



HongLeong Financial Group

INVESTOR PRESENTATION

30TH AUGUST 2023



AGENDA

- ❖ **Group FY23 Financial Highlights**
 - **HLFG Key Performance Trends**
 - **HLFG Share Price Performance**
 - ❖ **Business Focus in FY24**
-
- ❖ **PBT Contribution from Business Segments**
 - ❖ **Other Division Financial Highlights** *(for Banking division please refer to HLB's IR slides)*
 - ❖ **Sustainability & FY23 Recognitions**
 - ❖ **Appendix: Corporate Structure**

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Group FY23 Financial Highlights

HLFG

- **HLFG's PBT results a new record of RM5.1 bil in FY23.**
- Net Profit Attributable To Shareholders at RM2.8 bil, +14% YoY.
- Book Value per share increased 10.3% YoY to RM23.62
- **Net dividend per share: 49.0 sen, +3 sen YoY.**

HLB

- **Net Profit was RM3.8 bil, improved 16% YoY.**
- Loans grew 8.0% YoY, better than market.
- Cost to income ratio was solid at 39.3%
- **Asset quality remained resilient with Gross Impaired Loan ("GIL") ratio at 0.57%.**

HLAH

- **Net Profit recorded at RM366 mil, +8% YoY.**
- Gross premiums rose by 3% to RM4.1 bil, but new business regular premiums (life) declined by -14%.
- **HLA's EV recorded double-digit growth, +16% YoY to RM3.8 bil.**

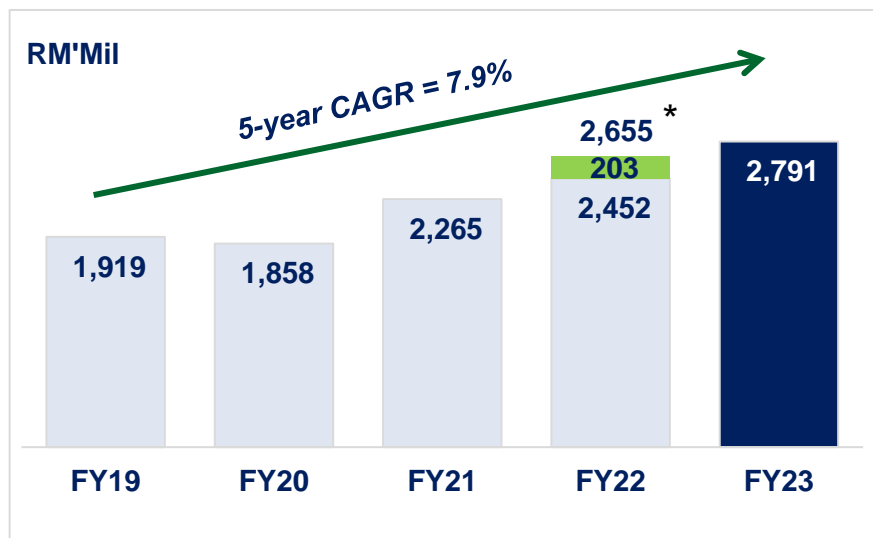
HLCB

- **Net Profit recorded at RM50 mil, -31% YoY due to challenging markets conditions.**
- Net dividend per share: 17.0 sen, -2 sen YoY

HLFG Key Performance Trends

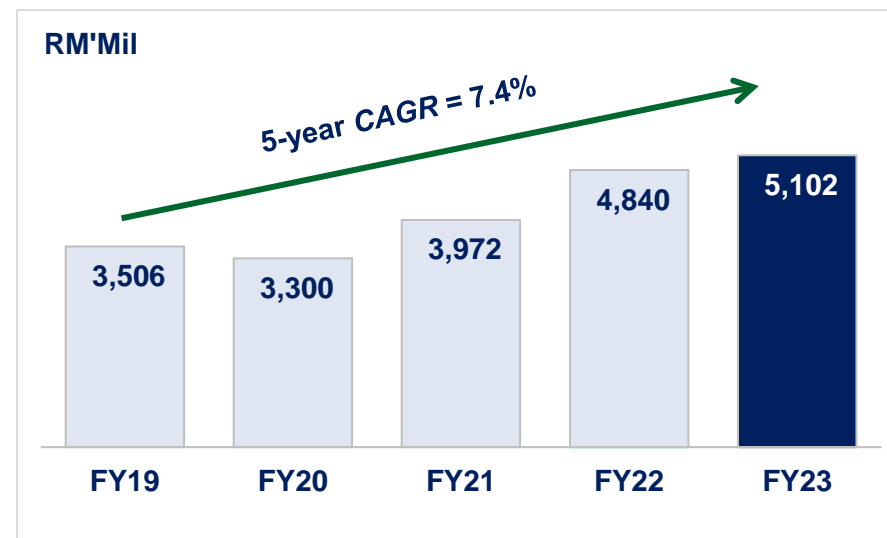
- Continuous improvement in performance over past 5 years.
- Net profit attributable to shareholders increase by 14% YoY primarily contributed from;
 - Solid contribution from commercial banking and insurance businesses;
 - Robust contribution from China associated companies; and
 - Absence of prosperity tax (“Cukai Makmur”).

