

For Immediate Release

**HONG LEONG BANK ANNOUNCES FY2024 RESULTS:
ROBUST PERFORMANCE DRIVEN BY FOCUSED EXECUTION OF STRATEGIC
INITIATIVES AND BUSINESS DRIVERS**

Kuala Lumpur, 29 August 2024 - Hong Leong Bank Berhad (“Bank” or “HLB”), (BM: HLBANK) today announced its results for the financial year ended 30 June 2024 (“FY2024”).

- ***Commendable FY2024 net profit after tax growth of 9.9% year-on-year (“y-o-y”) to RM4,196 million.***
- ***Gross loans and financing expanded 7.3% y-o-y to RM194.9 billion, maintaining its strong growth trajectory.***
- ***Asset quality remained solid with improved Gross Impaired Loan (“GIL”) ratio of 0.53% and Loan Impairment Coverage (“LIC”) ratio of 155.0%.***
- ***Healthy capital and liquidity positions with Common Equity Tier 1 (“CET 1”), Tier 1 and Total Capital ratios stood at 13.3%, 14.3% and 16.3% respectively.***

Kevin Lam, Group Managing Director and Chief Executive Officer of HLB commented, “We are pleased to announce that we have delivered a strong financial performance for FY2024 amidst a challenging macro economy and operating environment. This achievement was a result of being steadfast in the execution of our 3-5 Year Strategic Plan along with commendable loans/financing growth, improved CASA ratio, healthy asset quality as well as maintaining prudent funding and liquidity positions.

HLB registered a solid growth of 9.9% y-o-y in profit after tax for FY2024 supported by strong loans/financing growth, improved asset quality metrics and healthy contributions from our associates. Correspondingly, we have achieved a strong return on equity (“ROE”) of 11.8%.

Our gross loans and financing portfolio grew 7.3% y-o-y to RM194.9 billion, contributed by expansion in our mortgage, auto loans, SME and commercial banking segments, as well as key overseas markets. We maintain our prudent risk management culture and tight credit underwriting process, thus delivering industry-leading GIL ratio of 0.53% and LIC ratio of 155.0%.”

Robust Business Performance

- ***Total income*** for the quarter ended 30 June 2024 (“Q4FY24”) grew 13.3% y-o-y to RM1,477 million underpinned by expansion in loans/financing portfolio and sustained non-interest income contribution. As for FY2024, total income expanded 1.5% y-o-y to RM5,771 million.
- ***Net interest income*** for Q4FY24 registering an encouraging 10.7% y-o-y or 2.1% quarter-on-quarter (“q-o-q”) growth to RM1,206 million, led by expansion in loans/financing and effective funding cost management. Correspondingly, net interest margin (“NIM”) has recorded

consecutive fifth quarter of improvement to 1.89%. With that, net interest income for FY2024 grew 2.6% y-o-y to RM4,669 million.

- *Non-interest income* for Q4FY24 expanded strongly by 26.5% y-o-y or 6.2% q-o-q to RM271 million, on the back of higher fee income from wealth management and credit card related fees, coupled with gains in foreign exchange. For FY2024, non-interest income was healthy at RM1,102 million.
- *Operating expenses (“opex”)* was prudently managed at RM2,339 million for FY2024 through our continuous focus on strategic cost management initiatives, leading to a sustainable *cost-to-income ratio (“CIR”)* of 40.5%.
- Consequently, we achieved a higher *operating profit after allowances* of RM3,545 million for FY2024, while *profit before tax* was higher by 11.0% y-o-y to RM5,134 million.

Commendable Loans/Financing Growth Momentum

- *Gross loans, advances and financing* maintained its commendable 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.
- *Residential mortgages* increased 6.3% y-o-y to RM94.8 billion, supported by a healthy loans/financing pipeline while *transport vehicle loans/financing* continued its robust growth of 12.1% y-o-y to RM21.9 billion, reflective of the effectiveness of the Bank’s strategic initiatives and collaborations to strengthen dealer coverage.
- *Loans to domestic business enterprises* were higher by 8.7% y-o-y to RM66.1 billion. The loan/financing to SMEs rose 13.6% y-o-y to RM37.5 billion, while the Bank’s community SME banking segment increased 13.9% y-o-y, driven by our innovative customer-centric solutions coupled with digital onboarding platform and products cross-selling to drive business growth.
- Loans from key overseas markets grew strongly, with Vietnam and Singapore registering y-o-y expansion of 8.8% and 2.7% respectively.

Healthy Funding and Liquidity Position

- The Bank maintained prudent funding and liquidity positions to support sustainable business growth, with *loans to deposits ratio (“LDR”)* of 87.0% and *liquidity coverage ratio (“LCR”)* of 126.6% as at 30 June 2024, comfortably above regulatory requirements.
- *Customer deposits* for FY2024 increased 4.1% y-o-y to RM220.4 billion, with *CASA* delivering strong growth of 10.0% y-o-y to RM71.6 billion. This had translated into an improved *CASA* ratio of 32.5% as a result of the success of our community deposit acquisition initiatives and innovative cash management solutions for our clients.
- The Bank continued to maintain its solid funding base with higher individual deposit portfolio of 7.0% y-o-y to RM111.9 billion, representing an individual deposit mix of 50.8%.

