

1Q FY25 Results Analyst Presentation

28 November 2024

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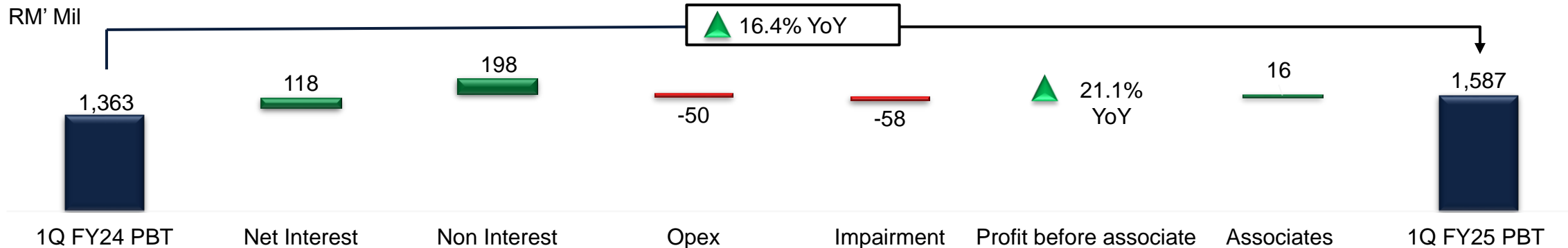


Financial Highlights: 1Q FY25



Performance Highlights

Record Quarterly 1Q FY25 PATAMI driven by improved topline and investment income, especially from insurance



RM' mil	1Q FY24	1Q FY25	Change % (YoY)
Net Interest Income	1,152	1,270	10.2%
Non-Interest Income	424	622	46.7%
Total income	1,576	1,892	20.0%
Operating expenses	(641)	(691)	7.8%
Operating profit before allowances	935	1,201	28.4%
Allowances of loans and other impairments	51	(7)	(<100%)
Profit before associate	986	1,193	21.1%
Share of profits from associates	378	394	4.3%
PBT	1,363	1,587	16.4%
PATAMI	742	848	14.3%

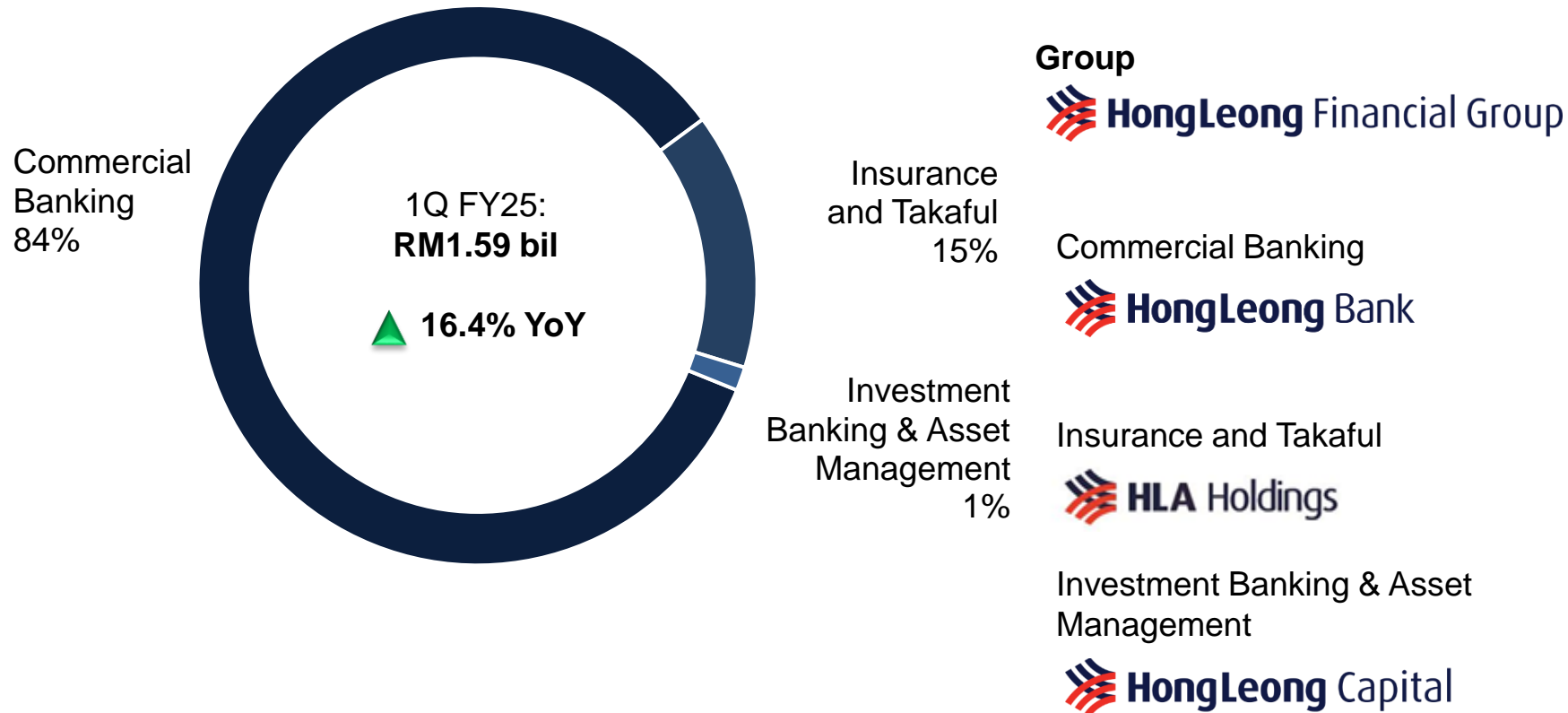
- 1Q FY25 revenue grew strongly by 20.0% contributed by both NII and NOII, supported by:
 - NIM expansion
 - Above-industry loan growth
 - Fee-income expansion
 - Higher investment gains, especially from insurance.
- OPEX remains under control with 1Q FY25 CIR improving to 36.5% as the stronger topline delivered a positive JAW
- Associate contribution remains on an uptrend
- 1Q FY25 PATAMI rose 14.3% YoY, was a **record quarterly high**. This translated to 1Q FY25 ROE improvement of 50bps to 11.3%