Net Profit Attributable To Shareholders



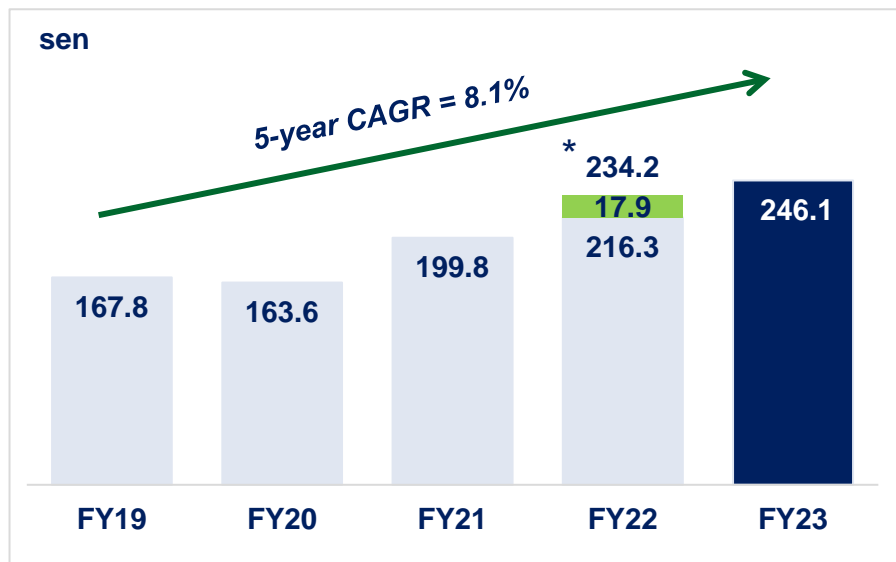
* Normalised Profit Prosperity Tax

Profit Before Tax



HLFG Key Performance Trends

Earnings Per Share

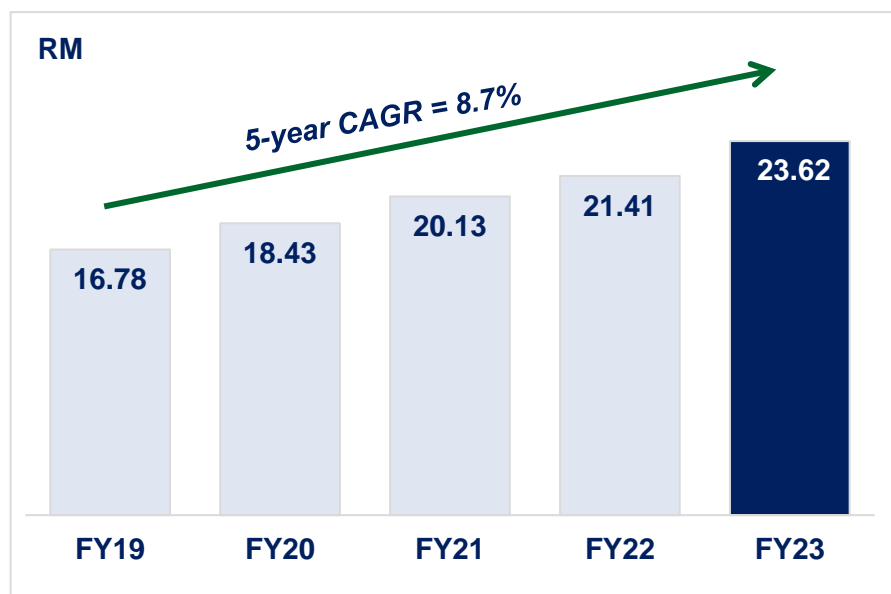


- Earnings Per Share +13.8% YoY to 246.1 sen.
- Return on Equity remained at 10.9%.

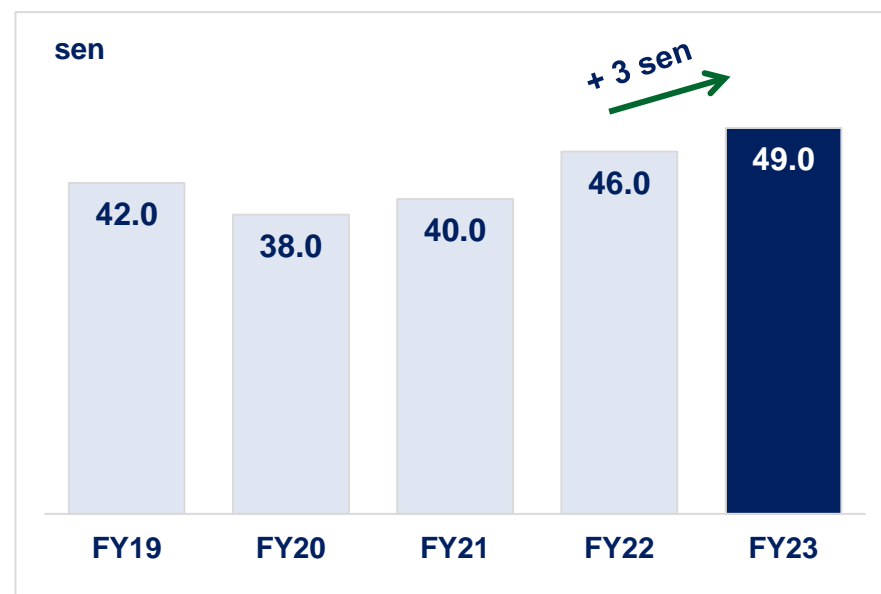
HLFG Key Performance Trends

- Book value/share +10.3% YoY to RM23.62
- Net DPS +3 sen to 49.0 sen in FY23 for a total dividend payment of RM562 mil;

Book Value Per Share

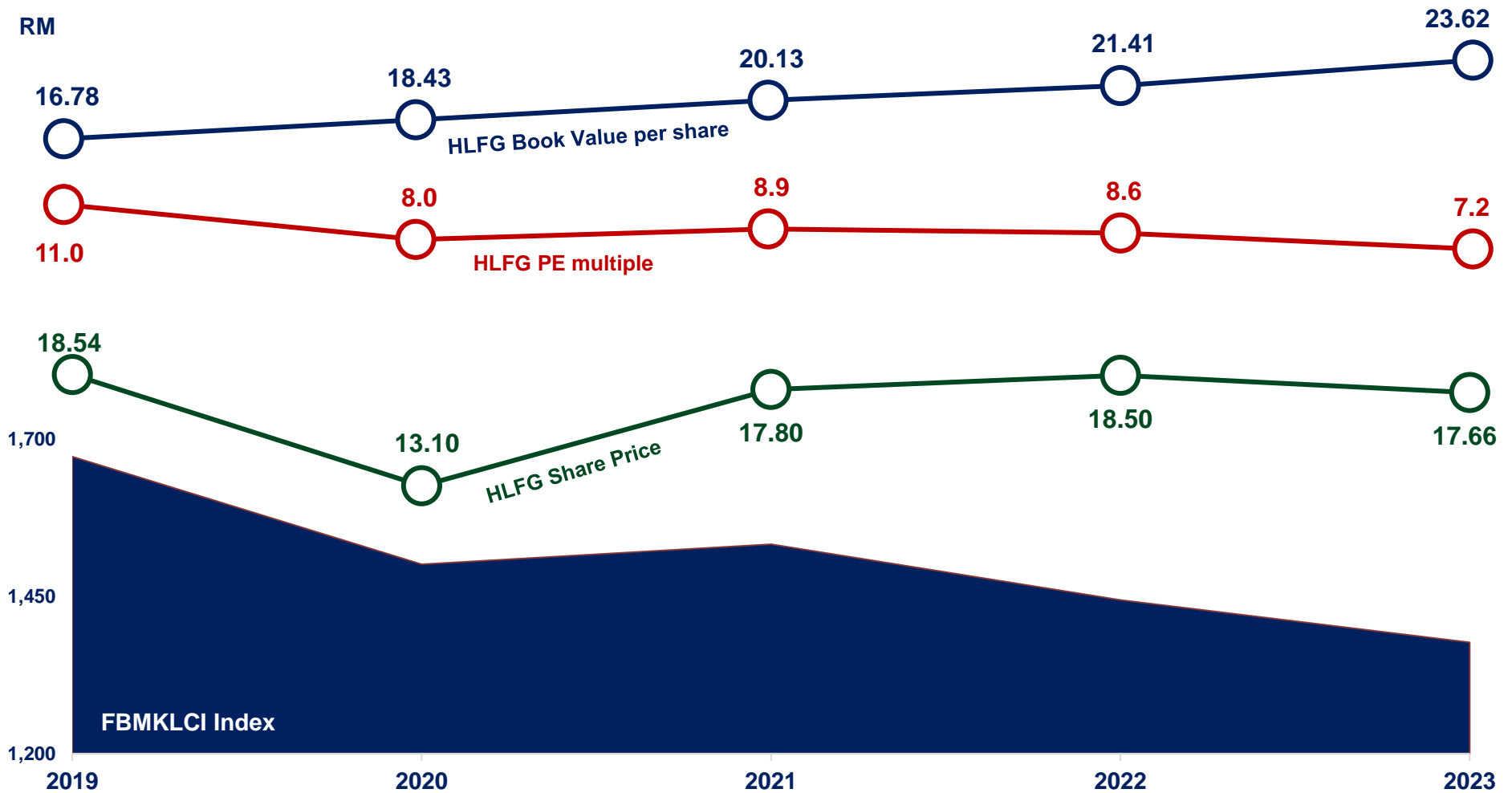


Net Dividend Per Share



HLFG Share Price Performance

HLFG Share price trading at attractive P/E multiple and P/B of 0.75x



Business Focus in FY24

HLB

- Grow business volume profitably at acceptable credit quality and NIM in targeted segments
- Strengthen Wealth Management, SME & Fee Income propositions
- Execute “Digital at its Core” and “Built around you” strategy
- Optimise distribution channels that is available across HLFG

