

For Immediate Release

Hong Leong Financial Group Recorded a Profit After Tax of RM2.2 Billion For Its Nine Months Financial Results

KUALA LUMPUR, 28 May 2019 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its results for the nine months ended 31 March 2019 (“9MFY19” or the “period”).

- The Group recorded a profit after tax of RM2,203.5 million for the period, flat to last year.
- Net Income from our Islamic banking and Takaful businesses for the period was RM580.9 million, an increase of 10.6%. Our efforts on our Islamic financial services continue to show results, where the contribution of the Islamic businesses to HLFG Group’s profit before tax (excluding one-offs) improved from 10.9% to 13.5%.
- Book value per share increased from RM16.21 as at 31 December 2018 to RM16.70 as at 31 March 2019.
- The Group declared a 2nd interim dividend of 29 sen per share, higher than last year by 2 sen. Including the first interim dividend of 13 sen per share, HLFG would have paid/declared a total dividend of 42 sen per share for the financial year.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “Despite the challenging business environment, we continue to show steady results across all our core businesses. We remain committed to diligently execute our business and digital strategies to build long term sustainable value for our shareholders”.

Commercial Banking

- Hong Leong Bank Berhad’s (“HLB” or the “Bank”) profit after tax increased RM16.0 million or 0.8% year-on-year (“y-o-y”) to RM2,028.1 million. The result was driven by a healthy loan growth albeit amidst funding cost pressure during the period and less contribution from Treasury market activities.
- Cost-to-income ratio slightly increased to 43.9% in 9MFY19, but it remained at the lower end of the industry range. The Bank reinvests much of its cost saving initiatives and productivity gains into its digital programs and IT infrastructure.
- Loans growth improved by 6.5% y-o-y to RM133.6 billion despite a relatively slower credit environment as well as softer business sentiments.
- Overall loan growth was predominantly driven by mortgages and balanced growth across the customer segments. Residential mortgages grew ahead of industry at 9.4% y-o-y to RM65.9 billion, sustained by a healthy loan pipeline, whilst domestic loans to business enterprises increased by 11.4% y-o-y to RM38.8 billion.

- Solid asset quality maintained, with a Gross Impaired Loans Ratio at 0.80%
- Loan impairment coverage (“LIC”) ratio remains prudent at 116.4% post MFRS9. Inclusive of regulatory reserve set aside as at 31 March 2019, the Bank’s LIC ratio was at a comfortable level of 194.9%.
- Loan-to-deposit ratio remained among the lowest in the industry at 82.0%. The Bank’s Liquidity Coverage ratio stood at 133.6% as at 31 March 2019, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.6%, 13.6% and 16.4% respectively as at 31 March 2019.

Insurance

- HLA Holdings Sdn Bhd, HLF’s insurance division, recorded a profit after tax of RM185.9 million in 9MFY19, a decrease of 6.0% y-o-y. The decrease in profit was mainly due to lower premiums and weak market sentiments.
- Hong Leong Assurance Berhad (“HLA”), our key insurance operating subsidiary, continues to make good progress in growing its Non Participating and Investment Link new business premiums at over 90% of new business premiums. This is important to our efforts to create higher new business embedded value for our life business.
- HLA’s management expense ratio was 6.3% in 9MFY19, remaining among the lowest in the industry.
- The focus remains on growing and improving the quality of HLA’s premium base, increasing profitability drivers as well as growth across multiple distribution channels.

Investment Banking

- The Investment Banking division under Hong Leong Capital Berhad, recorded a profit after tax of RM62.5 million in 9MFY19, slightly higher than last year. This is commendable given the backdrop of lower Bursa volumes and slower corporate activities.

End

About Hong Leong Financial Group

Hong Leong Financial Group Berhad, as the listed financial services arm of Hong Leong Group, is a leading provider of financial services through its subsidiaries and associate companies.

The Group's financial services companies provide a broad spectrum of financial services – commercial banking, treasury, insurance, investment banking, capital markets, stockbroking and asset management throughout Malaysia, Singapore, China, Hong Kong, Vietnam and Cambodia. Based in Kuala Lumpur, our products and services are distributed via a diverse range of distribution channels.

Our vision is to be an integrated financial services group that consistently meets our customers' needs. Our goal is to become a leader in the financial services industry; a leader in each of the markets that we operate in.

For further details, visit www.hlfg.com.my or www.bursamalaysia.com, and for further clarification, please contact:

Investor Relations

Chew Seong Aun
Group Chief Financial Officer
Tel: +603 2080 9888

Email: cfo-hlfg@hongleong.com.my

Media

Vivian Tan
General Manager, Corporate Communication & CSR
Tel: +603 2081 8888 Extn 61914

Email: CAPR@hongleong.com.my