

INVESTOR PRESENTATION

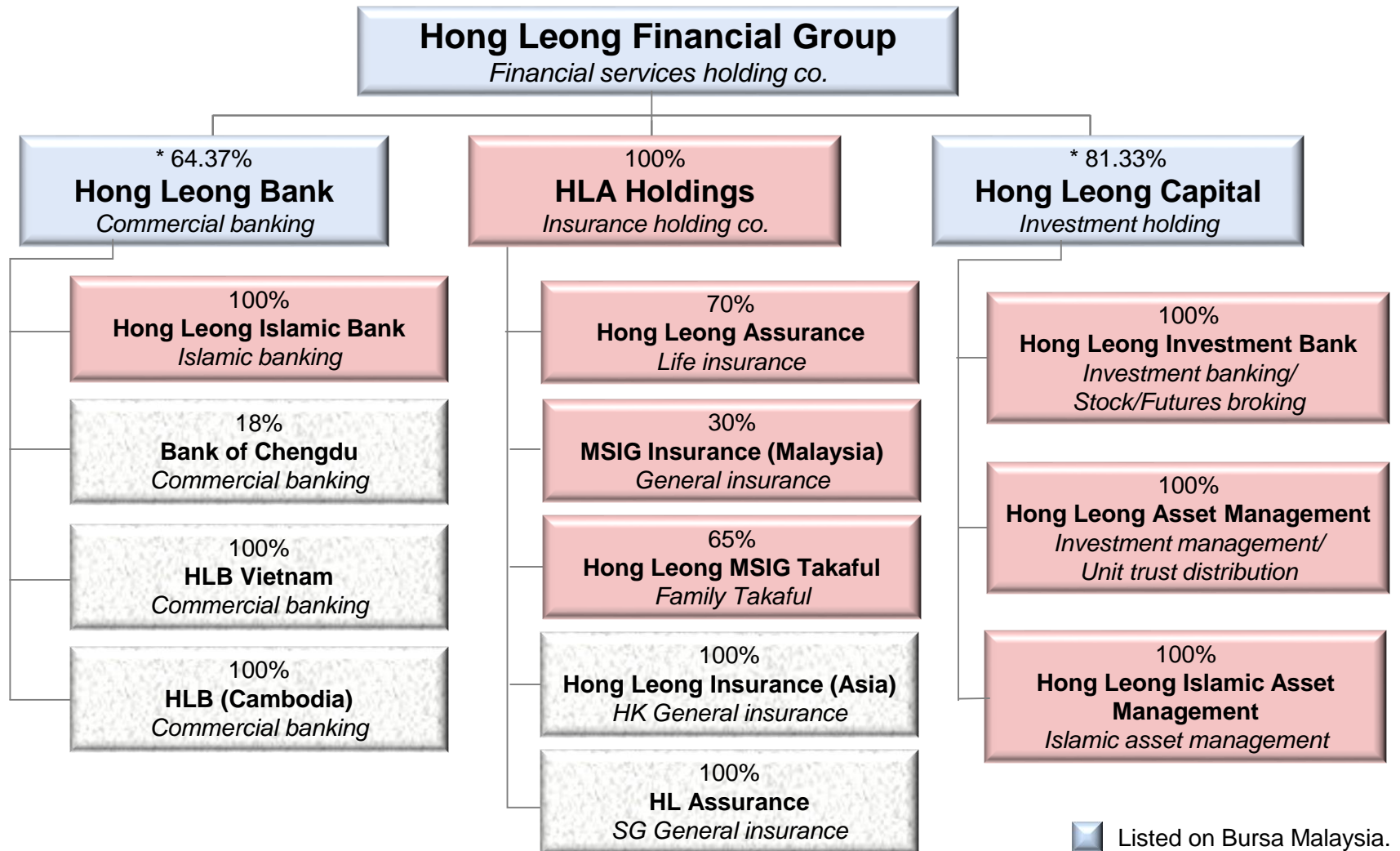
28 August 2020



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(Please refer to HLB’s IR slides)
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Corporate Structure / Principal Businesses



 Listed on Bursa Malaysia.

 International operations.

FY20 Financial Highlights

HLFG

- Net Profit Attributable To Shareholders at RM1.86 bn, lower 3.2% yoy.
- Book Value per share increased 9.8% yoy to RM18.43.
- Net dividend per share: 38.0 sen, -4.0 sen yoy.

HLB

- Net Profit was RM2.50 bn, lower 6.4% yoy.
- Loans grew 6.1% yoy, better than market (Industry growth +4.1% yoy).
- Solid asset quality with Gross Impaired Loan (“GIL”) ratio improving to 0.61%.

HLA

- Net Profit recorded at RM141.2 mil, lower 36.1% yoy.
- Gross premiums increased 1.1% to RM2.83 bn in FY20 while new business regular premiums grew 3.6% to RM565.1 mil.
- EV showed a 3.0% yoy growth, but NBEV lower by 26.2% yoy.
- Non-Par and Investment-Linked/ Par ratio maintained upward trend, improving from 93:7 (FY19) to 97:3 (FY20). This is in line with focus on Non-Par and Investment-Linked products.

HLCB

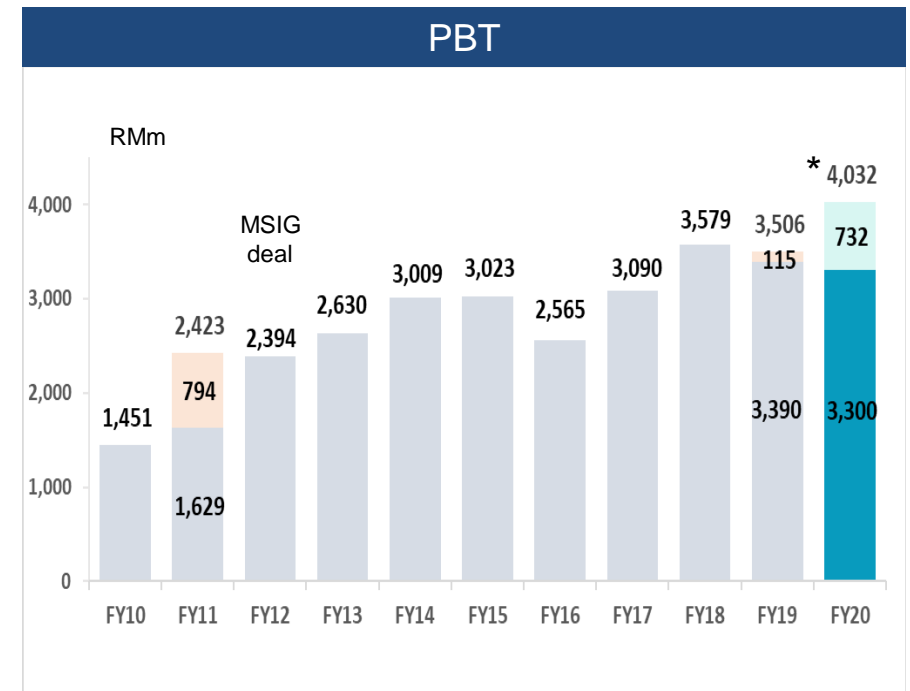
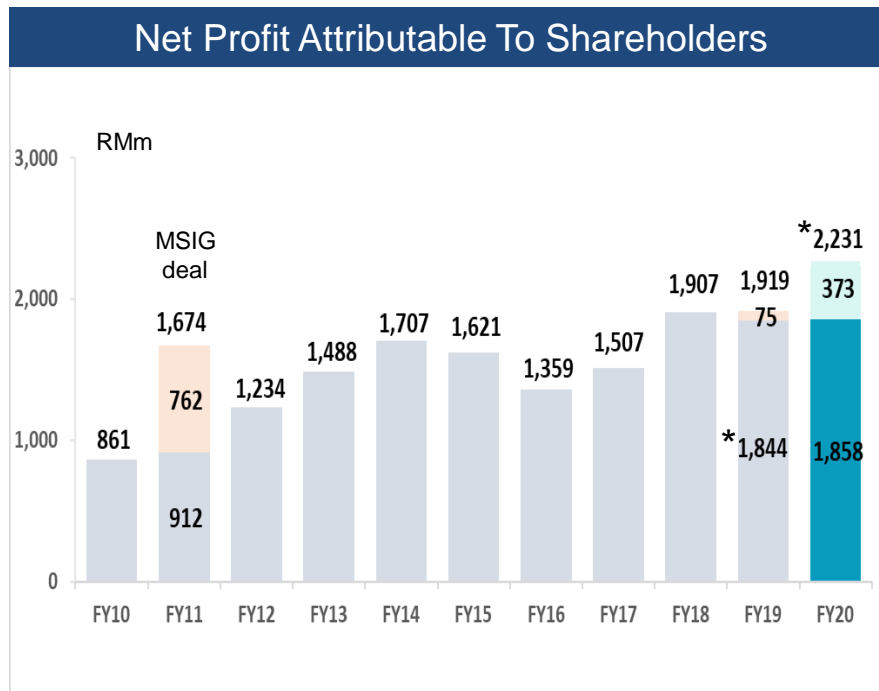
- Net Profit increased to RM94.2 mil, +39.1% yoy given positive results from its stockbroking division and a steady asset management business.
- Hong Leong Asset Management’s (HLAM) AUM increased RM0.8 bn or 4.6% yoy to RM18.3 bn.