HLAH

- Grow business volume profitably with focus on Non Par / Traditional Life / Regular Premium
- Expand product range targeting NBEV and EV growth while improving branding
- Introduce an Insurtech proposition to capture bigger share of young segment
- Increase agency workforce in both HLA and HLMT

HLCB

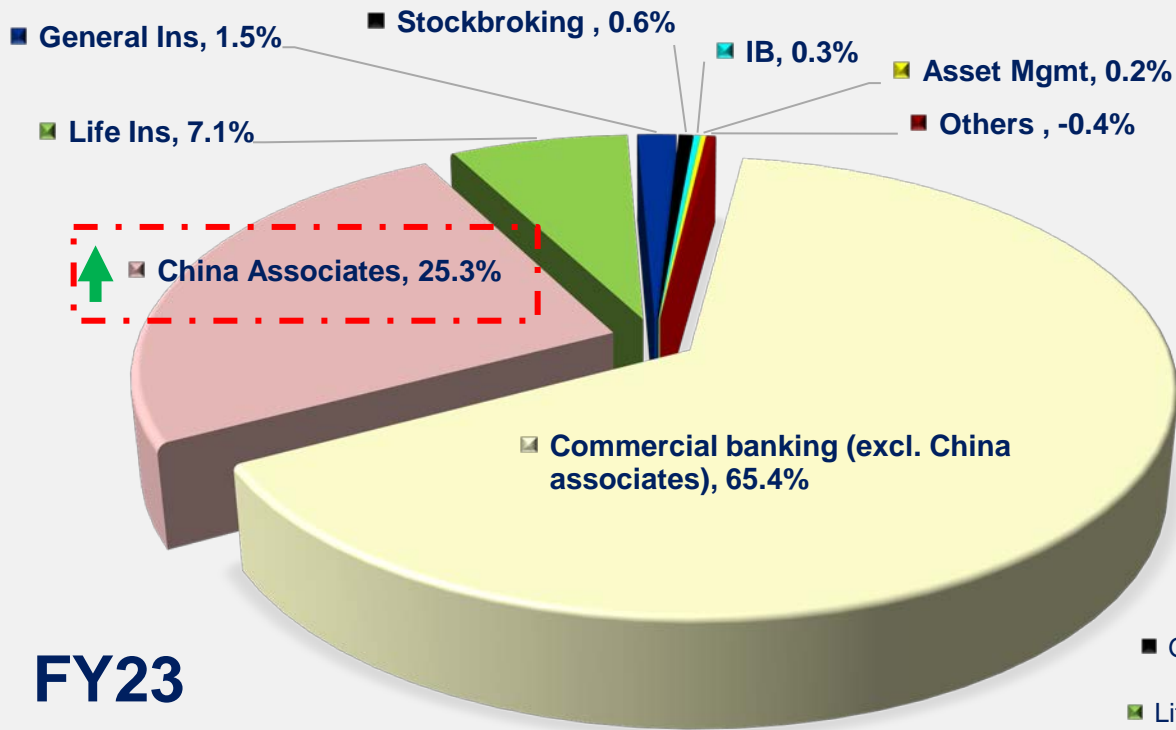
- Grow IB business profitably through innovative deal structures and expanding customer reach
- Focus on Digitalisation to improve customer experience
- Introduce foreign stock market product range at Stock Broking and HLAM
- Drive strong fund performance and improve market recognition for quality equity research



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 - HLFG Key Performance Trends
 - HLFG Share Price Performance
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- ❖ **PBT Contribution from Business Segments**
 - ❖ **Other Division Financial Highlights** *(for Banking division please refer to HLB's IR slides)*
 - ❖ Sustainability & FY23 Recognitions
 - ❖ Appendix: Corporate Structure

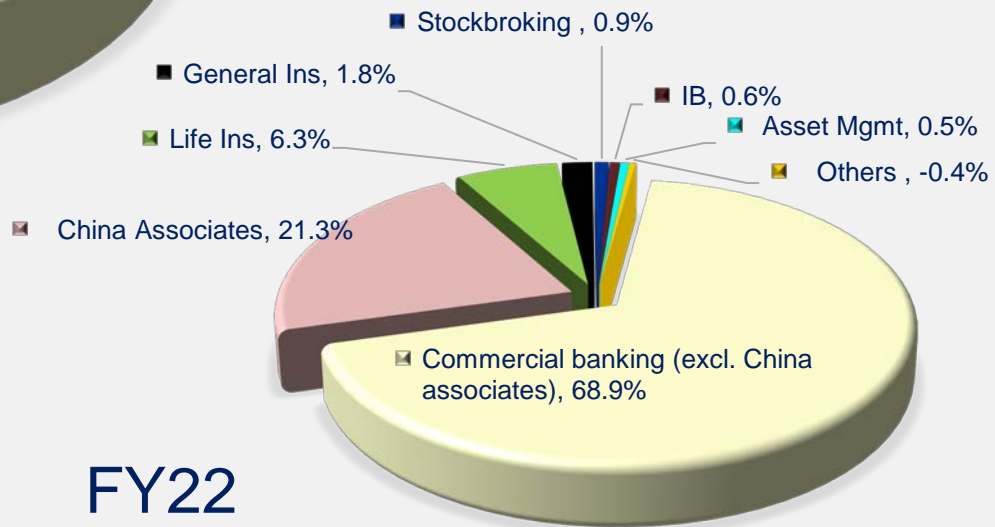
PBT Contribution from business segments



FY23

Notes:

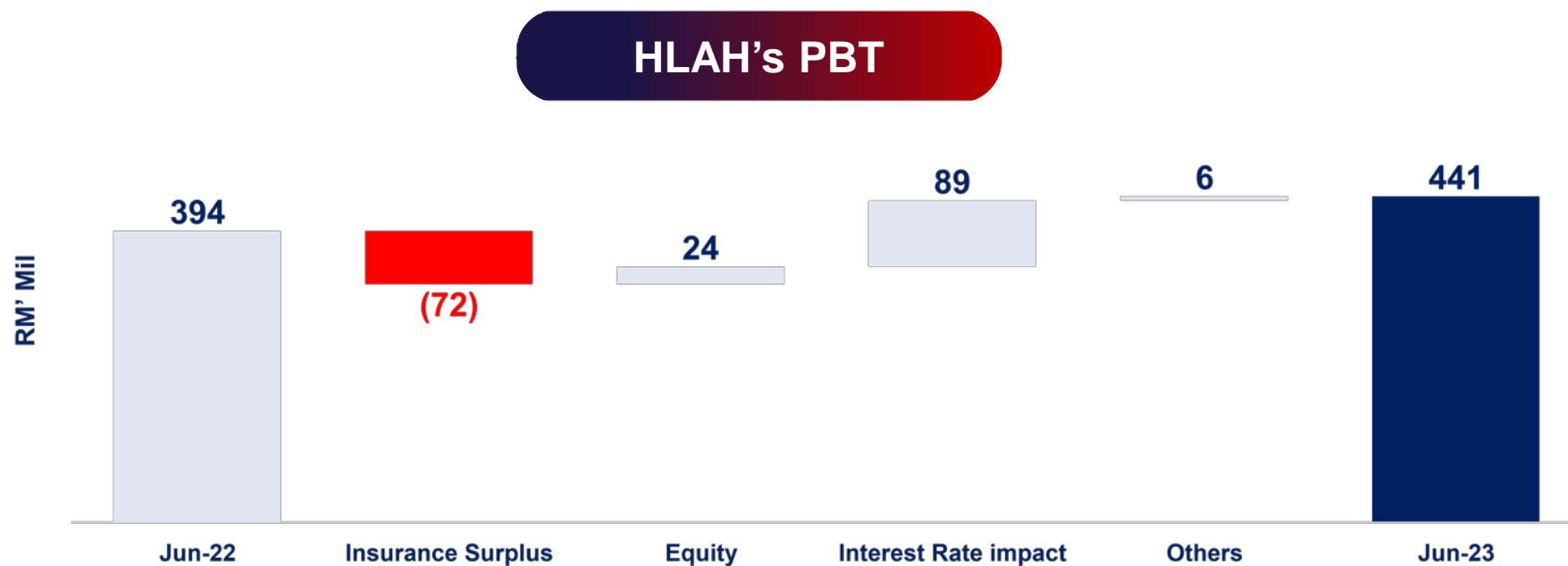
- General Insurance incl. 30 % profit contribution from MSIG
- Life Insurance include Family Takaful
- Others (incl. consolidation adjustments)



