

For Immediate Release

Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM1.9 Billion for its Financial Year Ended 30 June 2019

KUALA LUMPUR, 28 August 2019 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its final results for the financial year ended 30 June 2019 (“FY19”).

- The Group recorded a net profit attributable to shareholders of RM1,919.4 million for the period, flat to last year.
- Net Income from our Islamic banking and Takaful businesses for the period was RM782.3 million, an increase of 9%. Our efforts on our Islamic financial services continue to show results, where the contribution of the Islamic businesses to HLFG Group’s profit after tax (excluding one-offs) improved from 10.5% to 12.0%.
- Book value per share increased from RM15.55 as at 30 June 2018 to RM16.78 as at 30 June 2019.

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 our core businesses. This was coupled with continued reinvestment of cost-saving actions into digital initiatives and judicious risk management during the year. We remain committed in executing our business and digital strategies to build long term sustainable value for our shareholders”.

HLFG raised its total dividend from 40 sen per share last year to 42 sen per share in FY19.

Commercial Banking

- Hong Leong Bank Berhad’s (“HLB” or the “Bank”) net profit increased RM26.4 million or 1.0% year-on-year (“y-o-y”) to RM2,664.5 million. The result was supported by a healthy loan growth albeit amidst margin and funding cost pressures and lower contribution from Treasury market activities.
- Cost-to-income ratio slightly increased to 44.3% in FY19, but 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 grew better-than-market by 6.6% y-o-y to RM137.6 billion despite a relatively slower credit environment as well as softer business sentiments.

- Overall loan growth was predominantly driven by mortgages with balanced growth across other customer segments. Residential mortgages grew ahead of industry at 9.9% y-o-y to RM67.4 billion, sustained by a healthy loan pipeline, whilst domestic loans to business enterprises increased by 10.5% y-o-y to RM40.7 billion.
- Solid asset quality was maintained, with a Gross Impaired Loans Ratio at 0.78%
- Loan impairment coverage (“LIC”) ratio stayed prudent at 118% post MFRS9. Inclusive of regulatory reserve set aside as at 30 June 2019, the Bank’s LIC ratio was at a comfortable 197%.
- Loan-to-deposit ratio remained among the lowest in the industry at 84.4%. The Bank’s Liquidity Coverage ratio stood at 134% as at 30 June 2019, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.1%, 14.1% and 16.3% respectively as at 30 June 2019.
- HLB raised its total dividend from 48 sen per share last year to 50 sen per share in FY19, which will translate to better cash flows for HLFG.

Insurance

- Hong Leong Assurance Berhad (“HLA”), our key insurance operating subsidiary, reported a net profit of RM221.0 million in FY19, an increase of 4.5% y-o-y.
- HLA 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 (“NBEV”) for our life business. HLA’s NBEV showed a 14.7% yoy growth.
- HLA’s management expense ratio was 6.3% in FY19, 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 and asset management businesses under Hong Leong Capital Berhad (“HLCB”), recorded a lower net profit of RM67.7 million compared to last year, reflecting lower Bursa volumes and subdued corporate market activities.
- The asset management division, Hong Leong Asset Management Berhad (“HLAM”), continued to show a strong profit growth, up 80% yoy.

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.hlfq.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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