

# FY2024 Results Analyst Presentation

**29 August 2024**

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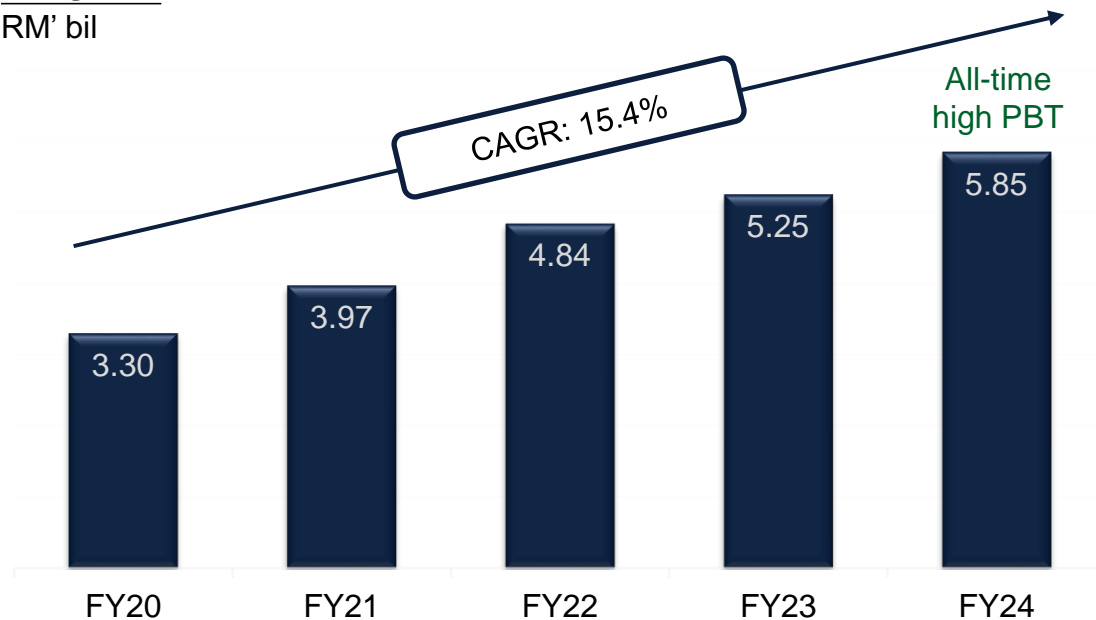


# Business Focus: FY2024

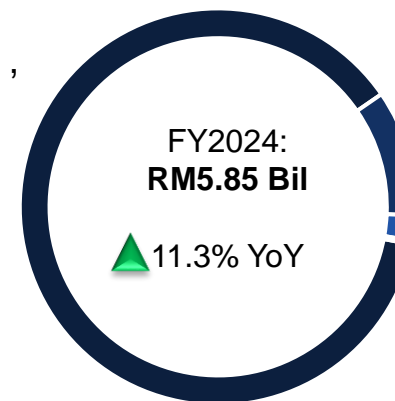
# Record PBT driven by improvement in all segments

## HLFG PBT

RM' bil



Commercial Banking ,  
88%  
(vs FY23: 91%)

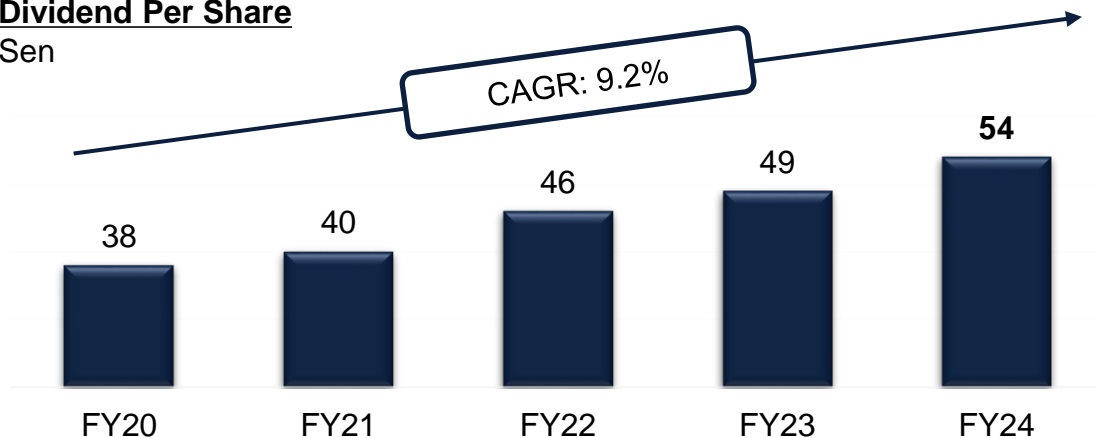


Insurance , 10%  
(vs FY23: 9%)

Investment Banking &  
Asset Management, 2%  
(vs FY23: 1%)

## Dividend Per Share

Sen



## Group

**HongLeong** Financial Group

Commercial Banking

**HongLeong** Bank

Life and General Insurance

**HLA** Holdings

Investment Banking & Asset Management

**HongLeong** Capital

FY2024 PBT  
(RM' mil)

YoY  
(%)

5,846

▲ 11.3%

5,134

▲ 11.0%

606

▲ 2.8%

122

▲ 98.4%



Hong Leong Financial Group Berhad

Notes: PBT segment include others (incl. consolidation adjustments). FY2024: -RM17 mil



# Business Focus

*To be the “Best-Run” bank in Malaysia*

**Commercial Banking: HLB 3-5 Year Plan Targets RoE > 12.5%**

## Branch Transformation



- Iconic branches to raise brand presence and house all HLFGB offerings
- Light Street Branch launched in Jul-24



### Fee-income Expansion

- Broaden Global Markets and trade coverage solutions supported by specialists to provide advisory services
- Revamp credit cards



### Wealth Management

- Expand suite of new, enhanced and tailored investment products
- Strengthen on brand awareness through wealth events, thought leadership and media content



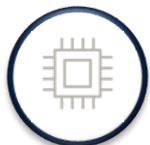
### SME to Anchor Growth

- Community Banking and BCB SME are key growth drivers
- Position HLB as SME's partner of choice covering both business and business owners' banking and investment needs



### CASA Expansion

- Undertake CASA acquisition through advanced analytics and new products
- Focus on holistic cross selling via structured cash management solutions



## Digital at the core

- Currently serving 2.9 million retail customers with a growth rate at 14% YoY for mobile banking customers
- Refresh HLB Connect app to drive digital banking and customer acquisition
- Revamp HLB Connect First platform to better support customers' transaction needs



# Business Focus

## Trust, Legacy and Dedication

### Life and General Insurance



#### Brand Visibility

- HLMT signs partnership with Malaysia Football League

#### DISTRIBUTION



##### Banca collaboration

- Heighten focus on Banca with HLB partnership
- Expand affinity and partnership



##### Enhanced Sales Channel Effectiveness

- Continued focus on building and recruiting a productive and effective agency force
- Singapore: Expand on product offerings through digital direct and hybrid distribution

#### PRODUCT



##### High Net-Worth Focused Products

- Higher average case size
- 32.3% YoY growth in HNW protection NBRP



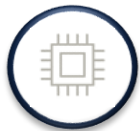
##### Balancing Protection and Savings Mix

- HLA protection to savings mix: 43%:57% (vs FY23: 38%:62%)



##### Product Innovation

- Insurtech rollout



##### Digitisation

- Robotic Process Automation for customer screening and data processing
- Data-driven underwriting solutions



# Business Focus

## *Full-suite of value propositions and financial solutions*

### Investment Banking



#### Strengthen Investment Banking Deal Flows

- IB to expand sustainability issuances
- Pursue high-value deals such as infrastructure project financing



#### Customer Outreach

- Stockbroking partnered with Shopee for customer acquisition. HLIB was the first Bank in Malaysia to offer such services via an online shopping platform.



