

For Immediate Release

Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM2.3 Billion for its Financial Year Ended 30 June 2021

KUALA LUMPUR, 30 AUGUST 2021 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its final results for the financial year ended 30 June 2021 (“FY21”).

- The Group recorded a net profit attributable to shareholders of RM2.3 billion, an increase of 22.0% year-on-year (“y-o-y”) for the year 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 Islamic financial services continue to show results; net income from our Islamic banking and Takaful businesses for the year was RM995 million, an increase of 7.7% y-o-y. The contribution of the Islamic businesses to HLFG Group’s profit before tax was 14.2%.
- Book value per share increased from RM18.43 as at 30 June 2020 to RM20.13 as at 30 June 2021.
- The Group declared a final dividend of 29.2 sen per share. Including the interim dividend of 10.8 sen per share, HLFG would have paid/ declared a total dividend of 40 sen per share for the financial year.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “Despite the challenging business environment due to the on-going COVID-19 pandemic, the Group has navigated through the year to deliver a commendable performance across all core operating businesses. We anticipate a gradual recovery of the Malaysia economy underpinned by the rapid COVID-19 vaccination rollout and the country’s expected progression under the National Recovery Plan. Notwithstanding this, we shall continue to prudently manage our key business risks and ensure our business continuity plans remain in place. We expect the Group to remain resilient and draw on our strength in terms of liquidity, capital and credit discipline whilst maintaining our strong focus on risk management.”

Commercial Banking

- HLB recorded a net profit after tax of RM2,861 million for the year, increased 14.7% 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 of 38.0%. The lower Opex was contributed by the operating businesses' digitalisation efforts and effective cost management.
- Loans grew by 6.8% y-o-y to RM155.8 billion. The Bank's domestic loans growth continues to outperform the industry; growing by 6.1% y-o-y, while domestic loans to business enterprises expanded by 12.6% y-o-y to RM48.8 billion. The Bank's community banking initiative focusing on the SME segment continued its solid performance with a 26.6% y-o-y loan growth.
- The Bank's Islamic banking business registered a profit after tax of RM395 million, an increase of 11.1% y-o-y. The contribution of the Islamic businesses to the Bank's profit after tax was 13.8%.
- Asset quality positions remained stable with a Gross Impaired Loans ratio of 0.46% as at 30 June 2021. Loan Impairment Coverage ("LIC") ratio as at 30 June 2021 improved to 247%. Inclusive of regulatory reserve, the Bank's LIC ratio stood at 304%.
- The Bank focus on maintaining strong funding and liquidity positions to help clients through their recovery journey. The prudent Loan-to-Deposit ratio of 83.9% was maintained whilst Liquidity Coverage ratio increased from 136.8% as at 30 June 2020 to 145.3% as at 30 June 2021.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.6%, 14.1% and 16.2% respectively as at 30 June 2021.

Insurance

- HLAH recorded a net profit after tax of RM394 million, increased 73.3% y-o-y. The result was mainly contributed by higher premiums, higher fair value gain on equities and lower actuarial liabilities due to increasing MGS rates offset by fair value losses on bonds.

- 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 FY21, its gross premiums increased 11.1% y-o-y to RM3,145 million while NBRP grew 29.7% y-o-y to RM733 million.
- The New Business Embedded Value (“NBEV”) showed a 19.7% y-o-y growth. The improved NBEV reflects positive impacts from change in product mix and new products launched during the year alongside higher long term MGS rates.
- Our Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad, also showed a robust business growth trajectory with a 15.8% y-o-y increase in its gross contribution.

Investment Banking

- HLCB’s net profit increased 116% y-o-y to RM203 million, mainly supported by higher profit contribution from Hong Leong Investment Bank Berhad (“HLIB”) stockbroking division and investment banking division. HLIB contributed 86.9% of HLCB Group’s profit after tax.
- The stockbroking division continued to benefit from higher market activity for the year ended 30 June 2021, with transaction volume increasing by 91% y-o-y. Profit contribution increased by 2.2 times compared to the previous financial year.
- The better performance of the investment banking division was underpinned by stronger revenue from treasury and markets, as well as improved deal flows from the debt and equity market units during the year.
- The fund management business under Hong Leong Asset Management Berhad (“HLAM”) recorded a drop in profit after tax by 10.8% due to lower average assets under management (“AUM”) during this year as some investors switched out of money market funds into equity investments in search of higher investment return.
- For the calendar year 2021, HLAM won 9 individual Refinitiv Lipper Fund awards and a highly coveted Best Equity Group Award - Provident Group (for EPF approved funds only) for its stellar performance.

Sustainability Journey

Throughout the financial year, HLFG has increased focus in managing Environmental, Social and Governance (“ESG”) and associated issues under Group-Wide approach. We continue to ensure that our operating companies are strengthening their sustainable business practices and are integrating ESG principles into their lending practices, investment framework and financial services.

Our commercial banking subsidiary, HLB embarked on various sustainability initiatives and further enhanced its Business & Corporate Banking ESG Framework that introduced climate-positive financing to promote adoption of sustainable business strategies amongst its customers. For the insurance business, HLA has taken a progressive approach in integrating sustainability into its business. The launch of Microinsurance with consideration of social aspects, enable the company to reach out to all social segments and benefit the underserved market with an accessible life protection plan. At HLGB, the investment bank and fund management business have started to incorporate ESG assessments into their research reports and embedded socially responsible investing via their Shariah funds.

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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 **HongLeong** Financial Group

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