Solid Asset Quality and Capital Positions

- The Bank's asset quality position remained solid with *GIL ratio* improved to 0.53% from 0.57% in the previous quarter, whilst *LIC ratio* stood at 155.0% as at 30 June 2024. Inclusive of the value of securities held on our GIL, the Bank's LIC ratio is sufficiently at 225.0%.
- Capital position of the Bank is healthy with CET 1, Tier 1 and Total Capital ratios higher at 13.3%, 14.3% and 16.3% respectively as at 30 June 2024.

Dividend

- The Board has declared a final dividend of 43.0 sen per share, bringing the total dividend to 68.0 sen per share for FY2024, an uplift of 9 sen compared to the previous year. This translates to a higher dividend payout ratio of 33.6%.

Your Digital Bank Plus Much More

- As the banking ecosystem evolves to become increasingly digital, HLB has upgraded its **HLB Connect** mobile app with a new and improved interface and functionality, enhancing its digital banking offerings with a more seamless and enhanced user experience.
- The app includes a suite of upgraded features and capabilities, including an improved forex rate converter interface, paired with the ability for customers to keep, withdraw and spend their money in up to 12 currencies (for Pay & Save/-i and HLB Wallet/-i account holders).
- HLB has also launched its iconic **Light Street branch** in Penang, equipped with a special Priority Banking Lounge, exhibition space and cafe, designed to be a dynamic community hub that fosters growth and innovation through meaningful connections with customers.
- This reflects the Bank's aspiration to be a digital-first bank, while ensuring it forges personal connections with its customers, as it aims to build trust, design personalised financial solutions catered to its customers' diversified needs and become **Your Digital Bank Plus Much More**.

Excellence in SME Banking

- HLB has been named the "**Best SME Bank in Malaysia**" for the third consecutive year at the Asian Banking & Finance ("ABF") Retail Banking Awards 2024, cementing its position as the premier bank for Malaysia's small and medium-sized enterprises ("SME").
- This eminent award recognises the Bank's contribution within the SME space, with its extensive network of Community Business Managers and Cash, Trade & FX ("CTFX") specialists driving positive growth by bringing innovative products, services and solutions to customers.

Prioritising ESG Integration

- In an effort to promote a zero-waste lifestyle among its employees, the Bank has introduced monthly refilling sessions with its **HLB Jumpstart** partner Refiller Mobile. Every month, employees at HLB's main offices can refill their plastic containers with daily essentials, allowing them to reuse their containers and minimise plastic waste.
- Aligned with its commitment to integrating its business goals and practices with ESG considerations, the Bank has also embarked on the newest edition of HLB Launchpad.

Through this program, HLB will work with sustainability changemakers and impact organisations on pilot projects with the aim of reinforcing the 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.

Continued Focus on Community Investment

- In recognition of the Bank’s community investment initiatives, HLB has been named **Bank of the Year - Community Investment** at the Sustainability & CSR Malaysia Awards 2024.
- The Bank has consistently provided industry insights, advisory, and upskilling workshops to social enterprises under its HLB Jumpstart umbrella, most recently by providing data analysis training and scam awareness workshops to Refiller Mobile and Primus Wellness. These workshops were conducted by 30 employees from the data analysis and fraud management teams.
- HLB employees have also partnered with Kechara Soup Kitchen to rescue over 500 kg of surplus food from local grocery stores, distributing them to welfare homes and underprivileged communities.

Business Outlook

Kevin Lam commented, “The Malaysian economy expanded at an encouraging pace of 5.1% in the first half of 2024. Growth outlook is expected to remain favourable going into the second half of the year, and likely to be in the upper range of the official growth forecast of 4% to 5% for 2024. Growth will continue to be underpinned by resilient domestic demand as the labour market continues to improve, while extended recovery in global demand provides an added impetus. Upside risks from potential spillover from the global tech upturn and faster project implementation, will likely mitigate downside risks from lingering geopolitical uncertainties and slowdown risks in China.

As the Bank pursues the ambition to become the best-run bank in Malaysia, we remain committed and nimble in the execution of our 3-5 Year Strategic Plan while reaffirming our commitment to our core values and prudent culture. Our focus has always been offering innovative products and customer-centric banking solution to customers that anchor on our brand promise of “Built Around You”.

In order to drive the growth of our core businesses and build a strong ASEAN franchise in the backdrop of a dynamic business environment, we will focus on the execution of our key strategic priorities to deliver sustainable outcomes. In our journey towards carbon neutrality, the Bank remains committed to implement environmental, social and governance (“ESG”) strategies and practices while working together with all stakeholders to make a positive impact for our customers and the community.”

-END-

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.

For further information, please visit www.hlb.com.my or contact:

Media:

Vivian Tan

General Manager, Corporate Communication & CSR

DID: 03-2081 8888 ext 61914

Email: VivianTan@hlbb.hongleong.com.my

Investor Relations:

John Han

Head, Corporate Finance & Investor Relations

DID: 03-2081 2974

Email: IR@hlbb.hongleong.com.my