#### Double-down in Affluent & SME Segment

- Stockbroking to penetrate the affluent and SME segment



#### Product innovation

- Flexi-Trade stockbroking product

### Asset Management



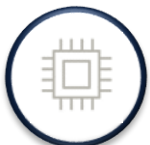
#### Widening Asset Management Distribution

- Grow agency force
- Pursue private mandate deals
- Expand non-bank third party IUTA network
- Digital distribution with IFAST



#### Product innovation

- Global/ Regional / Foreign denominated products
- Islamic PRS



#### Digitisation

- Fully digital client account opening for stockbroking and asset management businesses



# Financial Highlights: FY2024

# Performance Highlights

**Robust FY2024 net profit driven above-industry loan growth, improved fee income from IB and AM, strong asset quality and improved contribution from associate**



RM' mil	FY2023	FY2024	Change % (YoY)
Net Interest Income	4,655	4,770	▲ 2.5%
Non-Interest Income	1,822	1,881	▲ 3.2%
<b>Total income</b>	<b>6,477</b>	<b>6,651</b>	<b>▲ 2.7%</b>
Operating expenses	-2,479	-2,609	▼ 5.2%
<b>Operating profit before allowances</b>	<b>3,997</b>	<b>4,041</b>	<b>▲ 1.1%</b>
Writeback of loans and other impairments	-115	113	▲ >100%
<b>Profit before associate</b>	<b>3,882</b>	<b>4,155</b>	<b>▲ 7.0%</b>
Share of profits from associates	1,369	1,691	▲ 23.5%
<b>PBT</b>	<b>5,251</b>	<b>5,846</b>	<b>▲ 11.3%</b>
<b>PATMI</b>	<b>2,881</b>	<b>3,198</b>	<b>▲ 11.0%</b>

- Operating Income stronger from higher NII led by above-industry loan growth and stronger fee income, partially offsetting NIM compression and lower trading and FX gains
- OPEX remains under control with CIR being one of the lowest in industry at 39.2%
- Associate contribution from BOCD and MSIG remains robust
- Record PATMI rose by 11.0%, translating to FY2024 ROE of 11.2%
- Proposed final dividend of 36 sen/share, totaling to 54 sen/share or RM620 mil (+10% higher)

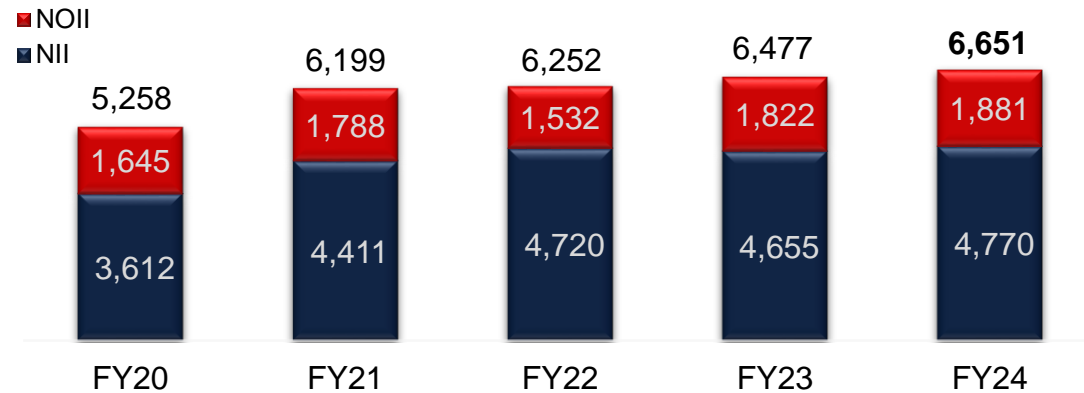




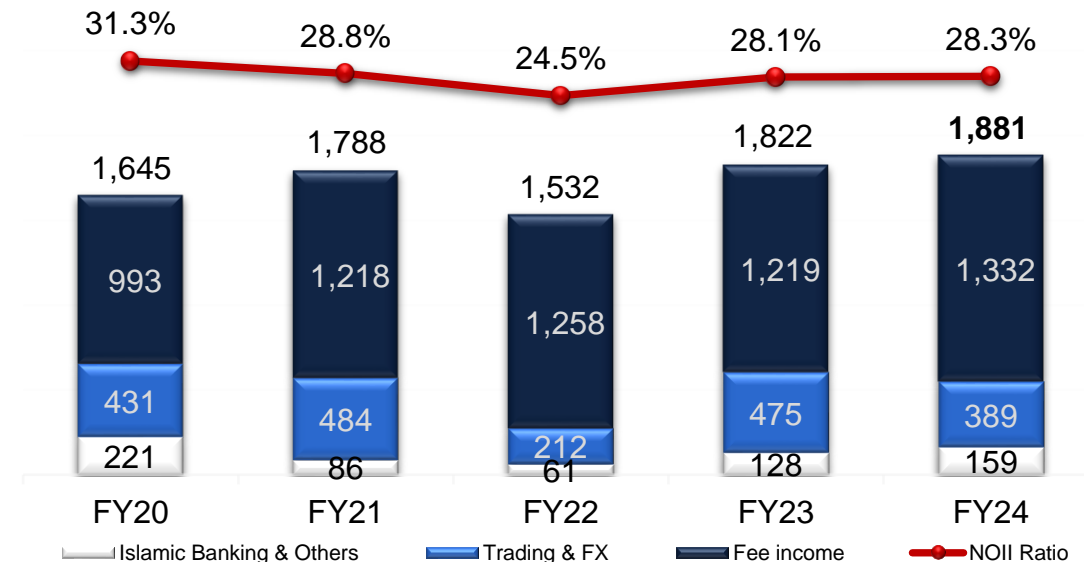
# Net Interest Income & Non-Interest Income

*NII improved in line with recovery of NIM; Stabilise NOII contributions driven by fee income*

Operating Income Breakdown (RM' Mil)



NOII Breakdown (RM' Mil)



RM' mil	FY2023	FY2024	Change % (YoY)
Net Interest Income	4,655	4,770	2.5%
Non Interest Income	1,822	1,881	3.2%
<b>Operating Profit</b>	<b>6,477</b>	<b>6,651</b>	<b>2.7%</b>

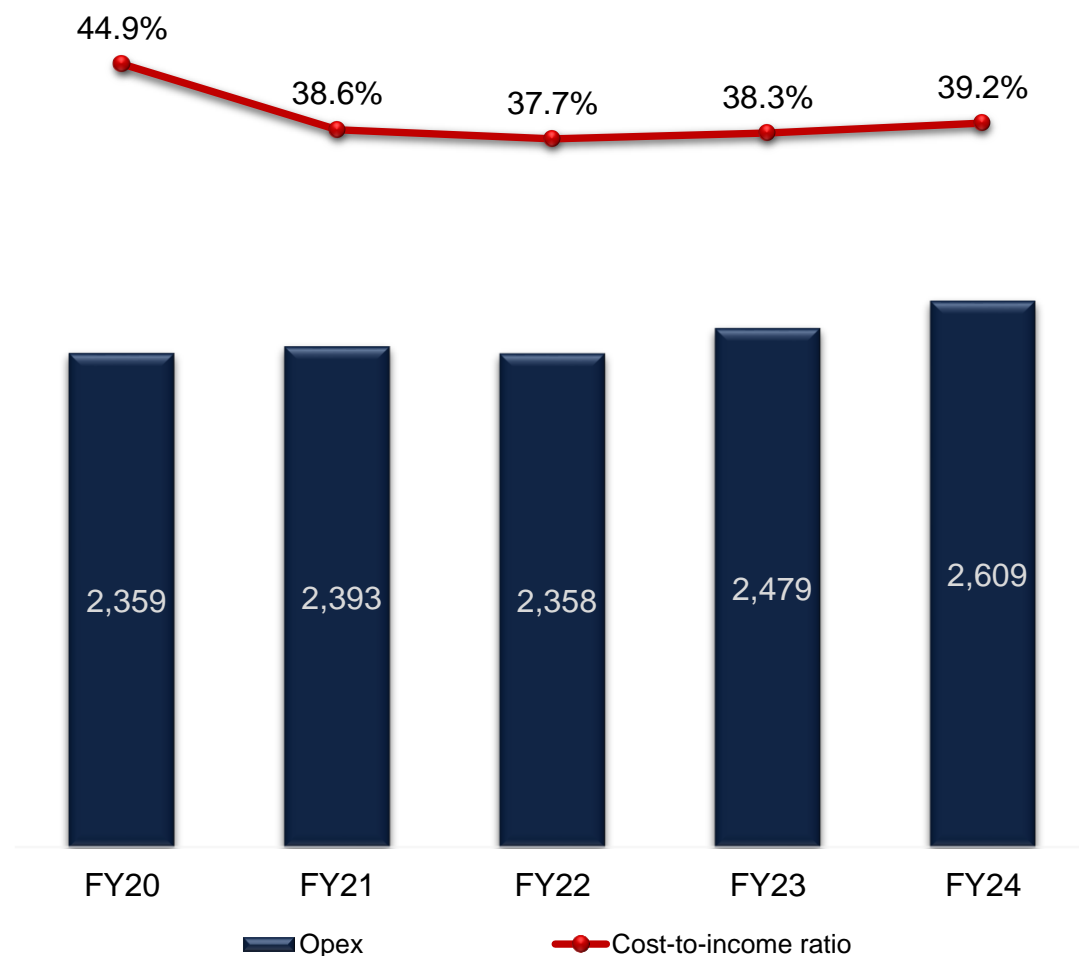
RM' mil	FY23	FY24	Change % (YoY)
Fee Income*	1,219	1,332	9.3%
Trading, Investment & Forex	475	389	-18.1%
Islamic Banking and others	128	159	24.7%
<b>Total</b>	<b>1,822</b>	<b>1,881</b>	<b>3.2%</b>

