

# 1H FY25 Results Analyst Presentation

**26 February 2025**

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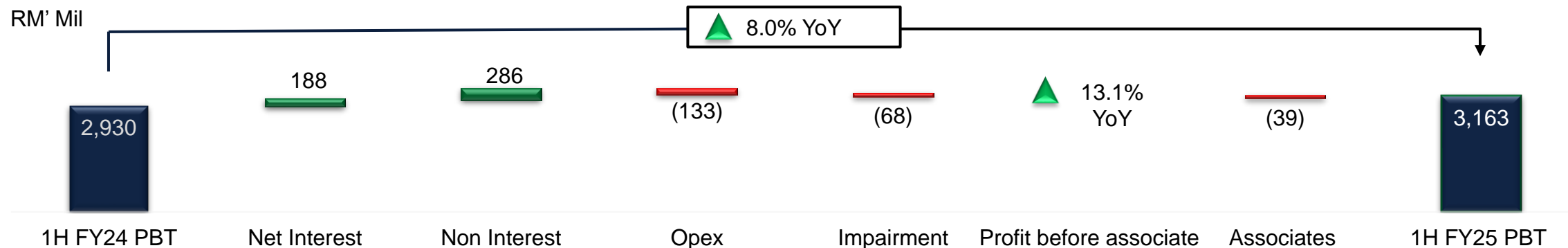


# Financial Highlights: 1H FY25



# Performance Highlights

*1H FY25 PATAMI driven by improved topline and investment income, especially from insurance*



RM' mil	1H FY24	1H FY25	Change % (YoY)
Net Interest Income	2,334	2,522	8.0%
Non-Interest Income	940	1,226	30.4%
<b>Total income</b>	<b>3,274</b>	<b>3,747</b>	<b>14.5%</b>
Operating expenses	(1,248)	(1,381)	10.6%
<b>Operating profit before allowances</b>	<b>2,026</b>	<b>2,366</b>	<b>16.8%</b>
Allowances of loans and other impairments	56	(12)	>100%
<b>Profit before associate</b>	<b>2,082</b>	<b>2,355</b>	<b>13.1%</b>
Share of profits from associates	848	808	(4.7%)
<b>PBT</b>	<b>2,930</b>	<b>3,163</b>	<b>8.0%</b>
<b>PATAMI</b>	<b>1,574</b>	<b>1,687</b>	<b>7.2%</b>

- 1H FY25 revenue grew strongly by 8.0% contributed by both NII and NOII, supported by:
  - NIM expansion
  - Above-industry loan growth
  - Fee-income expansion
  - Higher investment gains, especially from insurance.
- OPEX remains under control with 1H FY25 CIR improving to 36.9% as the stronger topline delivered a positive JAWS
- Lower associate contribution from RMB weakening against MYR and BoCD stake dilution arising from Cbond conversion
- 1H FY25 PATAMI improved by 7.2%, translating to strong 1H FY25 annualised ROE of 11.1%

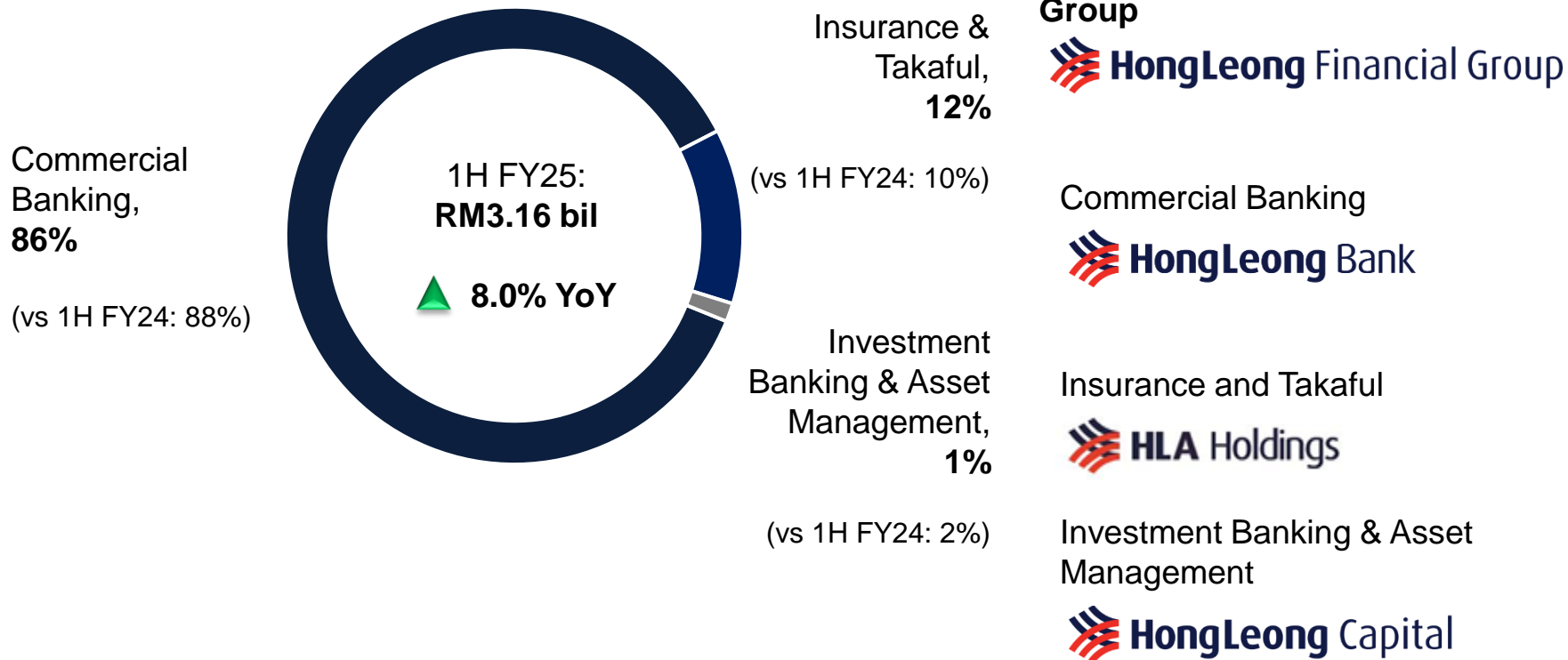




# PBT by segments

*Growth driven by Commercial Banking and Insurance & Takaful*

## HLFG PBT



Notes: PBT segment include consolidation entries. 1H FY25: -RM12 mil, 1H FY24: -RM27 mil

