

***For Immediate Release*****Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM1.3 Billion for its Nine Months Financial Results as at 31 March 2020**

**KUALA LUMPUR, 29 MAY 2020** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its results for the nine months ended 31 March 2020 (“9MFY20”).

- The Group recorded a net profit attributable to shareholders of RM1.3 billion, lower by 8% year-on-year (“y-o-y”).
- Our efforts on Islamic financial services continue to show results; net income from our Islamic banking and Takaful businesses for the period was RM673.8 million, an increase of 13.4% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 13.9%.
- Book value per share increased from RM17.43 as at 31 December 2019 to RM17.80 as at 31 March 2020.
- For this quarter, in view of the current economic conditions, we have adopted a more prudent approach in respect of our dividend payment and will re-evaluate the situation at the close of our financial year.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “In the midst of a highly challenging business environment with both domestic and global economies impacted by the on-going Covid-19 pandemic, we remain vigilant in prudently managing key business risks and expect the core strengths of our operating businesses in liquidity, capital and credit discipline to serve us well. While our strong digital offering enabled us to keep in close contact and serve our customers during this difficult time, we will continue to further strengthen our digital strategy to build long term sustainable value for our shareholders.”

**Commercial Banking**

- Hong Leong Bank Berhad (“HLB” or the “Bank”) recorded a lower net profit after tax of RM1,925.2 million for the 9MFY20 compared to the corresponding period last year.
- The result was supported by sustained loan growth, coupled with prudent cost control and solid contributions from associates. Net interest margin (“NIM”) for 9MFY20 stood at 1.97% despite two OPR cuts during the March 2020 quarter.

- Cost-to-income ratio was maintained at 44.2%. 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 RM142.4 billion despite a relatively softer business environment.
- The Bank's domestic loans growth continues to outperform the industry; growing by 5.9% y-o-y to RM134.4 billion. Domestic loans to the retail segment continue to drive the Bank's loan growth, increasing 5.4% y-o-y and contributed 71% of the Bank's total loans, whilst domestic loans to business enterprises increased by 4.6% y-o-y. Growing the corporate and SME portfolio remains a HLB priority.
- Asset quality positions are amongst the best in the industry with a Gross Impaired Loans Ratio of 0.98%. Loan impairment coverage ("LIC") ratio was maintained at a prudent level of 91% as at 31 March 2020. Inclusive of regulatory reserve, the Bank's LIC ratio stood at a comfortable 159%.
- 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 130% as at 31 March 2020, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.9%, 13.5% and 15.7% respectively as at 31 March 2020.

### **Insurance**

- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, reported a net profit of RM74.7 million for the nine months, impacted by lower interest rates and a number of one-offs including the new Minimum Allocation Rate rules implemented effective 1 July 2019.
- HLA will continue to focus on creating higher New Business Embedded Value.
- HLA's management expense ratio was 6.3% in 9MFY20, remaining among the lowest in the industry.
- The growth prospect remains favorable due to improving 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 RM57.9 million for 9MFY20, mainly 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 for the period ended 31 March 2020. Its net profit grew 43.5% y-o-y to RM17.0 million while average AUM increased by 1.1% y-o-y to RM17.8 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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