PBT by segments

Growth driven by Commercial Banking and Insurance & Takaful

HLFG PBT



1Q FY25 PBT (RM' Bil)	YoY (%)
1,587	▲ 16.4%
1,339	▲ 7.7%
237	▲ 142.3%
22	▼ 20.5%

Notes: PBT segment include consolidation entries. 1Q FY25: -RM11 mil, 1Q FY24: RM -5 mil

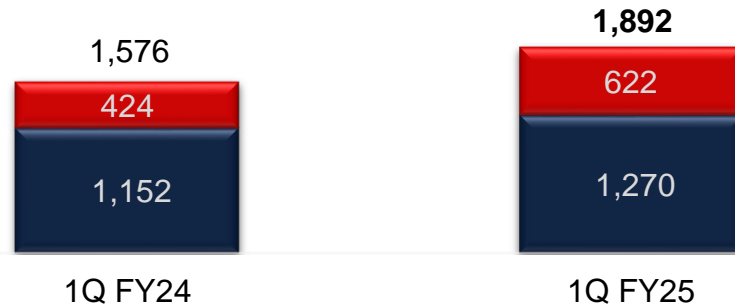


Net Interest Income & Non-Interest Income

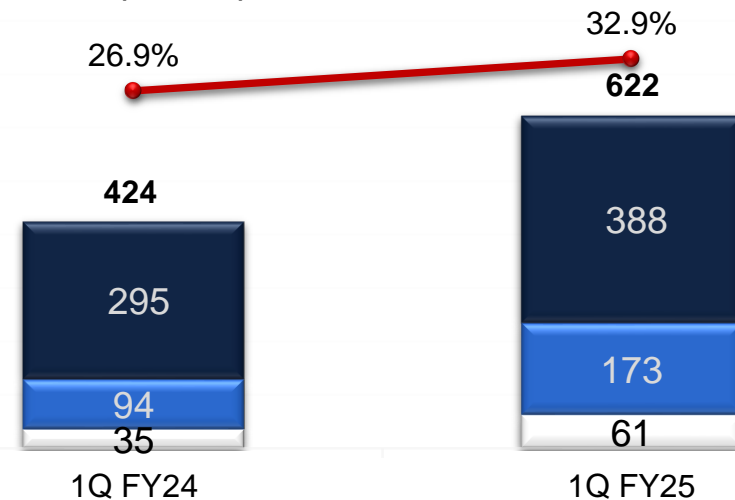
Higher NOII ratio of 32.9% supported by robust fee income and investments gains

Operating Income Breakdown (RM' Mil)

■ NOII
■ NII



NOII Breakdown (RM' Mil)



■ Islamic Banking & Others ■ Trading & FX ■ Fee income ● NOII Ratio

RM' mil	1Q FY24	1Q FY25	Change % (YoY)
Net Interest Income	1,152	1,270	10.2%
Non Interest Income	424	622	46.7%
Operating Profit	1,576	1,892	20.0%

RM' mil	1Q FY24	1Q FY25	Change % (YoY)
Fee Income*	295	388	31.2%
Trading, Investment & Forex	94	173	84.0%
Islamic Banking and others	35	61	77.0%
Total	424	622	46.7%

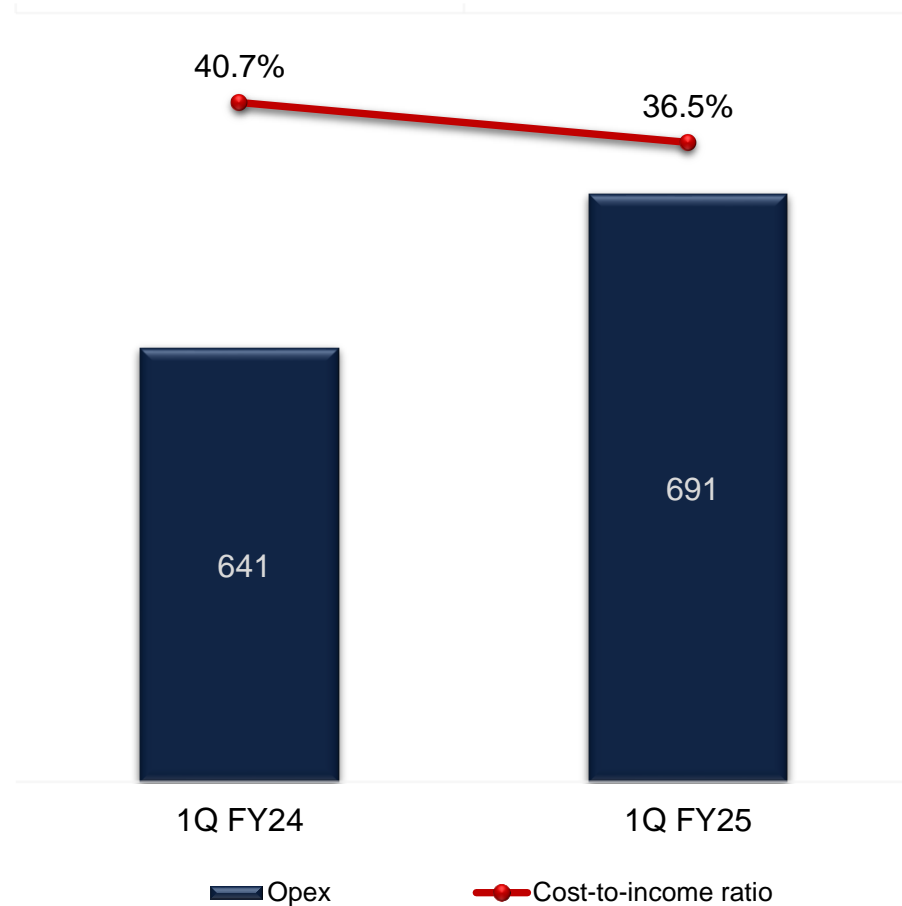
*Note: Fee income includes Insurance and Takaful



