

For Immediate Release

Hong Leong Financial Group Records a Net Profit Attributable To Shareholders of RM641 Million for its First Quarter Financial Results Ended 30 September 2021

KUALA LUMPUR, 29 NOVEMBER 2021 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first quarter results for the period ended 30 September 2021 (“1QFY22”).

- The Group recorded a net profit attributable to shareholders of RM641 million, an increase of 9.1% year-on-year (“y-o-y”) for the quarter due to positive contributions from its operating businesses; the commercial banking division, Hong Leong Bank Berhad (“HLB”) and the insurance division, HLA Holdings Sdn Bhd (“HLAH”), while the investment banking division, Hong Leong Capital Berhad (“HLCB”) recorded lower contribution mainly due to lower stock market activity.
- Net income from our Islamic banking and Takaful businesses for the quarter was RM230 million, slightly lower by 2.9% y-o-y. The Islamic businesses contributed 8.1% towards total HLF Group’s profit before tax.
- Book value per share increased from RM20.13 as at 30 June 2021 to RM20.30 as at 30 September 2021.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “The Group continues to deliver commendable performance across its operating businesses in 1QFY22 despite navigating a challenging business environment impacted by the resurgence of COVID-19 cases and reimplementation of movement restrictions. We anticipate Malaysia’s economy to recover progressively supported by the reopening of economic activities, high vaccination rates and accommodative policy stance amidst rising inflationary pressures from global supply chain issues and high commodity prices. We shall remain prudent in managing our key business risks and be vigilant against the risk of any resurgence in COVID-19 cases. 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 RM858 million for the quarter, an increase of 17.7% y-o-y, supported by topline growth, prudent cost control, lower loan impairment allowances and robust contributions from associates.
- The Bank's operating expenses ("Opex") remained tightly controlled with Cost-to-Income ratio of 36.8%. The lower Opex was contributed by the operating businesses' digitalisation efforts and effective cost management.
- Loans grew by 5.2% y-o-y to RM155.8 billion. The Bank's domestic loans growth continues to outperform the industry growing by 4.5% y-o-y. Residential mortgages are 4.5% higher y-o-y at RM77.9 billion on the back of a healthy loan pipeline while transport vehicle loans/financing remained muted at RM16.5 billion due to lower car sales performance during the reimplementation of movement restrictions. Domestic loans to business enterprises expanded by 11.9% y-o-y to RM48.5 billion whilst the Bank's community banking initiative focusing on the SME segment continued its solid performance with a 15.2% y-o-y loan growth.
- Asset quality position remained stable with a Gross Impaired Loans ratio ("GIL") of 0.48% as at 30 September 2021. Loan Impairment Coverage ("LIC") ratio as at 30 September 2021 is well positioned at 239%. Inclusive of the value of securities the Bank holds on our GIL, the Bank's LIC ratio stood at 309%.
- The Bank focus on maintaining strong funding and liquidity positions to help clients through their recovery journey. The prudent Loan-to-Deposit ratio of 83.8% was maintained whilst Liquidity Coverage ratio improved to 167.2% compared to 157.3% a year ago.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.0%, 13.5% and 15.7% respectively as at 30 September 2021.

Insurance

- HLAH recorded a profit after tax of RM91 million as compared to RM100 million in the corresponding quarter last year. Excluding a one-off prior year tax credit item, the profit after tax for the current quarter would have increased by 63.2% y-o-y.
- Hong Leong Assurance Berhad's ("HLA"), our key insurance operating subsidiary, gross premiums increased by 1.2% y-o-y to RM727 million while new business regular premiums declined 33.6% y-o-y to RM129 million as it was impacted by COVID-19 related movement restrictions.

- Our Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad showed a robust business growth trajectory with a 23.7% y-o-y increase in its gross contribution.

Investment Banking

- HLCB recorded a profit after tax of RM29 million, a decrease of 36.7% y-o-y in comparison to last year's high profit base that benefited from an exceptionally high traded volume on Bursa Malaysia.
- The stockbroking division under our investment banking subsidiary, Hong Leong Investment Bank Berhad, experienced lower market activity with Bursa Malaysia transaction volume decreasing by 47.8% y-o-y in 1QFY22. The lower retail participation during this period has resulted in a lower market share.
- The fund management business under Hong Leong Asset Management Berhad ("HLAM") recorded a strong performance, with profit after tax increased by 37.7% to RM6 million on the back of higher average assets under management ("AUM") for the quarter ended 30 September 2021.

Sustainability Journey

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.

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:

Investor Relations

Teh Tiong Khim
Group Chief Financial Officer
Tel: +603 2080 9888
Email: cfo-hlfg@hongleong.com.my

Media

Vivian Tan
General Manager, Corporate Communication & CSR
Tel: +603 2081 8888 Extn 61914
Email: capr@hlbb.hongleong.com.my

 **HongLeong** Financial Group

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