



## **Chairman's Statement**

### **OPERATING PERFORMANCE**

The geopolitical tensions that characterised 2023 injected an element of uncertainty into financial markets. Simultaneously, the historic rise in inflation presented a dynamic challenge, affecting the purchasing power and financial planning of both our retail and corporate customers.

Climate change and environmental risk continue to be pressing challenges, demanding not only a commitment to sustainability but also a proactive management approach to drive resilience in our business operations.

### **Commitment to Customer-Centricity**

In the face of these challenges, Hong Leong Finance ("HLF") has maintained an unwavering focus on serving our customers and stakeholders. As a leading financial institution, we recognise that our role transcends mere transactions. HLF strives to become an integral partner in the journey of our customers. Our steadfast dedication to their well-being is a guiding principle that shapes our actions and defines our purpose.

### **Targeted Financial Solutions**

We commissioned a Consumer Financial Survey in 2023 to understand financial challenges faced by Singaporeans. In response to the findings, we introduced HLF Premium SAVER, a hassle-free savings account tailored to address the rising cost of living and retirement concerns.

Acknowledging the financial hurdles encountered by small and medium-sized enterprises ("SMEs") in an inflationary environment, we extended support to these businesses by providing additional loans, while upholding prudent credit management practices.

To enhance customers' online search accessibility to our financial solutions, our advanced digital search marketing expertise has enabled customers to effortlessly find relevant products. Our excellence in this area was recognised and we received a Marketing Excellence Award in 2023 by Marketing-Interactive.

To stay ahead in the evolving financial landscape, we also set up a specialised Transformation and Innovation function which serves as a focal point for driving change by adapting operating models, improving operational efficiency, and providing innovative financial solutions.

### **Embracing Technology and Collaborations for Improved Customer Solutions**

Understanding the pivotal role of technology in modern financial services, HLF has strategically integrated digital solutions to elevate our offerings.

In partnership with Nium Pte Ltd, HLF launched the HLF FASTPAY application in 2022, a versatile multi-currency wallet designed for seamless payments and efficient remittances. Since its inception, the user base has consistently expanded, with a notable increase in foreign currency transactions. This growth can be attributed in part to the competitive exchange rates offered by the app. To further enhance the user experience, we introduced contactless Apple Pay functionality to the HLF FASTPAY app, providing added convenience and accessibility for our users.

Collaborating with the Housing Development Board (“HDB”) and various financial institutions, we implemented an Integrated Housing Loan Application Service in the HDB Flat Portal. It simplifies the housing loan application process from applying for in-principle approval through a HDB Flat Eligibility letter to requesting a Letter of Offer for HDB homeowners for their flat purchase.

Additionally, our participation in eGuarantee@Gov underscored our dedication to modernising and streamlining our financial services. The introduction of issuance of digital guarantees to Government Agencies represented a significant shift in helping our customers perform their business transactions swiftly and efficiently.

Strong collaborations have also been forged with leading motor groups. Leveraging API integration, we enabled seamless and speedy car loan applications and extended our reach to a broader customer base.

In 2024, we will launch HLF Digital, an internet and mobile financial transaction platform. Through this initiative, we aim to provide added convenience and benefits to customers, empowering them with anytime, anywhere access to our comprehensive suite of financial services for fuss-free transactions.

The prestigious ASEAN Finance Company 2023 Award, presented by Asian Banking and Finance, highlights the positive impact of our efforts.

### **Recognising Our Employees**

At the heart of HLF's success are our dedicated employees, who go beyond to deliver exceptional customer service. Their commitment to service excellence is evident in a remarkable 137% increase in customer compliments year-on-year. In addition to providing relevant products, HLF is committed to upskilling our employees, ensuring they have the necessary soft skills and digital expertise to address the evolving needs of our customers.

With the increasing number of frauds and scams, coupled with a growing ageing population and rising dementia cases, our employees have proactively undertaken measures to acquire the necessary skills to safeguard our customers. Their vigilance and knowledge help to ensure the protection of our customers.

