

For Immediate Release

Hong Leong Financial Group Delivers Commendable Performance for its First Half Financial Results Ended 31 December 2021

KUALA LUMPUR, 28 FEBRUARY 2022 - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first half results for the six months ended 31 December 2021 (“H1FY22”).

- The Group recorded a net profit attributable to shareholders (“PATAMI”) of RM1.2 billion, an increase of 7.7% year-on-year (“y-o-y”) for the period due to higher contribution from the commercial banking division, Hong Leong Bank Berhad (“HLB”) while the insurance division, HLA Holdings Sdn Bhd (“HLAH”) and the investment banking division, Hong Leong Capital Berhad (“HLCB”) recorded lower contributions.
- Net income from our Islamic banking and Takaful businesses for the period was RM484 million, slightly lower by 1.1% y-o-y. The Islamic businesses contributed 7.3% towards total HLFG Group’s profit before tax.
- Book value per share increased from RM20.13 as at 30 June 2021 to RM20.71 as at 31 December 2021.
- The Board has declared an interim dividend of 15.0 sen per share in H1FY22.

Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon commented, “The Group continues to deliver positive performance across its operating businesses in H1FY22 while navigating a challenging business environment and emergence of the highly infectious Omicron variant that raised the level of uncertainty and its impact on Malaysia recovery momentum. With our increasing vaccination and booster rates, we anticipate the Malaysian economy will remain stable supported by expansion in global demand, higher private sector expenditure amid improvements in the labour market, and continued accommodative policy support. The Group shall remain vigilant and continue our strong focus on risk management with a view that Malaysia will be able to maintain a balanced approach to public health management whilst supporting economic growth in 2022.”

Commercial Banking

- HLB recorded a net profit after tax of RM1,597 million for the period, an increase of 14.1% 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 37.1%. The lower Opex was contributed by the operating businesses’ digitalisation efforts and effective cost management.

- Loans grew by 6.7% y-o-y to RM160.1 billion. The Bank's domestic loans growth continues to outperform the industry growing by 5.7% y-o-y. Residential mortgages grew modestly by 5.5% y-o-y while domestic loans to business enterprises expanded by 13.3% y-o-y. The Bank's community banking initiative focusing on customers within the SME segment registered a 17.9% y-o-y loan growth.
- Asset quality position remained stable with a Gross Impaired Loans ratio ("GIL") of 0.46% as at 31 December 2021. Loan Impairment Coverage ("LIC") ratio as at 31 December 2021 was at 250.6% and inclusive of the value of securities the Bank holds on our GIL, the Bank's LIC ratio stood at 320.6%.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 13.1%, 13.6% and 15.7% respectively as at 31 December 2021.

Insurance

- HLAH recorded a profit after tax of RM180 million, lower by 13.1% y-o-y. This was mainly attributed to the one-off prior year tax credit item and reduced investment income from lower mark to market valuation on bonds and equities. Excluding the one-off prior year tax credit item, the profit after tax for the 6 months ended 31 December 2021 would have increased by 10.7% y-o-y.
- Hong Leong Assurance Berhad's ("HLA"), our key insurance operating subsidiary, gross premiums increased by 3.0% y-o-y to RM1.6 billion while new business regular premiums declined 17.8% y-o-y to RM329 million as it was impacted by COVID-19 related restrictions and cautious operating environment.
- Our Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad ("HLMT") showed a robust business growth trajectory with a 33.1% y-o-y increase in its gross contribution.

Investment Banking

- HLCB recorded a profit after tax of RM44 million, a decrease of 51.7% y-o-y in comparison to last year due to lower income contribution from both investment banking and stockbroking divisions affected by lower traded volume on Bursa Malaysia.
- The stockbroking division under our investment banking subsidiary, Hong Leong Investment Bank Berhad, experienced significant lower market activity with Bursa Malaysia traded volume declined by 47.6% y-o-y in H1FY22. The lower retail participation during this period had also resulted in a lower market share.
- Our investment banking division's performance was affected by delays in completion of mandated deals due to the imposition of movement restrictions in the early part of the current financial year.

- The fund management business under Hong Leong Asset Management Berhad (“HLAM”) recorded an increase in profit after tax by 17.4% attributed to higher average assets under management (“AUM”) during this period compared to the previous corresponding period.

Continued Assistance for Customers

The Group continues to reach out to our customers to assure that we would provide assistance to support them through this recovery period. Our commercial banking division has provided various payment relief assistance programmes since the onset of the pandemic and recent activities included a ‘Flood Relief Assistance’ programme offering up to a six-month payment deferment on loan and financing facilities for affected individual, SME and Microenterprise customers. The Bank also made additional financing available to existing SME and Microenterprise customers who required working capital to facilitate their business recovery as a result of the floods. As at 31 January 2022, Payment/Repayment Relief Assistance plans with a total fund of RM26.4 billion have been extended to the Bank’s individuals and SME customers. For our insurance division, HLA and HLMT continue to accommodate the customers’ needs with Complimentary Special Benefit Programme that offers coverage upon confirmation of COVID-19 diagnosis and Post-Vaccination Complication. At the same time, our policyholders are also entitled to deferment of premium payment due to temporary financial difficulties encountered during this period through our COVID-19 Support Programmes.

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.

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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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