\*Note: Fee income includes Insurance and Takaful



# Operating Expense

*Prudent cost management results in sustainable CIR of 39.2%, one of the lowest in the industry*



RM' mil	FY23	FY24	Change % (YoY)
Personnel	1,371	1,468	7.1%
Establishment	565	569	0.7%
Marketing	213	199	-6.7%
Administration and general (A&G)	330	374	13.3%
<b>Total</b>	<b>2,479</b>	<b>2,609</b>	<b>5.2%</b>

- FY2024 Opex +5.2% YoY was attributed to higher personnel from higher salaries and allowances in line with business growth.
- A&G cost increased by +13.3% YoY from higher net credit card fees on the back of increasing volume.
- Establishment cost was flat and lower marketing expenses due to selective spending
- FY2024 CIR of 39.2% remains at sustainable level



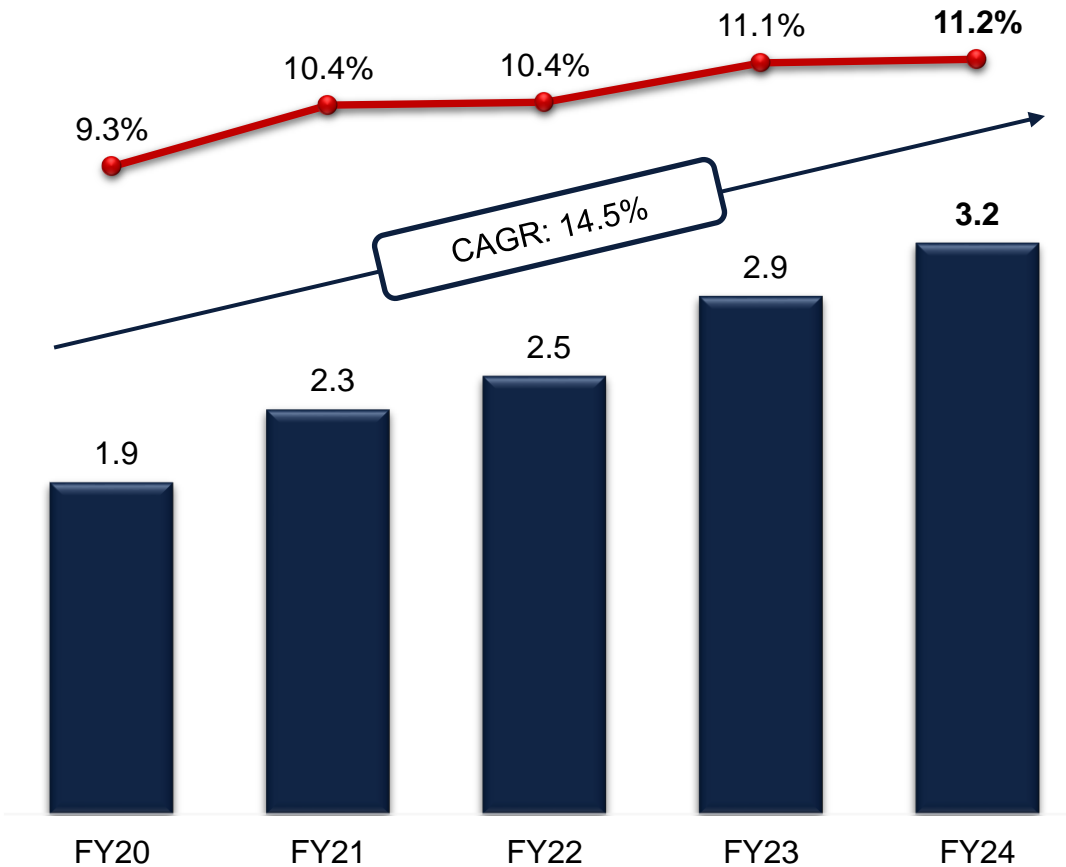
# Shareholder Value

*ROE improved to a commendable 11.2%*

## PATMI & ROE

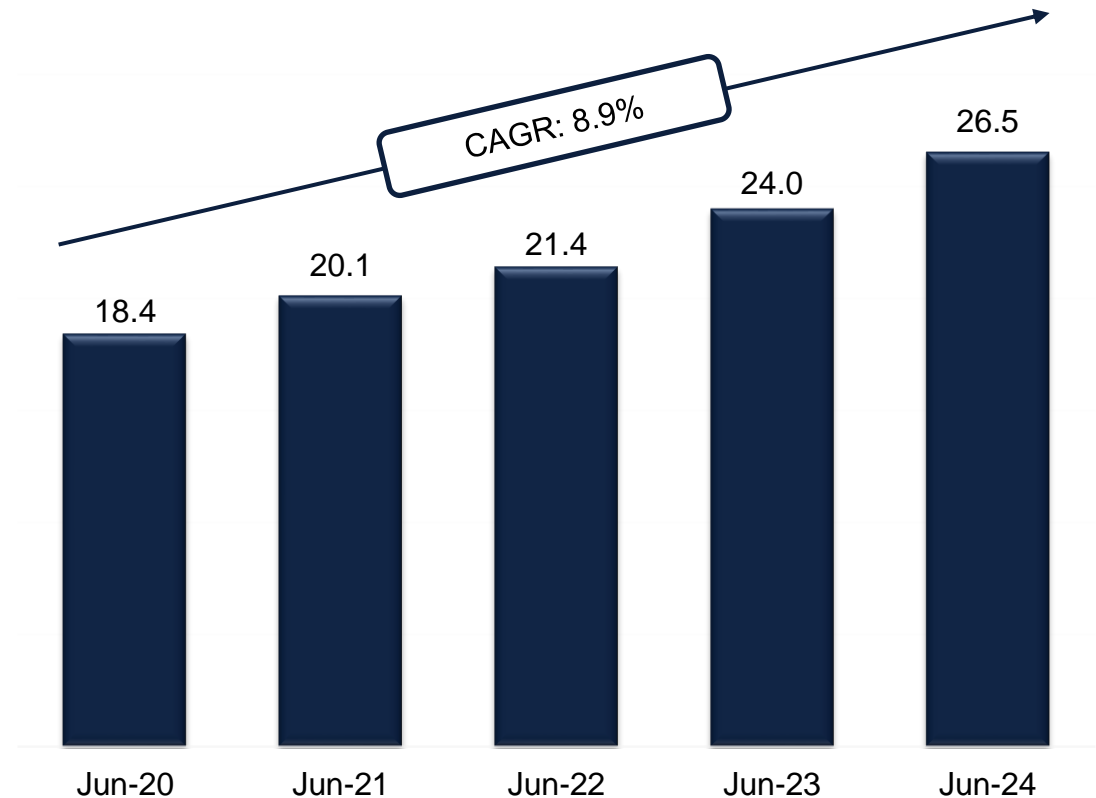
RM' Bil

PATMI ROE



## Book Value Per Share

RM



# Commercial Banking: Hong Leong Bank

*Improved performance driven by robust loan growth, strong associate contribution & asset quality*