FY20 Results Summary – Segmental PBT

Group (YE June) RM'mil	FY19	% contribution	FY20	% contribution	yoy (%)
Commercial Banking	3,186.0	90.9	2,989.4	90.6	(6.2)
Insurance	329.2	9.4	256.4	7.8	(22.1)
Investment Banking	76.7	2.2	95.8	2.9	24.9
Others	(86.3)	(2.5)	(42.1)	(1.3)	(51.2)
Pretax profit	3,505.6	100.0	3,299.5	100.0	(5.9)
Taxation	(591.4)		(520.6)		(12.0)
Profit after taxation	2,914.3		2,779.0		(4.6)
Non-controlling interests	(994.9)		(921.5)		(7.4)
Net Profit	1,919.4		1,857.5		(3.2)
EPS (sen)	167.8		163.6		(2.5)

HLFG Key Trends

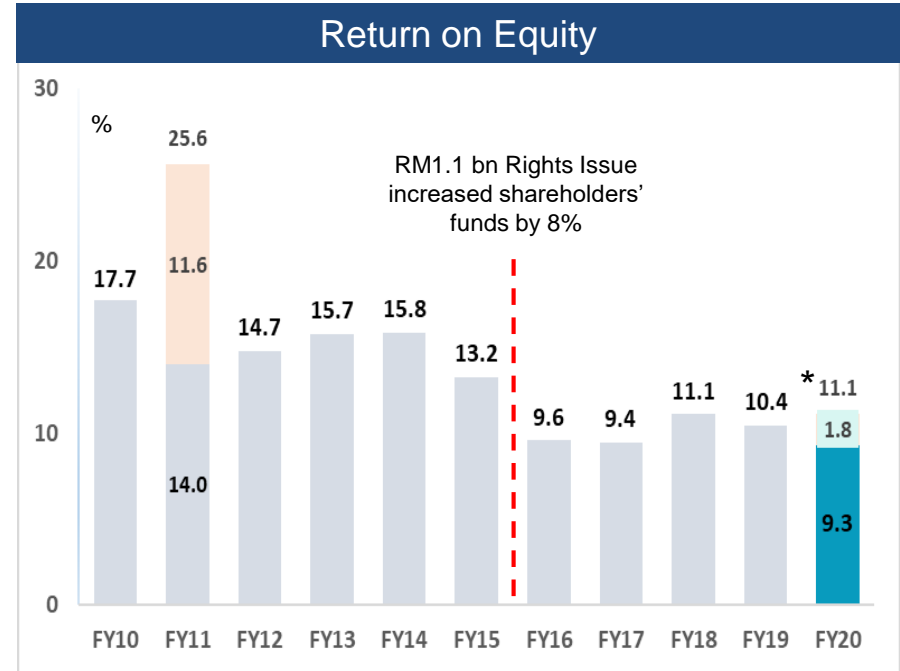
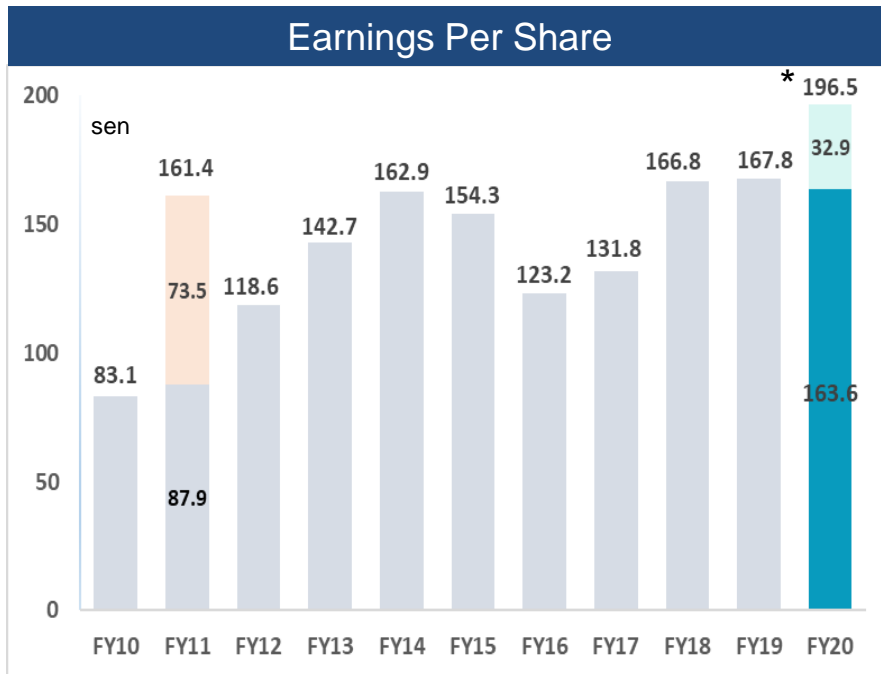
- Despite Covid-19 impact, HLFG remained resilient. The Net Profit Attributable To Shareholder recorded at RM1,858 million, slightly reduced by 3.2% yoy.



* Normalised profit Covid-19 Impact & One-off
 Reported profit Denotes non-recurring portion

HLFG Key Trends

- Lower EPS and ROE due to Covid-19 impact.



* Normalised profit

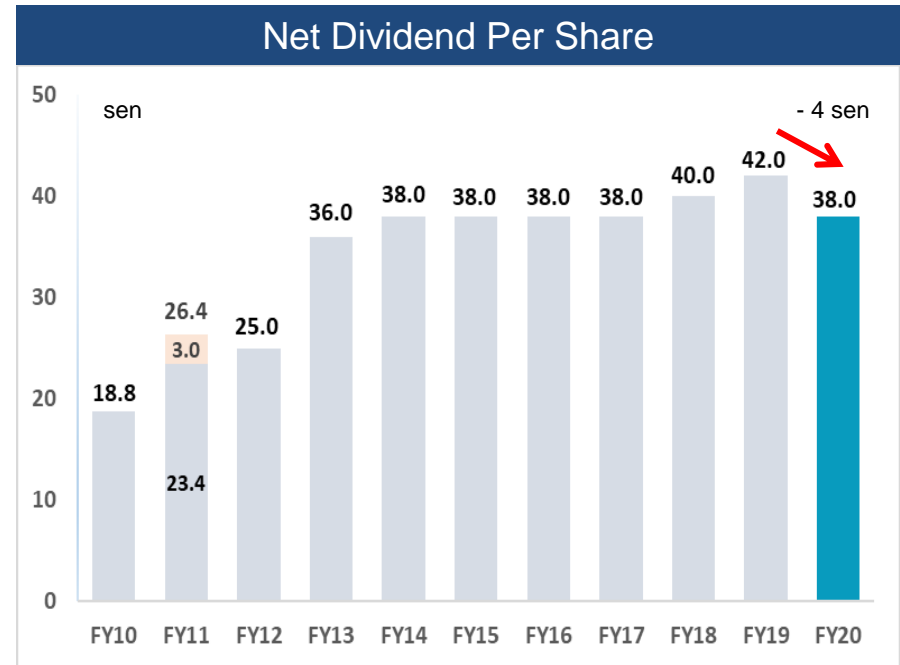
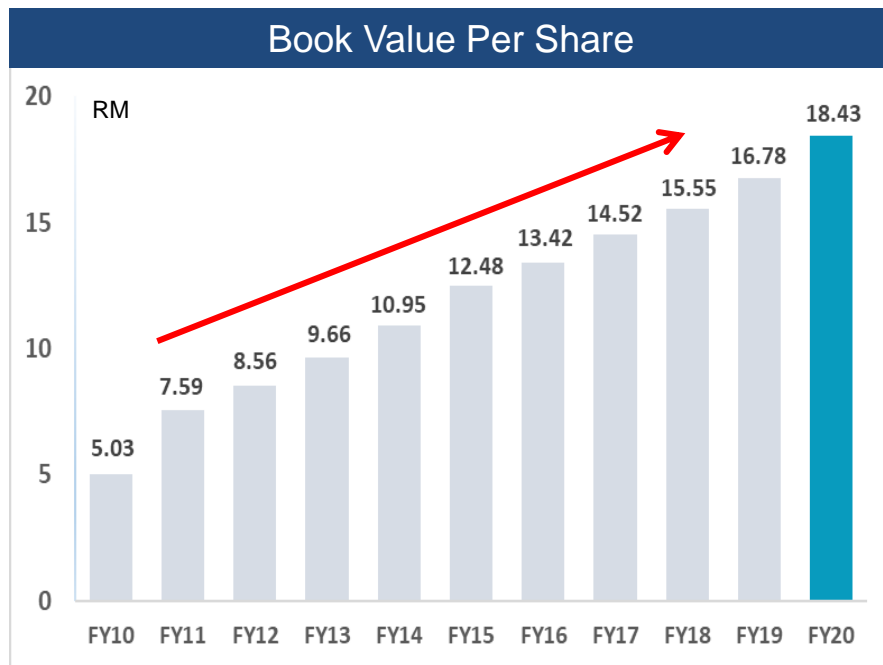
Covid-19 Impact & One-off

