

## **Hong Leong Financial Group Records a Net Profit Attributable to Shareholders of RM682 Million for its First Quarter Results Ended 30 September 2022**

**KUALA LUMPUR, 29 November 2022** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first quarter results for the period ended 30 September 2022 (“Q1FY23”).

- The Group recorded a net profit attributable to shareholders (“PATAMI”) of RM681.7 million, an increase of 6.4% year-on-year (“y-o-y”) for the quarter 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 increased to RM296.4 million, higher by 24.9% y-o-y. The Islamic businesses contributed 12.3% towards HLFG Group’s total profit before tax.
- Book value per share increased from RM21.41 as at 30 June 2022 to RM21.68 as at 30 September 2022.

**Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon** commented, “Looking forward, Malaysia’s economy is expected to remain resilient on the back of heightened economic activities supported by robust export growth, improved performance in the services sector and rebound in manufacturing sectors. However, the recovery momentum continues to face multiple macro-economic and external headwinds ranging from elevated inflationary pressures, the effects of a strong US dollar and the risk of a global economic recession. With many factors at play, we shall be vigilant against these risks and are cautiously optimistic that the Malaysian economy will remain resilient amidst an uncertain and volatile global backdrop”.

### **Commercial Banking**

- HLB recorded a net profit after tax of RM981.4 million for the period, an increase of 14.3% y-o-y, supported by total income growth of 8.7% y-o-y, prudent cost control and robust contributions from associates.
- The Bank’s operating expenses (“OPEX”) remained prudently managed with Cost-to-Income Ratio (“CIR”) of 36.0%. This was contributed by the operating businesses’ digitalisation efforts and effective cost management.

- Gross loans and financing grew by 8.8% y-o-y to RM169.5 billion led by an expansion in our key segments of mortgages, SME and commercial banking, as well as overseas operations.
- Residential mortgages increased 8.4% y-o-y while domestic loans to business enterprises expanded by 13.0% y-o-y. The Bank's community banking initiative focusing on customers within the SME segment registered a solid 18.1% y-o-y loan growth.
- Asset quality position remained stable with a Gross Impaired Loans ("GIL") ratio of 0.49% and adequate Loan Impairment Coverage ("LIC") ratio of 212.2% as at 30 September 2022. Inclusive of the provisions made and value of securities the Bank holds on our GIL, the Bank's LIC ratio stood at 282.2%.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.9%, 14.0% and 16.1% respectively as at 30 September 2022.

### Insurance

- HLAH recorded a net profit after tax of RM54.5 million, lower by 40.0% y-o-y. This was mainly affected by higher mark to market valuation losses on investments during the period from its subsidiaries as well as lower share of profits from its associate.
- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, registered a net profit after tax of RM55.8 million, a decrease of 20.1% y-o-y despite higher operating surplus mainly due to higher mark to market valuation losses on investments mainly in Fixed Income products intended to be held to maturity. Gross premiums were relatively flat at RM726.4 million versus the same period last year while the new business regular premiums declined marginally at 1.5% y-o-y to RM127.3 million.
- Our Family Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad ("HLMT") showed a strong business growth trajectory, with 88.0% y-o-y increase in its gross contribution as the business continues to strengthen its agency distribution and digital channels.
- Our overseas general insurance companies, HL Assurance Pte. Ltd and Hong Leong Insurance (Asia) Limited's gross premiums both experienced growth by 40.0% and 15.4% y-o-y respectively.

### Investment Banking

- HLCB recorded a net profit after tax of RM16.0 million, a decrease of 44.4% y-o-y in comparison to last year due to lower income contribution from our investment banking, stockbroking and fund management business divisions.
- Our stockbroking division under our investment banking subsidiary, Hong Leong Investment Bank Berhad ("HLIB"), financial performance was affected by the significantly lower Bursa market activity in 1QFY23, with Bursa traded value decreasing by 41.2%

y-o-y. The increase in foreign trading activity coupled with lower retail participation in the market during the period had resulted in our reduced total market share.

- The fund management business under Hong Leong Asset Management Berhad (“HLAM”) and its subsidiary, Hong Leong Islamic Asset Management (“HLISAM”) recorded a net profit after tax of RM2.8 million, decreased of 53.4% y-o-y mainly due to reduced management fee income from lower Money Markets funds following redemptions triggered by the removal of the retail money market tax exemption for non-individual unit holders in January 2022.

### **Sustainability Journey**

HLFG has increased focus in managing Environmental, Social and Governance (“ESG”) and associated issues under Group-Wide approach. While we continue our efforts to improve shareholders’ return, we also ensure that our operating companies are strengthening their sustainable efforts to create a positive impact for our stakeholders, communities and the environment. Our commercial bank, HLB has formed a partnership with Payments Network Malaysia Sdn Bhd (“PayNet”) to roll out the first ‘Project Cashless Kampung’ at Sekinchan, Selangor to promote digital and financial inclusion in Malaysia. Over the course of 2022, HLB has also stepped up its digital and financial literacy communications with customers to enhance their knowledge and awareness of safer online banking practices and security enhancements.

### **Recognition**

HLFG was awarded, for the second consecutive year, with The Edge Billion Ringgit Club (BRC) 2022 award for the highest growth in profit after tax over three years in the financial services category of RM10 billion and above market capitalisation.

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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.hlf.com.my](http://www.hlf.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:**

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