

# INVESTOR PRESENTATION

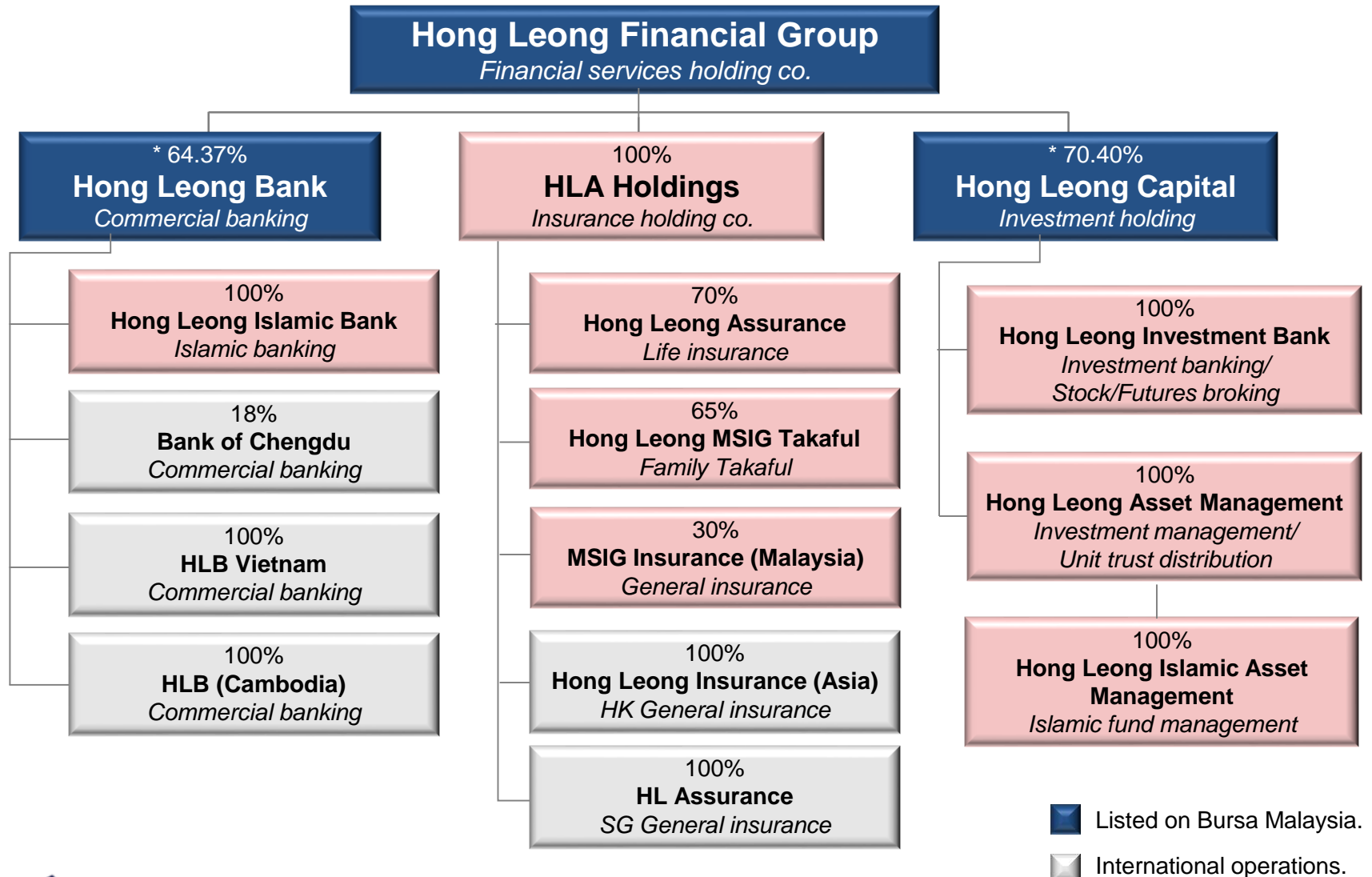
30 August 2021



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  - **Banking Division**  
(Please refer to HLB's IR slides)
  - **Insurance Division**
  - **Investment Banking & Fund Management Division**
- ❖ **ESG**
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# Corporate Structure / Principal Businesses



# FY21 Financial Highlights

## HLFG

- HLFG's results remained robust and resilient in FY21.
- Net Profit Attributable To Shareholders at RM2.27 bn, +22% yoy.
- Book Value per share increased 9.2% yoy to RM20.13.
- Net dividend per share: 40.0 sen, +2.0 sen yoy.

## HLB

- Net Profit was RM2.86 bn, +15% yoy.
- Loans grew 6.8% yoy, better than market.
- Solid asset quality with Gross Impaired Loan ("GIL") ratio improved to 0.46%.