Reported profit

Denotes non-recurring portion

HLFG Key Trends

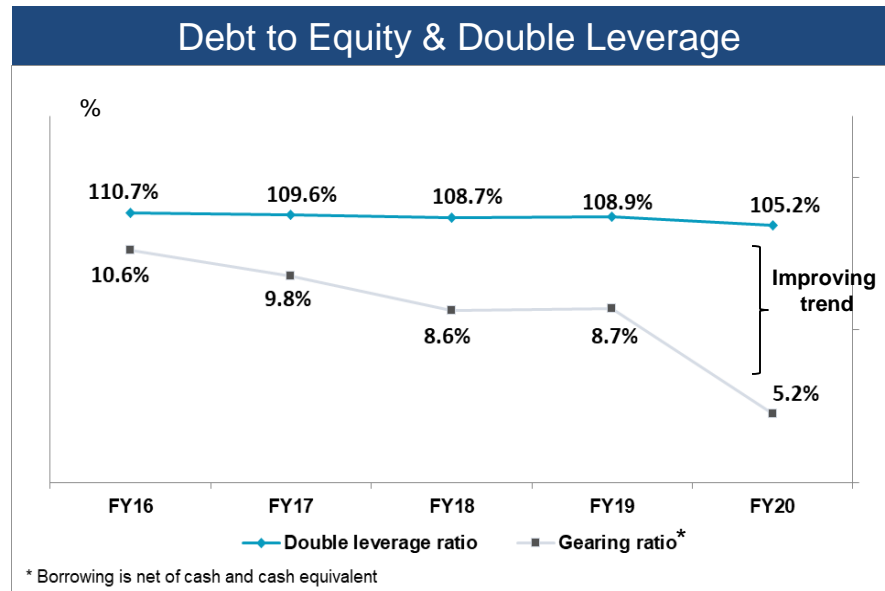
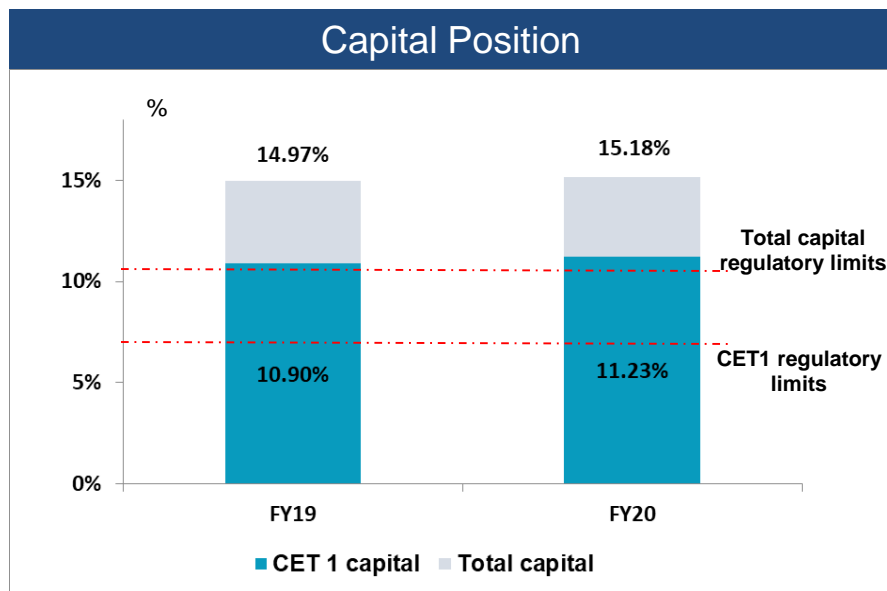
- Book value/share +9.8% yoy to RM18.43.
- Net DPS - 4 sen to 38.0 sen in FY20 (1st interim dividend = 13 sen; final dividend = 25 sen)



Denotes non-recurring portion

HLFG Key Trends

- Capital and liquidity positions remained robust and sound to support our future needs even under stressed scenarios.
- Our Group consolidated capital position stayed comfortably above regulatory limits.



Note:

For back-to-back issuances, Hybrid Capital (AT1 & T2) are excluded from both double leverage and gearing computations based on RAM's methodology

Highlights: Banking Division (HLB)

For further information on HLB, please refer to the HLB analyst information slides.

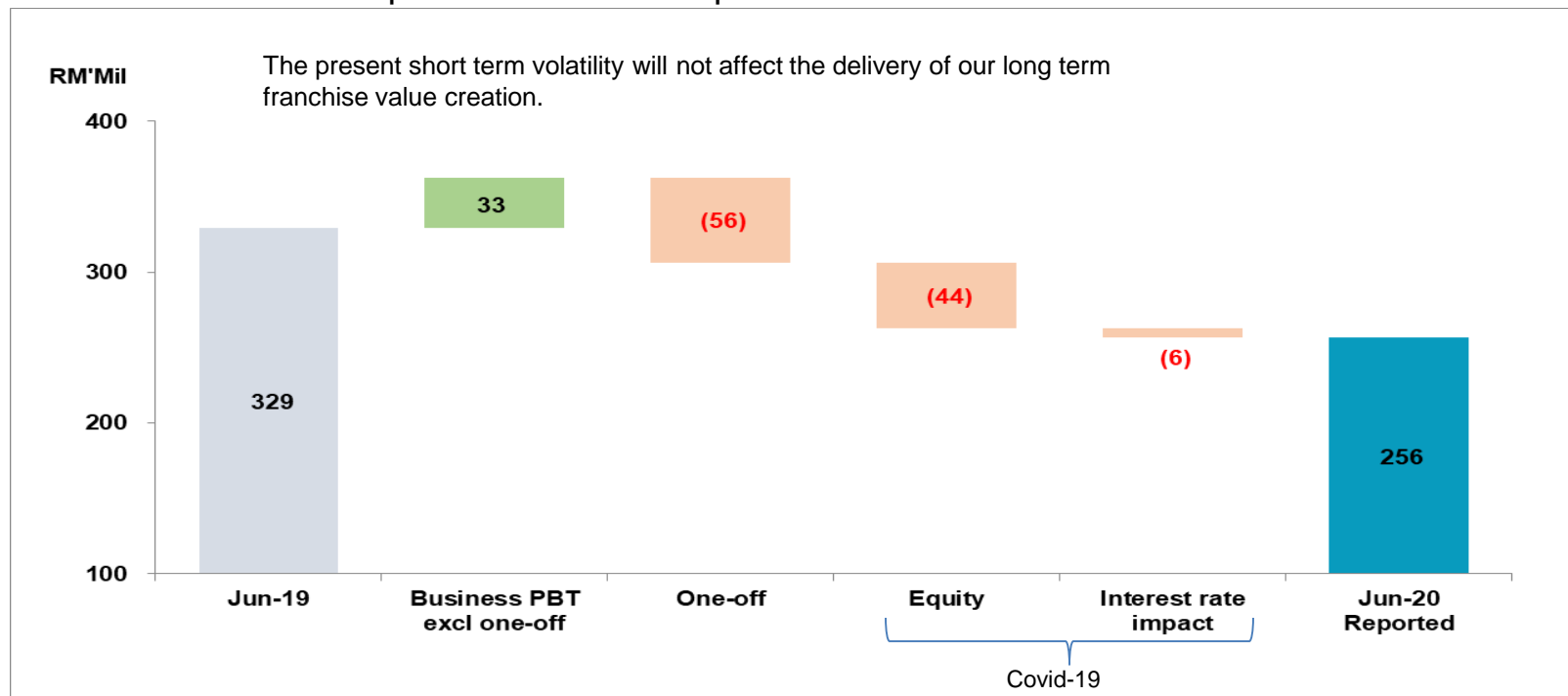
Highlights: Insurance Division (HLA)

- ❖ **FY20 Results Highlights**
- ❖ **Business Value Creation Strategy**
- ❖ **Embedded Value (EV) & New Business Embedded Value (NBEV)**
- ❖ **Market Position**
- ❖ **Revenue/Distribution Highlights**
- ❖ **Key Ratios**

