

For Immediate Release**Hong Leong Financial Group Records a Net Profit
Attributable To Shareholders of RM1.1 Billion for its First
Half Financial Results Ended 31 December 2020**

KUALA LUMPUR, 26 FEBRUARY 2021 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first half results for the six months ended 31 December 2020 (“1HFY21”).

- The Group recorded a net profit attributable to shareholders of RM1.1 billion, an increase of 12.2% year-on-year (“y-o-y”) for the period due to solid 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 RM489 million, an increase of 11.7% 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 RM18.43 as at 30 June 2020 to RM19.21 as at 31 December 2020.
- The Group declared an interim dividend of 10.80 sen per share in 1HFY21.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoo commented, “We continue to deliver solid performance across our core operating businesses in 1HFY21. The Group’s overall results remain resilient in the midst of an economy being impacted by the on-going COVID-19 pandemic and tight containment measures. In such times, we continue to enhance our business continuity measures and prudently manage the key business risks. We expect the strength of our liquidity, capital and credit discipline to serve us well as we maintain our strong focus on risk management. In respect to business, 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 RM1,400 million for the period, increased 0.7% y-o-y, supported by double-digit topline growth, prudent cost control and robust contributions from associates.
- The Bank's operating expenses ("Opex") remained tightly controlled with Cost-to-Income ratio improving to 37.6%. The stable Opex was contributed by the Bank's digitalization efforts and strategic cost management initiatives.
- Loans grew by 6.2% y-o-y to RM150.0 billion. The Bank's domestic loans growth continues to outperform the industry; growing by 6.4% y-o-y to RM142.1 billion, while domestic loans to business enterprises expanded strongly by 10.3% y-o-y to RM44.5 billion. The Bank's community banking initiative focusing on the SME segment continued its solid performance with a 33.4% y-o-y loan growth.
- Asset quality positions remained stable with a Gross Impaired Loans ratio of 0.54% as at 31 December 2020. Loan Impairment Coverage ("LIC") ratio as at 31 December 2020 improved to 193%. Inclusive of regulatory reserve, the Bank's LIC ratio stood at 263%.
- The Bank focus on maintaining strong funding and liquidity positions to help clients through the recovery journey. The prudent Loan-to-Deposit ratio of 84% was maintained whilst Liquidity Coverage ratio increased from 123% as at 31 December 2019 to 166% as at 31 December 2020.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios improved from 13.1%, 13.7% and 15.9% as at 31 December 2019 to 13.8%, 14.4% and 16.6% respectively as at 31 December 2020.

Insurance

- HLAH recorded a profit after tax of RM207 million, an increase of 96.1% y-o-y. Excluding a one-off prior year tax adjustment, the profit after tax increased by 54.0% y-o-y. The result was mainly contributed by higher premiums and higher fair value gain on equities.
- In respect to business, Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, continues to grow its gross premiums and new business regular premiums ("NBRP"). For 1HFY21, its gross premiums increased 13.2% y-o-y to RM1,569 million while NBRP grew 37.7% y-o-y to RM 400 million.
- Our Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad, also showed a robust business growth trajectory with a 15.7% y-o-y increase in its gross contribution.

Investment Banking

- HLCB's reported net profit after tax increased 96.0% y-o-y to RM92 million, supported by higher profit contribution from its stockbroking division and investment banking division. The combined divisions contributed 81% of HLCB Group's profit before tax.
- The profit contribution from the stockbroking division is approximately 4 times higher than the corresponding period of the previous financial year. The increase in net brokerage income is mainly contributed by higher Bursa market volume recorded, and significantly higher retail participation as well as higher market share achieved by Hong Leong Investment Bank Berhad, HLCB's key operating subsidiary.

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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