

***For Immediate Release*****Hong Leong Financial Group Records a Net Profit  
Attributable To Shareholders of RM993.2 Million for its  
First Half Financial Results as at 31 December 2019**

**KUALA LUMPUR, 26 FEBRUARY 2020** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first half results for the six months ended 31 December 2019 (“1HFY20”).

- The Group recorded a net profit attributable to shareholders of RM993.2 million, flat to last year. Excluding one-off gains from an equity divestment of RM90.0 million recorded in the corresponding period last year, the Group’s normalised net profit attributable to shareholders for 1HFY20 expanded by 7.0% year-on-year (“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 RM437.7 million, an increase of 17.8% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 12.4%.
- Book value per share increased from RM17.13 as at 30 September 2019 to RM17.43 as at 31 December 2019.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “Despite the challenging business environment, we delivered commendable business growth across our core businesses. We continued to reinvest our cost savings from expense management programs into digital initiatives and stayed vigilant on credit and risk indicators. 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 RM1,390.4 million for the 1HFY20. Excluding a one-off gain from the divestment of joint venture of RM90.0 million recorded in the corresponding period last year, its net profit would have expanded by an encouraging 6.6% y-o-y.
- The result was supported by improved net interest margin (“NIM”), coupled with prudent cost control and solid contributions from associates. NIM for 1HFY20 rose 5 bps y-o-y to 2.03%.

- Cost-to-income ratio improved to 42.8% as revenue outpaced expenses growth by a significant margin. 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 7.3% y-o-y to RM141.3 billion despite a relatively softer business environment. Residential mortgages expanded strongly by 9.8% y-o-y to RM70.6 billion, supported by a healthy loan pipeline.
- The Bank's domestic loans growth continues to outperform the industry; growing by 6.8% y-o-y to RM133.5 billion. Domestic loans to the retail segment continue to drive the Bank's loan growth, increasing 6.6% y-o-y and contributed 71% of the Bank's total loans, whilst domestic loans to business enterprises increased by 4.8% y-o-y. 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 0.84%. Loan impairment coverage ("LIC") ratio was maintained at a prudent level of 103% as at 31 December 2019. Inclusive of regulatory reserve, the Bank's LIC ratio stood at a comfortable 182%.
- Loan-to-deposit ratio remained strong and is one of the lowest in the industry at 84.6%. The Bank's Liquidity Coverage ratio stood at 123% as at 31 December 2019, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.1%, 13.7% and 15.9% respectively as at 31 December 2019.

### Insurance

- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, reported a net profit of RM73.5 million for the half year, impacted by lower interest rates and a number of one-offs including the new Minimum Allocation Rate rules implemented effective 1 July 2019.
- HLA continues to make good progress in creating higher New Business Embedded Value through the growth of its Non Participating and Investment Link new business premiums.
- HLA's management expense ratio was 6.0% in 1HFY20, 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 higher net profit of RM46.8 million for 1HFY20, an increase of 11.3% y-o-y.
- The asset management division under Hong Leong Asset Management Berhad continued to show strong profits growth for the period ended 31 December 2019. Its net profit grew 71% y-o-y to RM13.8 million while average AUM increased by RM1.5 billion or 8.7% y-o-y to RM19.1 billion.

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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