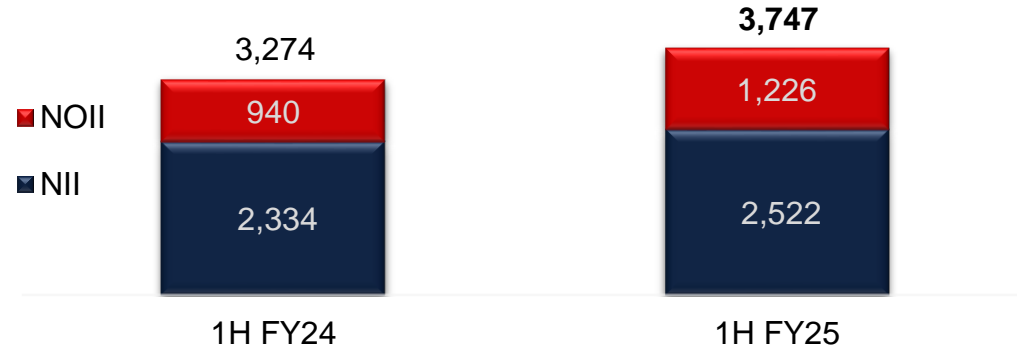
1H FY25 PBT (RM' Bil)	YoY (%)
3,163	▲ 8.0%
2,740	▲ 6.0%
394	▲ 28.8%
41	▼ 12.1%



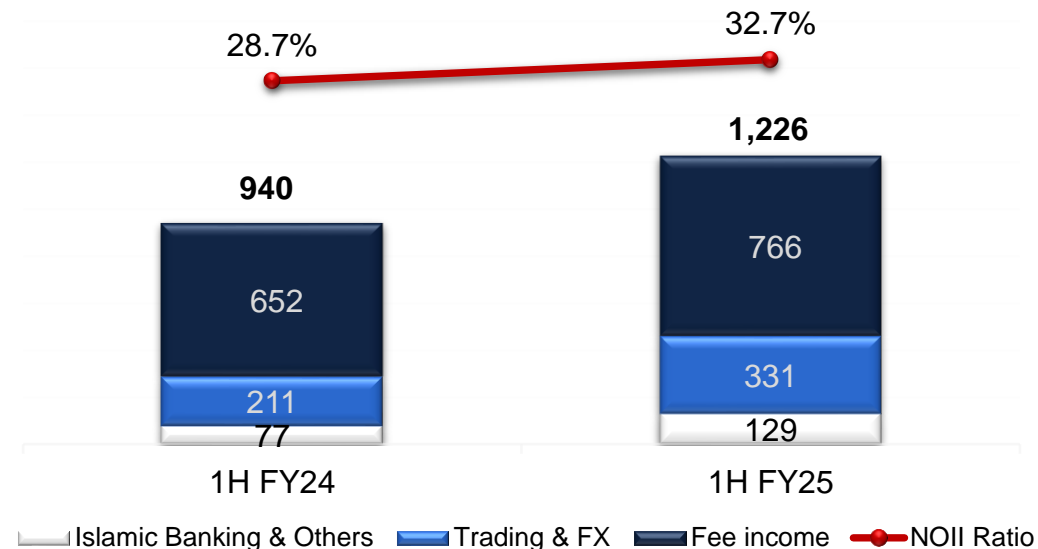
# Net Interest Income & Non-Interest Income

*Higher NOII ratio of 32.7% supported by robust fee income and investments gains*

Operating Income Breakdown (RM' Mil)



NOII Breakdown (RM' Mil)



RM' mil	1H FY24	1H FY25	Change % (YoY)
Net Interest Income	2,334	2,522	8.0%
Non Interest Income	940	1,226	30.4%
<b>Total Income</b>	<b>3,274</b>	<b>3,747</b>	<b>14.5%</b>

RM' mil	1H FY24	1H FY25	Change % (YoY)
Fee Income*	652	766	17.6%
Trading, Investment & Forex	211	331	56.6%
Islamic Banking and others	77	129	67.3%
<b>Total</b>	<b>940</b>	<b>1,226</b>	<b>30.4%</b>

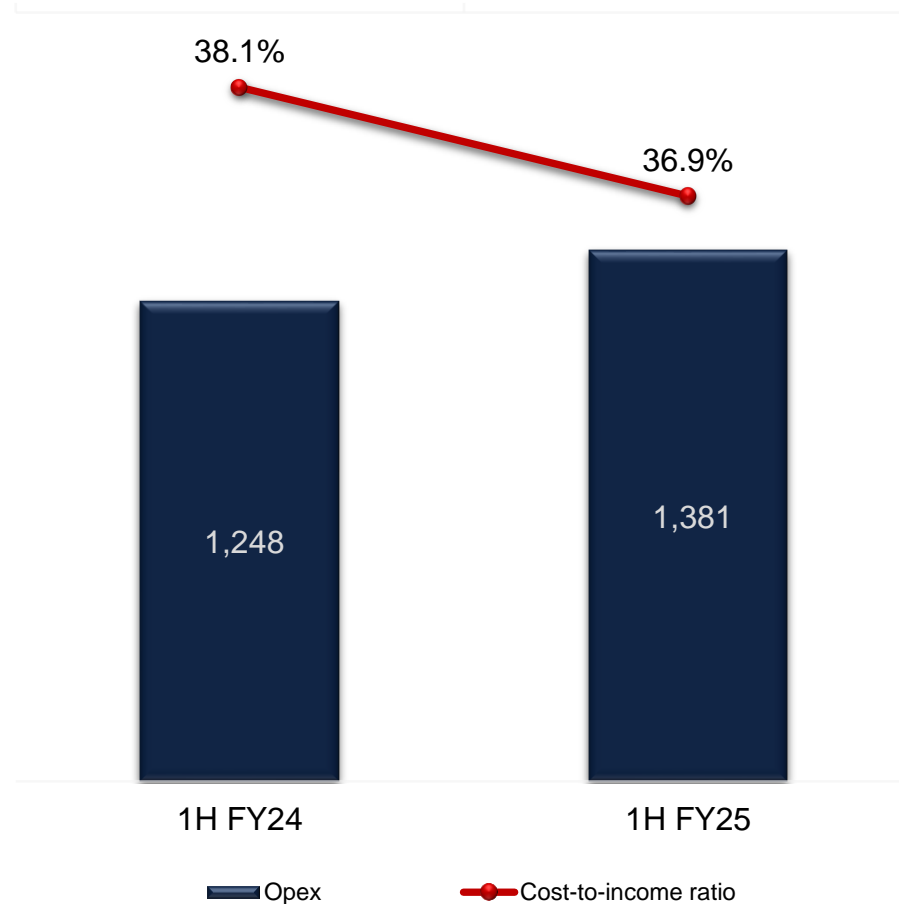
\*Note: Fee income includes Insurance and Takaful