We foster a positive and inclusive work culture for the well-being of our employees. Employees from various backgrounds come together to contribute their unique perspectives, enriching our organisational culture. We believe that a motivated and engaged workforce is fundamental to delivering exceptional customer service.

### **Climate-Related and Environmental Risk Management**

Recognising the crucial role financial institutions play in environmental stewardship, HLF is committed to responsible finance practices. We proactively manage climate-related and environmental risks by introducing and adhering to the Environment Risk Management Guidelines.

Furthermore, we expanded the number of monitored sectors with high environmental risk and high carbon emissions from eight to eleven. Additionally, we introduced the Environment Risk Questionnaire to systematically engage with corporate customers in these sectors to help mitigate environmental risks and promote sustainability.

While driving transition financing, we also actively promote green financing. Our green vehicle financing experienced considerable growth, increasing by over 93% year-on-year. Appreciating the rising demand for sustainable financial products, we established the SME Green Financing Framework. This framework enhances our capabilities to offer green financial products to SMEs, enabling us to support our business partners in addressing climate change.

Efforts to mitigate our environmental impact include implementing energy-saving measures and reducing paper consumption. These actions are aligned with our dedication to environmental sustainability.

## **Building Strong Governance and Resilience**

Effective management demands agility at the enterprise level. Our approach to identifying and addressing enterprise risks is grounded in the principles of strong governance and resilience, ensuring the health, success, and continued growth of the company.

Our zero tolerance for regulatory non-compliance is reflected in the continuous improvement of our risk management and control framework. Regular updates to policies and guidelines, together with employee training initiatives, reinforce our strong compliance culture.

We exercise diligence in anti-money laundering and counter-terrorist financing, aligning with the national efforts to combat financial crimes. The observance of customer data privacy and security is paramount, with rigorous measures in place to safeguard sensitive information.

To aid us in identifying and addressing emerging credit stress at an early stage, we deepened our collaboration with Moody's and Dun & Bradstreet to implement a robust early warning credit framework. This improves the resilience of our loan portfolio by keeping abreast with Industry trends and our customers' financial profile.

We firmly believe in fair treatment for our customers, employees, and stakeholders and the importance of building strong and sustainable relationships. Our environmental, social, and governance initiatives embody good practices.

For its strong capital position and financial stability, HLF was conferred the Best Singaporean Bank and included in the Top 1000 World Banks 2023 and Top 100 ASEAN Banks 2023 leaderboards by The Banker. Supported by a solid and balanced governance structure, HLF stands among the top 50 Singapore-listed companies in the Singapore Governance and Transparency Index.

## **OUTLOOK**

For the coming year, we are cautiously optimistic about the economic landscape of Singapore. We remain resolute in seizing strategic opportunities and exercising financial prudence, while supported by strong governance practices. We understand that navigating the financial landscape requires a delicate balance between business performance and sustainable value creation.

In an environment marked by increasing challenges and uncertainties, our customers remain our top priority and we are committed to supporting their financial needs and aspirations.

Leveraging digitalisation for enhanced customer experience, we will increase our efforts to expand into digital and online services to serve our customers. Through this integrated omnichannel approach, our customers can enjoy round-the-clock convenience for financial transactions alongside our existing face-to-face branch and relationship manager services. We are fully engaged with our stakeholders, including shareholders, customers, employees, partners, and the community at large. With their strong support, we will continue to deliver innovative solutions and services aligned with our goal of sustainable value creation to benefit all stakeholders.

## **APPRECIATION**

I would like to express our sincere appreciation to our valued customers, employees, partners and shareholders for their continued support, trust and confidence in us. I am also deeply grateful to my fellow Directors for their invaluable advice and guidance during the year and to the management and employees for their commitment and efforts in 2023.

**KWEK LENG BENG**

**Chairman**

23 February 2024