Income Statement (RM' mil)	FY2023	FY2024	Change % (YoY)
Net Interest Income	4,552	4,669	2.6%
Non-Interest Income	1,133	1,102	-2.8%
<b>Total income</b>	<b>5,686</b>	<b>5,771</b>	<b>1.5%</b>
Operating expenses	(2,233)	(2,339)	4.7%
Allowances for loans and other impairments	(115)	113	-198.3%
<b>Operating Profit</b>	<b>3,337</b>	<b>3,545</b>	<b>6.2%</b>
Share of profits from associates	1,289	1,589	23.2%
<b>PBT</b>	<b>4,627</b>	<b>5,134</b>	<b>11.0%</b>
<b>PAT</b>	<b>3,818</b>	<b>4,196</b>	<b>9.9%</b>
Balance Sheet (RM' bil)	Jun-23	Jun-24	Change % (YoY)
Gross Loan	181.7	194.9	7.3%
Deposits	223.5	234.0	4.7%

Key Operating Ratios	FY23	FY24	Change % (YoY)
<b>Probability &amp; Efficiency (%)</b>			
Return on Average Equity	11.8%	11.8%	0.0%
Net Interest Margin	1.98%	1.86%	-0.12%
Cost to Income Ratio	39.3%	40.5%	1.2%
<b>Asset Quality (bps)</b>			
Gross Impaired Loans Ratio	57	53	-4
<b>Liquidity and Capital (%)</b>			
CET1	12.8%	13.3%	0.5%



1H FY24 Net Profit	Gross Loan (Jun-24)	1H FY24 ROE
RMB6,167 mil <b>+11% YoY</b>	RMB706.5 bil <b>+23% YoY</b>	18.0%



Sustainability Updates

Awarded the Tax Corporate Governance certification status by the Inland Revenue Board of Malaysia, becoming the only financial institution to have successfully fulfilled the stringent criteria set out by IRBM in FY2024





# Insurance & Takaful: HLA Holdings

*Improved performance driven by improvement in all segments*

PBT (RM' mil)	FY2023	FY2024	Change % (YoY)
Life Insurance	492	493	0.4%
Family Takaful	-16	12	>100%
Singapore	5	11	>100%
Hong Kong	2	10	>100%
Profits from associates	79	102	28.6%
<b>PBT*</b>	<b>590</b>	<b>606</b>	<b>2.8%</b>
<b>PAT</b>	<b>482</b>	<b>511</b>	<b>5.9%</b>

\* PBT breakdown include consolidation entries: FY24 PBT = RM -22 mil; FY23 PBT = RM28 mil

Key Operating Ratios	FY23	FY24	Change % (YoY)
<b>Life insurance</b>			
HLA Return on Average Equity	13.3%	11.8%	-1.4%

## Sustainability Updates



- HLA has embarked on several scope 1 and scope 2 GHG reduction initiatives namely solar panel installations and implementation of electricity saving solutions

Life insurance & Family Takaful, 80% of PBT

RM505 Mil  
+6.2 YoY



General Insurance, 20% of PBT

RM123 Mil  
+42.0% YoY

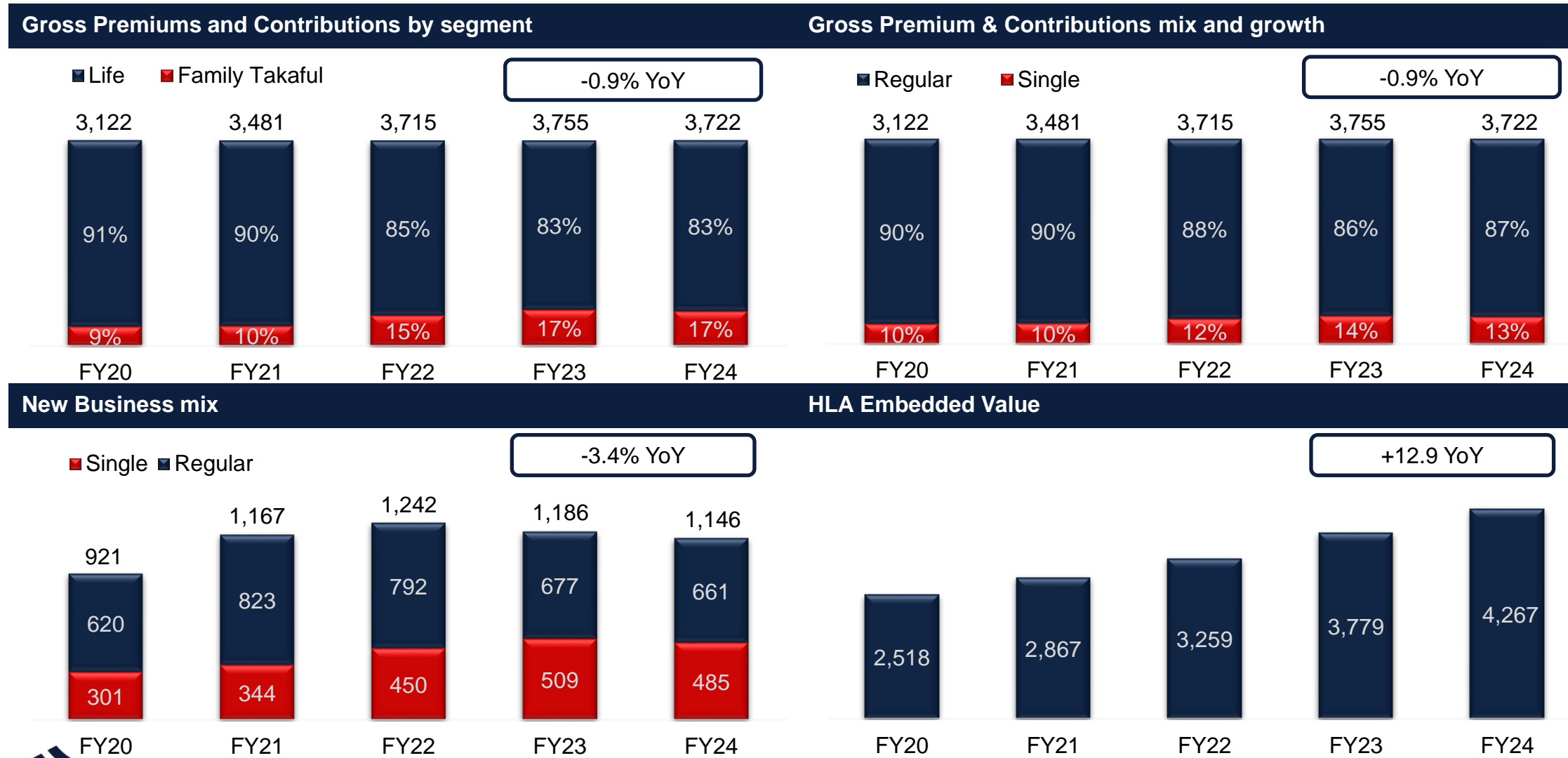
## Key Drivers

- Record PBT of RM606 mil (+2.8 YoY) driven by HLA's stronger investment income and robust profit contribution from MSIG
- Life Insurance and Family Takaful FY24 PBT of RM505 mil, marginally increasing by +6.2% YoY from higher investment income
- General Insurance +42.0% from robust profit contribution from MSIG and continued growth from overseas
- Net profit hit an all-time high of RM511 mil