## HLA

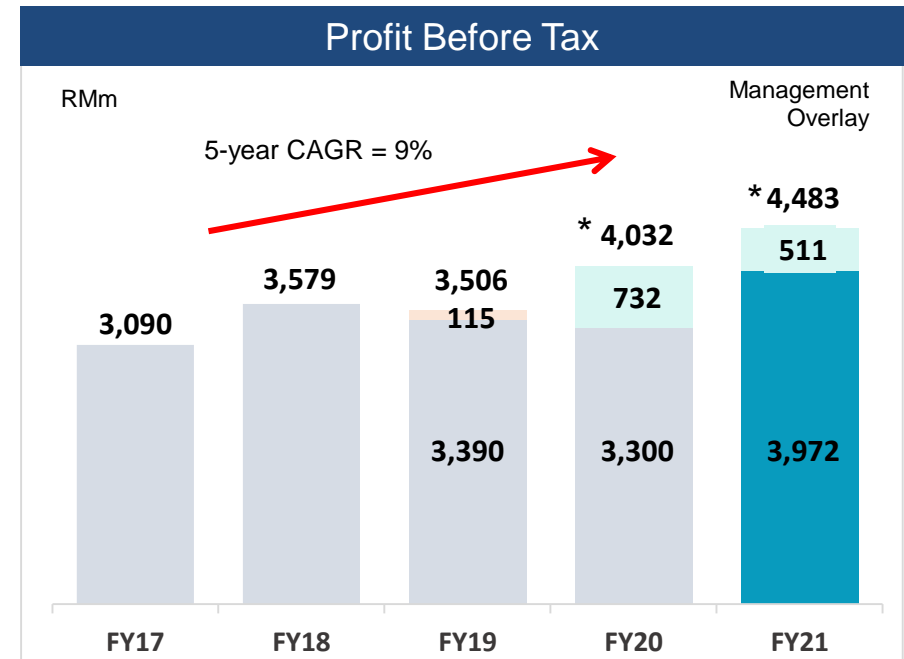
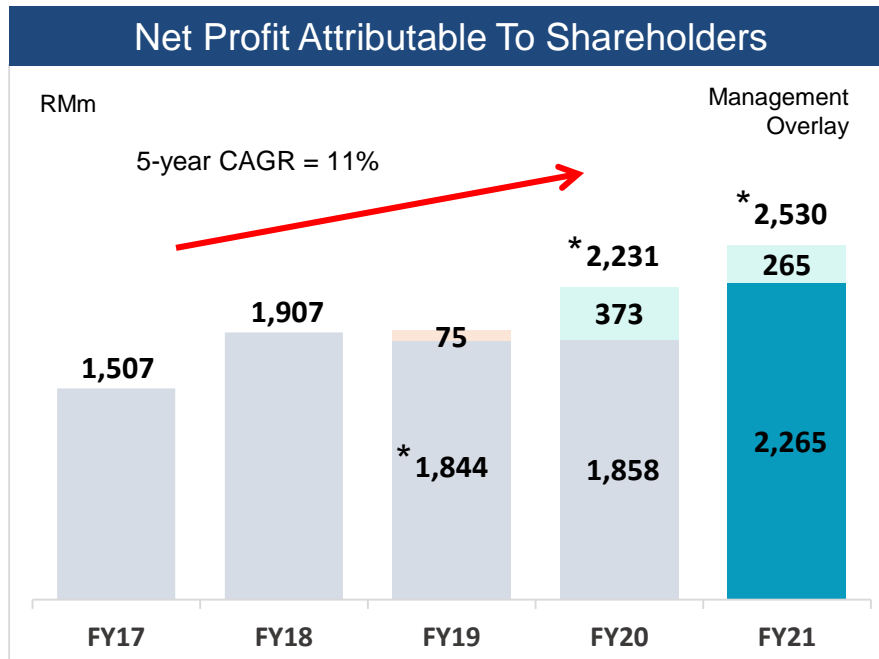
- Net Profit recorded at RM259 mil, +83% yoy.
- Gross premiums increased 11% to RM3.15 bn in FY21 while new business regular premiums grew 30% to RM733 mil.
- EV and NBEV recorded double-digit growth, +14% yoy and +20% yoy respectively.

## HLCB

- Net Profit increased to RM203 mil, +116% yoy given positive results from its stockbroking division and investment banking division.
- The stockbroking division continued to show strong growth due to higher market activity, while the investment banking division benefited from its treasury and markets trading segment.

