

For Immediate Release

Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM587.0 Million for its First Quarter Financial Results Ended 30 September 2020

KUALA LUMPUR, 27 NOVEMBER 2020 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first quarter results for the period ended 30 September 2020 (“1QFY21”).

- The Group recorded a net profit attributable to shareholders of RM587.0 million, an increase of 19.8% year-on-year (“y-o-y”) for the period due to stronger contributions from all its operating businesses; the commercial banking division, Hong Leong Bank Berhad (“HLB”), the insurance division, HLA Holdings Sdn Bhd (“HLAH”) and the investment banking division, Hong Leong Capital Berhad (“HLCB”).
- Our efforts on our Islamic financial services continue to show results; net income from our Islamic banking and Takaful businesses for the period was RM237.2 million, an increase of 10.2% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 17.4%.
- Book value per share increased from RM18.43 as at 30 June 2020 to RM19.01 as at 30 September 2020.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “We had a good start in 1QFY21 amidst a highly challenging business environment. Despite both domestic and global economies being impacted by the on-going COVID-19 pandemic, we continue to show steady results across our core businesses. We expect the strength of our liquidity, capital and credit discipline to serve us well as we maintain our strong focus on risk management. While our digital offering enabled us to keep in close contact and serve our customers during this difficult time, we continue to further strengthen our digital strategy in building long term sustainable value for our shareholders.”

Commercial Banking

- HLB recorded a net profit after tax of RM728.9 million for the first quarter, increased 5.9% y-o-y, mainly supported by double-digit topline growth, prudent cost control and robust contributions from associates.
- Apart from domestic growth, the Bank’s associated company, Bank of Chengdu, contributed 18.6% to the Bank’s pre-tax profit.

- Cost-to-income ratio improved to 38.6% with positive JAWS attained for the quarter. 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 RM148.1 billion. The Bank's domestic loans growth continues to outperform the industry; growing by 6.8% y-o-y to RM140.3 billion, while domestic loans to business enterprises increased by 8.4% y-o-y. The Bank's community banking initiative focusing on the SME segment continued its solid performance with a 37.9% y-o-y loan growth.
- Asset quality positions are amongst the best in the industry with a Gross Impaired Loans Ratio of 0.48% as at 30 September 2020. Loan impairment coverage ("LIC") ratio improved to 190% during the quarter. Inclusive of regulatory reserve, the Bank's LIC ratio stood at 295%.
- Loan-to-deposit ratio remained strong and is one of the lowest in the industry at 84.1%. The Bank's Liquidity Coverage ratio stood at 157% as at 30 September 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 September 2020.

Insurance

- HLAH recorded a profit after tax of RM100.2 million, an increase of 92.8% y-o-y. Excluding a one-off prior year tax adjustment, the profit after tax increased by 7.3% y-o-y.
- In respect to business, Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, continues to gain growth momentum in gross premiums and new business regular premiums ("NBRP"). For 1QFY21, its gross premiums increased 15.4% y-o-y to RM718.4 million while NBRP grew 54.9% y-o-y to RM194.5 million.
- HLA's management expense ratio was 6.0% in 1QFY21, remaining among the lowest in the industry.
- The growth prospect is favorable as our operating model remains sound and will continue its delivery of long term franchise value creation.

Investment Banking

- HLCB's reported net profit increased 92.1% y-o-y to RM45.6 million given positive results from its stockbroking division in this period and a steady asset management business. Asset Management's average AUM recorded at RM17.4 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:

Media

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