# Life Insurance & Family Takaful

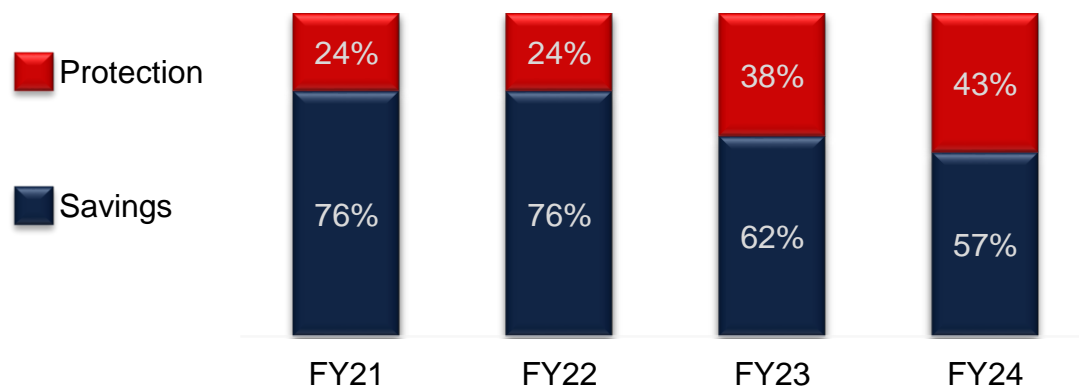
*Flat gross premiums from lower new business*



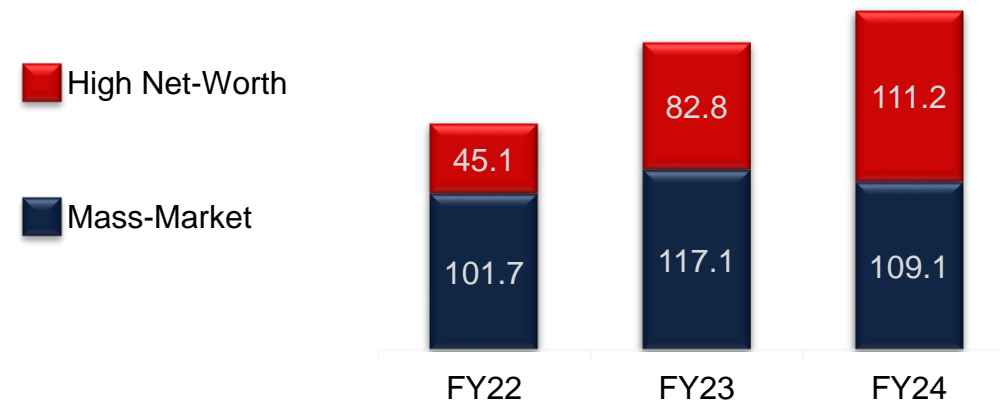
# Life Insurance & Family Takaful

*Strategic shift to focus on protection is well on-track*

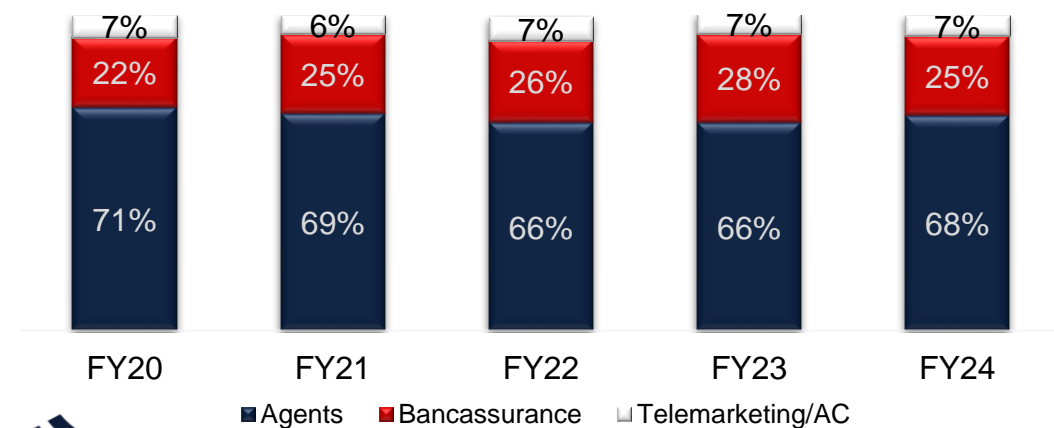
HLA Protection & Saving Premium Mix



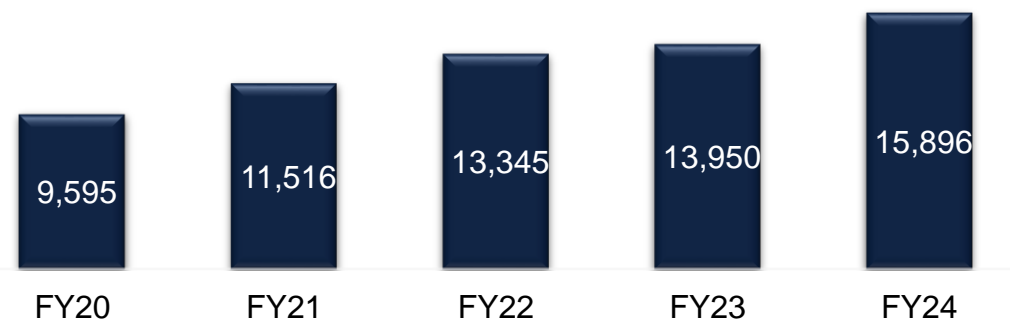
HLA Protection High Net Worth vs Mass Market NBRP



Gross Premiums & Contributions channel mix

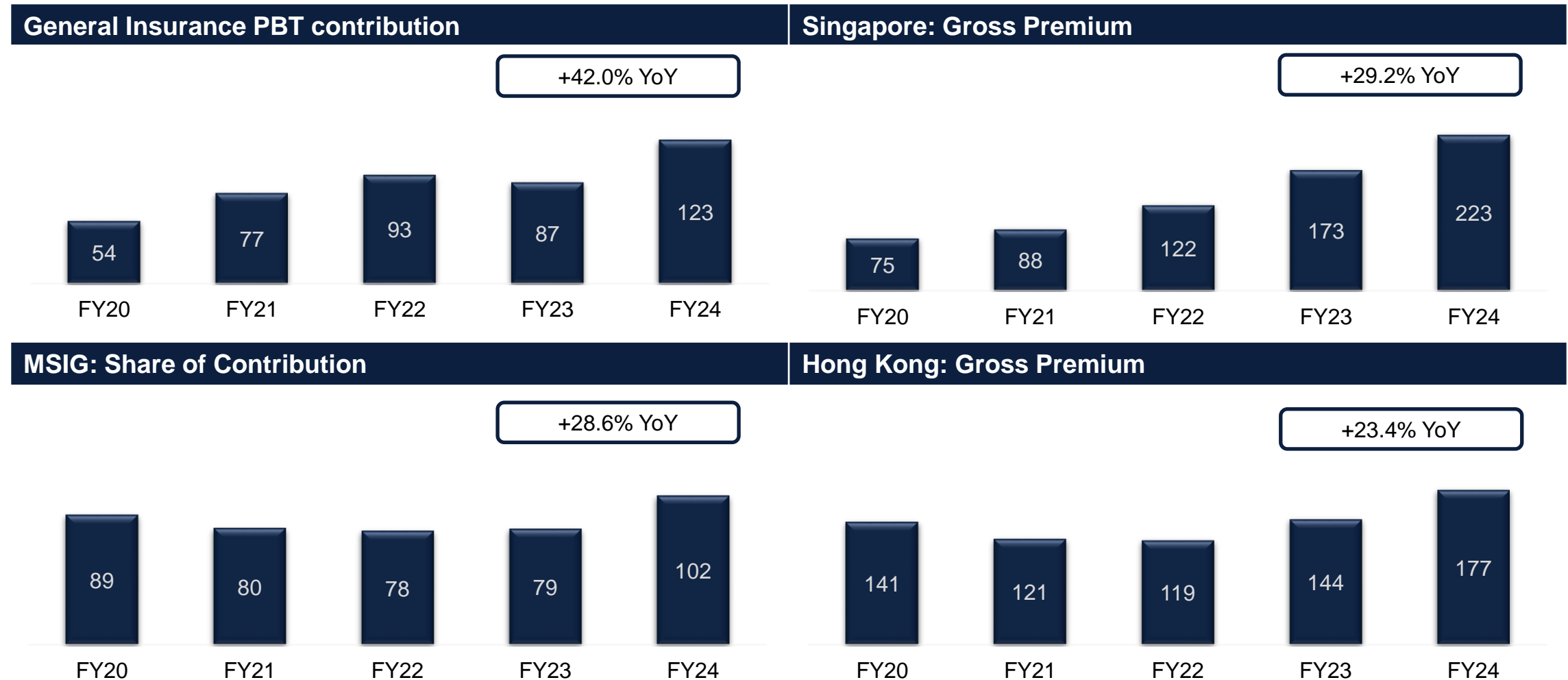


Combined Number of Agents



# General Insurance

*General insurance PBT rose +42.0% driven by strong MSIG contribution and overseas GWP growth*