# HLFG Key Trends

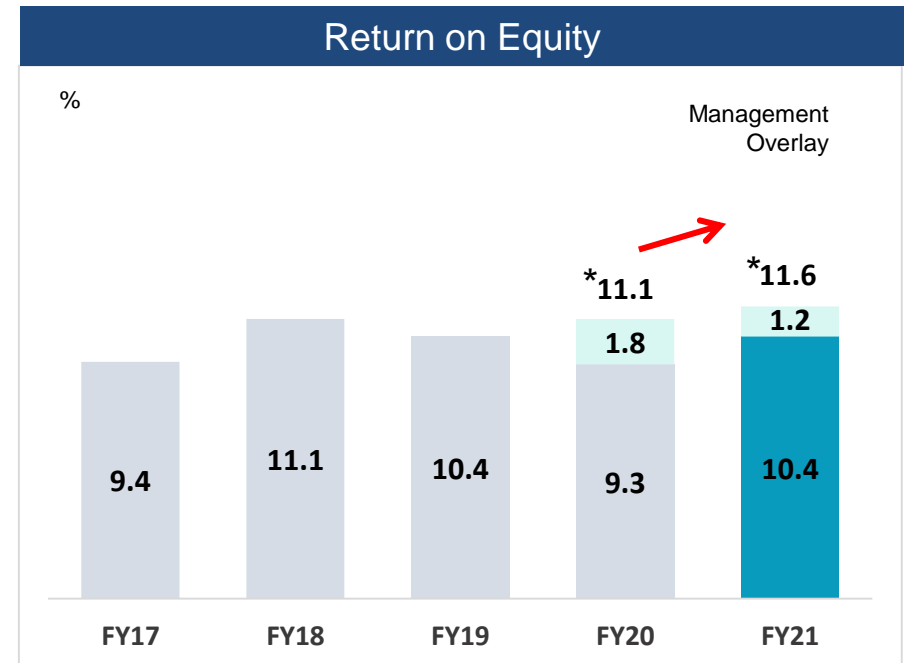
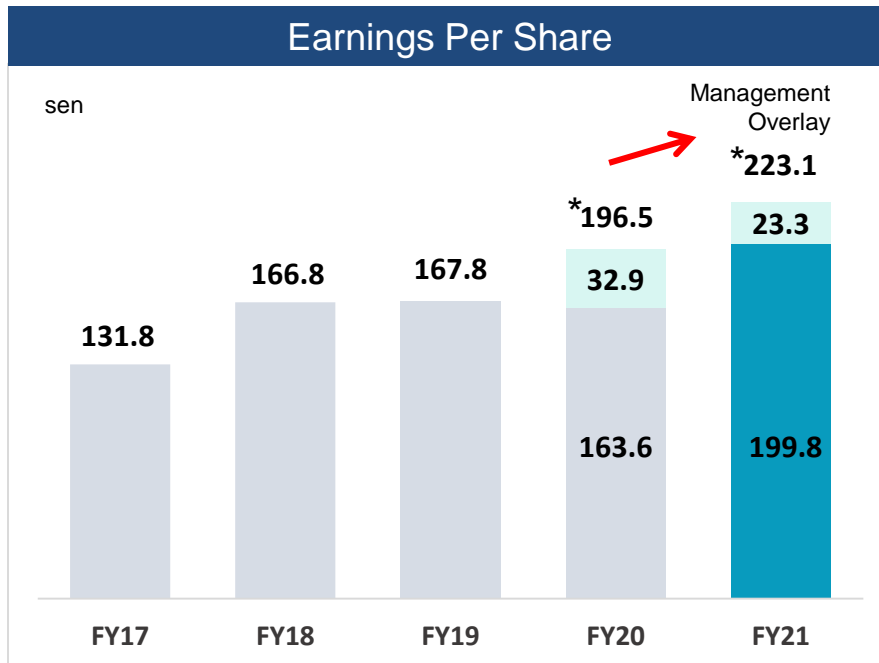
- Our performance have been consistent and sustainable.



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

# HLFG Key Trends

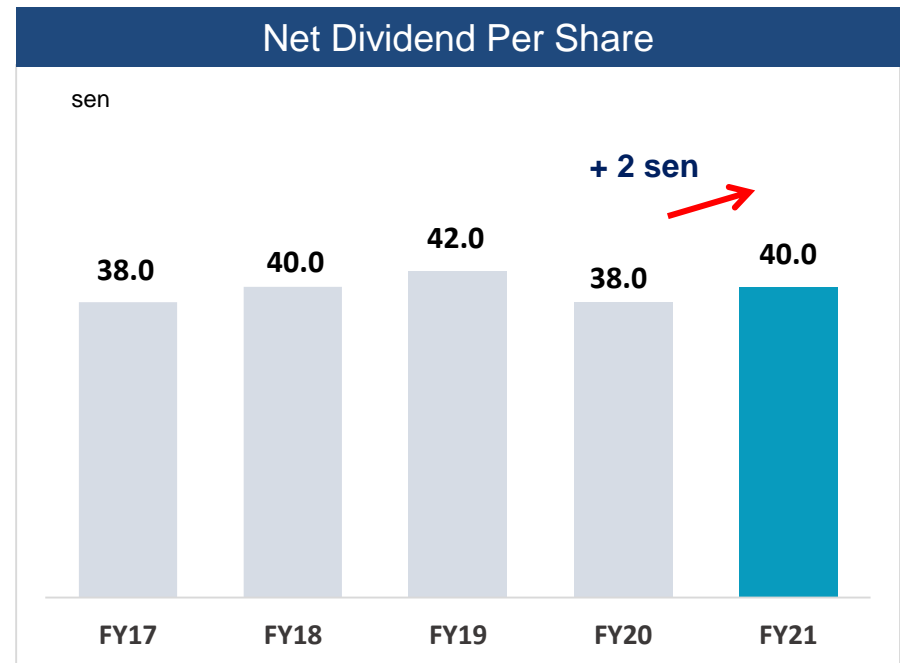
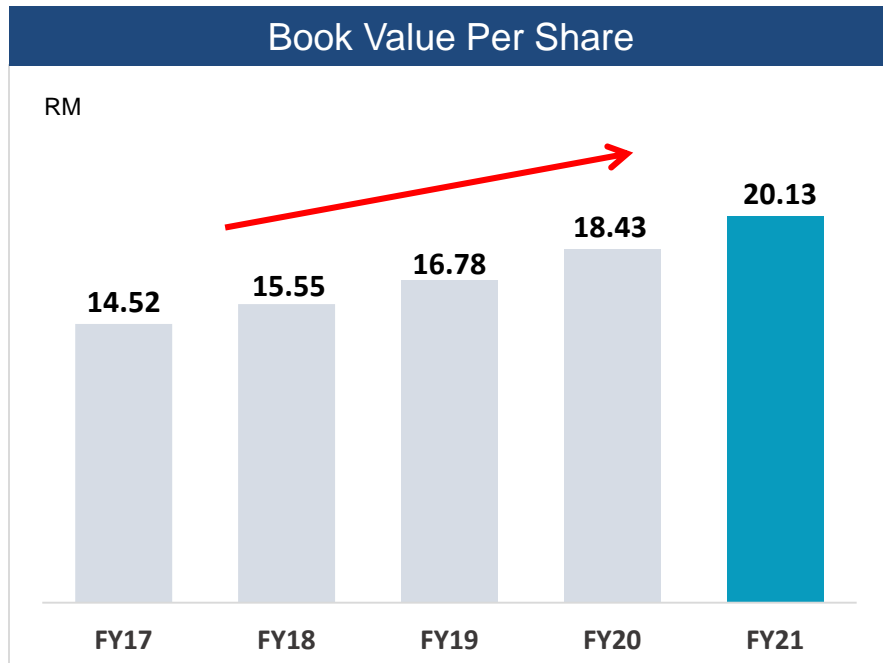
- Earnings Per Share +22.1% yoy to 199.8 sen.
- Return on Equity improved to 10.4%.