Operating Expense

CIR improved on positive JAWS to 36.5%, one of the lowest in the industry

(RM' Mil)



RM' mil	1Q FY24	1Q FY25	Change % (YoY)
Personnel	356	380	6.8%
Establishment	148	145	(2.0%)
Marketing	51	64	24.8%
Administration and general (A&G)	86	102	18.7%
Total	641	691	7.8%

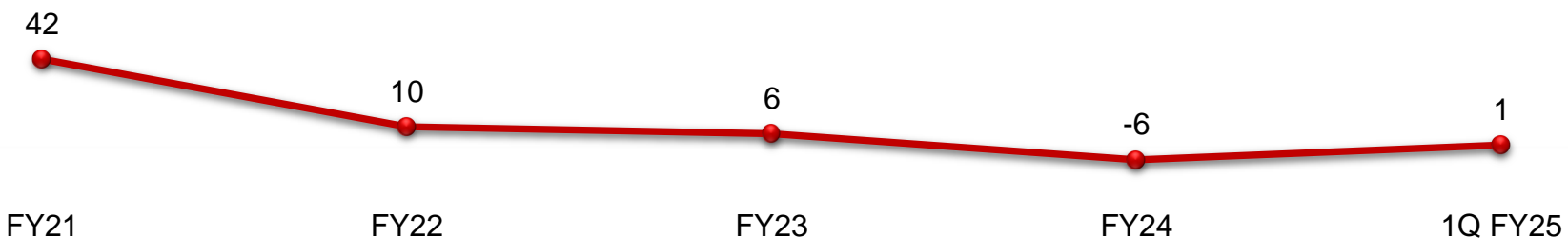
- 1Q FY25 Opex +7.8% YoY was attributed to:
 - Higher personnel from higher salaries and allowances from strategic hiring for business growth
 - A&G cost increased from higher net credit card fees on the back of increasing volume.
 - Marketing expenses increase due to marketing and incentives driven by higher sales volume.
 - Establishment cost was flat
- 1Q FY25 CIR improved by 420 bps to 36.5% on positive JAWS



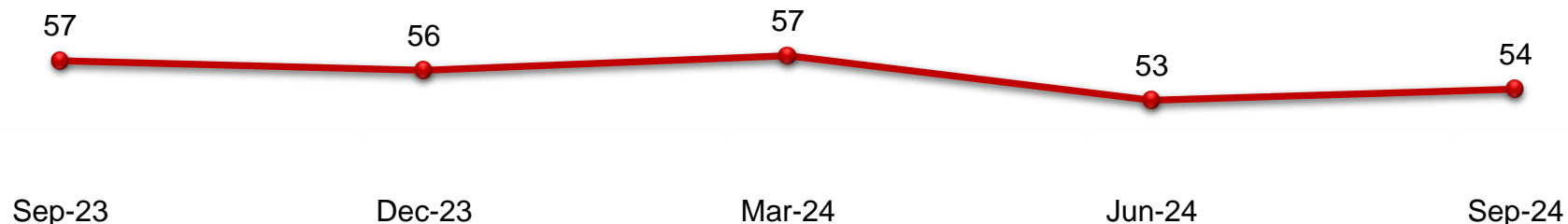
Asset Quality

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

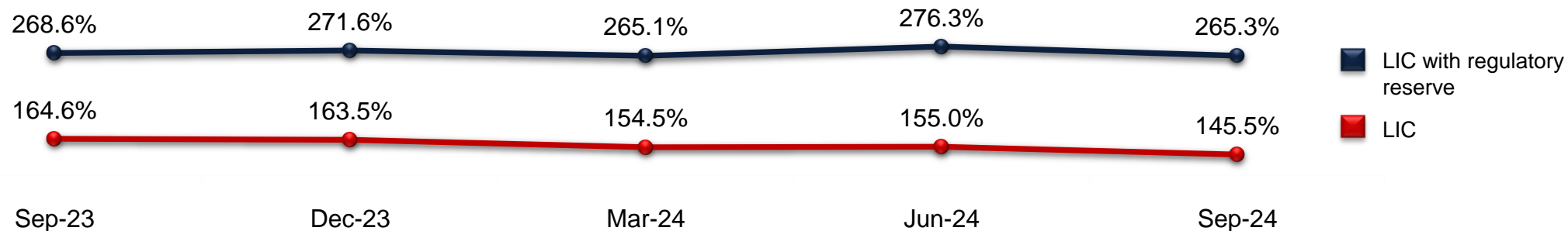
Credit Cost (Bps)



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)

84.7%

87.2%

87.4%

Net Stable Funding Ratio (NSFR)

116.5%

115.4%

116.8%

Liquidity Coverage Ratio (LCR)