FY22

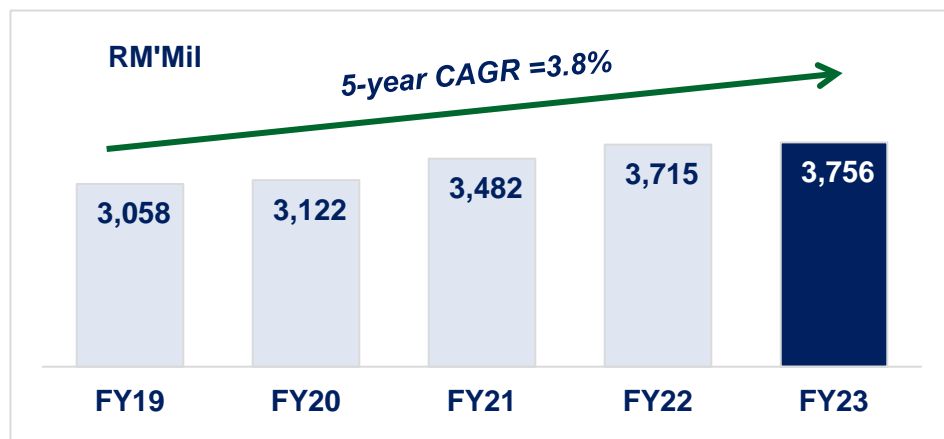
HLAH: FY23 Results Highlights

Profit Before Tax (PBT) (RM'Mil)	FY22	FY23	YoY Change RM	YoY Change (%)
HLA Holdings	393.7	441.0	47.3	+12.0%
Life Insurance	305.0	362.3	57.3	+18.8%
General Insurance and others	88.7	78.7	(10.0)	-11.3%

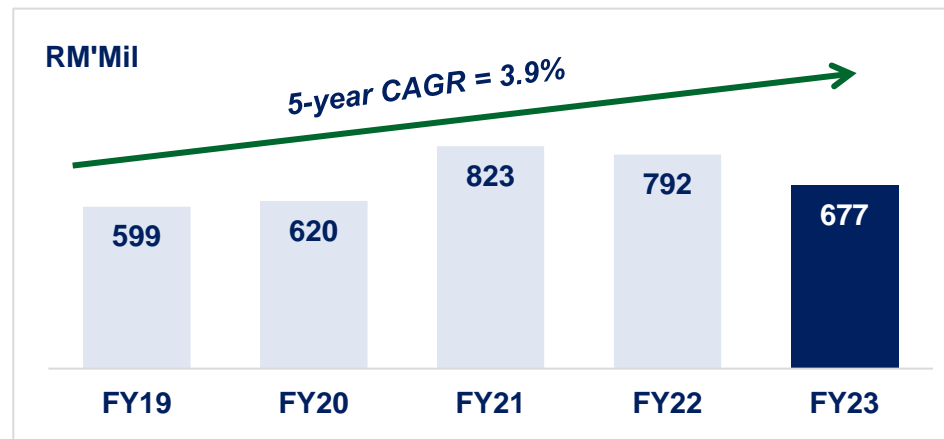


Life Insurance: Key Performance Indicators

Gross Premiums & Contribution



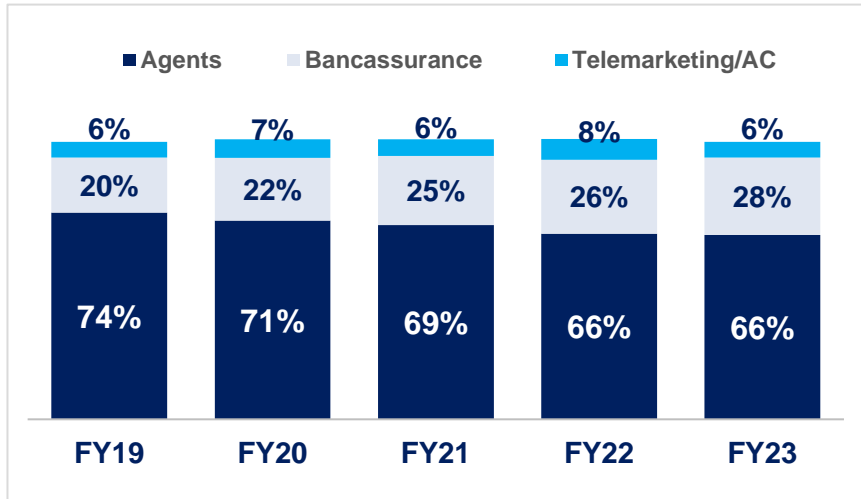
New Business Regular Premium & Contribution



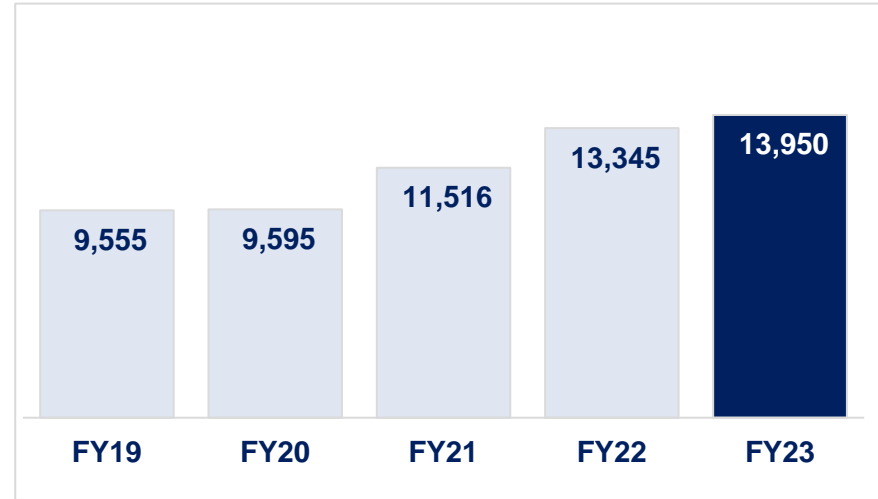
- Gradual shift towards protection products that carry smaller case size (premium) but higher margins.
- Protection & saving premium mix increased to 38:62 (FY22 - 24:76). By policy count, the ratio is 67:33 (FY22 - 58:42).
- HLA Investment-Linked (“IL”) share of gross premium has increased to 79%.
- HLA new business are mainly in IL & Non-Par products with the ratio over Par products at 95:5.
- HLA premium contribution mix between Regular vs Single premium is 93:7.
- **HLMT gross contribution improved 20% YoY to RM654 mil.**