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

# HLFG Key Trends

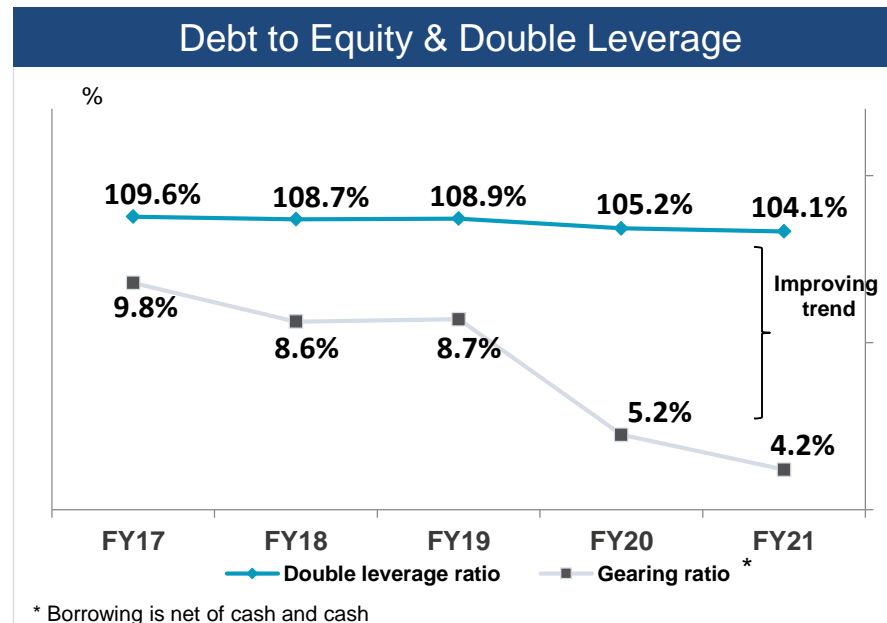
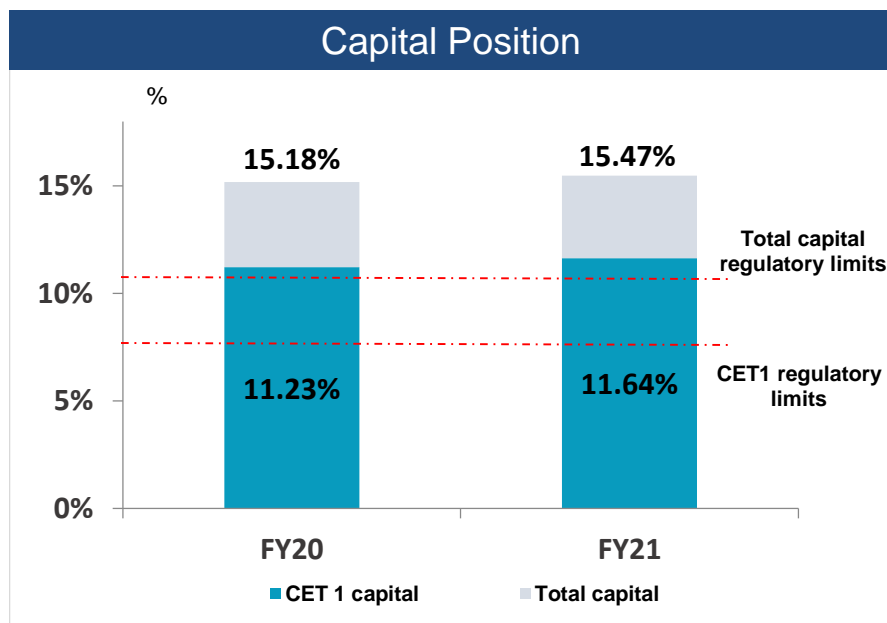
- Book value/share +9.2% yoy to RM20.13.
- Net DPS +2 sen to 40.0 sen in FY21 (1<sup>st</sup> interim dividend = 10.8 sen; final dividend = 29.2 sen)



Denotes non-recurring portion

# HLFG Key Trends

- Capital and liquidity positions remained robust and sound to support our business.
- Our Group consolidated capital position stayed above regulatory limits.