133.9%

127.9%

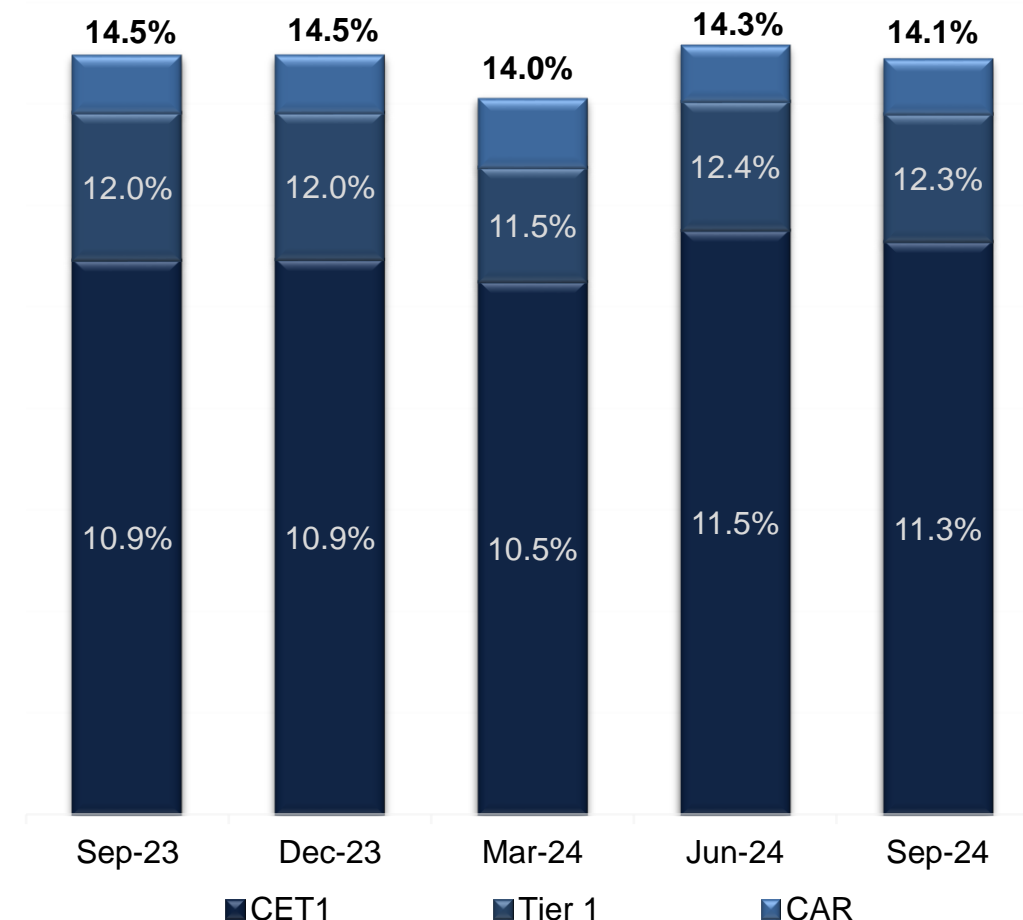
139.7%

Sep-23

Jun-24

Sep-24

Capital Adequacy[`]



