

*For Immediate Release*

## **Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM490.2 Million for its First Quarter Financial Results Ended 30 September 2019**

**KUALA LUMPUR, 27 NOVEMBER 2019** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first quarter results for the period ended 30 September 2019 (“1QFY20”).

- The Group recorded a net profit attributable to shareholders of RM490.2 million, a decrease of 3.1% year-on-year (“y-o-y”) for the period. Excluding one-off gains from an equity divestment of RM72.2 million recorded in the corresponding quarter last year, the Group’s normalised net profit attributable to shareholders for 1QFY20 expanded by 7.0% y-o-y.
- Our efforts on our Islamic financial services continue to show results; net income from our Islamic banking and Takaful businesses for the period was RM215.2 million, an increase of 16.8% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 10.2%.
- Book value per share increased from RM16.78 as at 30 June 2019 to RM17.13 as at 30 September 2019.
- The Group declared a 1st interim dividend of 13 sen per share in 1QFY20.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “Despite the subdued 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”.

### **Commercial Banking**

- Hong Leong Bank Berhad (“HLB” or the “Bank”) recorded a net profit after tax of RM689 million for the first quarter. Excluding a one-off gain from the divestment of joint venture of RM72.2 million recorded in the corresponding quarter last year, net profit for 1QFY20 would have expanded by an encouraging 8.5% y-o-y.

- The result was supported by improved net interest margin (“NIM”), coupled with prudent cost control and healthy contributions from overseas businesses. NIM for 1QFY20 rose 5 bps y-o-y to 2.03%.
- Cost-to-income ratio stood at 43.0%. 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 6.8% y-o-y to RM138.7 billion despite a relatively softer business environment. Residential mortgages and domestic loans to the retail segment continue to outperform the industry. Residential mortgages grew 10.2% y-o-y to RM69.0 billion, supported by a healthy loan pipeline. The Bank’s domestic loans expanded 6.6% y-o-y and contributed 71% of the Bank’s total loans.
- Loans to domestic business enterprises expanded 9.9% y-o-y, whilst overall loans and financing to SME increased by 8.9% y-o-y to RM21.8 billion. Growing the corporate and SME portfolio remains a HLB priority including a commitment to support renewable energy projects.
- Asset quality positions are amongst the best in the industry with a Gross Impaired Loans Ratio of 0.81%. Loan impairment coverage (“LIC”) ratio was maintained at a prudent level of 110% as at 30 September 2019. Inclusive of regulatory reserve, the Bank’s LIC ratio stood at a comfortable 196%.
- Loan-to-deposit ratio remained strong and is one of the lowest in the industry at 84.8%. The Bank’s Liquidity Coverage ratio stood at 126% as at 30 September 2019, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.8%, 13.4% and 15.7% respectively as at 30 September 2019.

### Insurance

- Hong Leong Assurance Berhad (“HLA”), our key insurance operating subsidiary, reported a net profit of RM43.3 million.
- 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 for our life business.
- HLA’s management expense ratio was 7.0% in 1QFY20, 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 recorded a lower net profit of RM23.7 million for 1QFY20, due to a high-base effect from higher Deferred Tax Asset (DTA) last year.
- The asset management division under Hong Leong Asset Management Berhad continued to show strong profits growth with its net profit doubled y-o-y to RM7.7 million for the first quarter ended 30 September 2019.

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 and Islamic banking, treasury, insurance and Family Takaful, investment banking, 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](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:**

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