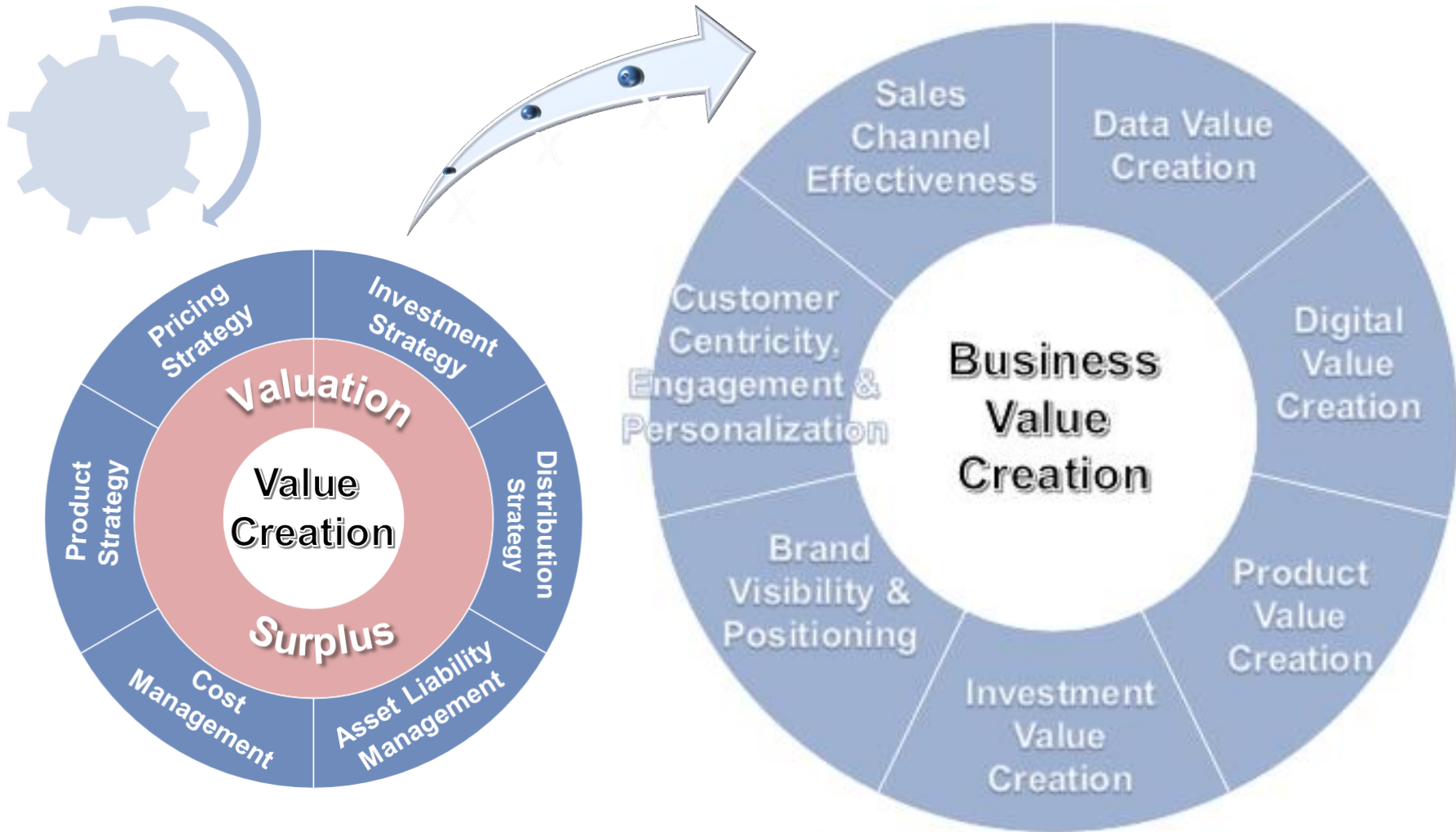
HLA: FY20 Results Highlights

Net Profit (RM'mil)	FY19	FY20	YoY Change	YoY Change (%)
HLA Holdings	275.4	227.6	(47.8)	- 17.4%
Hong Leong Assurance	221.0	141.2	(79.8)	- 36.1%

Covid-19 Associated Impacts to HLAH Group's PBT



HLA: Business Value Creation Strategy



HLA: Digital Transformation Plan



Expansion of Distribution Channels & New Business Model

Innovative Product & Service

Brand Positioning, Value Creation & Resilience Building

HLA: Strategy

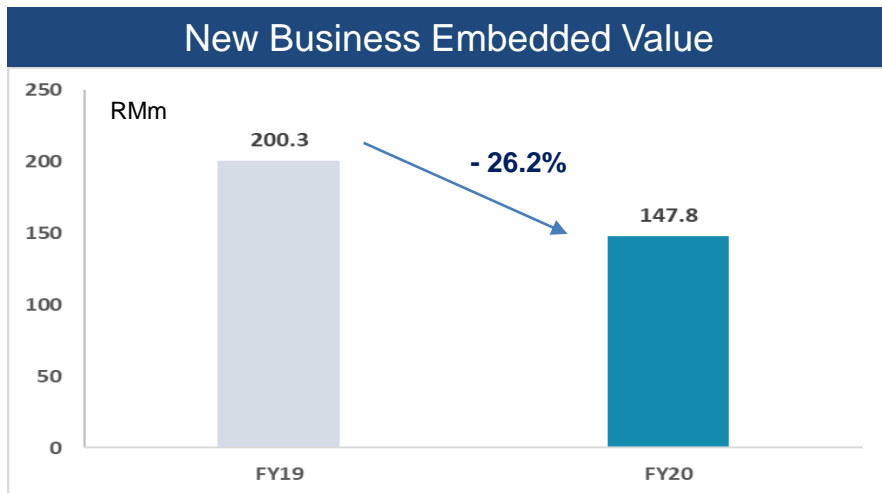
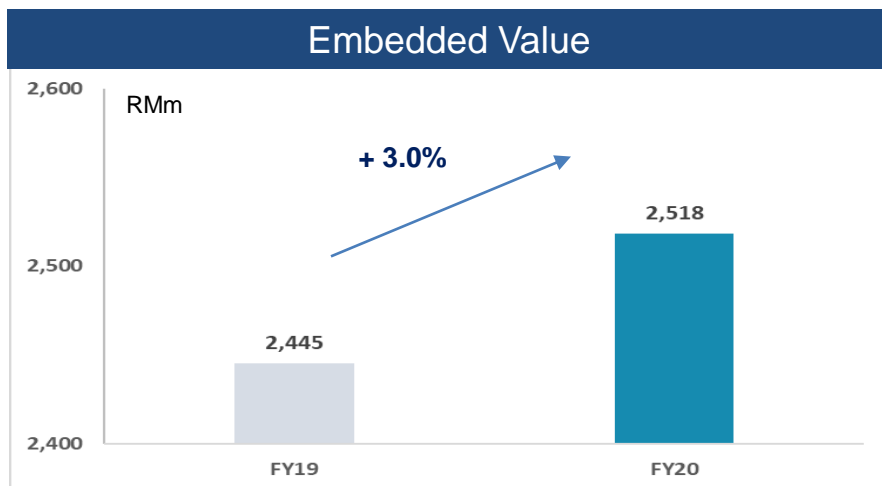
What do we focus on?

1. **Drive NBEV.**
2. **Focus on Non-Par/ Investment-Linked products.**
3. **Build leading market position in Ordinary Life segment.**
4. **Continue building and improve quality of Agency distribution network.**
5. **Continue building Bancassurance channel.**
6. **Continuous review and roll-out of competitive products.**



- ✓ We are accelerating leverage of digital technologies to transform our business and create new value-producing opportunities to better serve our stakeholders.
- ✓ Non-Par and Investment-Linked/ Participating ratio for new business has improved significantly from 22:78 (FY13) to 97:3 (FY20).
- ✓ We focus on increasing full-time agents from 11% in FY17 to 20% in FY20.
- ✓ Leveraging on HLB's network of over 250 branches and SME customers.
- ✓ We continue to develop innovative products and streamline processes.

HLA: EV & NBEV



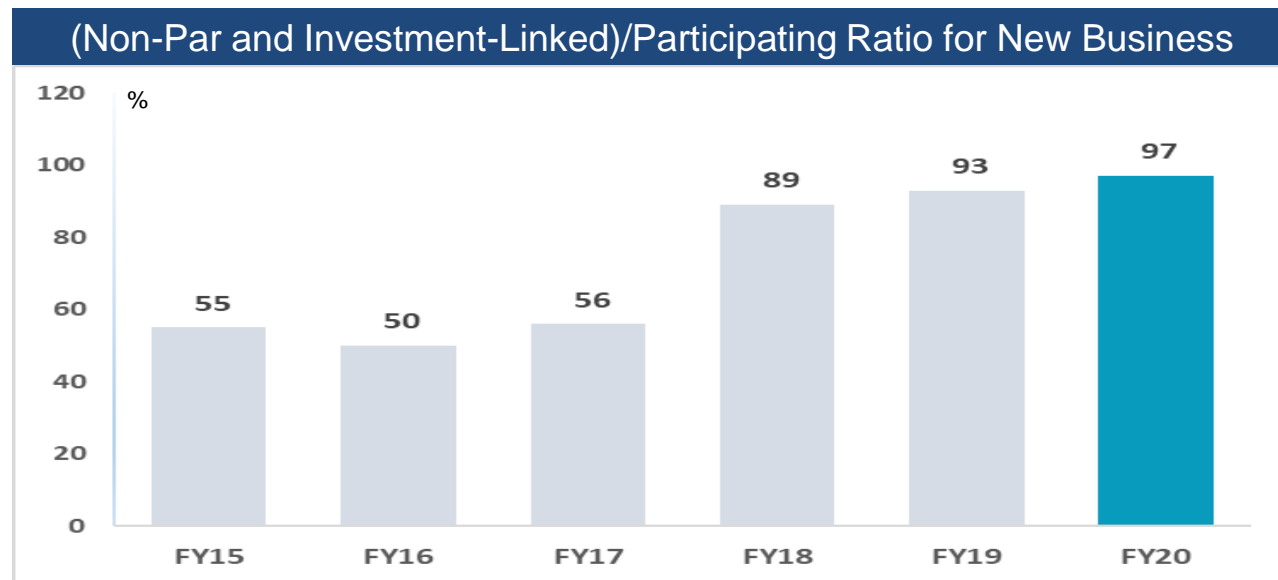
For the period ended June (RM mil)	FY19	FY20	YoY growth (%)
EV	2,445	2,518	+ 3.0
NBEV	200.3	147.8	- 26.2
NBEV Margin	38.5%	29.2%	

- EV improved by 3.0%. Growth in embedded value reflecting satisfactory operating experience and writing profitable new business.
- The lower NBEV was mainly due to assumption changes to reflect the lower interest rate environment.
- Our digital transformation and product re-positioning plans are in place to improve NBEV and deliver long term value creation.