# Operating Expense

*CIR improved on positive JAWS to 36.9%, one of the lowest in the industry*

(RM' Mil)



RM' mil	1H FY24	1H FY25	Change % (YoY)
Personnel	708	749	5.7%
Establishment	279	289	3.6%
Marketing	93	137	46.4%
Administration and general (A&G)	167	206	23.1%
<b>Total</b>	<b>1,248</b>	<b>1,381</b>	<b>10.6%</b>

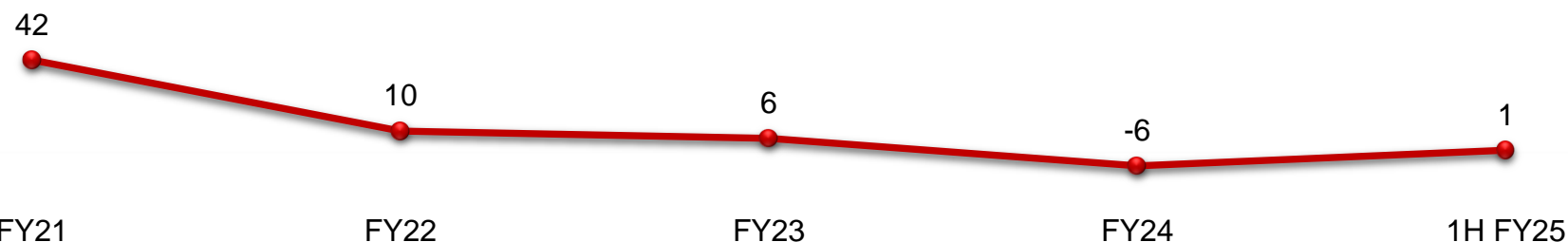
- 1H FY25 Opex +10.6% YoY was attributed to:
  - Higher personnel from higher salaries and allowances of revenue generation workforce for business growth
  - A&G cost increased from higher net credit card fees from increased retail spend and merchant sales volume
  - Marketing expenses increase due to higher performance bonus and incentive from higher sales volume
  - Establishment cost was within expectations.
- 1H FY25 CIR improved by 120 bps to 36.9% on positive JAWS



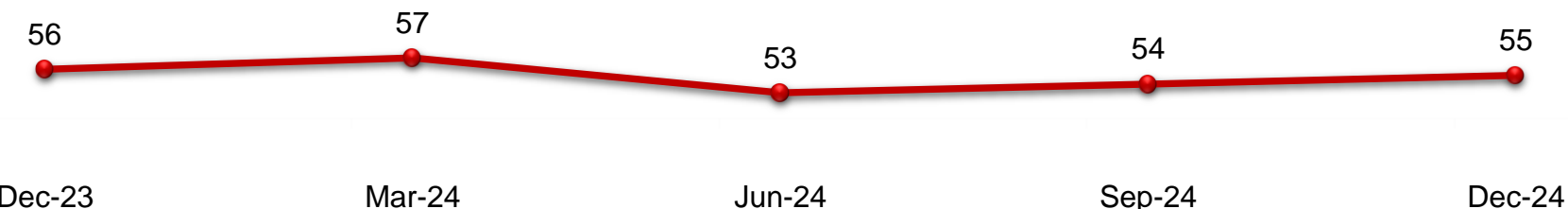
# Asset Quality

*Solid asset quality with a stable GIL ratio and high coverage ratio*

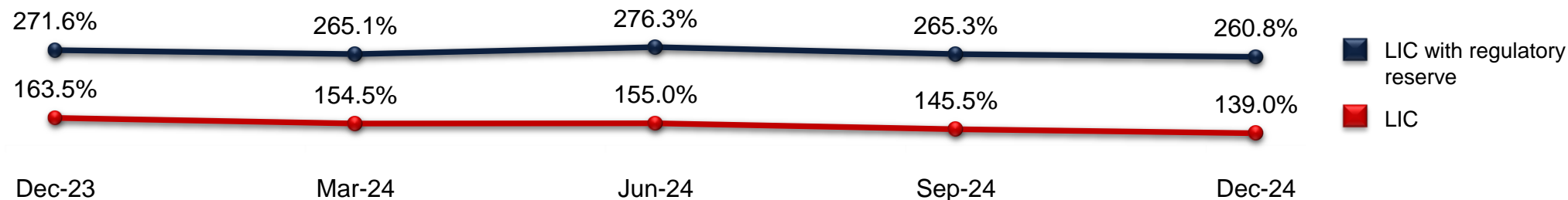
## Credit Cost (Bps)



## Gross Impaired Loans Ratio (Bps)



## Loans/Financing Impairment Coverage (LIC) (%)



# Liquidity & Capital

*Capital and liquidity remains sound and above regulator thresholds*

## Liquidity

Loan-to-Deposit Ratio (LDR)

86.8%

87.4%

87.7%

Liquidity Coverage Ratio (LCR)

136.4%

139.7%

142.7%

Net Stable Funding Ratio (NSFR)