Life Insurance: Distribution Highlights

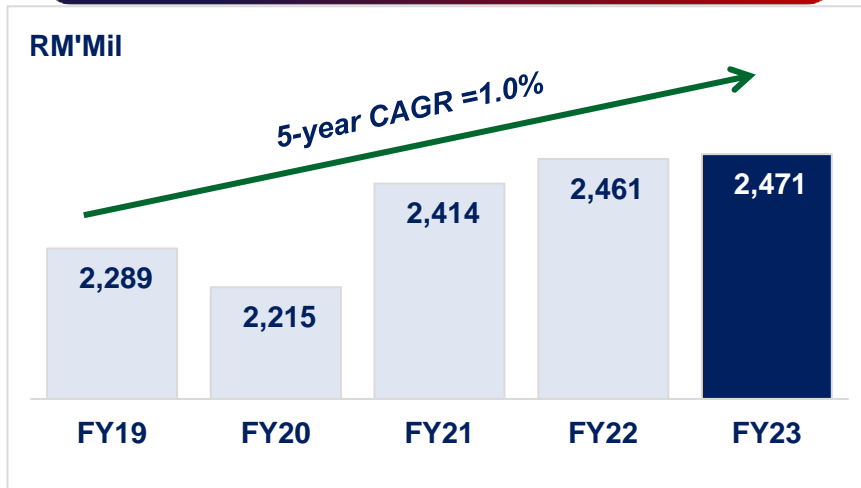
Share of Gross Premium



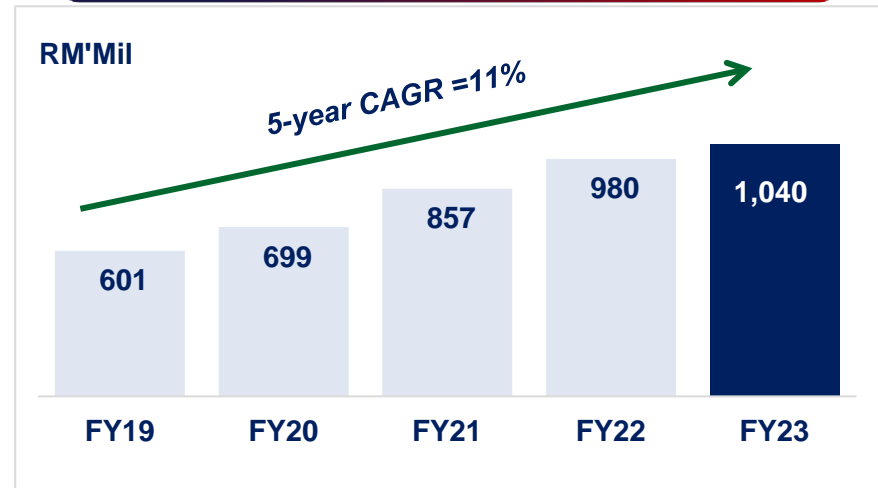
Combined number of Agents



Gross Premium - Agency

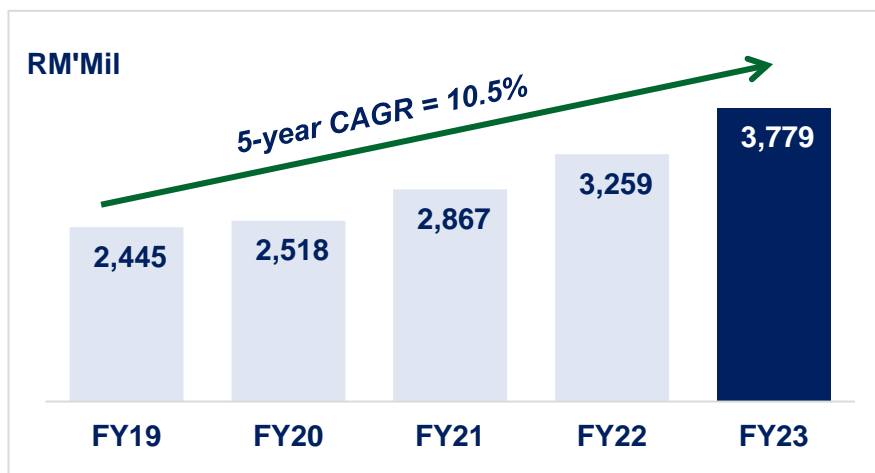


Gross Premium - Banca

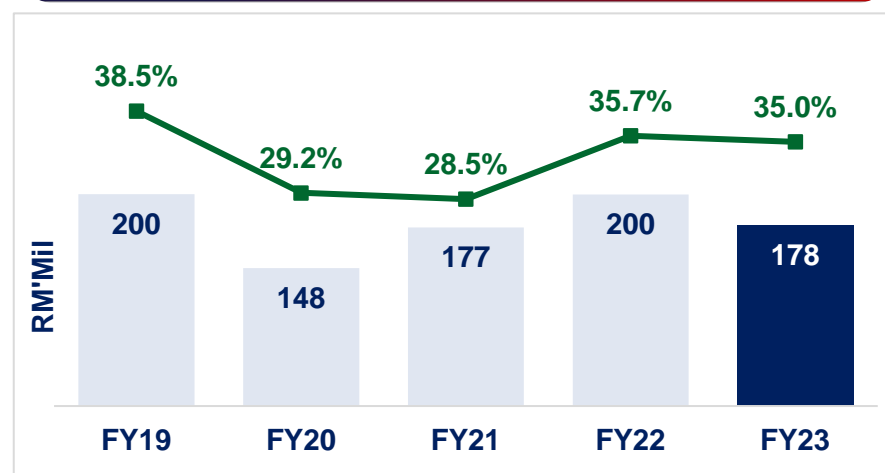


Life Insurance: EV & NBEV

HLA Embedded Value (EV)



HLA New Business Embedded Value (NBEV) & Margin

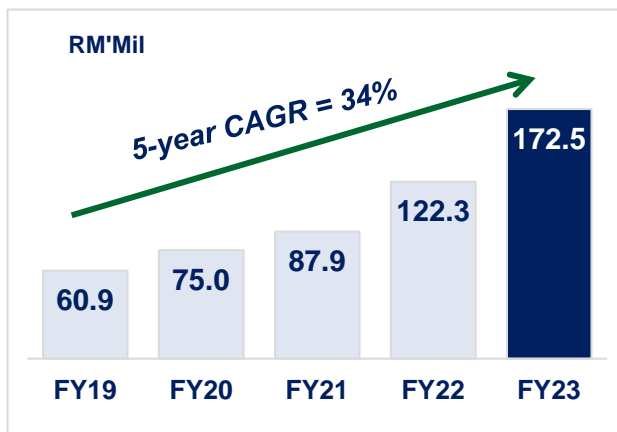


- EV improved by +16% driven by writing profitable new business and improved investment performance.
- The lower NBEV was mainly due to lower NBRP in both Agency and Banca channels.