Ernst and Young Advisory Services Sdn.Bhd. performed a review of the methodology used (based on the embedded value reporting approach), the assumptions adopted and performed a high level review of the results of the Group's EV and NBEV calculations

HLA: Non-Par and Investment-Linked/ Par Ratio

- Higher (Non-Par and Investment-Linked)/Participating ratio = Higher New Business Embedded Value Margin.
- In general, Investment-Linked policies have higher EV margins than Ordinary Life policies.
- **(Non-Par and Investment-Linked)/ Participating ratio resumed uptrend in FY20 to highest ever ratio at 97:3**
- Targeting to maintain > 80%.



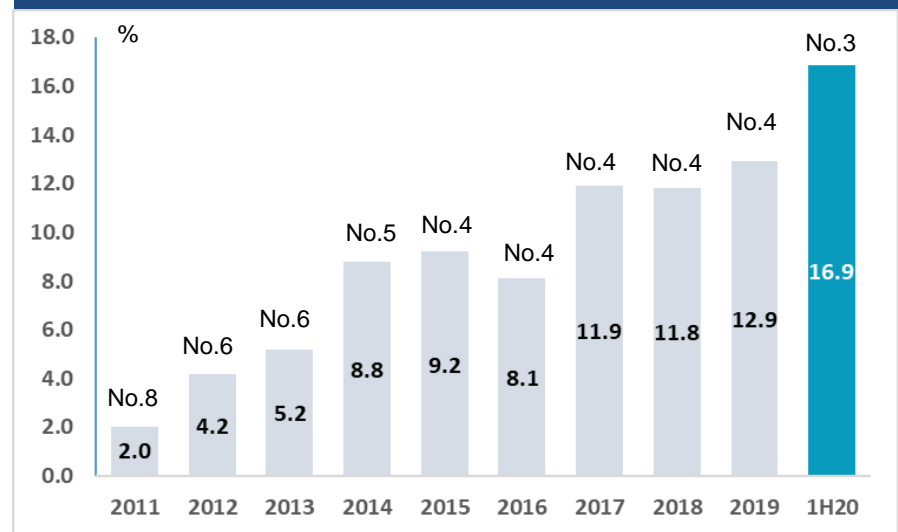
HLA: Market Position

- Top 4 insurer in terms of New Business Regular Premium (“NBRP”). For FY20, our NBRP grew 3.6% to RM565.1 mil.
- Emphasis on Investment-Linked business has caused Investment-Linked market share to grow faster than Traditional Life. Market ranking improved to No. 3 position.

Ordinary Life Market Share of NBRP



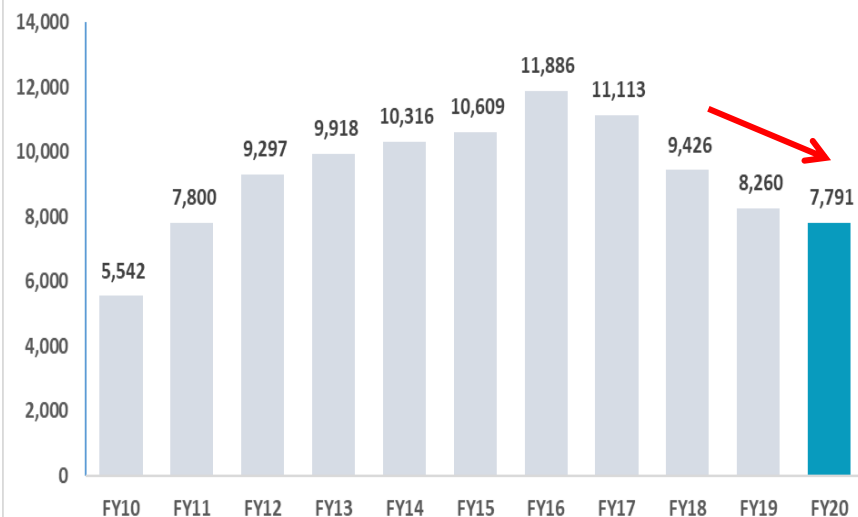
Investment-Linked Market Share of NBRP



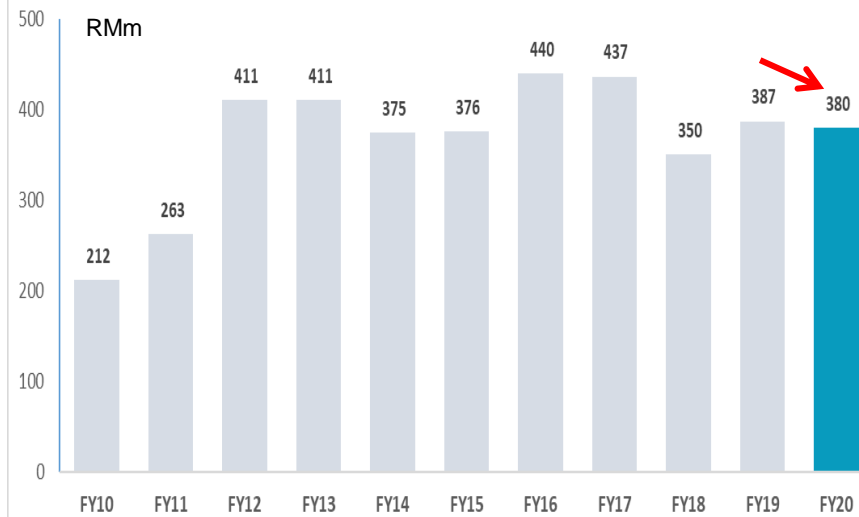
HLA: Agency

- Agency growth has slowed in recent years due to higher base as well as non-productive agents leaving. **Focus on building a productive and effective agency force.**
- Agency NBRP recorded at RM380 mil, -1.9% yoy. Productivity per agent increased at a slower pace of 4% in FY20, after a significant growth of 26% last year.
- NBRP are critical to growing total premiums (new business + renewals).

Number of Agents

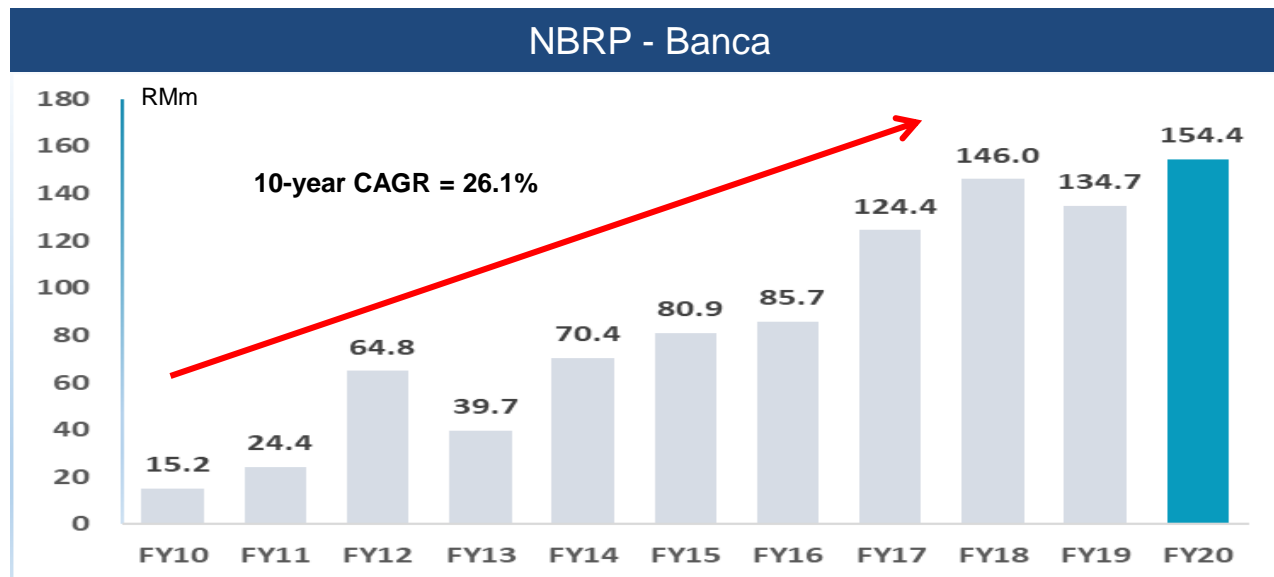


NBRP - Agency



HLA: Bancassurance

- No. 5 in Non-Agency (primarily bancassurance) NBRP with 9% market share.
- Leverage on **HLB's 254 branches**.
- Growing **Banca Consultants' team**.
- Aligned with profitability targets/strategy. Bancassurance tends to have a **higher proportion of Non-Par and Investment-Linked policies**.
- A cheaper distribution channel.