Note: [`] Capital base & ratio after proposed dividends

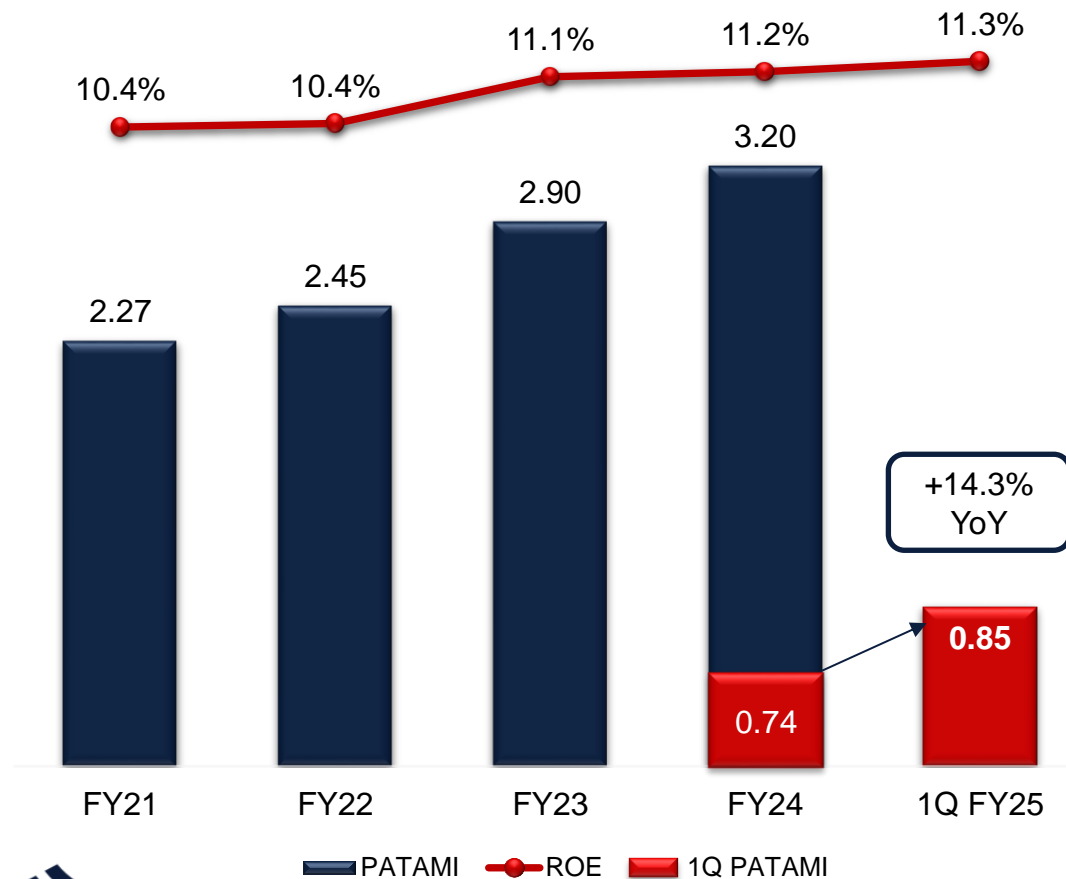


Shareholder Value

Record Quarterly PATAMI led higher 1Q FY25 ROE of 11.3%

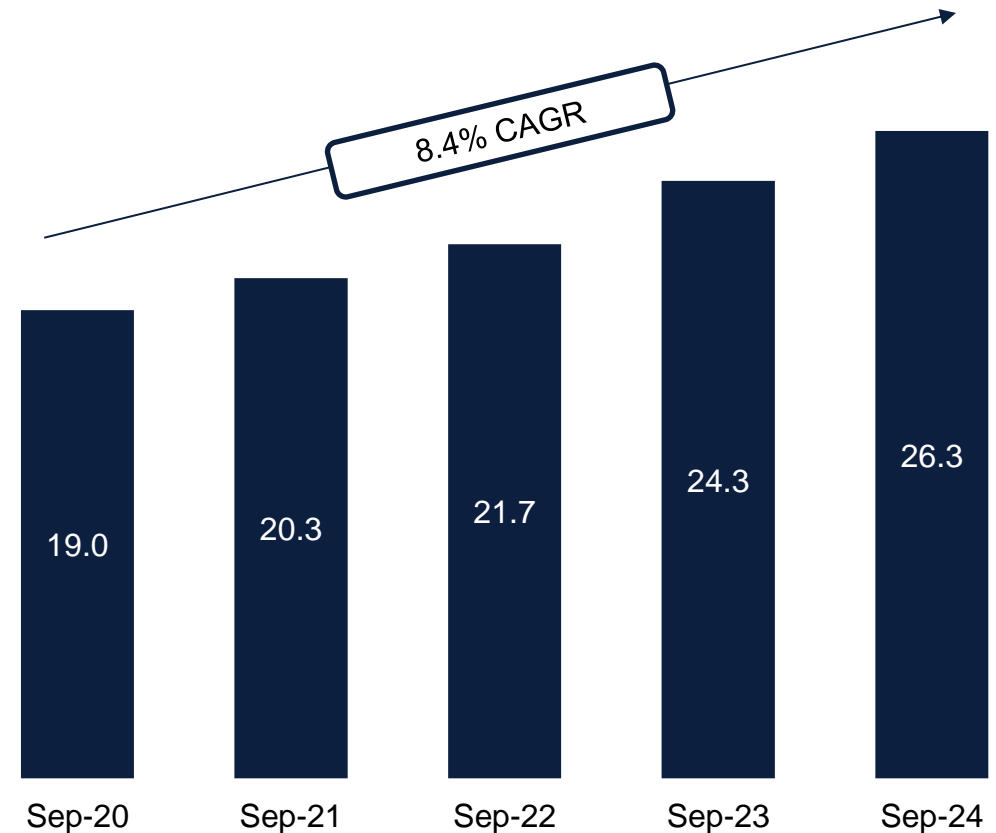
PATAMI & ROE

RM' Bil



Book Value Per Share

RM



Commercial Banking: Hong Leong Bank

Improved performance driven by robust loan growth, higher NOLI contributions and stable associate contributions

Income Statement (RM' mil)	1Q FY24	1Q FY25	Change % (YoY)
Net Interest Income	1,126	1,244	10.5%
Non-Interest Income	268	354	32.1%
Total income	1,394	1,598	14.6%
Operating expenses	(556)	(626)	(12.4%)
Operating Profit	838	972	16.1%
Allowances for loans and other impairments	51	(8)	(<100%)
Share of profits from associates	354	375	5.7%
PBT	1,243	1,339	7.7%
PAT	1,030	1,090	5.8%
Balance Sheet (RM' bil)	Sep-23	Sep-24	Change % (YoY)
Gross Loan	181.7	194.2	6.9%
Deposits	209.2	219.4	4.9%

Key Operating Ratios	1Q FY24	1Q FY25	Change % (YoY)
Probability & Efficiency (%)			
Return on Average Equity	12.1%	11.8%	(0.3%)
Net Interest Margin	1.84%	1.92%	0.08%
Cost to Income Ratio	39.9%	39.1%	(0.8%)
Asset Quality (bps)			
Gross Impaired Loans Ratio	57	54	(3)
Liquidity and Capital (%)			
CET1	12.6%	13.2%	0.6%



9M FY24 Net Profit	Gross Loan (Sep-24)	9M FY24 ROE
RMB9,039 mil	RMB721.1 bil	17.5%
+11% YoY	+22% YoY	



Sustainability Updates

To mobilise RM20 billion over the next five years to support Green Projects related to renewable energy, energy efficiency, green building, affordable housing, clean transportation and logistics, and waste management



Insurance & Takaful: HLA Holdings

Robust PBT growth driven by Life Insurance and General Insurance

PBT (RM' mil)	1Q FY24	1Q FY25	Change % (YoY)
Life Insurance	90	196	>100%
Family Takaful	5	0.5	(90.0%)
Singapore	3	6	>100%
Hong Kong	(1)	15	>100%
Profits from associates	23	19	(16.3%)
PBT*	98	237	>100%
PAT	81	174	>100%

* PBT breakdown include consolidation entries: 1Q FY25 PBT = RM1 mil; 1Q FY24 PBT = RM-22 mil

Key Operating Ratios	1Q FY24	1Q FY25	Change % (YoY)
Life insurance			
HLA Return on Average Equity	8.3%	14.3%	6.0%

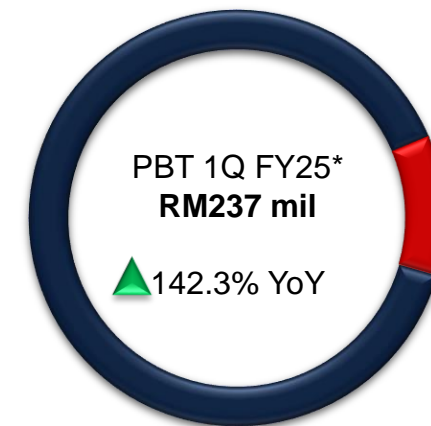
Sustainability Updates



- HLA investment portfolio does not carry any investments which harm the environment following its half-yearly assessment conducted based on BNM Climate Change and Principle-based Taxonomy

