loans/financing growth, improved asset quality metrics and healthy contributions from our associates.
- Net interest income for the period expanded by 2.6% y-o-y to RM4,669 million from growth in loans/financing and effective funding cost management. Correspondingly, net interest margin ("NIM") stood at 1.86% in FY2024, following five consecutive quarters of improvement. Non-interest income declined by 2.8% y-o-y to RM1,102 million attributable to lower trading income from forex exchange related activities. This was partially mitigated by the stronger wealth management contribution and higher credit card-related fees.
- CASA grew strongly by 10.0% y-o-y to RM71.6 billion, which translated into an improved CASA ratio of 32.5% driven by their community deposit acquisition initiatives and innovative cash management solutions.
- The Bank's operating expenses increased by 4.7% mainly attributable to personnel cost with FY2024 Cost-to-Income Ratio ("CIR") of 40.5%.
- Gross loans, advances and financing maintained its growth momentum, with an expansion of 7.3% y-o-y to RM194.9 billion, driven by expansion in our key segments of mortgage, auto loans, SME and commercial banking, as well as key overseas markets. Domestic loans/financing growth of 7.9% y-o-y continued to outpace the industry growth rate of 6.4% y-o-y.
- Asset quality position remained healthy with Gross Impaired Loans ("GIL") ratio improving to 0.53% from 0.57% in the previous quarter and Loan Impairment Coverage ("LIC") ratio at

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155.0% as at 30 June 2024. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio is at 225.0%.

- Capital position of the Bank is solid with CET 1, Tier 1 and Total Capital ratios higher at 13.3%, 14.3% and 16.3% respectively as at 30 June 2024.

#### **Insurance – PBT of RM606 million (+2.8 % y-o-y)**

- HLAH recorded a PBT of RM606 million, higher by 2.8% 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 (“HLA”) registered a PBT of RM493 million, slightly increasing by 0.4% y-o-y from higher investment income, which offset lower net insurance service results arising from higher medical claims. New business regular premiums for FY2024 of RM531 million were flat as compared to last year. HLA achieved higher protection plans new business in the high net-worth segment, which recorded a 35.0% growth in annual premiums in line with our strategy to focus on protection policies, whilst savings plan contracted by -19.3% y-o-y.
- For Family Takaful, Hong Leong MSIG Takaful's PBT increased to RM12 million on the back of higher investment income, offsetting lower takaful service results. Gross contributions for FY2024 decreased by 4.4% y-o-y 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 29.2% and 23.4% y-o-y respectively.

#### **Investment Banking – PBT of RM122 million (+98.4% y-o-y)**

- HLCB PBT rose 98.4% to RM122 million from improvement in all operating entities and higher gains in equity investment.
- Stockbroking PBT improved by 72.9% y-o-y in line with Bursa Malaysia's vibrancy which saw average daily trading value increase to RM3.0 billion from RM2.0 billion in the previous financial year. We have also increased our market share by 0.23% to 4.08% in FY2024 from 3.85% last year, primarily fuelled by growth from the institutional client segment.
- Investment banking PBT increased by 58.1% y-o-y mainly driven by higher fee income from debt and equity capital market transactions. The improved fee-based income was driven by completion of key Environmental, Social, Governance (“ESG”)/sustainability deals in both Debt Markets and Equity Market. This partially cushioned lower Treasury & Markets' performance as a result of margin compression from persistent higher funding cost.
- The fund management business PBT surged by 94.4% y-o-y from performance fees earned from the private mandates, underscoring our effective management and investment strategies.

*For Immediate Release***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 also embarked on the newest edition of HLB Launchpad, working with sustainability changemakers and impact organisations on pilot projects with the aim of reinforcing circular economy. In terms of compliance to corporate governance, HLB has been awarded the Tax Corporate Governance ("TCG") certification status by the Inland Revenue Board of Malaysia ("IRBM"), becoming the only financial institution to have successfully fulfilled the stringent criteria set out by IRBM in FY2024.

On the investment banking front, Hong Leong Investment Bank ("HLIB") completed five ESG/sustainability-related financing transactions with total issuances of RM1.78 billion in FY2024. Additionally, HLIB has also established its Green Bond framework issuing its first Green Tier- 2 Capital of RM100 million in June 2024.

Hong Leong Assurance ("HLA") has embarked on several scope 1 and scope 2 GHG reduction initiatives namely solar panel installations, reduction of company-owned vehicles and implementation of electricity-saving solutions.

HLFG will continue to strengthen our sustainability efforts with added focus across our operating companies 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.

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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](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:**

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