HLA: Distribution Channels

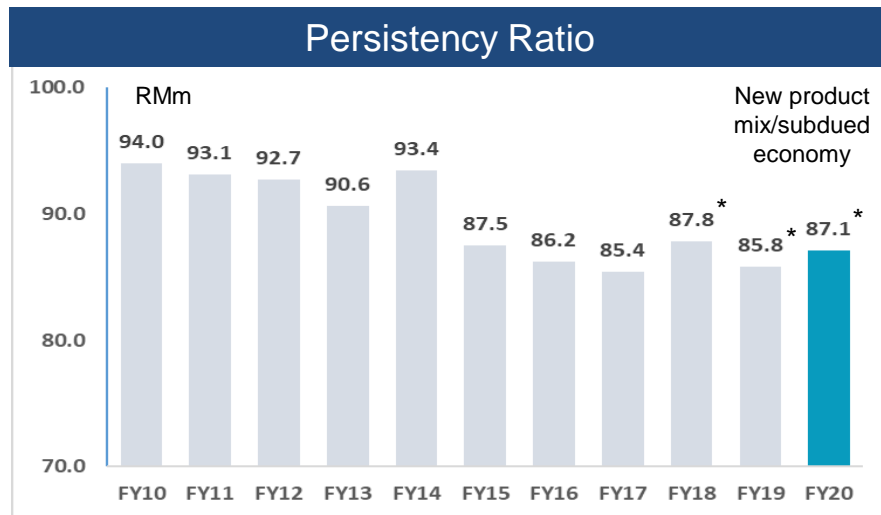
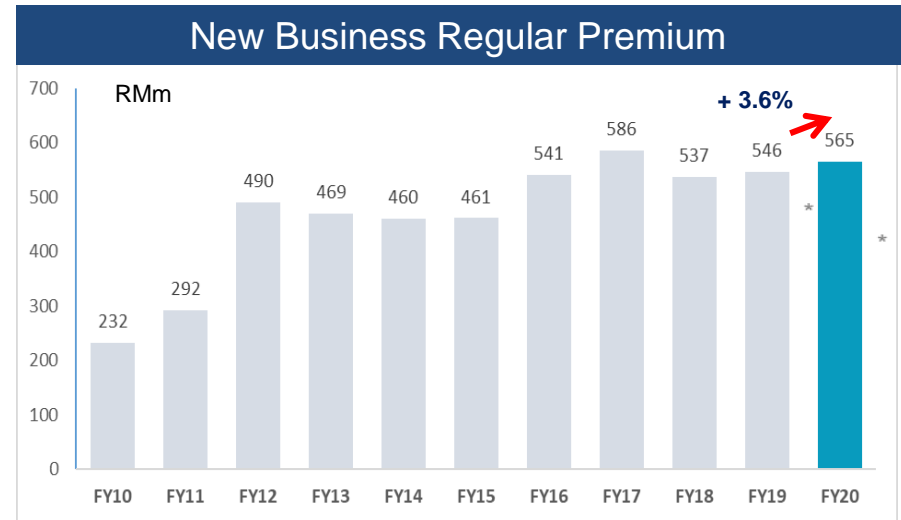
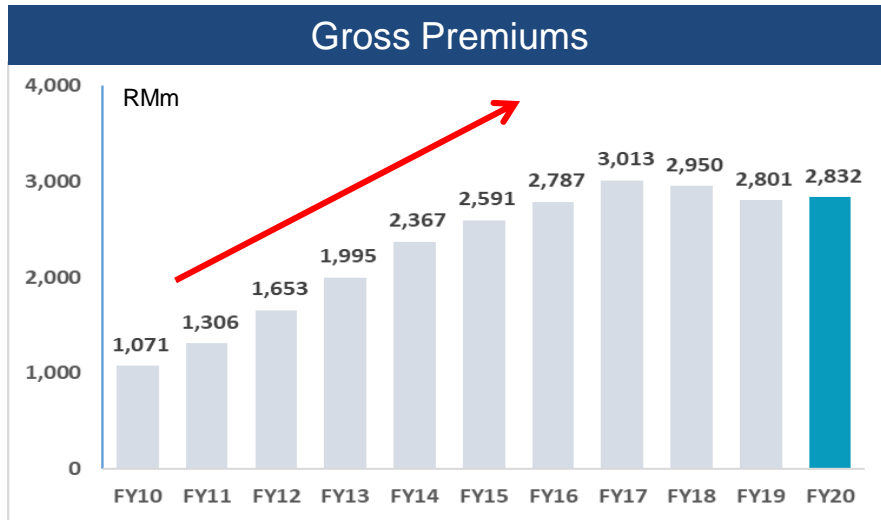
- **Banca premiums have increased by 64% in 4 years.** Growing telemarketing/ alternative channels but Agency will continue to be the main distribution channel (77% share of gross premium).

Gross Premiums (RM'mil)	FY16	FY17	FY18	FY19	FY20	YoY (%)	Contri (%)	Comments
1. Agents	2,406	2,525	2,356	2,243	2,181	(3)	77	HLA's core distribution channel. Over 7,700 agents as at Jun 20.
2. Bancassurance	325	407	505	456	532	17	19	Access to HLB, the 5th largest bank with the branch network of circa 254 branches . 5-year HLA Bancassurance Plan
3. Telemarketing/ Alternative Channels	55	82	89	102	119	17	4	Focus on higher margin Non-Par/ Investment-Linked products over recent years with smaller ticket policy size.
Total	2,787	3,013	2,950	2,801	2,832	1	100	

HLA: Product Category Segments

Gross Premiums By Segment (RM'mil)	FY16	FY17	FY18	FY19	FY20	YoY (%)	Contri (%)	Comments
1. Ordinary Life ("OL")	2,030	2,045	1,745	1,441	1,210	(16)	43	<ul style="list-style-type: none"> No. 8 among all life insurers in this segment by annualized NBRP. 3.4% market share of NBRP in this segment.
2. Investment-Linked ("IL")	697	915	1,166	1,312	1,588	21	56	<ul style="list-style-type: none"> Building up this segment on the back of stronger distribution force. Market position improved to no. 3 in this segment. 16.9% market share of NBRP (1H20).
3. Credit Life	60	53	39	48	34	(29)	1	<ul style="list-style-type: none"> Mainly MRTA (captive market from HLB). Non-recurring single premium business.
Total	2,787	3,013	2,950	2,801	2,832	1	100	<ul style="list-style-type: none"> No. 1 among domestic life insurers (OL + IL) by NBRP. Top 4 among all insurers (OL + IL) by NBRP.

HLA: GP, NBRP & Persistency Ratio

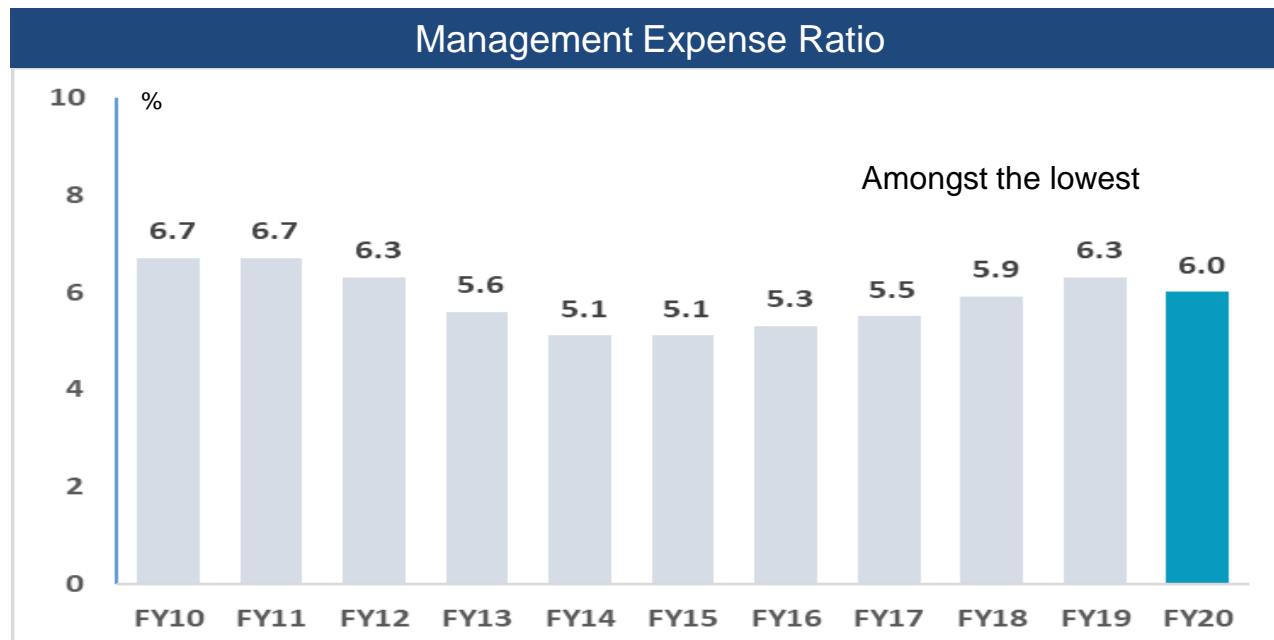


- NBRP for FY20 stood at RM565.1 mil, grew 3.6% yoy. This is attributed to higher contribution from Bancassurance.
- Gross Premiums supported by improved Persistency/ Renewals.

