

*For Immediate Release*

## **HONG LEONG BANK ANNOUNCES 9MFY24 RESULTS: RESILIENT PERFORMANCE UNDERPINNED BY ROBUST LOANS/FINANCING GROWTH AND SOLID ASSET QUALITY**

**Kuala Lumpur, 30 May 2024** - Hong Leong Bank Berhad (“Bank” or “HLB”), (BM: HLBANK) today announced its results for the nine months ended 31 March 2024 (“9MFY24”).

- ***Net profit after tax for 9MFY24 grew 7.1% year-on-year (“y-o-y”) to RM3,162 million.***
- ***Sustainable cost-to-income ratio (“CIR”) of 39.8% achieved through strategic cost management initiatives.***
- ***Gross loans and financing continued its commendable growth momentum, increasing 7.8% y-o-y to RM187.8 billion.***
- ***Solid asset quality reflected by healthy Gross Impaired Loan (“GIL”) ratio of 0.57% and prudent Loan Impairment Coverage (“LIC”) ratio of 154.4%.***

**Kevin Lam, Group Managing Director and Chief Executive Officer of HLB commented,** “We remain cautiously optimistic with the business outlook and macroeconomics for the remainder of FY2024, as we focus on the execution of our business strategies to deliver sustainable outcomes to our stakeholders. With that, we are pleased with the underlying sound 9MFY24 performance led by sustained loans/financing growth, healthy asset quality, solidified with prudent funding and liquidity positions.

We have recorded an improvement of 7.1% y-o-y in profit after tax for 9MFY24 contributed by solid loans/financing growth, disciplined cost management and robust contributions from our associates. Consequently, this translates into a commendable ROE of 12.0%.

Gross loans and financing portfolio expanded 7.8% y-o-y to RM187.8 billion, supported by expansion in our mortgage, auto loans, SME and commercial banking segments, as well as overseas operations. As we remain vigilant and resolute in upholding sound credit underwriting standards, we manage to achieve solid asset quality with a stable GIL ratio of 0.57% and LIC of 154.4%.”

### **Commendable Business Performance**

- ***Total income*** for 9MFY24 remained stable at RM4,294 million, driven by expansion in loans/financing portfolio and healthy non-interest income contribution.
- ***Net interest income*** grew to RM1,181 million for the quarter ended 31 March 2024, increasing 14.3% y-o-y or 2.2% quarter-on-quarter underpinned by strong loans/financing expansion and effective funding cost management. Correspondingly, net interest margin (“NIM”) has improved to 1.87% from 1.85% in the previous quarter, which marks a consecutive fourth quarter of improvement. Through these efforts, net interest income for 9MFY24 was sustained at RM3,463 million, with NIM at 1.85%.

- *Non-interest income* was moderated to RM831 million, attributed by lower trading and investment income as well as reduced forex exchange gain due to changes in monetary policy stance in the US. This was partially mitigated by the stronger wealth management contribution and higher credit card related fees.
- *Operating expenses* (“*opex*”) remained stable for the quarter with a cumulative amount at RM1,711 million for 9MFY24 as we continued to manage it tightly with focus on strategic cost management initiatives. Accordingly, the CIR for the period was commendable at 39.8%.
- Consequently, we recorded a higher *operating profit after allowances* of RM2,666 million for 9MFY24, while *profit before tax* improved 7.4% y-o-y to RM3,852 million.

### **Strong Loans/Financing Growth**

- *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.
- *Residential mortgages* were higher by 6.8% y-o-y to RM93.7 billion, supported by a healthy loan pipeline while *transport vehicle loans/financing* expanded by 10.6% y-o-y to RM21.2 billion, in line with the Bank’s strategic initiatives and collaborations to strengthen dealer coverage.
- *Domestic loans to business enterprises* delivered a strong growth of 11.1% y-o-y to RM61.6 billion, whilst our support of SMEs saw this loans/financing portfolio grew 14.3% y-o-y to RM35.8 billion. The Bank’s community banking initiative, within the SME segment, was higher by 12.4% y-o-y, achieved by leveraging on our innovative customer-centric solutions and digital onboarding platform to scale new customer acquisition and strategic emphasis on improving customer cross-selling and product penetration.
- Loans and financing from overseas operations grew 5.3% y-o-y, on the back of solid growth of 20.4% and 6.7% in Vietnam and Singapore respectively.

### **Prudent Funding and Liquidity Position**

- Funding and liquidity positions were managed at prudent levels in order to support sustainable business growth reflected by LDR of 86.8% and LCR of 137.3% as at 31 March 2024, sufficiently above regulatory requirements.
- *Customer deposits* for 9MFY24 rose 4.7% y-o-y to RM212.4 billion, with *CASA* growth of 7.6% y-o-y to RM65.0 billion and stable *CASA* ratio at 30.6%. This is the result of our continuous emphasis placed on community acquisition initiatives and effective cash management solutions for our clients.
- The Bank’ funding base remained stable and solid, underpinned by a sound individual deposit portfolio which expanded 7.4% y-o-y to RM109.9 billion, uplifting individual deposit mix to 51.7%.

