

## Hong Leong Financial Group Records a Net Profit Attributable to Shareholders of RM1,453 Million for its First Half Results Ended 31 December 2022

**KUALA LUMPUR, 28 February 2023** - Hong Leong Financial Group Berhad (“HLFG” or the “Group”) today announced its first half results for the period ended 31 December 2022 (“1HFY23”).

- The Group recorded a net profit attributable to shareholders (“PATAMI”) of RM1,452.6 million, an increase of 21.0% 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.
- Total income from our Islamic banking and Takaful businesses for the period increased to RM580.4 million, higher by 19.9% y-o-y. The Islamic businesses contributed 12.4% towards HLFG Group’s total profit before tax.
- Book value per share increased from RM21.41 as at 30 June 2022 to RM22.28 as at 31 December 2022.
- The Board has declared an interim dividend of 17.0 sen per share in 1HFY23.

**Hong Leong Financial Group’s President & Chief Executive Officer, Tan Kong Khoon** commented, “Looking ahead, the global economy is anticipated to decelerate in 2023 reflecting the effects of monetary policy tightening by major central banks aimed at tackling persistent inflation as well as rising geo-political tensions among the major economic powers. Despite the global headwinds and slower external demand, the reopening of China’s border, realisation of domestic infrastructure projects and rise in tourist arrivals are expected to boost our local economy. The economy is expected to grow at a moderate pace driven by sustained domestic demand underpinned by improvements in employment market conditions while local monetary policy remains non-restrictive. We are cautiously optimistic on the outlook and the resiliency of Malaysia’s economy and shall navigate our businesses prudently amidst a challenging operating environment.”

### **Commercial Banking**

- HLB recorded an improved net profit after tax of RM2,024 million for the period, an increase of 26.7% y-o-y underpinned by stronger top-line growth, low credit costs and robust contribution from associates. Consequently, we recorded an improved return on equity (“ROE”) of 12.8%.

- The Bank's operating expenses ("OPEX") remained prudently managed at RM1,087 million. Revenue continues to outpace expenses growth for 1HFY23 resulting in an improved *cost-to-income ratio* ("CIR") of 36.4%.
- Gross loans, advances and financing grew by 7.6% y-o-y to RM172.3 billion. The growth is led by expansion in our key segments of mortgages, SME and commercial banking, as well as overseas operations.
- Residential mortgages increased 8.2% y-o-y to RM86.1 billion while transport vehicle loans/financing extended its growth momentum of 10.3% y-o-y to RM18.7 billion, corresponding to the higher sales volume of motor vehicles. Loans to domestic business enterprises, including SME expanded 10.1% y-o-y to RM55.5 billion.
- Asset quality positions remained stable with a Gross Impaired Loans ("GIL") ratio of 0.49% whilst Loan Impairment Coverage ("LIC") ratio is 210.1% as at 31 December 2022. Inclusive of the provisions made and the value of securities held on our GIL, the Bank's LIC ratio stood at 280.1%.
- Capital position remained robust with *CET 1*, *Tier 1* and *Total Capital ratios* at 13.0%, 14.0% and 16.1% respectively as at 31 December 2022.

### **Insurance**

- HLAH recorded a net profit after tax of RM168.8 million, lower by 6.3% y-o-y. This was mainly affected by lower share of profits from its associate but was mitigated by better mark-to-market (MTM) valuation gains on investment and higher operating surplus from its subsidiaries.
- Hong Leong Assurance Berhad ("HLA"), our key insurance operating subsidiary, registered a net profit after tax of RM141.9 million, an increase of 1.0% y-o-y. Gross premiums decreased by 4.0% to RM1,551.9 million while new business regular premiums declined by 16.2% y-o-y to RM275.4 million due to consumers' caution and competitive bank deposit rates.
- Our Family Takaful operating subsidiary, Hong Leong MSIG Takaful Berhad ("HLMT") showed a strong business growth trajectory with 60.5% y-o-y increase in its gross contribution as the business continues to strengthen its agency distribution and affinity partnerships.
- Our overseas general insurance companies, HL Assurance Pte. Ltd and Hong Leong Insurance (Asia) Limited's gross premiums have rebounded and improved by 37.5% and 15.1% y-o-y respectively.

**Investment Banking**

- HLCB recorded a net profit after tax of RM28.6 million, a decrease of 35.3% year-on-year (“y-o-y”) due to lower profit contribution from our investment banking, stockbroking and fund management business divisions.
- Our stockbroking division’s financial performance was affected by a significantly lower Bursa market activity in 1HFY23, with traded value declined by 33.6% lower y-o-y. Market sentiments improved in the months of November and December 2022 post the Malaysian general election which attracted better participation across the board from retail and local institutional investors.
- The fund management business under Hong Leong Asset Management Berhad (“HLAM”) and its subsidiary, Hong Leong Islamic Asset Management (“HLISAM”) recorded a profit after tax of RM4.9 million, a decrease of 58.2% y-o-y mainly due to reduced management fee income from lower money markets funds following redemptions driven by a combination of the removal of tax exemption and competitive fixed deposits interest rates.

**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 was awarded The Edge’s inaugural ESG Awards 2022 in recognition of the Bank’s sustainability efforts. In support of social finance and financial inclusion, HLB has rolled out a new social finance programme: ‘HLB Jumpstart – Micro Business’ that provides assistance to aspiring entrepreneurs from underserved communities who lack credit history to start their own businesses. The Bank’s school-focused digital and financial inclusion initiative, ‘HLB@School’ has recently digitally transformed 16 schools in Kota Kinabalu, where these schools were recognised as “Cashless Schools” by Payment Networks Malaysia Sdn Bhd (“PayNet”).
- On 19 December 2022, HLCB has been recognised for our efforts in embracing sustainability and was added into Bursa Malaysia FTSE4Good Index. With this inclusion, all the Bursa listed companies of the Group (including HLFG and HLB) are in the FTSE4Good Index.
- Our investment bank, HLIB has been recognised for advising and arranging ESG financing which comprises of the issuance of RM900 million Green Additional Tier 1 Capital Securities for Hong Leong Bank Berhad and RM5.5 billion Sustainability Sukuk for Amanah Lebuhraya Rakyat Berhad.
- Our fund management, HLAM has launched the Hong Leong Global Shariah ESG Fund (“Fund”) on 9 January 2023 aimed at providing medium to long term capital growth that meets our customers appetite for sustainable investing.

**Recognition**

HLFG was a recipient of the ASEAN Asset Class award under the 2021 ASEAN Corporate Governance Scorecard (ACGS) Awards. The ACGS is a partnership between the ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB) and the assessment is based on publicly available information and benchmarked against international best practices of corporate governance.

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

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