117.8%

116.8%

116.9%

Dec-23

Sep-24

Dec-24

## Capital Adequacy

14.5%

12.0%

10.9%

14.1%

12.3%

11.3%

13.9%

12.0%

11.0%

Dec-23

Sep-24

Dec-24

■ CET1

■ Tier 1

■ CAR

*Note: ` Capital base & ratio after proposed dividends*



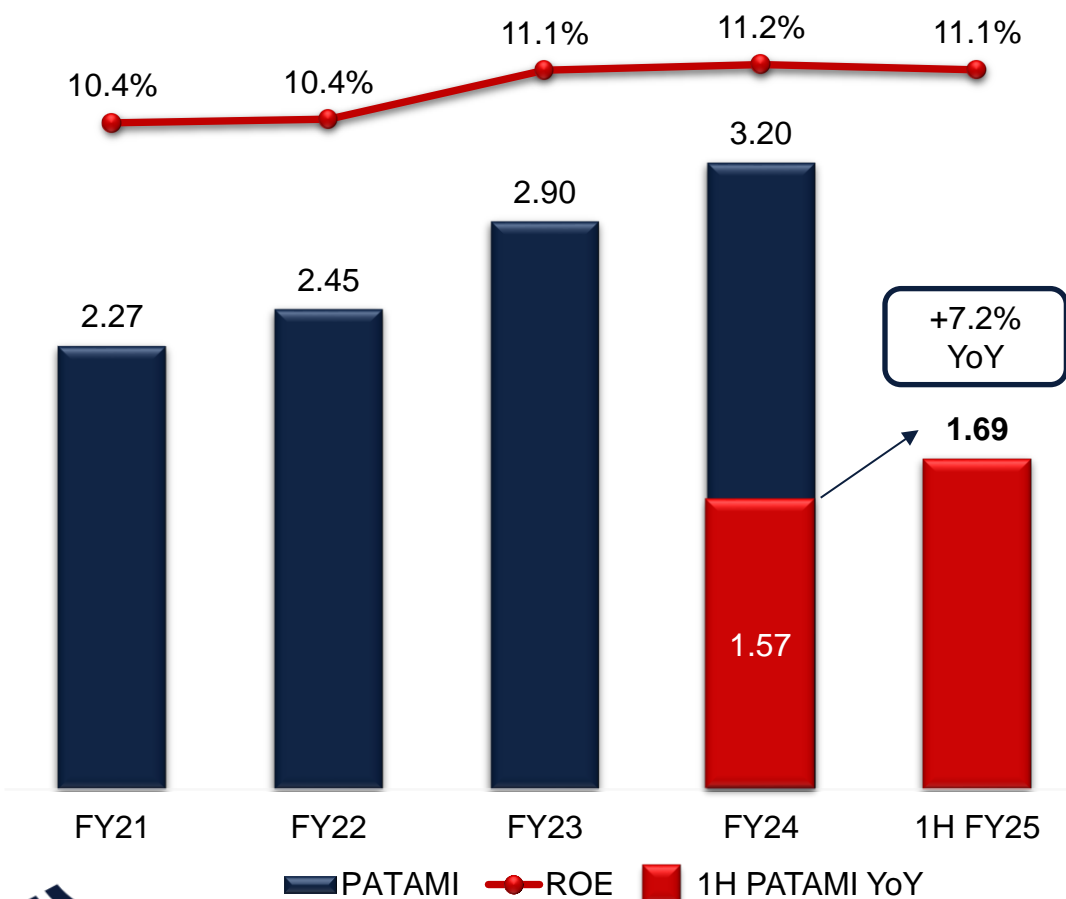


# Shareholder Value

*1H FY25 ROE remains strong at 11.1%, Declared interim dividend of 20sen, 11.1% higher YoY*

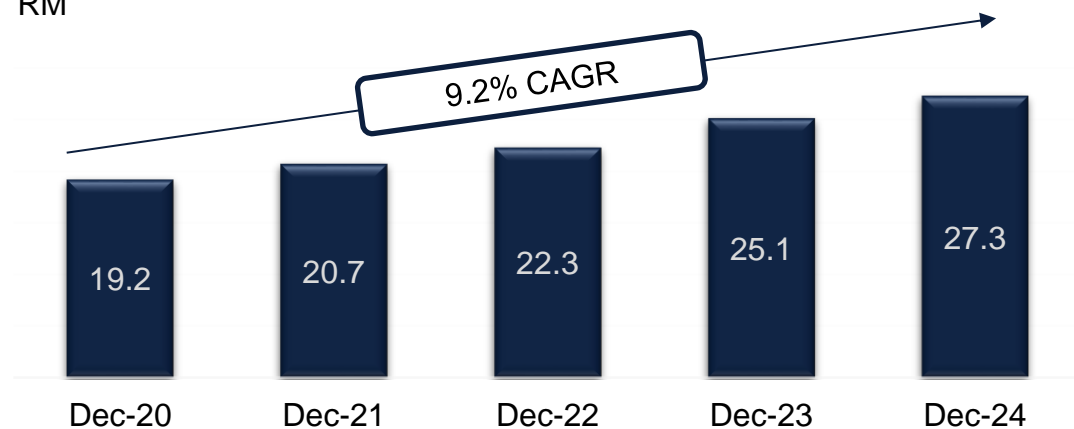
## PATAMI & ROE

RM' Bil

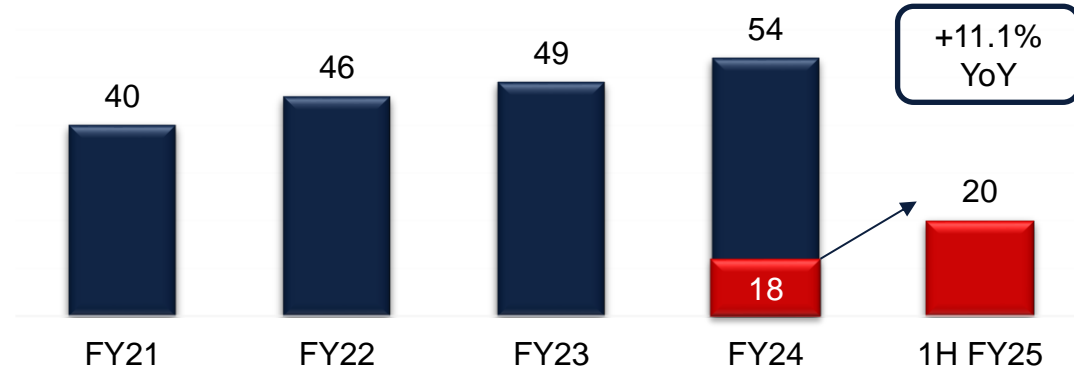


## Book Value Per Share

RM



## Dividend Per Share



# Commercial Banking: Hong Leong Bank

*Improved performance driven by robust loan growth, improving NIM and higher NOII contributions*