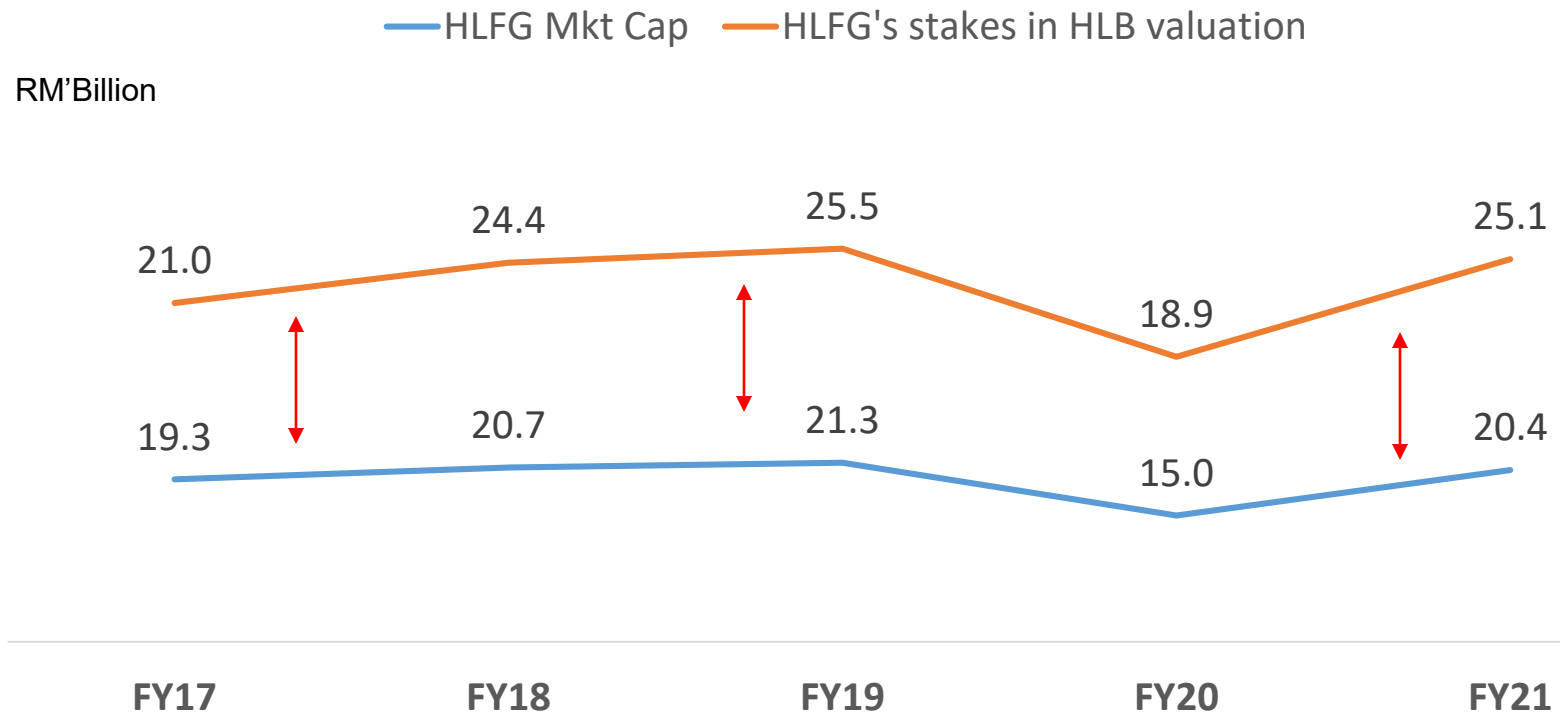
Note:

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



# HLFG Market Capitalisation vs Stake in HLB Valuation

- HLFG's stake in HLB valuation reflected a huge holding company discount.



# Highlights: Banking Division (HLB)

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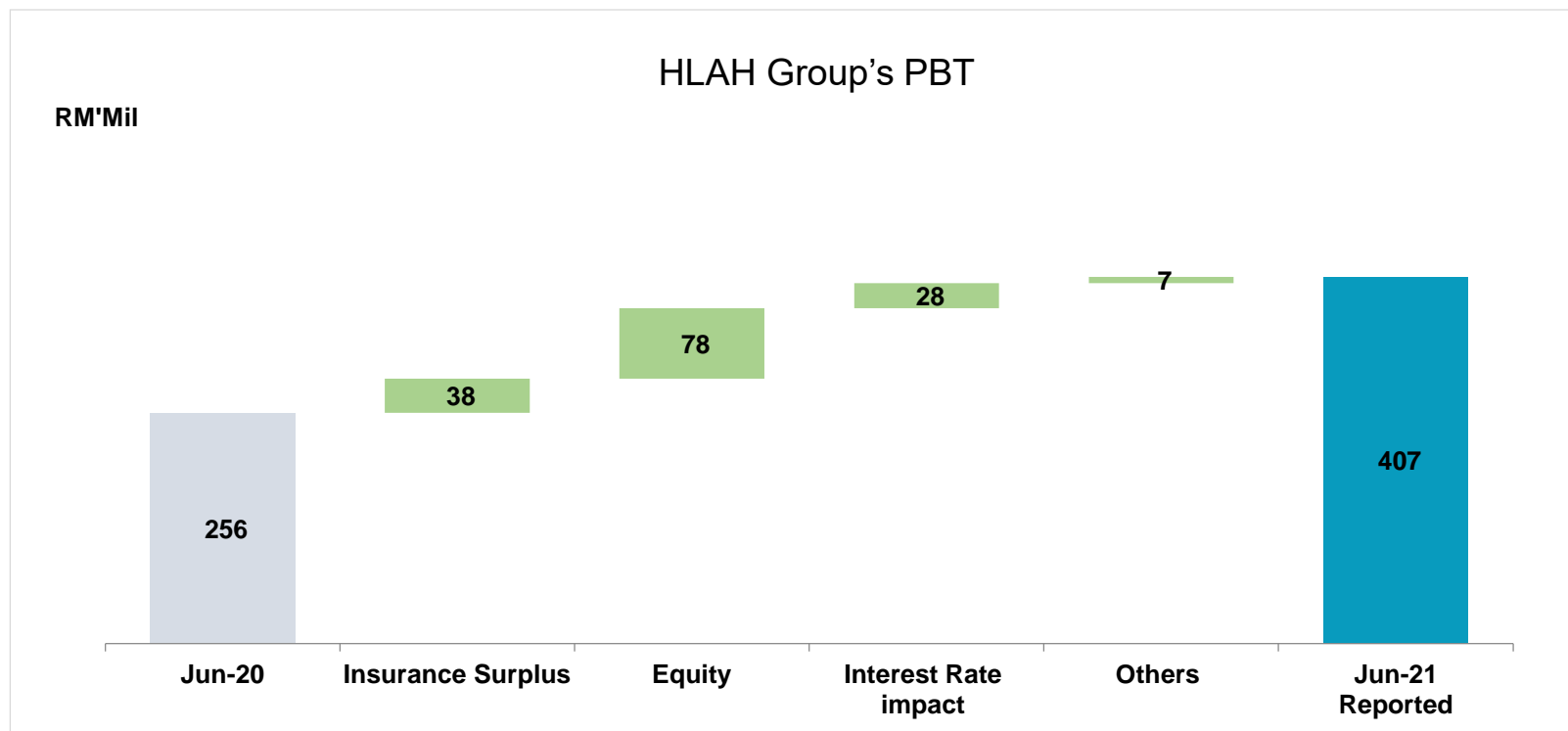
For further information on HLB, please refer to the HLB analyst information slides.