Life insurance & Family Takaful, 83% of PBT

RM197 Mil
+106.9% YoY



General Insurance, 17% of PBT

RM40 Mil
+62.5% YoY

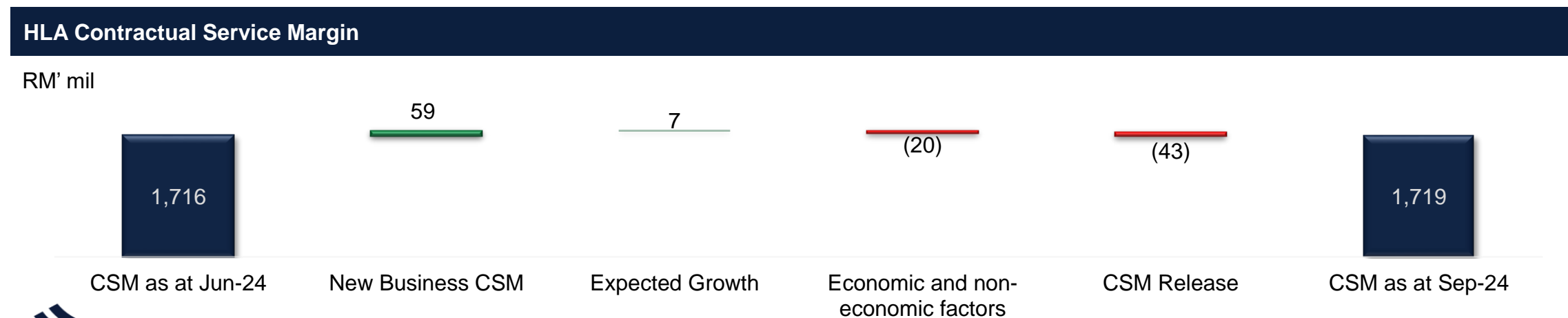
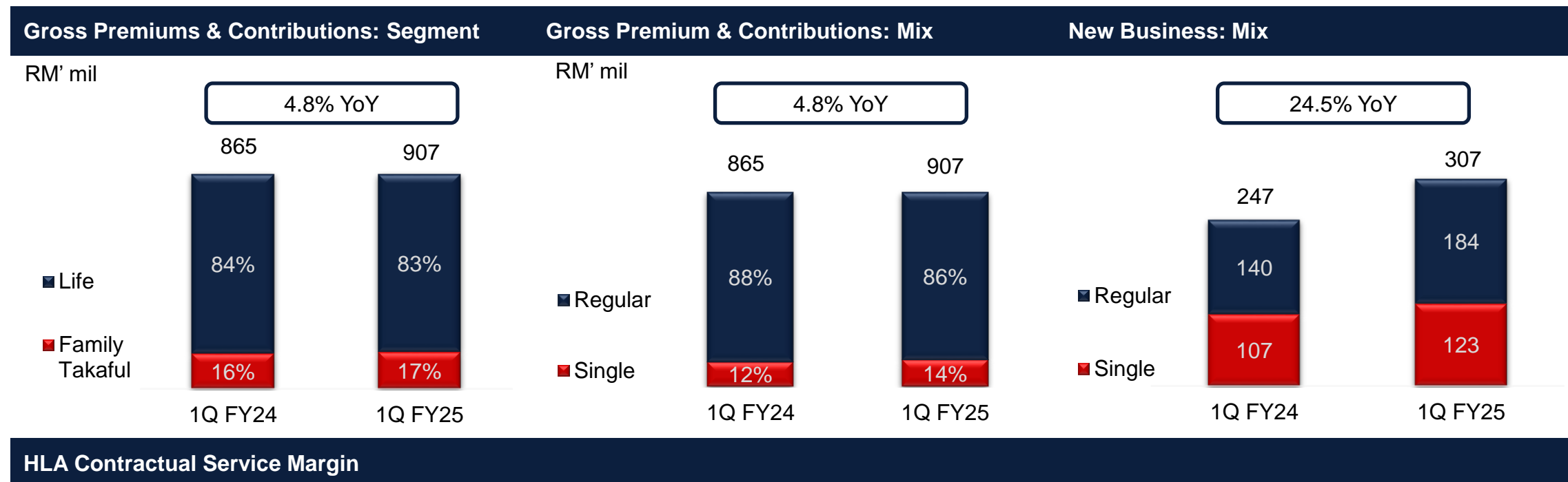
Key Drivers

- Robust PBT of RM237 mil (+142.3% 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 1Q FY25 PBT grew strongly +106.9% YoY driven by HLA's higher investment income and net insurance service results
- General Insurance +62.5% YoY driven by rebound in Hong Kong investment income, which offset lower profit contribution from associate
- HLAH 1Q FY25 Net profit more than doubled to RM174 mil



Life Insurance & Family Takaful

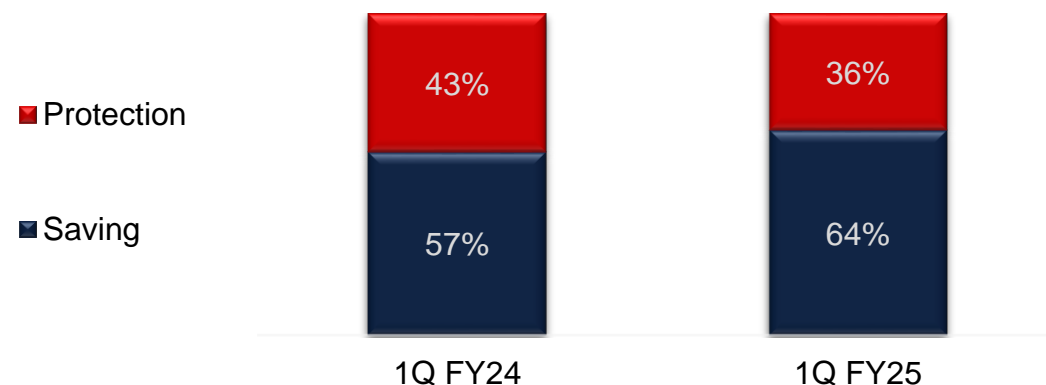
Higher gross premiums driven by 24.5% y-o-y new business growth



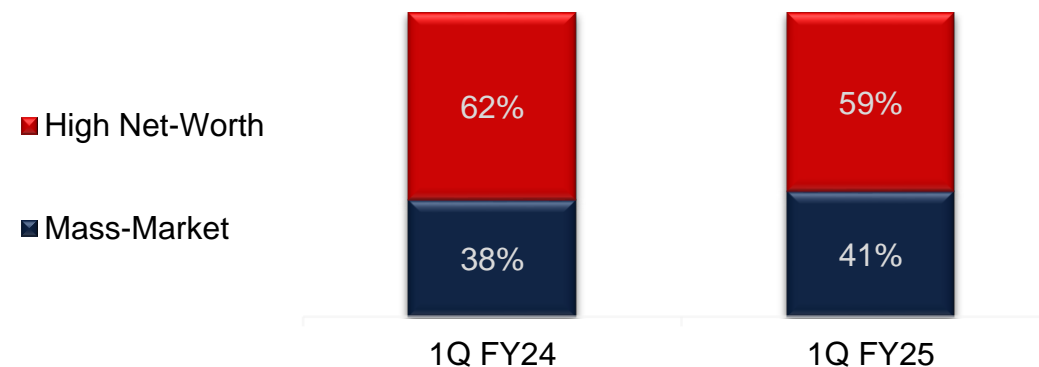
Life Insurance & Family Takaful

Remains focused on protection, especially high net-worth segment.