### **Healthy Asset Quality and Capital Positions**

- The Bank maintained a healthy asset quality position with a low *GIL ratio* of 0.57% whilst *LIC ratio* is well positioned at 154.4% as at 31 March 2024. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio is comfortably at 224.4%.
- Capital position of the Bank is healthy and 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.

### **Enhancing Wealth Management Capabilities**

- In line with its newly implemented 3-5 Year Strategic Plan, HLB has identified wealth management as a key growth area for the Bank, enhancing its wealth management capabilities to strengthen its investment solutions while making wealth management more accessible to its customers.
- With this, HLB conducted a nationwide wealth perception survey to further understand how Malaysians think about wealth, investments and insurance, in order to better address common concerns and make wealth management more accessible. From this survey, the Bank found that although only 12% of Malaysians consider themselves wealthy, 79% do not have a documented financial plan, largely due to the assumption that they do not have sufficient funds to start a formal wealth management plan.
- Anchored by its commitment to increasing accessibility and convenience of its wealth management knowledge and solutions, HLB also organised wealth symposiums in Kuala Lumpur and Penang, empowering customers with valuable insights to navigate the constantly-evolving investment landscape.
- The Bank also launched a podcast series called "Market Matters with HLB", in its effort to share wealth management insights and advice to the public through conversations with investment and market experts.

### **Expanding Islamic Business & Financing Opportunities**

- As part of strengthening its Islamic business portfolio and helping to grow the Halal ecosystem, **Hong Leong Islamic Bank ("HLISB")** has introduced BizHalal, an integrated Islamic Banking solution that helps businesses obtain Shariah-compliant financing and Halal advisory support to help them operate in the Halal space.
- HLISB has also partnered with Andalusia Travel & Tours to launch a digital, Shariah-compliant financing package for Muslims embarking on their Umrah pilgrimage. This partnership will see the Bank complementing Andalusia's trusted Umrah packages with its comprehensive suite of personal Islamic banking products, aligned with the Bank's commitment to diversifying its financing portfolio, upholding Islamic finance values and catering to the diverse lifestyle needs of its Muslim customers.

### **Promoting a Zero Waste Lifestyle**

- As part of its commitment to integrating ESG considerations into all layers of operations, HLB actively encourages its staff to implement sustainable practices in their lifestyles. With this, the Bank has partnered with **Refiller Mobile** through its HLB Jumpstart CSR platform, inviting staff and the public to refill essential household products at the zero-waste store on

wheels by reusing their own containers. Through this platform, Refiller Mobile receives guidance, capacity building and business opportunities from HLB, who will support the social enterprise in promoting a zero-waste lifestyle for all.

### **Business Outlook**

Kevin Lam commented, “Growth trajectory in the Malaysian economy is expected to improve over 2024, growing moderately by 4-5% this year. Resilient domestic demand underpinned by continuous improvement in the labour market, along with more robust external demand riding on sustained growth in the world economy and upturn in the global tech cycle, will be the main growth catalysts. That said, downside risks prevail, stemming from potential geopolitical competition, tentative signs of heightening upside inflationary risks, delay in policy easing especially in the US, as well as real estate and structural slowdown in China.

In our journey to be the best-run bank in Malaysia, we remain steadfast on the execution of our 3-5 Year Strategic Plan while holding on to our core values and strategic boundaries. In order to uphold our unwavering brand promise of “Built Around You”, we continue to prioritise the delivery of innovative and customer-centric banking solutions to our customers.

To pursue regional growth opportunities and build a strong ASEAN franchise, we continue to enhance our transaction banking network with top-notch digital capabilities while supporting our employees to develop to their greatest potential. In line with our carbon-neutral ambition, the Bank will continuously implement environmental, social and governance (“ESG”) strategies and practices internally within our own business operations and externally by engaging proactively with stakeholders.”

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**About Hong Leong Bank Berhad**

Hong Leong Bank Berhad is one of the leading financial services organisations in Malaysia. With a heritage of more than 115 years, it provides comprehensive financial services covering consumer banking, business banking and trade finance, treasury, branch and transaction banking, wealth management, private banking and Islamic financial services. Hong Leong Bank, which has won awards for its innovations in the financial services space, also has one of the largest service and distribution network of branches and business centers in Malaysia.

With a proven track record in value creation and a highly recognised brand, Hong Leong Bank has also been extending its footprint in the region, with branches in Singapore and Hong Kong and wholly owned subsidiaries in Vietnam and Cambodia. In China, the Bank is a substantial shareholder in Bank of Chengdu Co., Ltd., Sichuan.

Hong Leong Bank is a subsidiary of Hong Leong Financial Group Berhad, the financial services arm of the Hong Leong Group. Apart from banking, Hong Leong Financial Group is involved in the provision of insurance and takaful, as well as investment banking, unit trust, fund management and stock broking services.

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