

HONG LEONG FINANCIAL GROUP**1Q FY2025 PATAMI INCREASED BY 14.3% y-o-y to RM848 million**

Kuala Lumpur, 28 November 2024 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its results for the financial year period 30 September 2024 (“1Q FY25”).

- Net profit attributable to shareholders (“PATAMI”) for 1Q FY25 increased by 14.3% year-on-year (“y-o-y”) to RM848 million driven by improved commercial banking and insurance performance.
- Commercial banking division, Hong Leong Bank Berhad’s (“HLB”) profit before tax (“PBT”) increased by 7.7% y-o-y underpinned by robust loans/financing growth, improved non-interest income and stable contributions from our associates.
- Insurance division, HLA Holdings Sdn Bhd’s (“HLAH”) PBT grew by 142.3% y-o-y from stronger investment income and higher net insurance service results.
- Investment banking and asset management division, Hong Leong Capital Berhad’s (“HLCB”) PBT was lower by 20.5% y-o-y due to delays in the completion of mandated deals, mark-to-market decline in valuation of hedging instruments and lower equity investment returns.
- This translates to an improved return on average equity (“ROE”) of 11.3%, as compared to 10.8% a year ago.
- Book value per share increased to RM26.28 as at 30 September 2024 from RM24.25 as at last year.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoo commented, “The Group is encouraged by our strong 1Q FY25 financial performance led by our focused execution of strategic priorities in growing our topline, which increased by 20.0% y-o-y. This is evident by the Group’s robust non-interest income (“Noli”) growth of 46.7% y-o-y following fee-income expansion initiatives and investment gains, especially in the insurance segment. We also saw positive results from net interest margin (“NIM”) recovery efforts and continued above-industry loan growth, resulting in sustained net interest income (“NII”) growth of 10.2% y-o-y. The Group’s 1Q FY25 performance was also aided by healthy contributions from our associates and our steadfast discipline in asset quality, capital and liquidity management.

The Group anticipates Malaysia’s positive economic momentum will carry into year 2025, but are mindful of downside risk and external headwinds stemming from evolving geopolitical and trade tensions between major economies. Overall, HLFG is well positioned to capture economic growth and deliver sustainable value creation for our stakeholders through enhancing our digital capabilities, expanding our suite of products and delivering customer-centric solutions. We will also continue to uphold our sound loan monitoring and management of credit risk, while exercising prudent cost control and investment in operational resiliency and digital capabilities across the Group.”

Commercial Banking – PBT of RM1,339 million (+7.7% y-o-y)

- HLB recorded a PBT of RM1,339 million in 1Q FY25, an increase of 7.7% y-o-y mainly driven by robust loans/financing growth, improved non-interest income and stable contributions from our associate.
- Gross loans, advances and financing maintained its growth momentum, with an expansion of 6.9% y-o-y growth to RM194.2 billion, driven by expansion in our key segments of mortgage, auto loans, SME and commercial banking. Domestic loans/financing increased 7.6% y-o-y, outperforming industry growth rate of 5.6%.
- Net interest income 1Q FY25 sustained a 10.5% y-o-y growth to RM1,244 million, as a result of solid loans/financing growth and effective asset/liability management. Correspondingly, NIM expanded to 1.92% in 1Q FY25, following six consecutive quarters of improvement.
- Non-interest income also surged by 32.0% y-o-y to RM354 million driven by healthy fee income, higher realised investment income and improved foreign exchange gains.
- CASA grew strongly by 13.6% y-o-y to RM70.4 billion, which translated into an improved CASA ratio of 32.1% driven by cross-selling initiatives coupled with customer-centric cash management offerings, while targeted efforts in deposit acquisition contributed to attaining new-to-bank customers.
- The Bank's operating expenses were tightly managed at RM626 million, delivering positive JAWS with a solid cost-to-income ratio ("CIR") of 39.1%, optimised by strategically paced investments in areas of technology and people.
- Asset quality position of the Bank continued to be industry-leading with a low GIL ratio of 0.54%, whilst Loan Impairment Coverage ("LIC") ratio was maintained prudently at 145.5% as at 30 September 2024. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio stood at a comfortable 215.5%.
- Capital position of the Bank is solid with CET 1, Tier 1 and Total Capital ratios higher at 13.2%, 14.2% and 16.2% respectively as at 30 September 2024.