Ernst and Young Consulting Services Sdn.Bhd performed a review of the methodology used (based on the embedded value reporting approach), the assumptions adopted, and performed a high-level review of the results of HLA's EV and NBEV calculations, based on the information provided by HLA and the agreed scope of work.

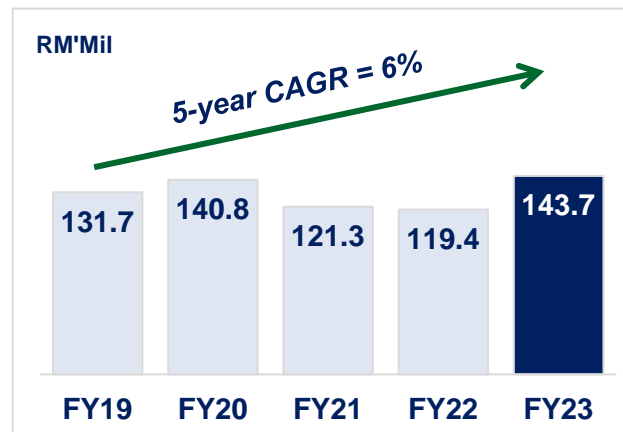
General Insurance: Business Highlights

HL Assurance: Gross Premium



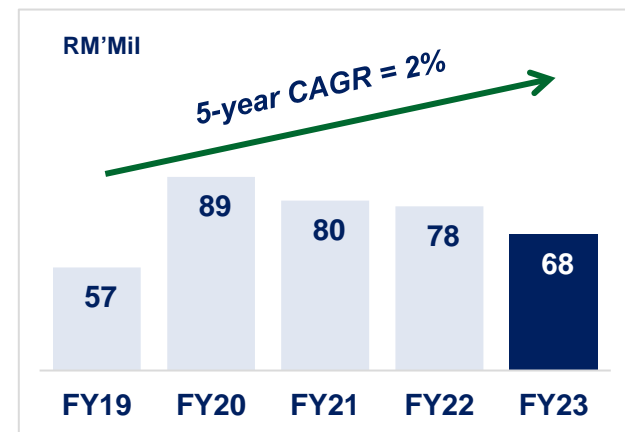
- Gross premium revenue grew +41% YoY with both personal and commercial lines delivering strong performance.

Hong Leong Insurance (Asia): Gross Premium



- Gross premium improved by +20% YoY as Hong Kong borders restrictions was lifted in early 2023.

MSIG: Share of profit contribution

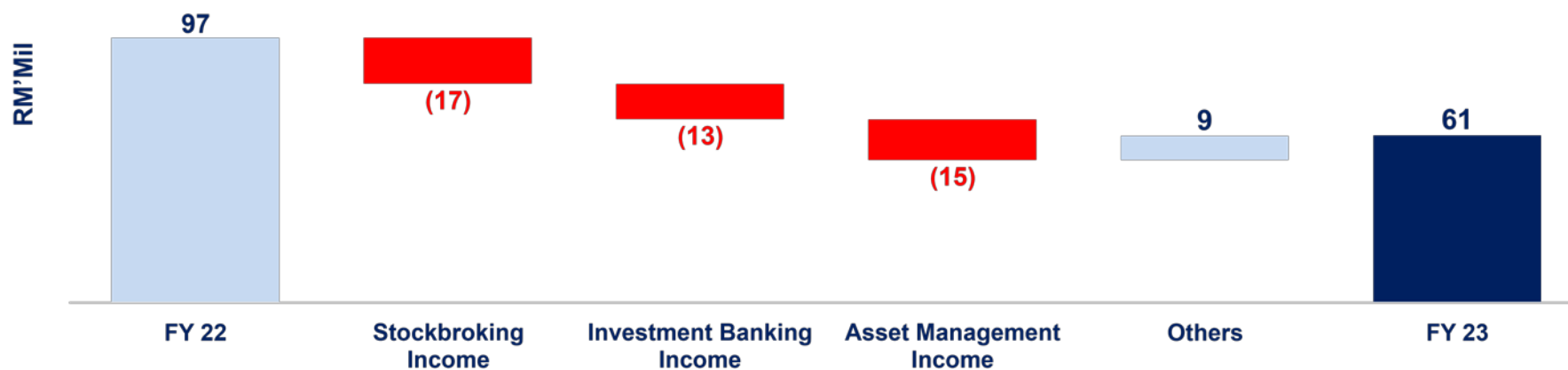


- Lower profit contribution from MSIG by -13% mainly driven by higher net claims from motor segment normalizing to pre-pandemic levels.

HLCB: FY23 Financial Highlights

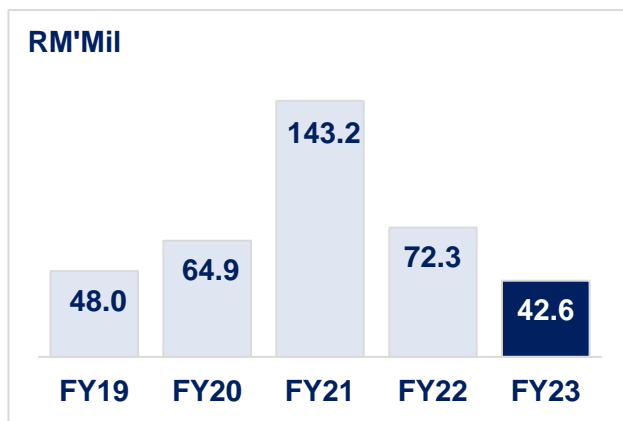
Profit Before Tax (PBT) (RM'Mil)	FY22	FY23	YoY Change	
			RM	%
Hong Leong Capital	97	61	-36	-37%
Hong Leong Investment Bank	72	43	-29	-41%
Hong Leong Asset Management	25	10	-15	-60%

HLCB's PBT



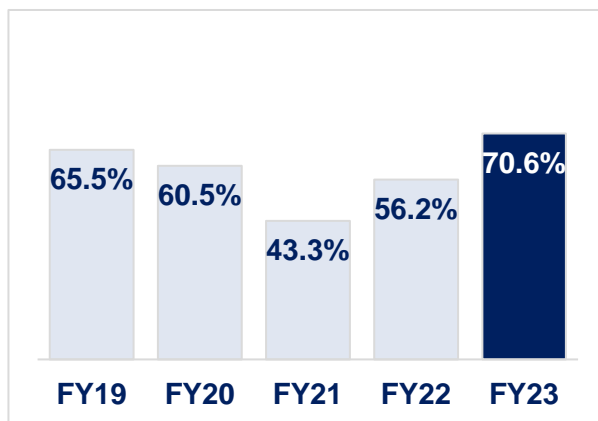
HLIB: Business Performance

Profit Before Tax



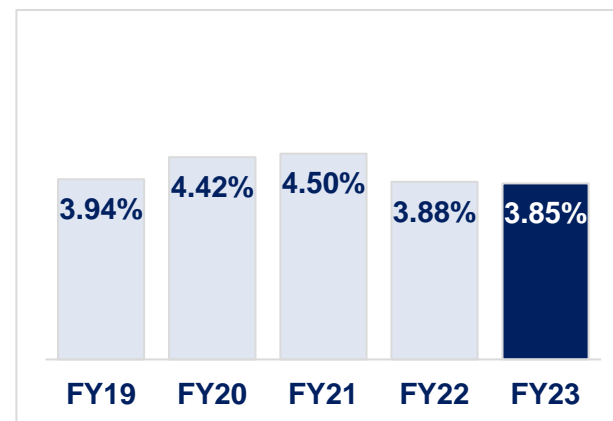
- Lower revenue generated from both its Investment Banking division and Stockbroking division was affected by compression in net interest income, delayed completion of mandated-deals and significantly lower traded volume on Bursa Malaysia.