Income Statement (RM' mil)	1H FY24	1H FY25	Change % (YoY)
Net Interest Income	2,282	2,472	8.3%
Non-Interest Income	577	757	31.3%
<b>Total income</b>	<b>2,859</b>	<b>3,230</b>	<b>13.0%</b>
Operating expenses	(1,134)	(1,253)	10.5%
<b>Operating Profit</b>	<b>1,725</b>	<b>1,977</b>	<b>14.6%</b>
Allowances for loans and other impairments	57	(12)	>100%
Share of profits from associates	803	775	(3.5%)
<b>PBT</b>	<b>2,584</b>	<b>2,740</b>	<b>6.0%</b>
<b>PAT</b>	<b>2,118</b>	<b>2,238</b>	<b>5.7%</b>
Balance Sheet (RM' bil)	Dec-23	Dec-24	Change % (YoY)
Gross Loan	185.2	199.4	7.7%
Deposits	211.2	226.7	7.4%

Key Operating Ratios	1H FY24	1H FY25	Change % (bps)
<b>Profitability &amp; Efficiency(%)</b>			
Return on Average Equity	12.2%	11.9%	(30 bps)
Net Interest Margin	1.85%	1.91%	6 bps
Cost to Income Ratio	39.7%	38.8%	(87 bps)
<b>Asset Quality (bps)</b>			
Gross Impaired Loans Ratio	56	55	(1 bps)
<b>Liquidity and Capital (%)</b>			
CET1	12.9%	13.0%	12 bps



Sustainability Updates

- HLBB received its fourth consecutive award at the annual National Energy Awards 2024 for 'Sustainable Energy Financing by a Domestic & Islamic Bank'



# Insurance & Takaful: HLA Holdings

*Continued PBT growth momentum driven by both segments , Life Insurance and General Insurance*

PBT (RM' mil)	1H FY24	1H FY25	Change % (YoY)
Life Insurance	267	307	14.8%
Family Takaful	8	19	>100%
Singapore	6	12	>100%
Hong Kong	0	17	>100%
Profits from associates	45	33	(25.7%)
<b>PBT*</b>	<b>306</b>	<b>394</b>	<b>28.8%</b>
<b>PAT</b>	<b>211</b>	<b>277</b>	<b>31.4%</b>

\* PBT breakdown includes consolidation entries: 1H FY25 PBT = RM5 mil; 1H FY24 PBT = RM-20 mil

Key Operating Ratios	1H FY24	1H FY25	Change % (YoY)
<b>Life insurance</b>			
HLA Return on Average Equity	10.7%	11.4%	0.7%

## Sustainability Updates



- 100% of HLA investments are classified as does no significant harm to the environment as at Dec-24

Life insurance & Family Takaful, 83% of PBT

RM326 Mil  
+18.7% YoY



General Insurance, 16% of PBT

RM62 Mil  
+21.5% YoY

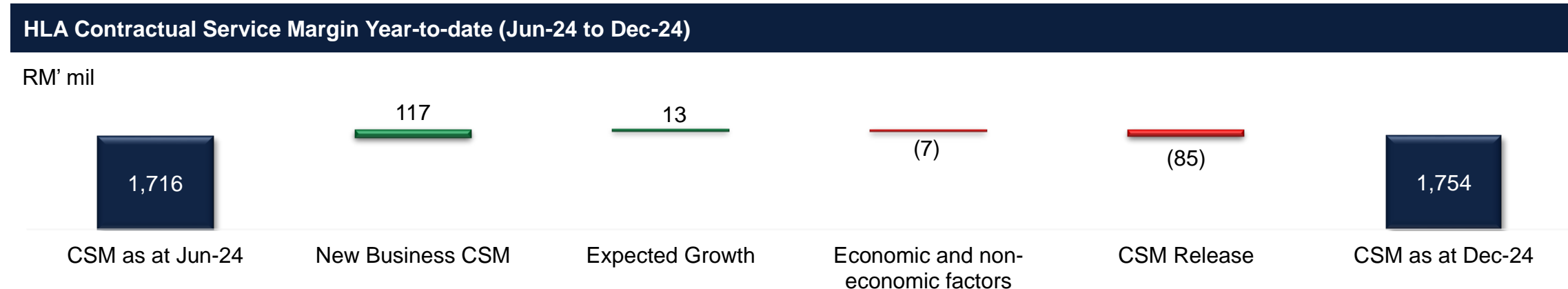
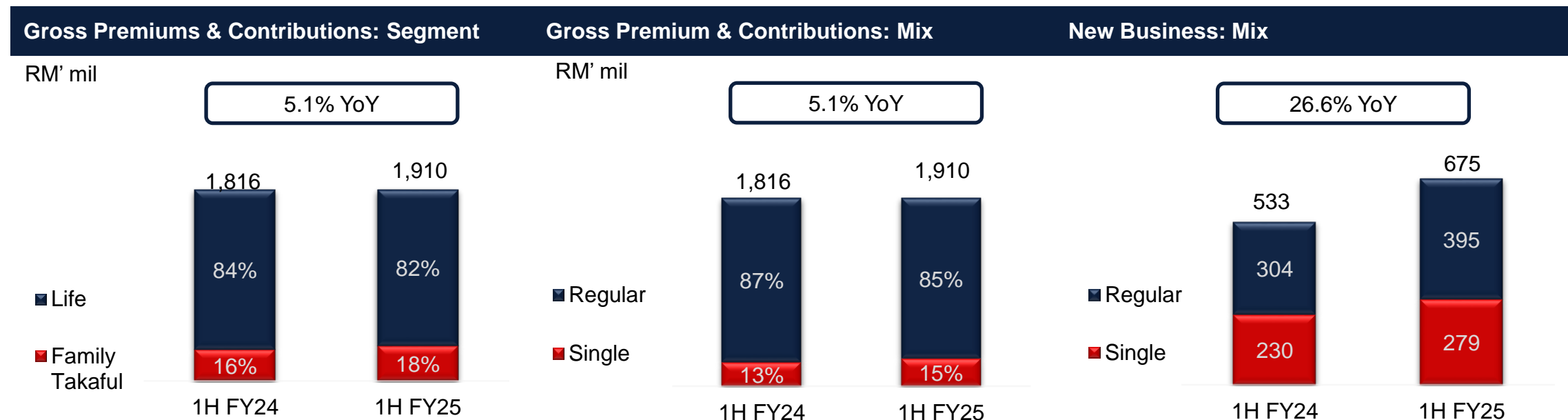
## Key Drivers