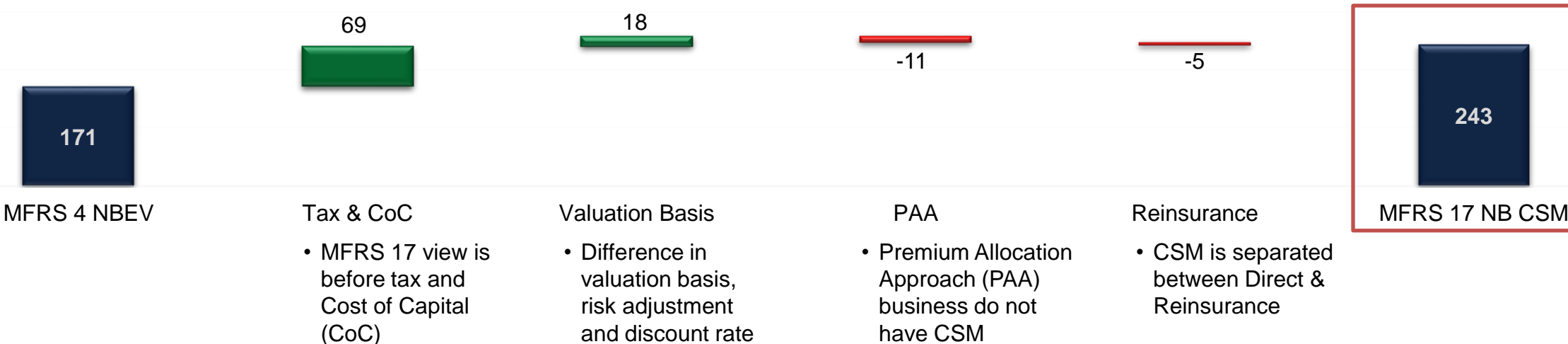




# Life Insurance: MFRS 4 to MFRS 17 Impact

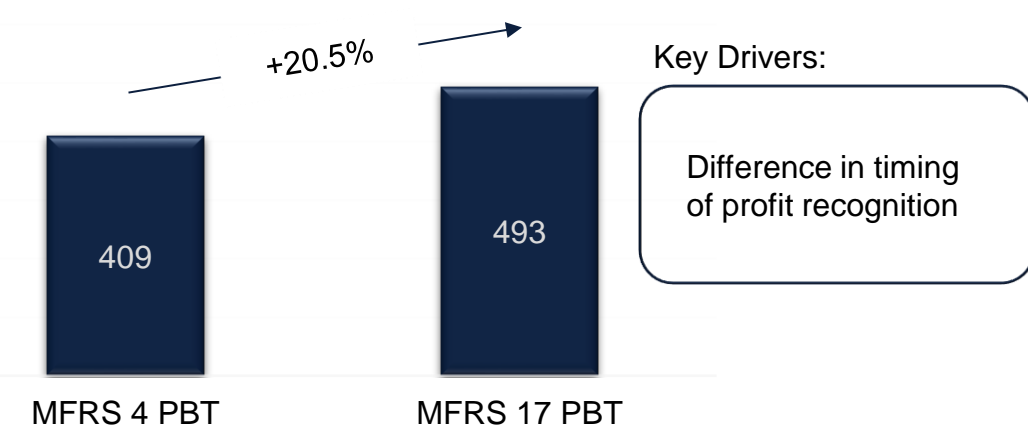
HLA MFRS 4 FY2024 New Business Embedded Value (NBEV) to MFRS 17 New Business Contractual Service Margin (NB CSM)

RM' mil



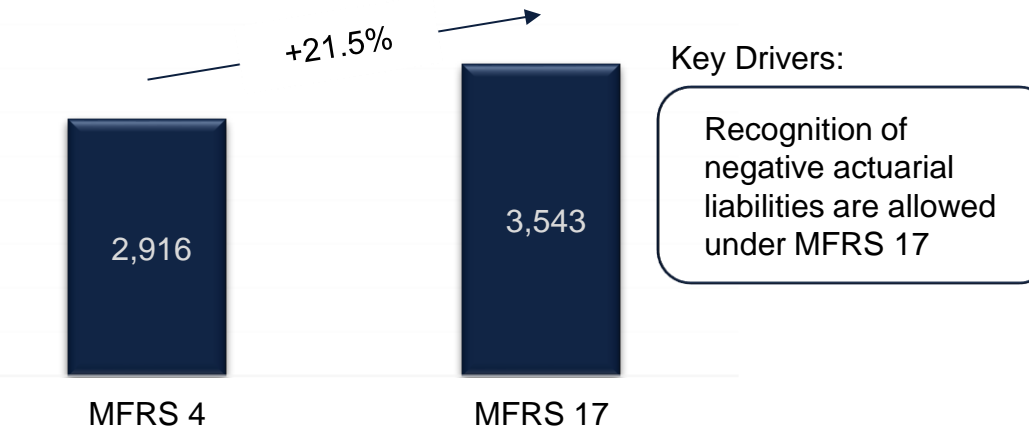
HLA FY2024 PBT MFRS 4 to MFRS 17

RM' mil



HLA Shareholder Equity as at Jun-24 MFRS 4 to MFRS 17

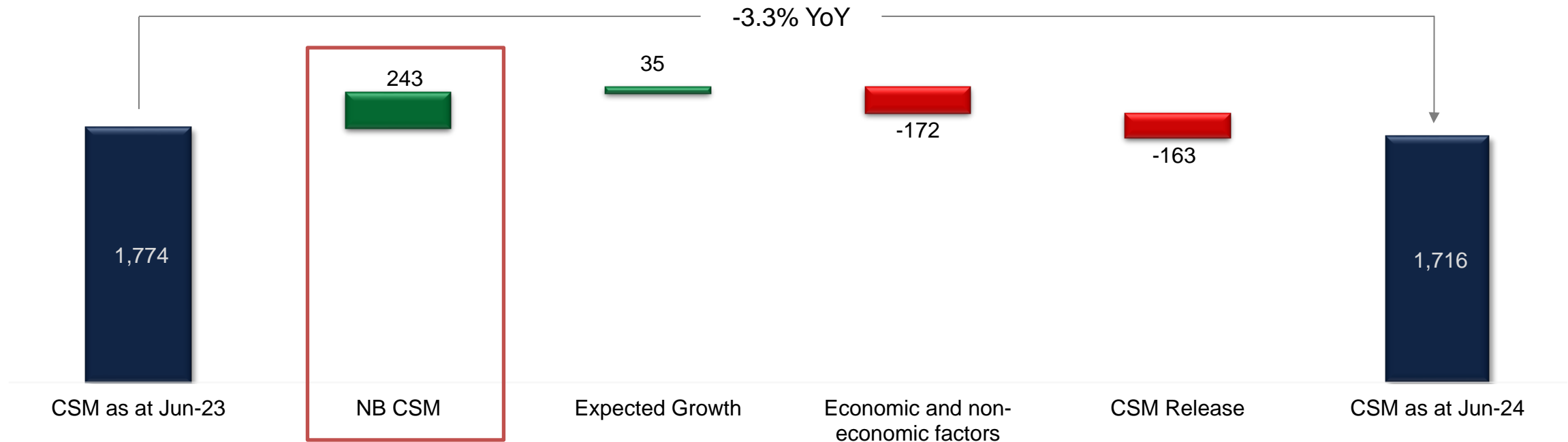
RM' mil



# Life Insurance: HLA CSM

*Lower CSM due to prudence of economic and non-economic factors*

HLA Contractual Service Margin  
RM'mil



- Lower economic and non-economic factors mainly due to :
  - Update in medical assumption to reflect the higher medical claim experience, partially offset by FY2024 medical repricing
  - Inclusion of time value of options and guarantees (TVOG), to reflect any cost of guarantees biting back for participating products.

