

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 2020**

KUALA LUMPUR, 28 AUGUST 2020 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its final results for the financial year ended 30 June 2020 (“FY20”).

- The Group recorded a net profit attributable to shareholders of RM1.9 billion, lower by 3.2% year-on-year (“y-o-y”) due to the impact of Covid-19 in the second half of the financial year. Without one-off items and Covid-19 associated impacts, our normalised Profit Before Tax would be approximately 19% better than last year.
- Our efforts on Islamic financial services continue to show results; net income from our Islamic banking and Takaful businesses for the period was RM947.3 million, an increase of 18.3% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 14.9%.
- Book value per share increased from RM16.78 as at 30 June 2019 to RM18.43 as at 30 June 2020.
- In view of the current economic conditions, we have adopted a more prudent approach in respect of our dividend payment and propose a final dividend of 25 sen. Together with the first interim dividend of 13 sen per share, the total dividend for FY20 is 38 sen, lower than last year by 4 sen.

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 net profit after tax of RM2,494.6 million, lower by 6.4% y-o-y in FY20 due to net Interest margin compression, a prudently managed higher loan loss provisions and one-off modification loss. However, the result was supported by robust loan growth, coupled with prudent cost control and solid contributions from overseas operations.

- Cost-to-income ratio moderated to 44.0% with positive JAWS attained for the year. 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 6.1% y-o-y to RM145.9 billion. The Bank's domestic loans growth continues to outperform the industry; growing by 5.9% y-o-y to RM138.2 billion, while domestic loans to business enterprises increased by 6.3% y-o-y. The Bank's community banking initiative focusing on the SME segment continued its solid performance with a 32.8% y-o-y loan growth.
- Asset quality positions are amongst the best in the industry with a Gross Impaired Loans Ratio of 0.61% as at 30 June 2020. Loan impairment coverage ("LIC") ratio was higher than last year at 142%. Inclusive of security value, the Bank's LIC ratio stood at 184%.
- Loan-to-deposit ratio remained strong and is one of the lowest in the industry at 83.5%. The Bank's Liquidity Coverage ratio stood at 137% as at 30 June 2020, well above regulatory requirements.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.5%, 14.1% and 16.3% respectively as at 30 June 2020.

Insurance

- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, reported a net profit of RM141.2 million, lower by 36.1% y-o-y mainly due to lower interest rates affecting actuarial reserving, equity investment portfolio volatility and new regulatory obligations such as the Minimum Allocation Rate.
- In respect to business, the growth momentum of gross premiums and new business regular premiums ("NBRP") remained steady despite Covid-19 impact. Gross premiums increased 1.1% to RM2.8 billion while NBRP grew 3.6% to RM565.1 million.
- HLA's management expense ratio was 6.0% in FY20, remaining among the lowest in the industry.
- The growth prospect remains favorable as our operating model remains sound and the present short term volatility of HLA's financial results will not affect its delivery of long term franchise value creation.

Investment Banking

- Hong Leong Capital Berhad's ("HLCB") reported net profit increased 39.1% y-o-y to RM94.2 million given positive results from its stockbroking division in this period and a steady asset management business. Asset Management's AUM increased RM0.8 billion or 4.6% y-o-y to RM18.3 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 or www.bursamalaysia.com, and for further clarification, please contact:

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