Note: * Exclude limited pay products

HLA: Cost Efficiency

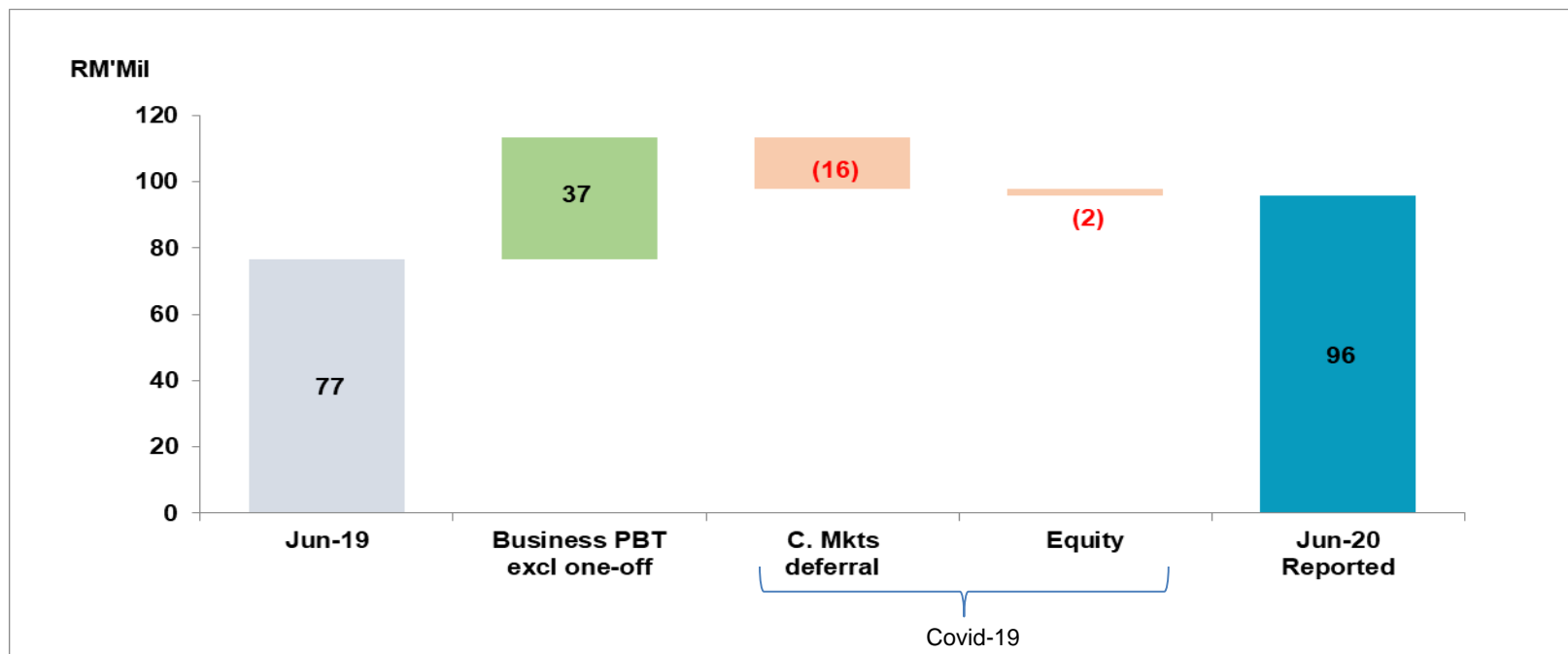
- Amongst the lowest Management Expense Ratio in the industry, we have been spending selectively on marketing & branding.



HLCB: FY20 Results Highlights

Net Profit (RM'mil)	FY19	FY20	YoY Change	YoY Change (%)
Hong Leong Capital Berhad	67.7	94.2	26.5	39.1%
Hong Leong Investment Bank	44.4	70.1	25.7	58.0%
Hong Leong Asset Management	16.6	21.0	4.4	26.5%

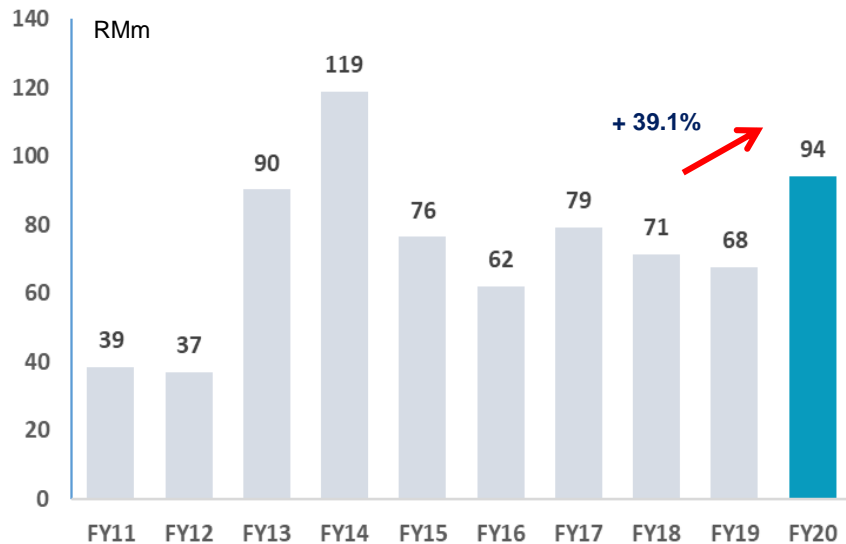
Covid-19 Associated Impacts to HLCB's PBT



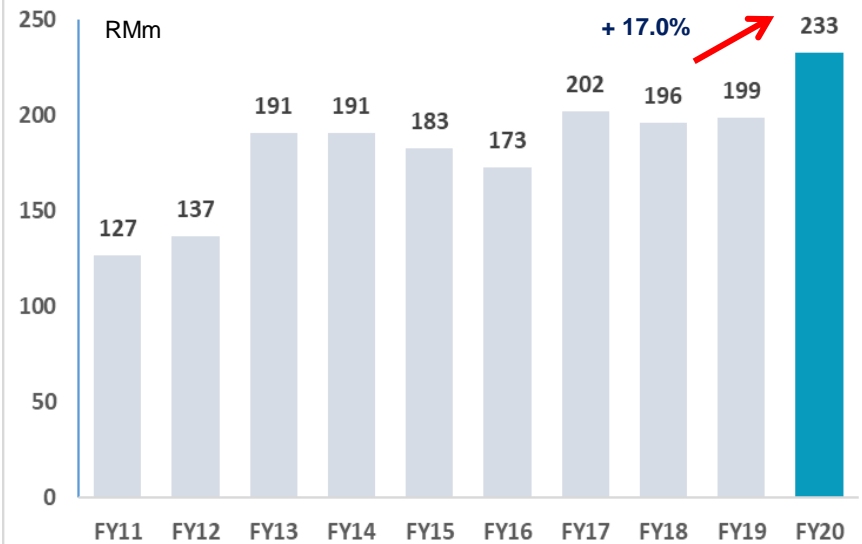
Highlights: Investment Banking (HLCB)

- HLCB's reported net profit increased 39.1% yoy to RM94.2 million.
- HLCB is less affected given positive results from its stockbroking division in this period and a steady asset management business with non-significant redemptions.
- To support the Group's initiatives on digitalization, on-going efforts has been put in place to improve digitalization of its business operations.

Net Profit



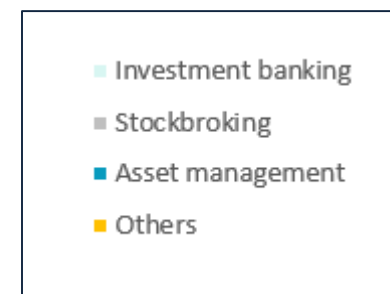
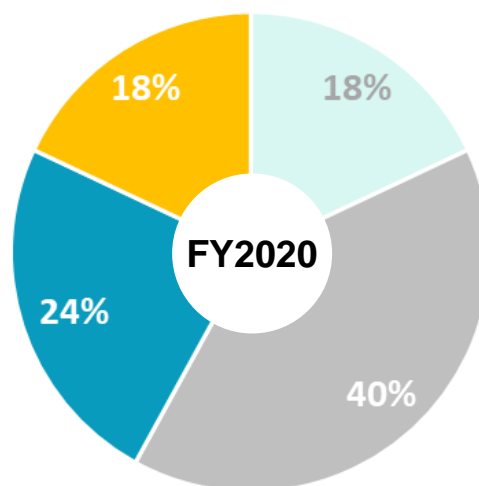
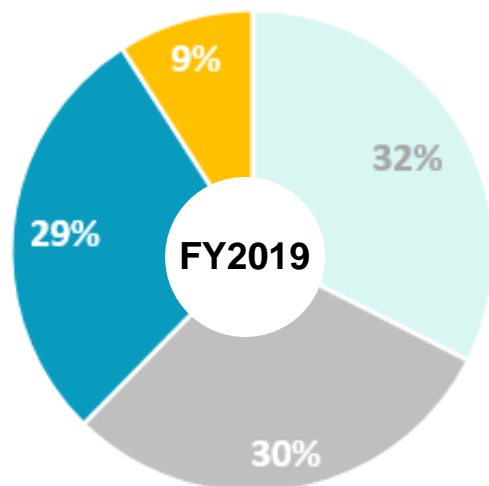
Revenue (Total Income)



HLIB & HLAM

- Stockbroking Division shows a strong profit growth in FY20, PBT increased almost double yoy. The growth was in line with the higher traded volume in the market.
- The contribution from stockbroking business to HLCB Group has expanded to 40%, from 30% as at June last year.
- Asset Management Division remained profitable. HLAM focus on building AUM, its AUM increased RM0.8 bil or 4.6% yoy to RM18.3 bil in FY20.

Contribution to HLCB Group's PBT (%)



ESG

Environment

- We keep our environmental footprint low and promote responsible consumption to limit negative environmental externalities.
- Initiatives include minimizing the environmental impact of energy efficiency, reduce paper usage and wastage.
- Menara Hong Leong was awarded a Green Building Index (“GBI”) Silver rating and the internationally recognised LEED Gold rating.