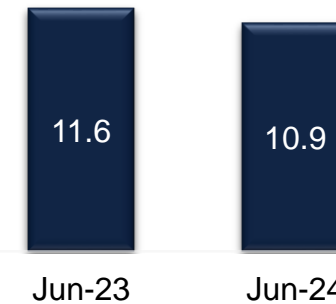


# Investment Banking: HLCB

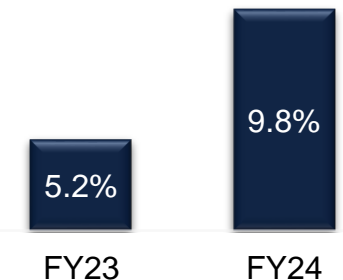
**+96.3% net profit uplift from improved brokerage and asset management performance, as well as higher gains in equity investments**

RM' mil	FY23	FY24	Change % (YoY)
Net Interest Income	53	51	-4.2%
Non-Interest Income	143	219	53.0%
<b>Total income</b>	<b>196</b>	<b>270</b>	<b>37.4%</b>
Operating expenses	-135	-148	9.6%
<b>PBT</b>	<b>61</b>	<b>122</b>	<b>98.4%</b>
<b>PAT</b>	<b>50</b>	<b>98</b>	<b>96.3%</b>
Stockbroking	29	51	72.9%
Investment Banking	13	21	58.1%
Asset Management	10	20	94.4%
Others	9	30	>100%
<b>PBT</b>	<b>61</b>	<b>122</b>	<b>98.4%</b>

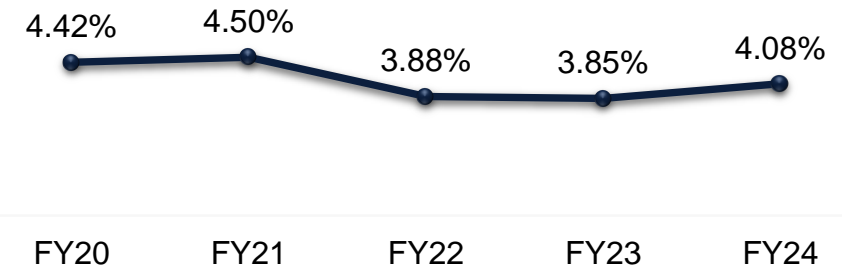
Asset Management  
Average AUM (RM' bil)



HLCB average ROE (%)



Stockbroking Market Share (%)



## Sustainability Updates



- Completed five ESG/sustainability related financing transactions with total issuances of RM1.78 billion in FY2024 and currently has a pipeline of RM2.5 billion worth of ESG/sustainability debt programmes.

HLIB Capital (%)

Jun-24

CET1

35.8%

CAR

45.2%



# Closing Remarks



# Closing Remarks



- Robust FY2024 underscored by strength of Group's operating companies despite challenging operating environment



- Cautious outlook for the upcoming financial year given global economic headwinds.
- Nonetheless, we expect Malaysia to continue its positive growth trajectory



- The Group remain focused on:
  - Growing targeted segments, developing new product offerings and enhancing customer centricity
  - Maintaining cost discipline and sound asset quality management
  - Strong capital and liquidity position



- Sustainability and continued investments in technology remains a core agenda



# Supplementary Information

# Key Financial Summary

RM' mil	FY2023	FY2024	Change % (YoY)	3Q FY24	4Q FY24	Change % (QoQ)
Net Interest Income	4,655	4,770	2.5%	1,203	1,232	2.4%
Non-Interest Income	1,822	1,881	3.2%	496	493	-0.5%
<b>Total income</b>	<b>6,477</b>	<b>6,651</b>	<b>2.7%</b>	<b>1,699</b>	<b>1,725</b>	<b>1.6%</b>
Operating expenses	-2,479	-2,609	5.2%	-652	-709	8.8%
<b>Operating profit before allowances</b>	<b>3,997</b>	<b>4,041</b>	<b>1.1%</b>	<b>1,047</b>	<b>1,016</b>	<b>-2.9%</b>
Writeback/(Allowances) for loans and other impairments	-115	113	>100%	26	31	21.6%
Share of profits from associates	1,369	1,691	23.5%	413	431	4.3%
<b>PBT</b>	<b>5,251</b>	<b>5,846</b>	<b>11.3%</b>	<b>1,485</b>	<b>1,478</b>	<b>-0.5%</b>
<b>PATMI</b>	<b>2,881</b>	<b>3,198</b>	<b>11.0%</b>	<b>818</b>	<b>806</b>	<b>-1.5%</b>
EPS (sen)	254.0	281.9	+27.9 sen	72.1	71.1	-1.0 sen
Balance Sheet	Jun-23	Jun-24	Change % (YoY)	Mar-24	Jun-24	Change % (QoQ)
Book value per share (RM)	23.99	26.53	10.6%	25.77	26.5	2.9%
Dividend per Share (Sen)	49	54	10.2%	-	36	>100%
Gross Loan (RM' Bil)	182.1	195.2	7.2%	188.1	195.2	3.8%
Customer Deposits (RM' Bil)	211.5	220.1	4.1%	212.0	220.1	3.8%



# Key Financial Summary

(%)	FY23	FY24	YoY	3Q FY24	4Q FY24	QoQ
<b>Profitability</b>						
Return on Average Equity (ROE)	11.1%	11.2%	▲	11.2%	10.7%	▼
Non-interest income / total income	28.1%	28.3%	▲	29.2%	28.6%	▼
Cost-to-income Ratio	38.3%	39.2%	▼	38.4%	41.1%	▼
<b>Asset Quality</b>						
LIC (excl. Reg. Reserves)	168.9%	155.0%	▼	154.5%	155.0%	▲
LIC (incl. Reg. Reserves)	265.3%	276.3%	▲	265.1%	276.3%	▲
Credit Cost	0.06%	-0.06%	▲	-0.05%	-0.06%	▲
Gross Impaired Loans Ratio	0.57%	0.53%	▲	0.57%	0.53%	▲
<b>Liquidity</b>						
Liquidity Coverage Ratio (LCR)	135.2%	127.9%	▼	138.6%	127.9%	▼
Net Stable Funding Ratio (NFSR)	119.8%	115.4%	▼	117.3%	115.4%	▼
<b>Capital Adequacy</b>						
Common Equity Tier I Capital Ratio (CET1)	11.0%	11.5%	▲	10.5%	11.5%	▲