# Highlights: Insurance Division (HLA)

- ❖ **FY21 Results Highlights**
- ❖ **Business Strategy**
- ❖ **Key Performance Indicators**
- ❖ **Embedded Value (EV) & New Business Embedded Value (NBEV)**
- ❖ **Product Segments & Market Position**
- ❖ **Distribution Highlights**
- ❖ **Assistance Programmes**

# HLA: FY21 Results Highlights

| Net Profit (RM'mil)  | FY20  | FY21  | YoY Change | YoY Change (%) |
|----------------------|-------|-------|------------|----------------|
| HLA Holdings         | 227.6 | 394.5 | 166.9      | 73.3%          |
| Hong Leong Assurance | 141.2 | 259.0 | 117.8      | 83.4%          |



# HLA: Business Strategy

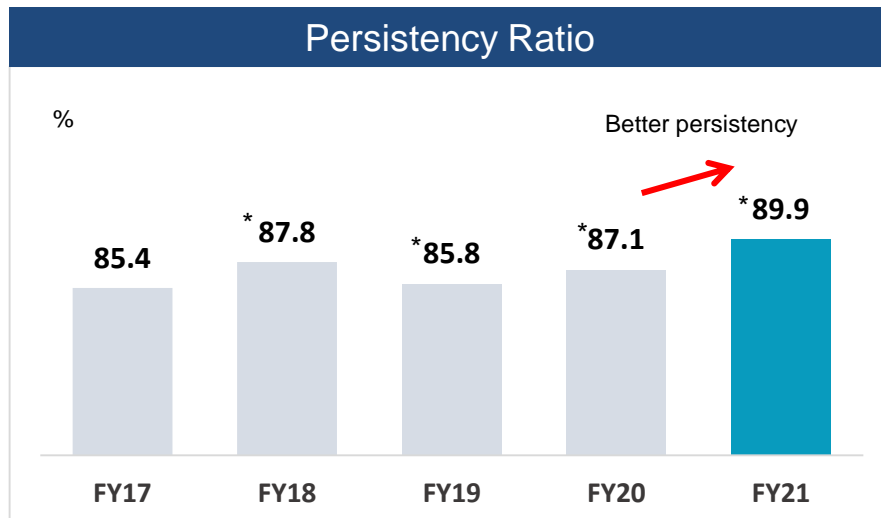
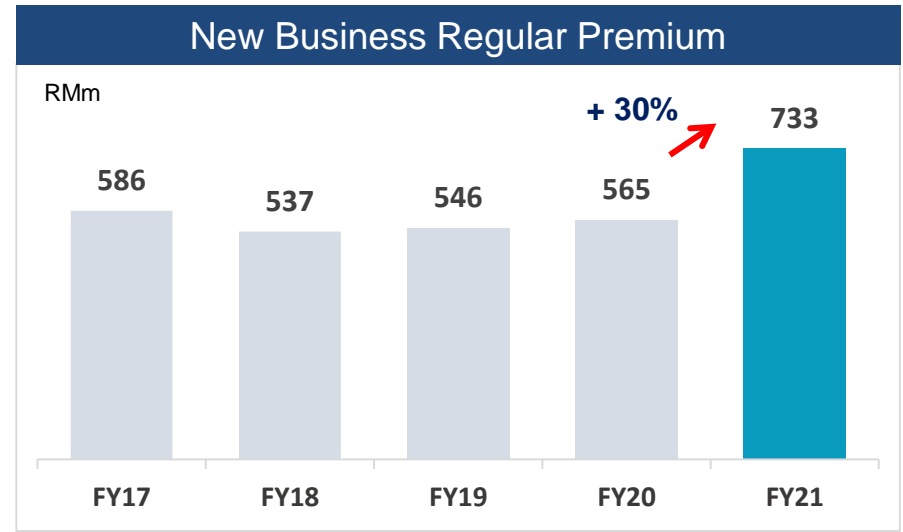
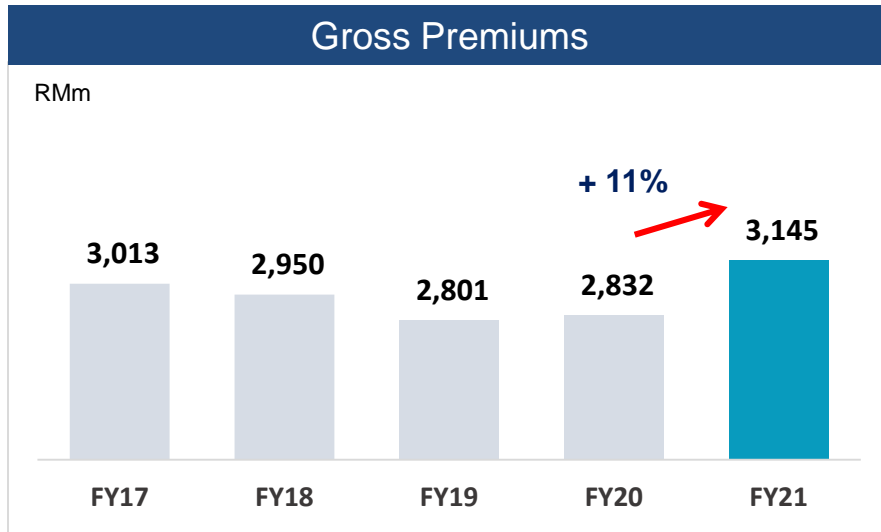
## What do we focus on?