Cost-to-Income Ratio



- The Cost-to-Income ratio increased to 70.6% due to a lower revenue.
- HLIB continued to exercise fiscal prudence and the operating expenses remained tightly controlled.

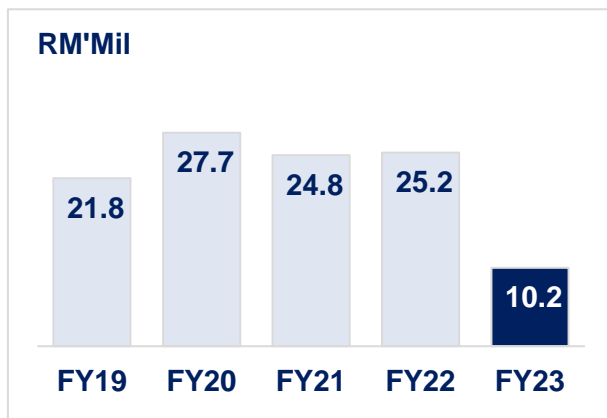
Stockbroking Market Share



- Stockbroking market share remained flattish amidst subdued Bursa activity
- HLIB is focusing on new products, new account acquisition and building its proprietary trading team to drive topline.

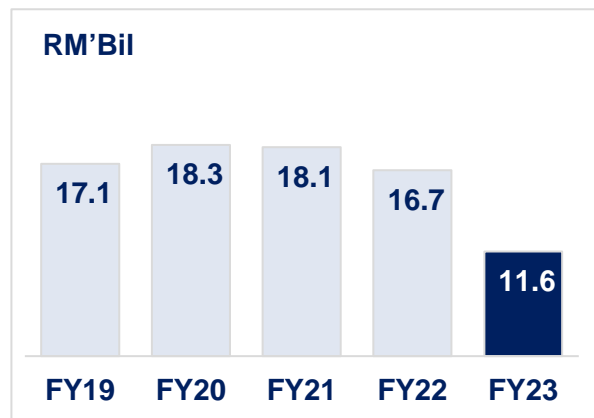
HLAM: Business Performance

Profit Before Tax



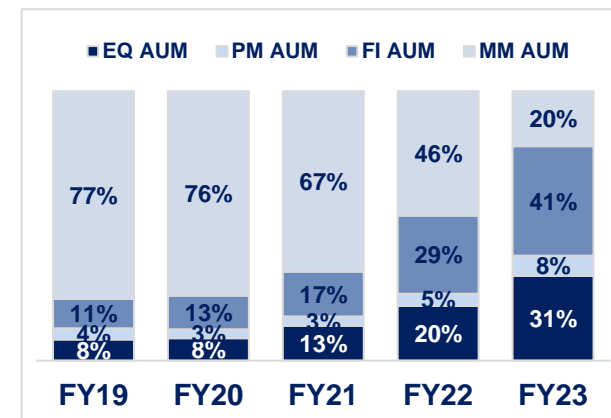
- PBT drop by -60% due to lower AUM from withdrawal of tax exemption on Money Market (“MM”) funds.

Average AUM



- The decrease was mainly contributed by redemptions from MM funds and competition from high fixed deposit rate.

Fund Mix

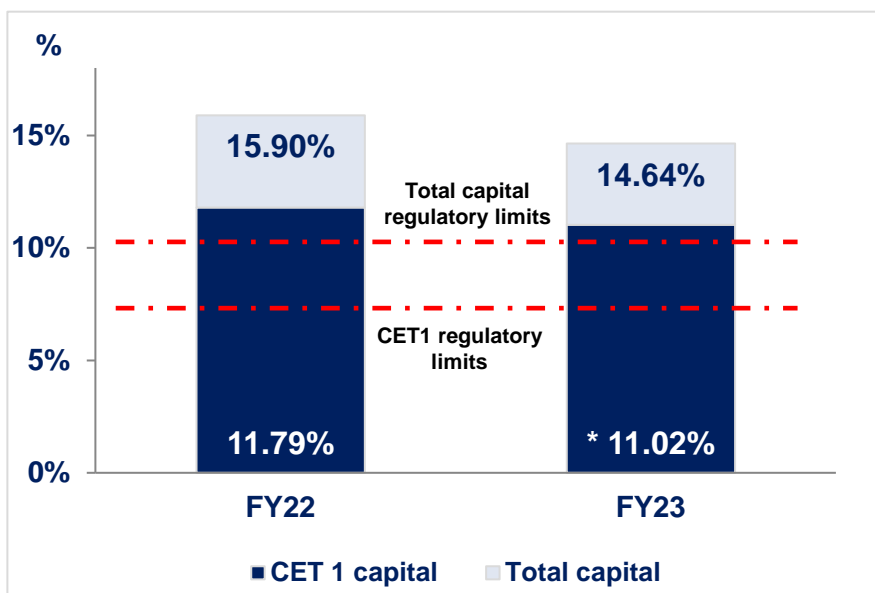


- Equity funds AUM expanded by 12% YoY with the share of total AUM higher at 31%.
- MM funds share of total AUM contracted to 20% post the withdrawal of tax exemption.

HLFG Capital Position

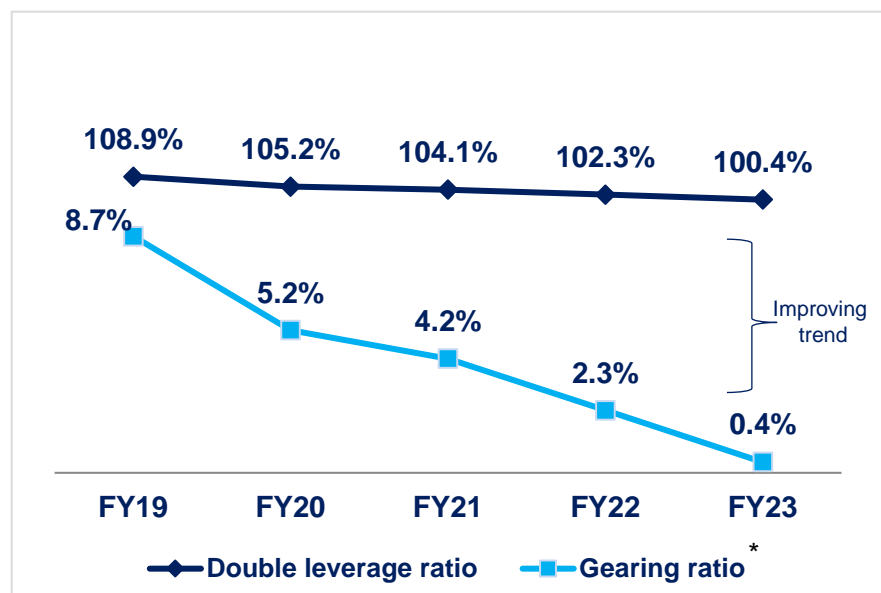
- Capital positions remained robust and sound to support our business.
- Room to leverage up given the low gearing ratios.