- Insurance and takaful PBT of RM394 mil (+28.8% YoY) driven by stronger investment income and higher net insurance service results, mitigating the lower share of profits from its associate, MSIG Insurance (Malaysia).
- Life Insurance and Family Takaful 1H FY25 PBT grew +18.7% YoY driven by HLA's higher investment income and net insurance service results in view of higher average case size and higher takaful margins.
- General Insurance +21.5% YoY driven by rebound in Hong Kong investment income, which offset lower profit contribution from associate.



# Life Insurance & Family Takaful

*Higher gross premiums driven by 26.6% y-o-y new business growth*

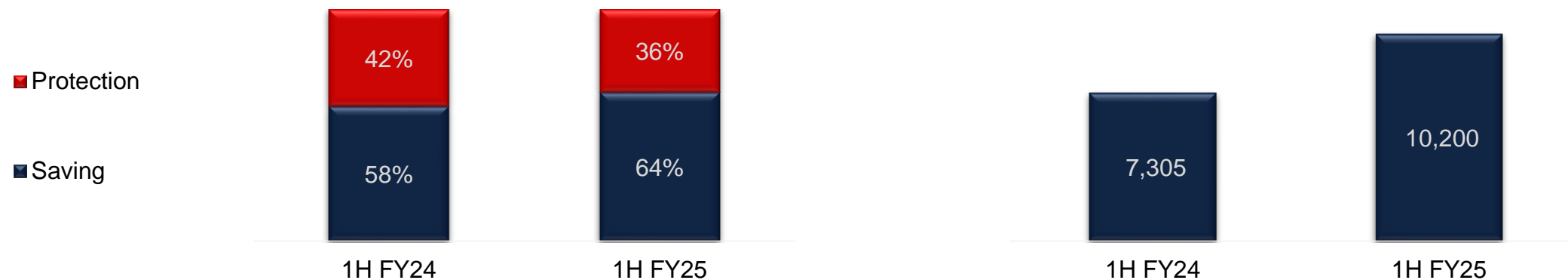


# Life Insurance & Family Takaful

*Balanced protection : savings ratio for growth, Continued agent expansion especially in takaful*

HLA Annualised Premiums: Protection & Saving Mix

HLA Average Case Size

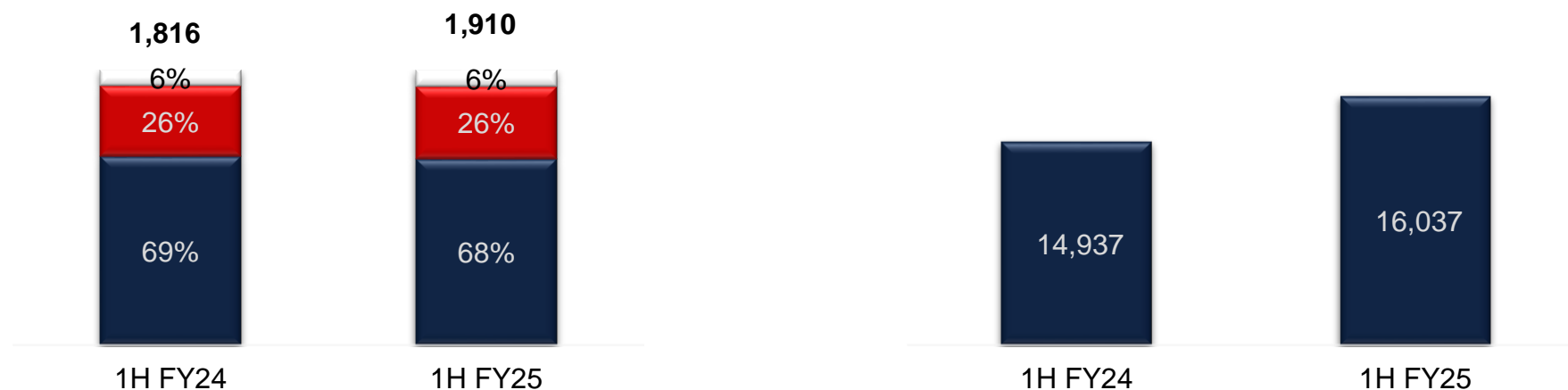


Gross Premiums & Contributions channel mix

Combined Number of Agents

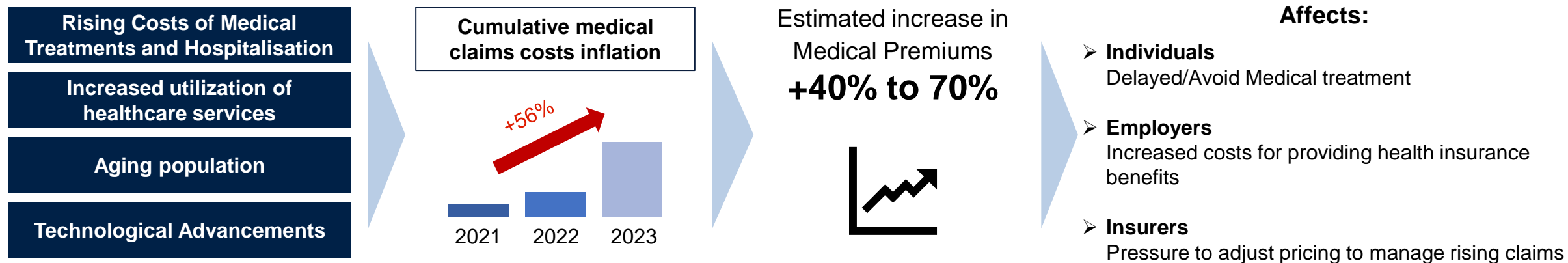
RM' mil

■ Telemarketing/AC  
■ Bancassurance  
■ Agents



# Medical Repricing Exercise for HLA & HLMT

*Medical premiums deferment not material to the Group*



As such, BNM has introduced interim measures for Insurers and Takaful Operators (“ITOs”) to manage this increase which HLA and HLMT will implement as follows:

## 1 Spreading Medical Repricing Quantum

**HongLeong Assurance**

HLA’s medical policies revised repricing will be spread by 6 % to 10% yearly over 5 years

**HongLeong MSIG Takaful**

HLMT’s medical policies revised repricing will be implemented from FY2026 onwards

## 2 Deferment

To support older age participants aged 60 and above under the minimum/lowest plan within a medical product, repricing will be deferred by 1 year. Estimated <1% of HLA portfolio is eligible for 1 year deferment.

## Estimated HLA 5-year Financial Impact

- Financial impact of spreading medical repricing is not a material impact towards the Group’s profitability

RM’mil	FY25	FY26	FY27	FY28	FY29
Impact to MFRS17 CSM Balance	(47.0)	-	-	-	-
Impact to MFRS17 PBT	(6.8)	(8.8)	(7.6)	(6.5)	(5.6)





# Investment Banking: HLCB

*Stockbroking performance remains buoyant, but investment banking and asset management contributions were lower*

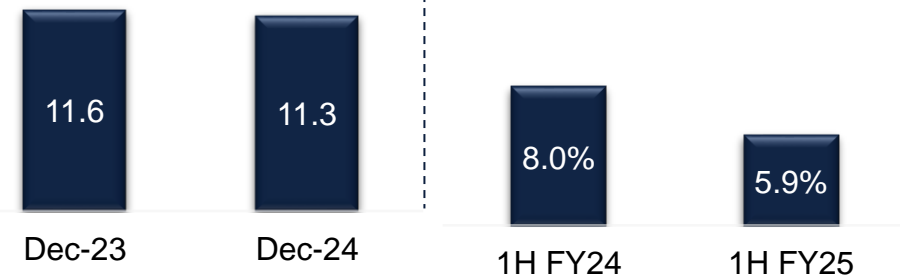
RM' mil	1H FY24	1H FY25	Change % (YoY)
Net Interest Income	25	32	28.4%
Non-Interest Income	89	76	(14.3%)
<b>Total income</b>	<b>114</b>	<b>108</b>	<b>(4.9%)</b>
Operating expenses	(67)	(67)	0.4%
<b>PBT</b>	<b>47</b>	<b>41</b>	<b>(12.1%)</b>
<b>PAT</b>	<b>39</b>	<b>30</b>	<b>(22.7%)</b>
<b>PBT by segment</b>			
Stockbroking	21	25	17.7%
Investment Banking	7	4	(45.1%)
Asset Management	5	4	(29.1%)
Others	13	9	(35.2%)
<b>PBT</b>	<b>47</b>	<b>41</b>	<b>(12.1%)</b>

## Sustainability Updates

- HLCB became the first investment banking group in Malaysia to become an official signatory to the Partnership for Carbon Accounting Financials ("PCAF")

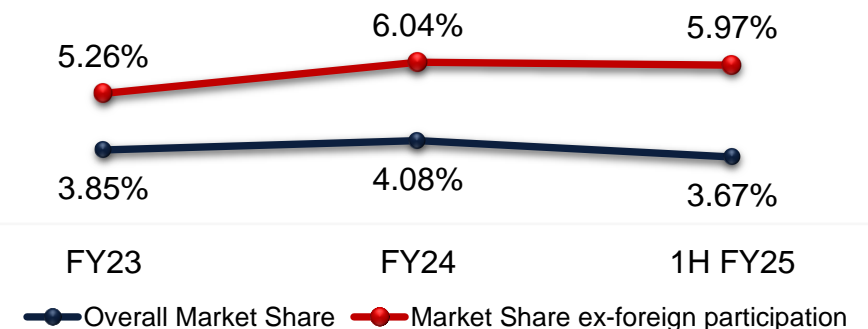


## Asset Management Average AUM (RM' bil)



## HLCB average ROE (%)

## Stockbroking Market Share (%)



## HLIB Capital (%)

Dec-24

## CET1

35.4%

## CAR

44.5%



# Closing Remarks



# Closing Remarks



- The Group's strong performance ex-associate contributions is a testament of our focused execution of strategic priorities in growing our topline, whilst maintaining best-in-class asset quality.



- Remains vigilant on the potential downside risks especially from evolving geopolitical tensions amid escalating protectionist policies
- Malaysia's economic outlook to continue positive momentum from last year to 2025



- The Group remains on-track to deliver improved financial performance and remains focused on:
  - Grow targeted segments, develop new product offerings, and enhance customer centricity
  - Maintaining cost discipline and sound asset quality management.
  - Strong capital and liquidity position.



- Sustainability and continued investments in technology remains key strategic priorities.