1. **Digital Transformation.**
2. **Drive NBEV.**
3. **Focus on Non-Par/ Investment-Linked products.**
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.
- ✓ Solid growth of new business embedded value. (FY21: +20% yoy)
- ✓ Non-Par and Investment-Linked/ Participating ratio for new business at 96:4 (FY21).
- ✓ We continued focus on building a productive and effective agency force. Productivity per agent increased 23% in FY21.
- ✓ Leveraging on HLB's network of branches and SME customers. Banca NBRP increased 39% yoy in FY21.
- ✓ We continue to develop innovative products and streamline processes.

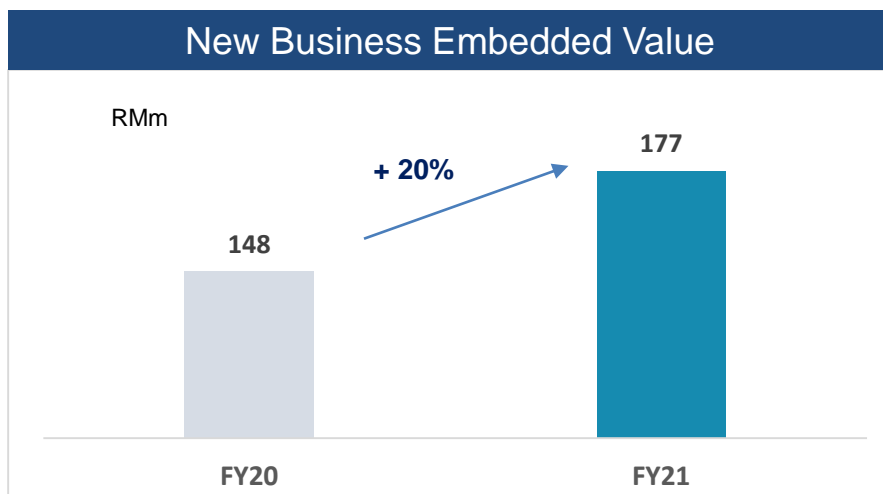
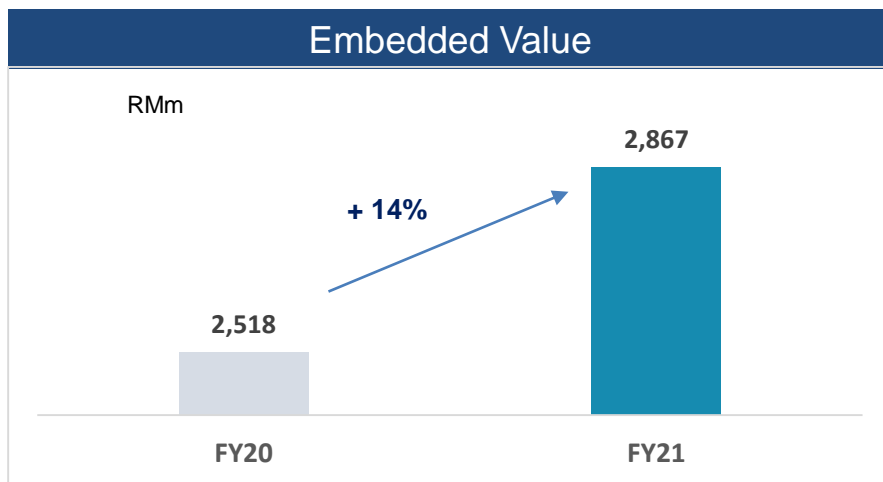
# HLA: Key Performance Indicators



- NBRP for FY21 stood at RM733 mil, grew 30% yoy. This is attributed to higher contribution from all channels.
- Gross Premiums supported by improved Persistency/ Renewals.