Capital Position



* Lower CET1 mainly due to the impact of conversion of BOCD convertible bonds by HLB

Debt to Equity & Double Leverage



* Borrowing is net of cash and cash equivalent

Note:
 For back-to-back issuances, Hybrid Capital (AT1 & T2) are excluded from both double leverage and gearing computations based on RAM's methodology



Corporate Credit Ratings: AA1/Stable/P1
 Rating Outlook: Stable

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Sustainability



HLFG, HLB and HLCB are all now constituent of the globally recognized **FTSE4GOOD BURSA MALAYSIA INDEX**

Sustainability Journey

HLA

Responsible Investing Through the Launch of HLA Global ESG Fund. This Fund only invests in companies with a strong Environmental, Social and Governance (ESG) scoring.

Addressing Climate Change by Reducing Water, Electricity and Paper Usage

Reducing Green House Emissions Through Waste and e-Waste Recycling. Joining hands with us is **PJ ECO Recycling Plaza** where most of the waste are sent for recycling.



Saving Lives Through HLA Blood Donation Drive. HLA staff and agency force as well as staff from companies in the vicinity generously donated blood. Almost 21 litres of blood were collected from over 50 donors in a single day

HLCB

Increased its holdings in green bonds by 36% YoY to further its commitment in supporting the transition towards a low carbon economy.

Expanding the measurement and reporting of GHG emissions to cover employees commuting under Scope 3 in FY23.

Launched the first ESG Awareness Program aimed to raise awareness on HLAM's ESG Funds featuring various activities including "Adopt a Plant", which is an on-ground activity where 250 plants were placed at the lobby of Plaza Zurich for adoption by visitors.



HLFG

Waterfall Cleaning Initiative at Ulu Tampik Waterfall, Janda Baik to Promote Environmental Sustainability

Kechara Soup Kitchen's ("KSK") Society School Mission 2023 Volunteer Project



FY23 Recognitions/ Awards

HLB



Best Sustainability Disclosure & Reporting 2023

Best Corporate Governance Framework 2023
Leadership in Corporate Governance, 3G
Best CSR Campaign & 3G Best Sustainability Disclosure & Reporting 2022

The Global Good Governance Awards or 3G Awards celebrate individuals, governments, public and private institutions and NGOs that demonstrate making governance and sustainability a strategic priority of their organisations.

HLA



Women Leader of the Year award at the 26th Asia Insurance Industry Awards 2022

HLA's Group Managing Director/ CEO, Ms Loh Guat Lan bagged the Women Leader of the Year award at the 26th Asia Insurance Industry Awards 2022.



Insurtech – Life Insurance at the Malaysia Technology Excellence Awards 2023

Hong Leong Assurance is the proud winner of the Insurtech – Life Insurance category by Malaysia Technology Excellence Awards 2023

HLCB



ALPHA SEA - 16th Annual Best Deal & Solution Awards 2022
BEST ISLAMIC FINANCE DEAL & MOST INNOVATIVE ISLAMIC FINANCE DEAL OF THE YEAR 2022

Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers



Bursa Excellence Awards 2022
Best Retail Equities Participating Organisation – Investment Bank – 2nd runner up

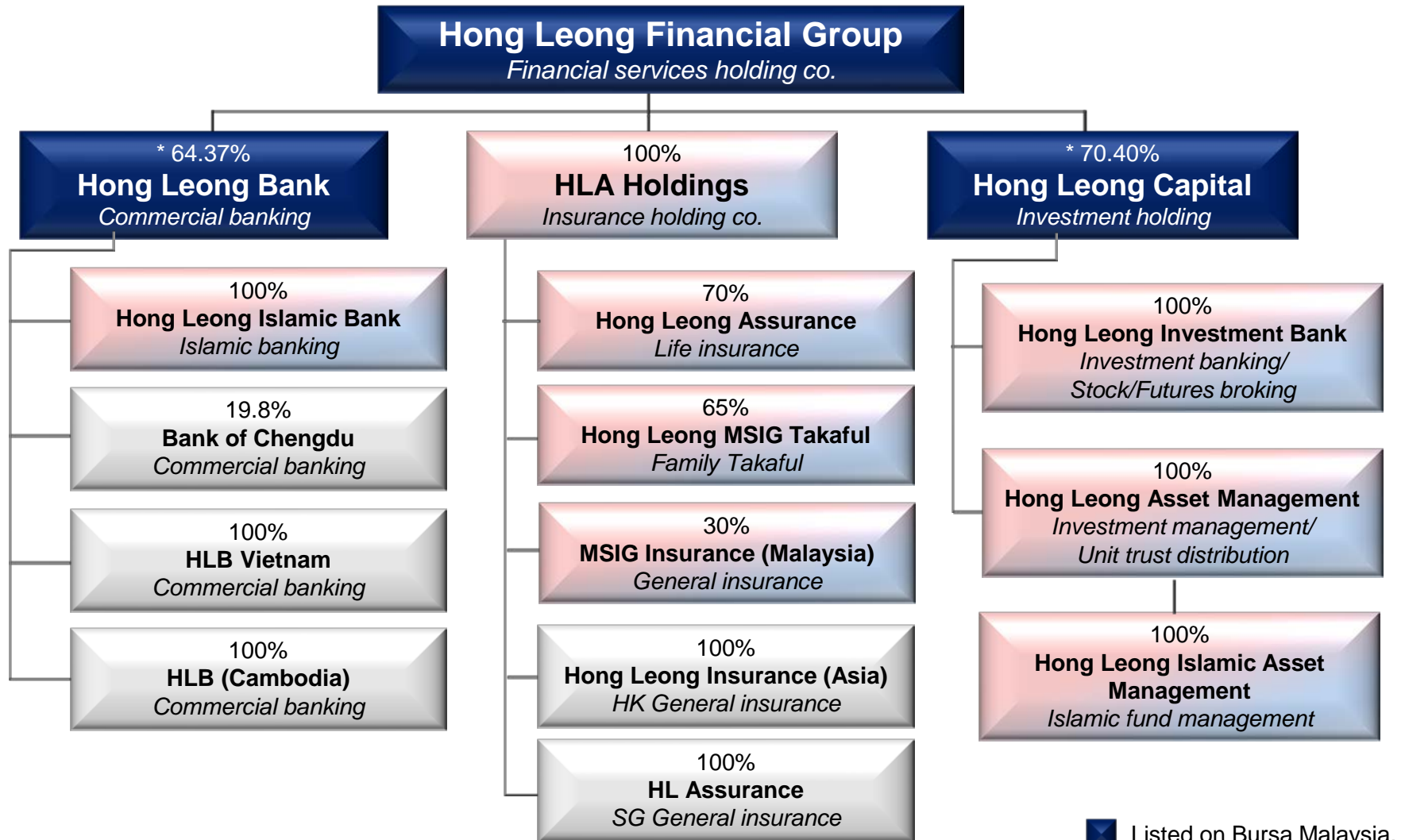


Hong Leong Asset Management Islamic Funds Achieve Global Recognition Yet Again, Winning 20 Fund Awards

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Corporate Structure



 Listed on Bursa Malaysia.

 International operations.

Note: * Per Companies Act. Treatment differs from accounting standards where ESOS shares are deducted from the share base.

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