HLA Annualised Premiums: Protection & Saving Mix

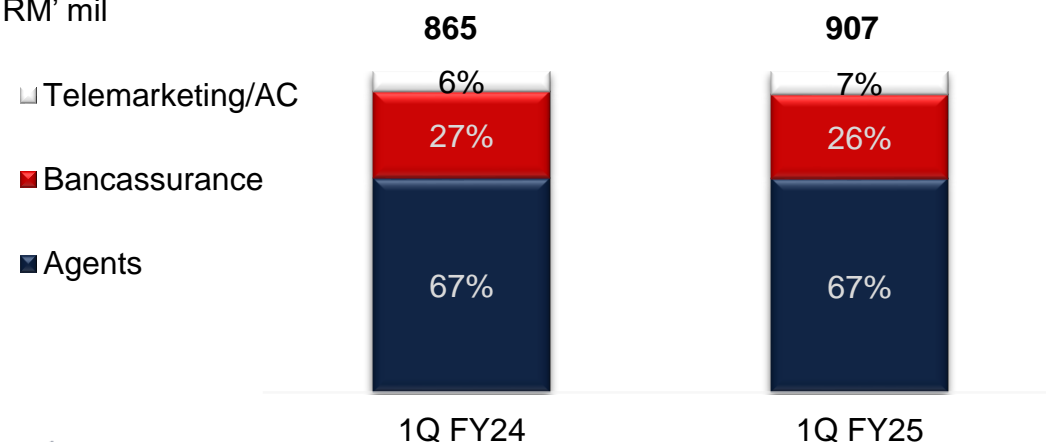


HLA Protection Segment NBRP (Agency)

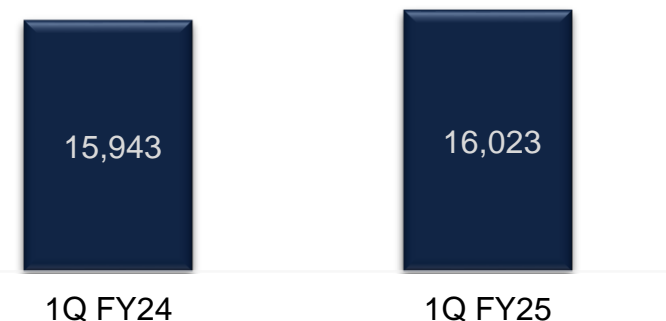


Gross Premiums & Contributions channel mix

RM' mil



Combined Number of Agents



Investment Banking: HLCB

Stockbroking performance remains buoyant but lower investment banking and asset management contribution

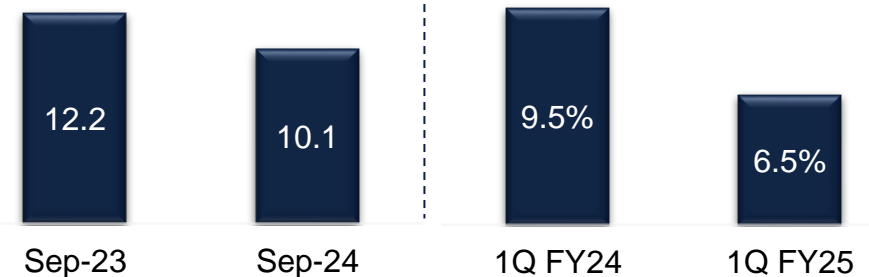
RM' mil	1Q FY24	1Q FY25	Change % (YoY)
Net Interest Income	12	16	29.0%
Non-Interest Income	51	41	(9.9%)
Total income	63	57	(10.4%)
Operating expenses	(36)	(35)	(2.0%)
PBT	27	22	(20.5%)
PAT	23	16	(27.5%)
Stockbroking	11	14	28.4%
Investment Banking	6	3	(53.4%)
Asset Management	3	1	(48.0%)
Others	8	4	(50.9%)
PBT	27	22	(20.5%)

Sustainability Updates



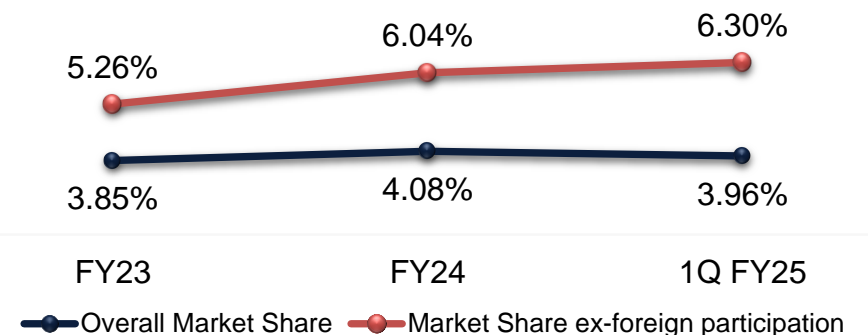
- Debt markets has successfully advised and arranged two transactions amounting to RM900 million, including a sustainability-linked bonds and a green medium term notes.

Asset Management
Average AUM (RM' bil)



HLCB average ROE (%)

Stockbroking Market Share (%)



HLCB Capital (%)

CET1

CAR

Sep-24

31.8%

40.0%



Closing Remarks



Closing Remarks



- Strong 1Q FY25 was led by our focused execution of strategic priorities in growing our topline. This has resulted in consecutive NIM recovery, above-industry loan growth, fee income growth and investment gains, especially from insurance.