Insurance – PBT of RM237 million (+142.3% y-o-y)

- HLAH's PBT rose by 142.3% y-o-y to RM237 million, contributed by stronger investment income and higher net insurance service results, mitigating the lower share of profits from its associate, MSIG Insurance (Malaysia) Bhd.
- The stronger investment income in 1Q FY25 was driven by fair value gains, which increased by RM96 million, in both equities and fixed income following heightened activities on the local bourse in Malaysia and Hong Kong as well as Malaysian Government Securities ("MGS") rate softening across different durations.
- Hong Leong Assurance ("HLA") recorded higher net insurance results growth of 119.6% y-o-y to RM65.7 million driven by higher expected insurance claims outpacing actual claims, as a

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result of revision of the medical claims assumptions. This is on top of higher contract service margins ("CSM") released during the period.

- In terms of gross premiums, our life insurance and family takaful's gross premiums / contribution grew by 4.8% y-o-y led by higher banca contributions in the regular products segment. While our overseas general insurance companies, namely HL Assurance Pte Ltd in Singapore and Hong Leong Insurance (Asia) Limited in Hong Kong, saw gross premiums increase by 4.8% y-o-y and 15.2% y-o-y respectively.

Investment Banking – PBT of RM22 million (-20.5% y-o-y)

- HLCB recorded 1Q FY25 PBT of RM22 million, a 20.5% decline y-o-y, primarily attributable to lower income from investment banking and asset management, as well as lower equity investment returns.
- Stockbroking PBT improved by 28.4% y-o-y, supported by Bursa Malaysia's higher average daily trading value which increased by 70% y-o-y to RM3.8 billion. Overall market share dipped slightly to 3.96%, as a result of increase of foreign institution flows, of which HLIB has limited participation. Meanwhile, our domestic retail and institutional market share grew by 1.47% and 0.26%, respectively, reaching 9.65% and 5.15%.
- Our investment banking division registered a PBT of RM2.9 million, a decline of 53% y-o-y. This was primarily driven by lower profit contribution from our Debt Markets and Treasury & Markets ("T&M"). Our Debt Markets' performance was impacted by the delay in the completion of mandated deals, while our T&M performance was impacted from mark-to-market decline in valuation of hedging instruments due to a volatile interest rate environment stemming from the United States Federal Reserve interest rate cuts. Conversely, our Equity Markets registered positive growth supported by improvement in deal flows.
- The fund management business PBT was RM1.5 million in 1Q FY25, in comparison to RM2.8 million a year ago. This was attributable to lower average Assets Under Management ("AUM"), which was lower by 17.0% y-o-y to RM10.1 billion from redemptions in its Fixed Income and Money Market Funds.

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 recently unveiled its inaugural Sustainable Finance Framework ("SFF"), which aims to mobilise RM20 billion over the next five years to support Green Projects, further solidifying HLB's commitment to environmentally sustainable financing. The framework enables the financing of green projects related to renewable energy, energy efficiency, green building, affordable housing, clean transportation and logistics, and waste management.

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During the period, our investment bank Hong Leong Investment Bank has successfully advised and arranged two transactions amounting to RM900 million in 1Q FY25, including a sustainability-linked bonds and a green medium-term notes.

On investments, Hong Leong Assurance's investment portfolio does not carry any investments which harm the environment following its half-yearly assessment conducted based on BNM Climate Change and Principle-based Taxonomy.

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 or www.bursamalaysia.com, and for further clarification, please contact:

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