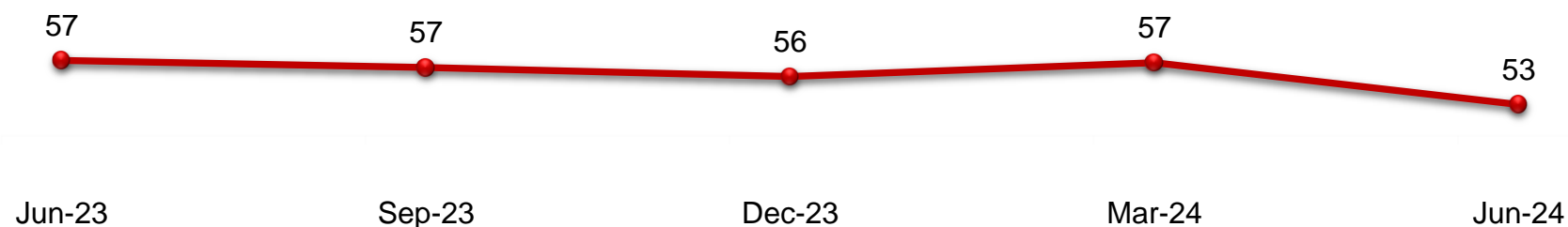
# Asset Quality

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

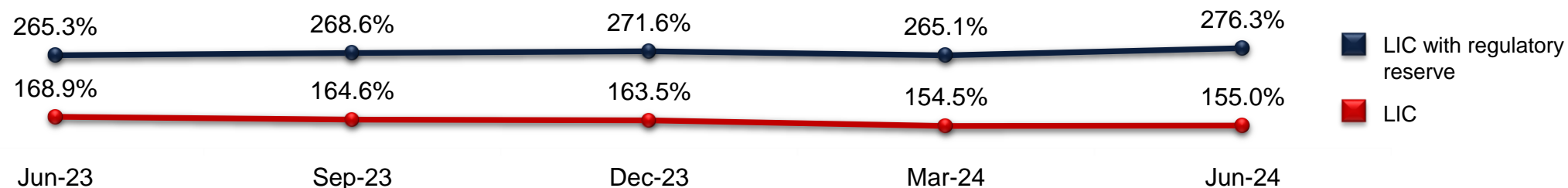
## Credit Cost (Bps)



## Gross Impaired Loans Ratio (Bps)



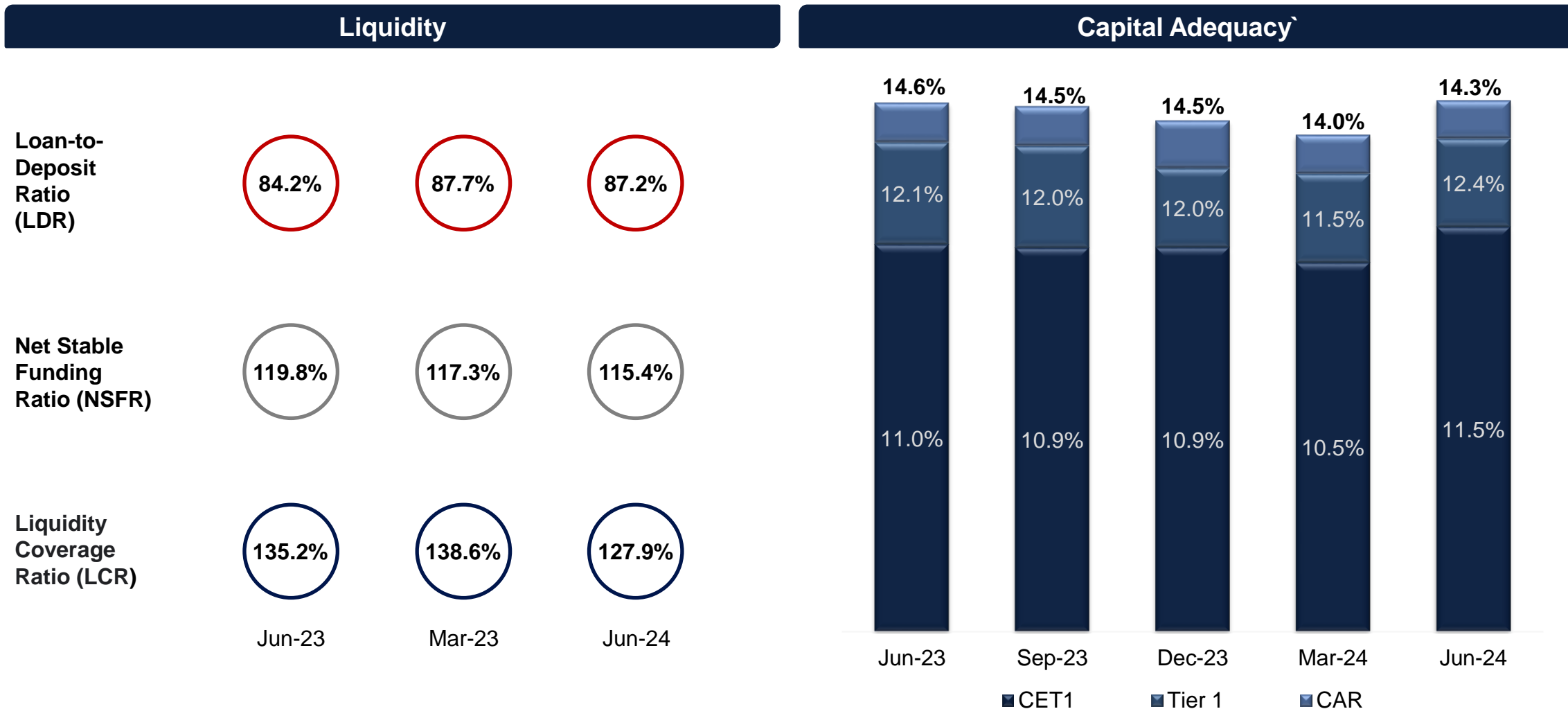
## Loans/Financing Impairment Coverage (LIC) (%)





# Liquidity & Capital

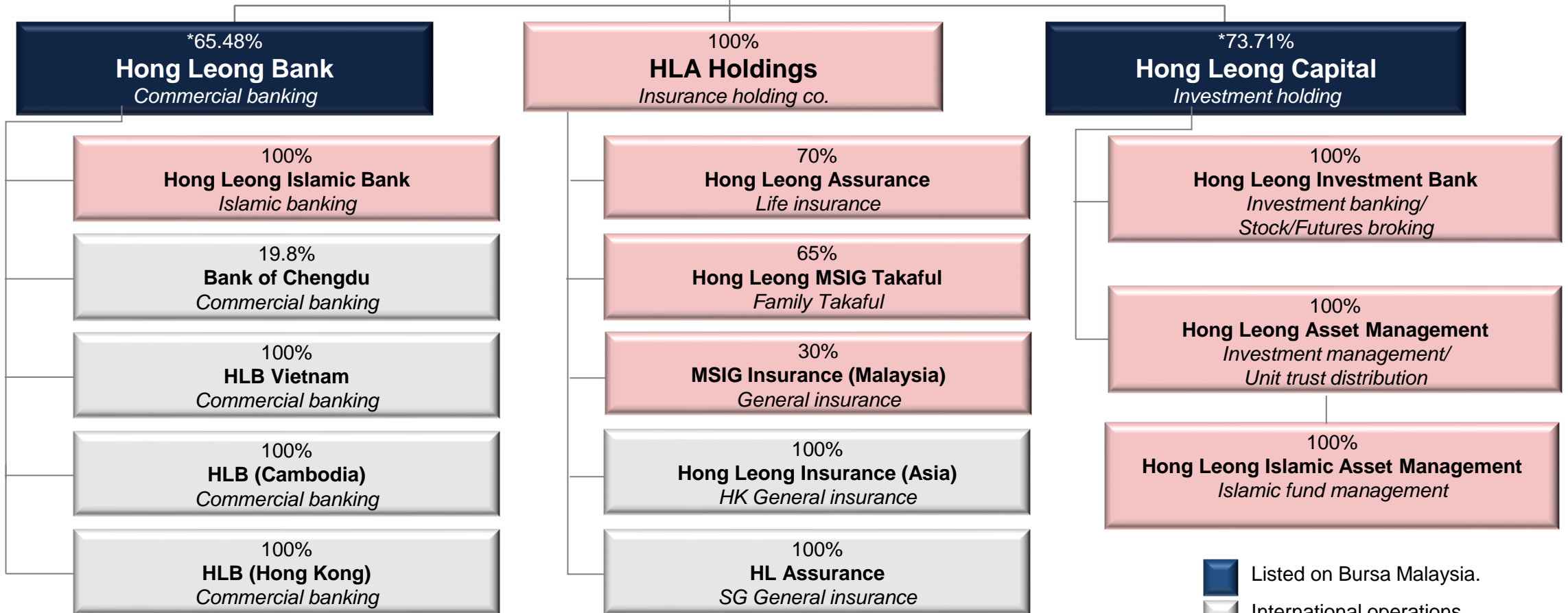
*Capital and liquidity remains sound and above regulator thresholds*





Note: ` Capital base & ratio after proposed dividends



# 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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