- Malaysia's economic outlook remain positive.
- Mindful of downside risk and external headwinds stemming from evolving geopolitical and trade tensions between major economies.



- 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	1Q FY24	1Q FY25	Change % (YoY)	4Q FY24	1Q FY25	Change % (QoQ)
Net Interest Income	1,152	1,270	10.2%	1,232	1,270	3.1%
Non-Interest Income	424	622	46.7%	493	622	26.2%
Total income	1,576	1,892	20.0%	1,725	1,892	9.7%
Operating expenses	(641)	(691)	7.8%	(709)	(691)	(2.5%)
Operating profit before allowances	935	1,201	28.4%	1,016	1,201	18.2%
Writeback/(Allowances) for loans and other impairments	51	(7)	(<100%)	31	(7)	(<100%)
Share of profits from associates	378	394	4.3%	431	394	(8.6%)
PBT	1,363	1,587	16.4%	1,478	1,587	7.4%
PATAMI	742	848	14.3%	806	848	5.2%
EPS (sen)	65.4	74.7	9.3 sen	71.1	74.7	3.6 sen

Balance Sheet	Sep-23	Sep-24	Change % (YoY)	Jun-24	Sep-24	Change % (QoQ)
Book value per share (RM)	24.25	26.28	8.4%	26.53	26.28	(0.9%)
Gross Loan (RM' Bil)	182.1	194.5	6.9%	195.2	194.5	(0.4%)
Customer Deposits (RM' Bil)	207.6	218.6	5.3%	220.1	218.6	(0.7%)

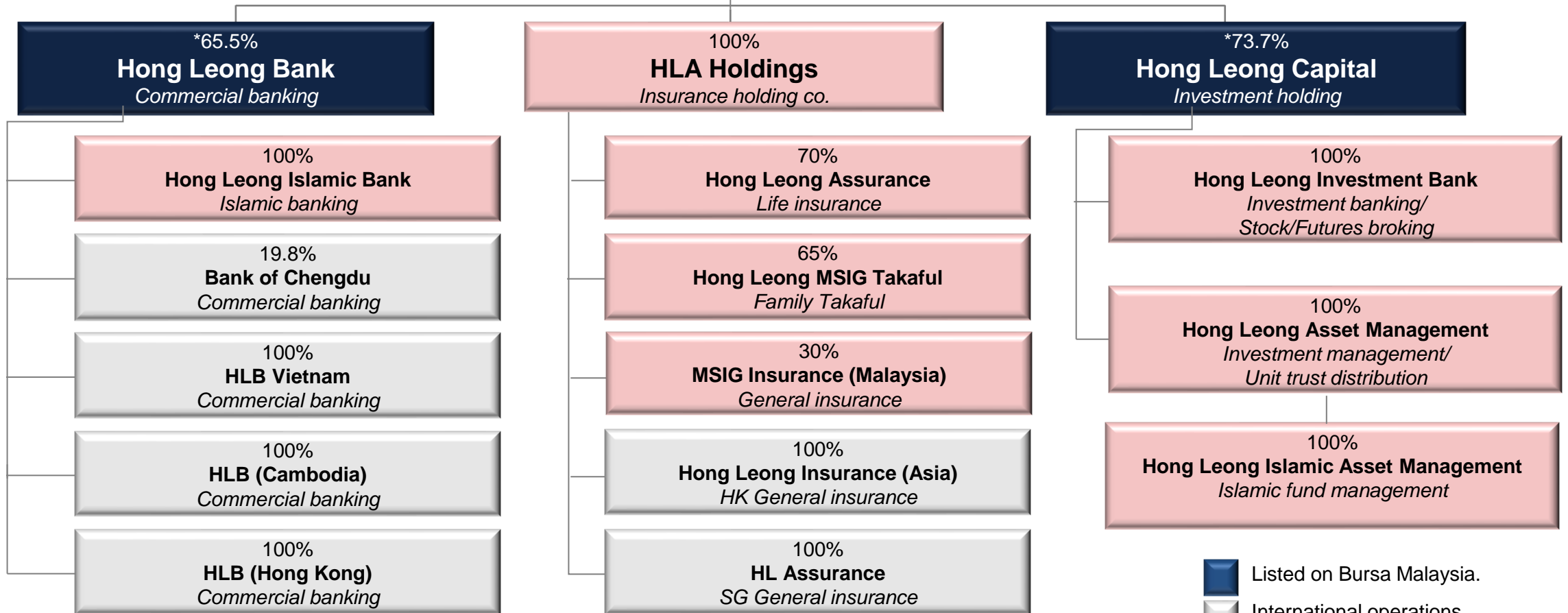




Key Financial Summary

(%)	1Q FY24	1Q FY25	YoY	4Q FY24	1Q FY25	QoQ
Profitability						
Return on Average Equity (ROE)	10.8%	11.3%	▲	10.7%	11.3%	▲
Non-interest income / total income	26.9%	32.9%	▲	28.6%	32.9%	▲
Cost-to-income Ratio	40.7%	36.5%	▼	41.1%	36.5%	▼
Asset Quality						
LIC (excl. Reg. Reserves)	164.6%	145.5%	▼	155.0%	145.5%	▼
LIC (incl. Reg. Reserves)	268.6%	265.3%	▼	276.3%	265.3%	▼
Credit Cost	(0.11%)	0.01%	▲	(0.06%)	0.01%	▲
Gross Impaired Loans Ratio	0.57%	0.54%	▲	0.53%	0.54%	▼
Liquidity						
Loan-to-Deposit Ratio (LDR)	84.7%	87.4%	▲	87.2%	87.4%	▲
Liquidity Coverage Ratio (LCR)	133.9%	139.7%	▲	127.9%	139.7%	▲
Net Stable Funding Ratio (NFSR)	116.5%	116.8%	▲	115.4%	116.8%	▲
Capital Adequacy						
Common Equity Tier I Capital Ratio (CET1)	10.9%	11.3%	▲	11.5%	11.3%	▲



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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THANK YOU

