



## HONG LEONG FINANCE

### CHAIRMAN'S STATEMENT

#### OPERATING PERFORMANCE

The company has delivered a strong financial performance in 2024, demonstrating our resilience in a challenging economic landscape. Our full-year net profit grew by 11.5% to S\$103.9 million driven by revenue growth and operational efficiency.

Our robust operating performance combined with strategic technological initiatives, customer-centric solutions, enhanced security and risk resilience, employee training and upskilling, and sustainability efforts, has positioned us well for the future. We remain focused on delivering long-term value for our stakeholders while navigating an increasingly complex environment.

#### Harnessing Technology for Growth

The rapid acceleration of digital adoption has transformed the financial landscape, and we have embraced this transformation to drive growth and enhance customer experience.

The pilot launch of HLF Digital, our digital financial services platform, represents a pivotal milestone to empower our customers' journey by placing finance at their fingertips. The platform has garnered strong interest, and we exceeded our initial target number of sign-ups by more than 30%. The full launch in 2025 will introduce additional features to further elevate user experience. Through an integrated omnichannel approach, our customers can enjoy round-the-clock convenience for financial transactions alongside the personalised face-to-face service of our branches and relationship managers.

The impact of our Application Programming Interface (API)-based vehicle loan digital application initiative continued to expand, allowing us to establish a competitive edge in automobile financing. The volume of our vehicle loan digital applications has tripled, and we are proud to be Singapore's leading financier for electric vehicles. In response to evolving market needs, we are expanding our offerings to include a non-API dealer portal to benefit more stakeholders.

To support our digital initiatives, we are upgrading our network infrastructure and technology stack, enhancing agility, reliability, security and scalability.

#### Scaling Our Business with Customer-Centric Solutions

Our suite of financial solutions, designed to support both corporate and retail customers in navigating the challenges of high inflation, has seen a strong uptake.

As higher Certificate of Entitlement (COE) prices pushed up the cost of cars, causing more consumers to turn to renting and ride-hailing, we identified the opportunity to step up our Small and Medium-sized Enterprise (SME) loans. By enabling car rental companies and taxi operators to expand or replace their fleets, our loans have achieved robust growth in response to the rising demand.

Similarly, BizCap, our working capital loan, provides businesses with the financial support needed for effective cost management through its competitive fixed-rate structure.

The HLF Premium SAVER, a savings account with a higher interest rate to address concerns over rising living costs and retirement planning, experienced an impressive doubling of new accounts year-on-year.

These achievements underscore our dedication to delivering impactful financial solutions. We are deeply honoured to have been recognised as the 'ASEAN Finance Company of the Year' for the eleventh consecutive year by Asian Banking & Finance, celebrating our innovative approach to meeting customer needs. Furthermore, Brand Finance's recognition of us as one of the 'Top 100 Singaporean Brands' reaffirms our steadfast commitment to service excellence and customer satisfaction.

### **Fortifying Security and Risk Resilience**

Cybersecurity remains a critical focus area. We deployed new security tools, updated processes to better protect sensitive data, and conducted simulations to bolster our defences against emerging threats. These measures underscore our commitment to safeguarding the trust our customers place in us.

In response to the rise of scams and frauds, we have taken decisive steps to protect our customers and our business. This includes the establishment of a dedicated team to develop anti-fraud policies and guidelines, complemented by employee training to proactively detect and report threats. Our introduction of a 24/7 scam reporting hotline and a 'Kill Switch' function within the HLF Digital platform have further strengthened our efforts to protect customers by enabling them to quickly act in the event of suspicious activities.

To enhance our credit portfolio robustness, we have implemented an 'Early Warning Framework' to identify potential credit risks at an early stage and are developing rating models to enhance our assessment of corporate borrowers.

### **Empowering Our Workforce**

Our employees are the driving force behind our success. In 2024, we increased total learning hours by more than 20% year-on-year, focusing on key areas such as compliance, cybersecurity, data privacy, and risk management. By developing tailored training programmes, we are equipping our employees with the skills needed to meet evolving market demands.

Recognising the importance of employee well-being, we continue to foster a positive and inclusive work culture and are committed to creating an environment where our employees can thrive and contribute to our collective success.

### **Advancing Sustainability and ESG Commitments**

Sustainability is a key pillar of our strategy as we contribute to the transition to a low-carbon economy. To support this, we established a dedicated Sustainability Department to complement our Sustainability Reporting Working Committee and spearhead Environmental, Social and Governance (ESG) initiatives. Our achievements have been recognised with a ranking among the top 30 in the Singapore Governance and Transparency Index (SGTI) 2024.

We are aligning our sustainability disclosures with emerging standards and conducting a gap analysis to integrate International Sustainability Standards Board's (ISSB) climate-related reporting requirements with the Task Force on Climate-related Financial Disclosures (TCFD) framework. These efforts underscore our commitment to transparency, accountability, and sustainable growth.

## **OUTLOOK**

While geopolitical tensions weigh on the economic outlook for 2025, our strategic priorities remain clear. We are committed to leveraging digital solutions to enhance customer experience and convenience, prioritising customer-centric innovation and strengthening our ESG initiatives to meet evolving market demands.

We are confident in our ability to deliver enduring value to our stakeholders, guided by disciplined risk management. Together with a strong foundation and a resilient strategy, we are shaping a future defined by growth, innovation and sustainability.

## **APPRECIATION**

I would like to extend my sincere gratitude to our valued customers, partners, and shareholders for their continued support and trust, which form the bedrock of our success. I also wish to thank our esteemed Board of Directors for their invaluable guidance and counsel, as well as our management team and employees for their dedication and efforts.

**KWEK LENG BENG**

**Chairman**

21 February 2025