# Supplementary Information

# Key Financial Summary

RM' mil	1H FY24	1H FY25	Change % (YoY)	1Q FY25	2Q FY25	Change % (QoQ)
Net Interest Income	2,334	2,522	8.0%	1,270	1,251	(1.5%)
Non-Interest Income	940	1,226	30.4%	622	604	(2.9%)
<b>Total income</b>	<b>3,274</b>	<b>3,747</b>	<b>14.5%</b>	<b>1,892</b>	<b>1,855</b>	<b>(1.9%)</b>
Operating expenses	(1,248)	(1,381)	10.6%	(691)	(690)	(0.2%)
<b>Operating profit before allowances</b>	<b>2,026</b>	<b>2,366</b>	<b>16.8%</b>	<b>1,201</b>	<b>1,165</b>	<b>(2.9%)</b>
Writeback/(Allowances) for loans and other impairments	56	(12)	>100%	(7)	(4)	(41.7%)
Share of profits from associates	848	808	(4.7%)	394	414	5.2%
<b>PBT</b>	<b>2,930</b>	<b>3,163</b>	<b>8.0%</b>	<b>1,587</b>	<b>1,575</b>	<b>(0.7%)</b>
<b>PATAMI</b>	<b>1,574</b>	<b>1,687</b>	<b>7.2%</b>	<b>848</b>	<b>839</b>	<b>(1.0%)</b>
EPS (sen)	138.7	148.7	10 sen	74.7	74.0	(0.7 sen)

Balance Sheet	Dec-23	Dec-24	Change % (YoY)	Sep-24	Dec-24	Change % (QoQ)
Book value per share (RM)	25.1	27.3	8.7%	26.3	27.3	3.9%
Dividend per Share (Sen)	18.0	20.0	11.1%	-	20.0	>100%
Gross Loan (RM' Bil)	185.5	199.7	7.6%	194.5	199.7	2.6%
Customer Deposits (RM' Bil)	210.0	224.3	6.8%	218.6	224.3	2.6%



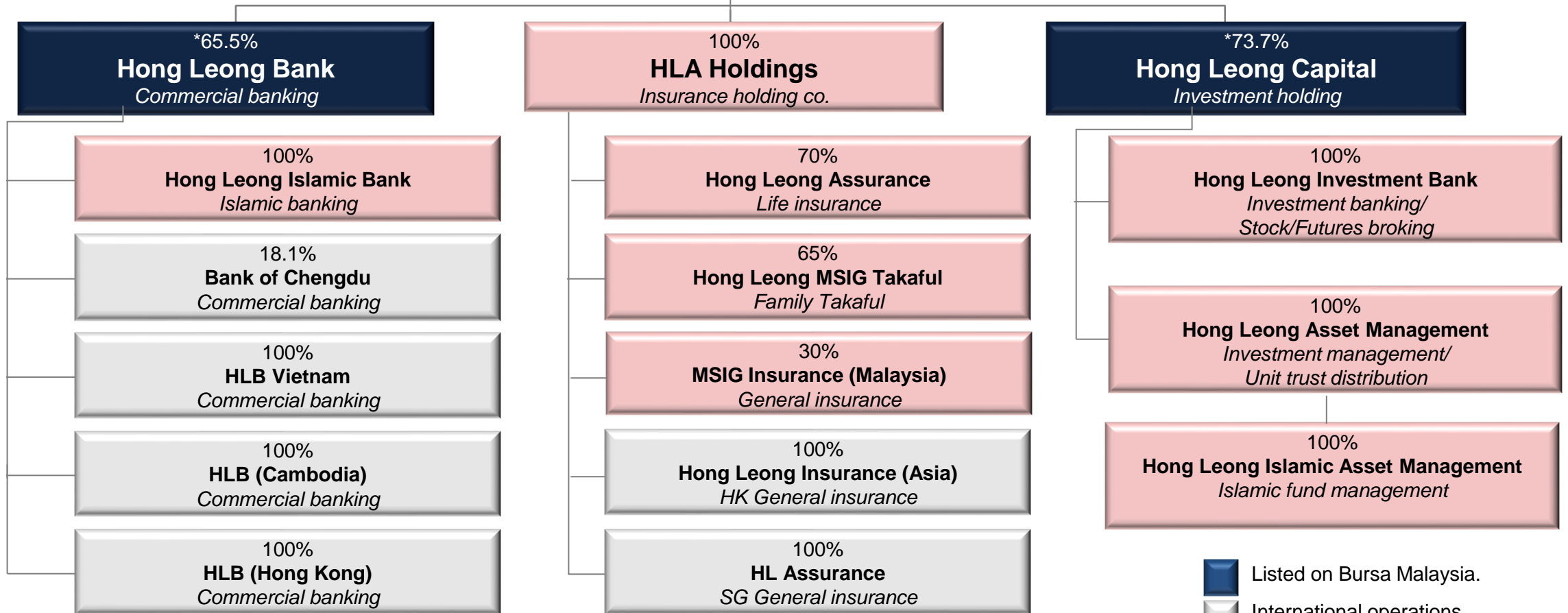
# Key Financial Summary



(%)	1H FY24	1H FY25	YoY	1Q FY25	2Q FY25	QoQ
<b>Profitability</b>						
Return on Average Equity (ROE)	11.3%	11.1%	▼	11.4%	10.8%	▼
Non-interest income / total income	28.7%	32.7%	▲	32.9%	32.5%	▼
Cost-to-income Ratio	38.1%	36.9%	▼	36.5%	37.2%	▲
<b>Asset Quality</b>						
LIC (excl. Reg. Reserves)	163.5%	139.0%	▼	145.5%	139.0%	▼
LIC (incl. Reg. Reserves)	271.6%	260.8%	▼	265.3%	260.8%	▼
Credit Cost	(0.06%)	0.01%	▲	0.01%	0.01%	=
Gross Impaired Loans Ratio	0.56%	0.55%	▼	0.54%	0.55%	▲
<b>Liquidity</b>						
Loan-to-Deposit Ratio (LDR)	86.8%	87.7%	▲	87.4%	87.7%	▲
Liquidity Coverage Ratio (LCR)	136.4%	142.7%	▲	139.7%	142.7%	▲
Net Stable Funding Ratio (NFSR)	117.8%	116.9%	▼	116.8%	116.9%	▲
<b>Capital Adequacy</b>						
Common Equity Tier I Capital Ratio (CET1)	10.9%	11.0%	▲	11.3%	11.0%	▼





# HLFG Corporate Structure



 Listed on Bursa Malaysia.  
 International operations.



\*Per accounting disclosures - ESOS Trust shares are deducted from share base as disclosed in our annual report per accounting rules;

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**Hanif Kamarudin**

Tel: +03-2080 9888

Email: [hanif@hongleong.com.my](mailto:hanif@hongleong.com.my)





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