Social

- We support grassroots organizations through our community welfare and partner programmes, small enterprise programme and community building fund to assist local underserved communities.
- The Hong Leong Foundation believes that supporting community-based initiatives and providing access by giving out scholarships for tertiary and master education, supporting after school care programmes and forming partnership with charities will create long-term and sustainable social impact.
- HLB endorsed the development of an ESG Policy for corporate, commercial and SME clients segments. The policy will be served as a guidance to assess the environmental and social risks associated with lending and financing activities.
- HLIB Research, a division of HLCB, started to incorporate ESG impact in their research reports and plan to increase coverage related to ESG.

Governance

- We aim to create a strong culture of ethics and integrity in our business conduct in accordance with company policies including our Code of Conduct and Ethics, Gifts and Entertainment, Donation and Whistleblowing policies.
- The Group takes a zero-tolerance position on bribery and corruption and an Anti-Bribery and Corruption Policy for the prevention of corruption and bribery is firmly in place at HLF and across all our operating businesses.

Appendix: Further Information

FY20 Recognitions/ Awards

HLB

- Best Cloud Based Project - The Asset Triple A Digital Awards 2020 by The Asset
- Excellence in Leadership in Asia 2020 - Euromoney Awards for Excellence 2020
- Best SME Bank in Malaysia - Asiamoney Best Bank Awards 2019
- Best Digital Bank Malaysia - Asiamoney Best Bank Awards 2019
- Highest Return to Shareholders (FI) over Three Years – The Edge Billion Ringgit Club
- Highest Return to Shareholders (Super Big Cap) Over 3 Years – The Edge Billion Ringgit Club
- Red Hat APAC Innovation Awards - Red Hat APAC Innovation Awards 2019
- Top Financial Institution Partner - Top Financial Institution Partner (Overall Category) 2019 by Credit Guarantee Corporation Malaysia
- Best SME Bank Malaysia - International Business Magazine Awards 2019 by International Business Magazine

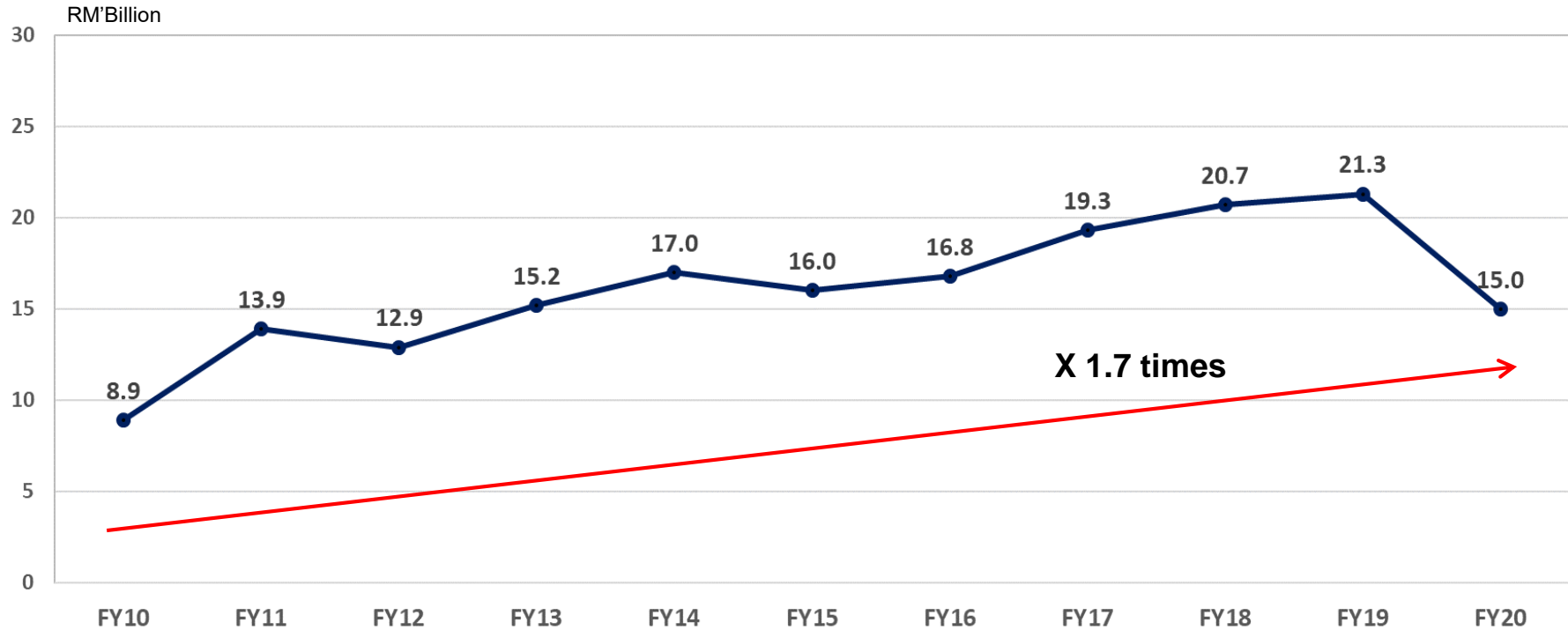
HLAH

- Domestic Life Insurer of the Year – Malaysia by Asian Banking and Finance Insurance Asia Awards 2019
- Best Life Insurance Company – Malaysia by International Finance Awards 2019

HLCB

- Best Islamic Asset Backed Securitisation-Backed Sukuk - 13th Annual Alpha Southeast Asia Deal & Solution Awards 2019 by Alpha Southeast Asia
- Investors' Choice for Primary Issues: Corporate Bond - Ringgit Malaysia Asian Local Currency Bond – 4th Ranking Most Innovative by The Asset
- RAM Award of Distinction 2019: Manager Award by Number of Issues – Joint 2nd Ranking by RAM
- Best Small To Mid-Cap Corporate Finance House - 13th Annual Best Financial Institutions Awards 2019 by Alpha Southeast Asia
- Best Equity Deal/Initial Public Offering Malaysia - 13th Annual Alpha Southeast Asia Deal & Solution Awards 2019 by Alpha Southeast Asia
- Best Initial Public Offering - The Asset Triple A Country Awards by The Asset
- Best Retail Equities Participating Organisation - Investment Bank - 2nd Runner Up - Bursa Excellence Award 2019
- 5 Lipper fund awards:
 - I. Hong Leong Dividend Fund;
 - II. Hong Leong Asia-Pacific Dividend Fund;
 - III. Hong Leong Value Fund (formerly known as Hong Leong Penny Stock Fund);
 - IV. Hong Leong Growth Fund
 - V. Hong Leong Dana Makmur Fund

HLFG Market Capitalisation



CAGR

1-Year

3-Year

5-Year

10-Year

As at FY20

-29.6%

-8.1%

-1.3%

5.4%

FY20 Results Summary – Covid-19 Impact

Group (YE June)	FY20
PBT	RM'mil
HLFG PBT	4,032
Commercial Banking <i>Covid-19 Impact</i>	609
Insurance <i>Covid-19 Impact</i>	50
Investment Banking <i>Covid-19 Impact</i>	18
Total Covid-19 Impact	676
Insurance <i>One-off</i>	56
HLFG PBT after Covid-19 Impact	3,300

MSIG (General Insurance)

MSIG YE Dec RMm	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Gross Premiums	965.1	1,241.8	1,326.3	1,425.9	1,486.7	1,535.4	1,522.5	1,536.7	1,536.9	1,470.4
Reinsurance	(179.6)	(238.4)	(289.1)	(306.3)	(295.1)	(301.8)	(294.9)	(288.2)	(279.7)	(276.8)
Net Premium	785.5	1,003.4	1,037.2	1,119.6	1,191.6	1,233.6	1,227.6	1,248.5	1,257.2	1,193.6
Change in Unearned Premium Prov	(40.1)	(27.3)	(61.4)	(47.5)	(38.3)	(45.2)	17.4	(6.6)	(7.8)	42.6
Earned Premium	745.4	976.1	975.8	1,072.1	1,153.3	1,188.4	1,245.0	1,241.9	1,249.4	1,236.2
Net Claims	(441.2)	(568.2)	(580.3)	(615.2)	(645.9)	(682.6)	(685.1)	(694.3)	(778.2)	(692.7)
Underwriting Surplus	106.1	147.6	135.7	168.5	193.2	173.5	206.8	184.0	104.0	173.0
Investment & Other Income	54.8	69.1	96.4	88.3	85.2	88.3	106.8	125.0	108.3	118.9
Profit Before Taxation	160.9	216.7	232.1	256.8	278.4	261.8	313.6	309.0	212.3	291.9
Taxation	(36.8)	(50.1)	(50.0)	(53.0)	(63.4)	(61.7)	(64.8)	(65.2)	(34.5)	(56.3)
Profit After Taxation	124.1	166.6	182.1	203.8	215.0	200.1	248.8	243.8	177.8	235.6
Shareholders' Funds	1,862.6	1,969.4	2,071.2	2,189.5	2,298.4	2,401.4	2,548.0	2,725.5	2,805.7	2,943.7
Retention Ratio (%)	81.4	80.8	78.2	78.5	80.1	80.3	80.6	81.2	81.8	81.2
Claims Ratio (%)	59.2	58.2	59.5	57.4	56.0	57.4	55.0	55.9	62.3	56.0
Underwriting Margin (%)	14.2	15.1	13.9	15.7	16.7	14.6	16.6	14.8	8.3	14.0
Return On Equity (%)	8.5	8.7	9.0	9.6	9.6	8.3	9.8	8.9	6.3	8.0

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