Note: \* Exclude limited pay products

# HLA: EV & NBEV



| For the period ended June (RM mil) | FY20  | FY21  | YoY growth (%) |
|------------------------------------|-------|-------|----------------|
| EV                                 | 2,518 | 2,867 | + 14%          |
| NBEV                               | 148   | 177   | + 20%          |
| NBEV Margin                        | 29.2% | 28.5% |                |

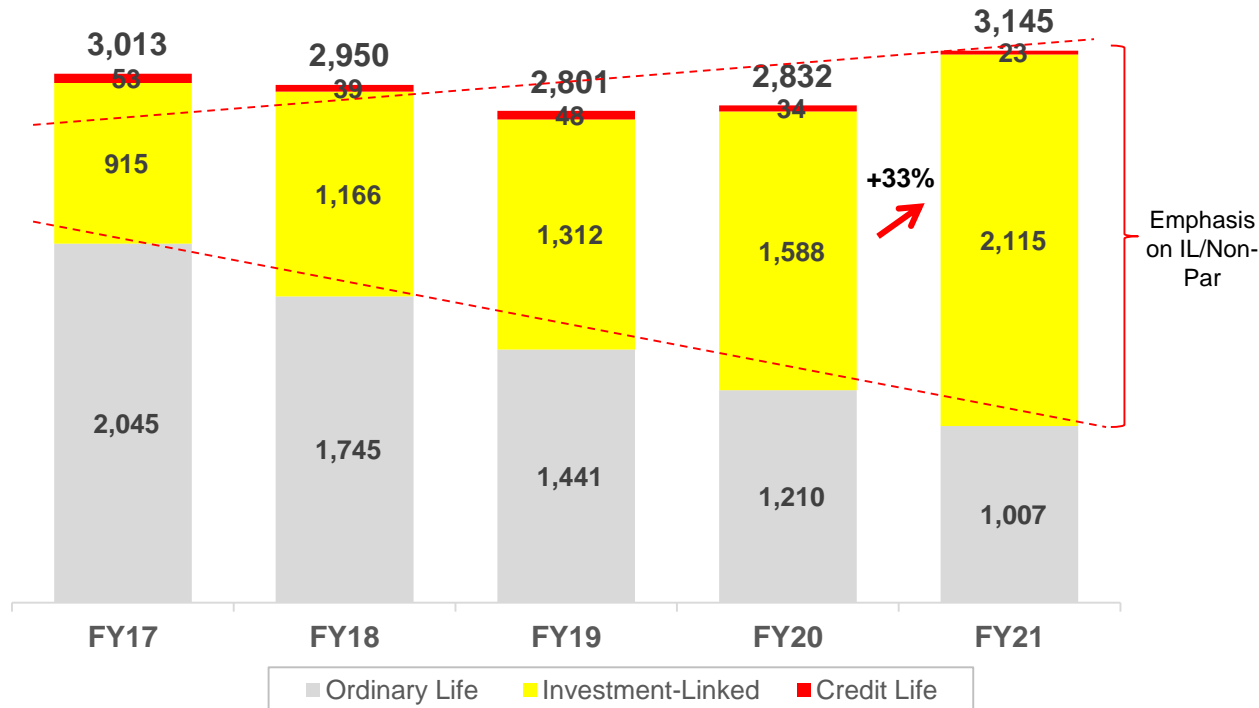
- EV improved by 14.0%. Growth in embedded value despite challenging operating environment by focussing on writing profitable new business.
- The improved NBEV reflects positive impacts from change in product mix and new products launched during the year alongside higher long term MGS rates.
- Our digital 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

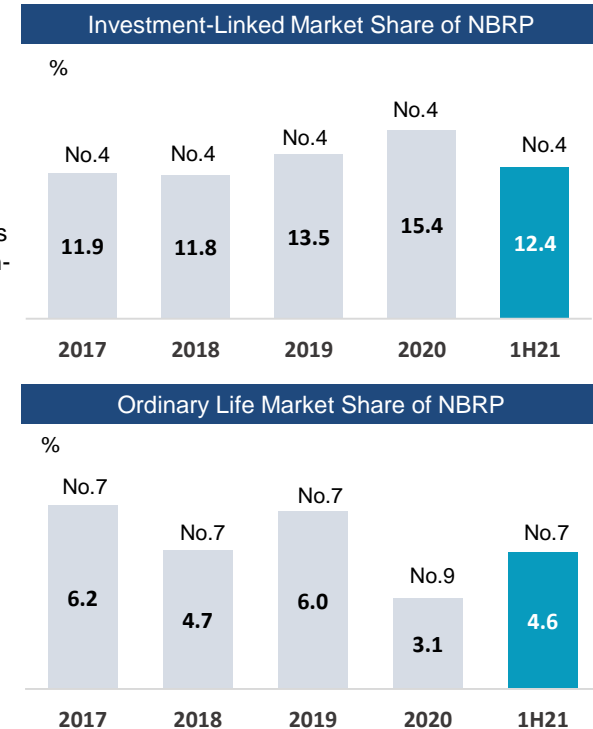
# HLA: Product Segments & Market Position

- Emphasis on Investment-Linked business has resulted in faster growth than Ordinary Life segment. Investment-Linked gross premium recorded RM2,115 mil, +33% yoy. Share of gross premium by Investment-Linked segment has increased to 67%.
- For FY21, Non-Par and Investment-Linked/ Participating ratio for new business at 96:4.

Product Segment By Gross Premiums (RM'mil)



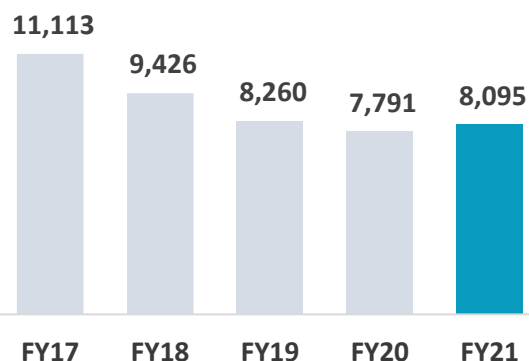
Market Position By NBRP (%)



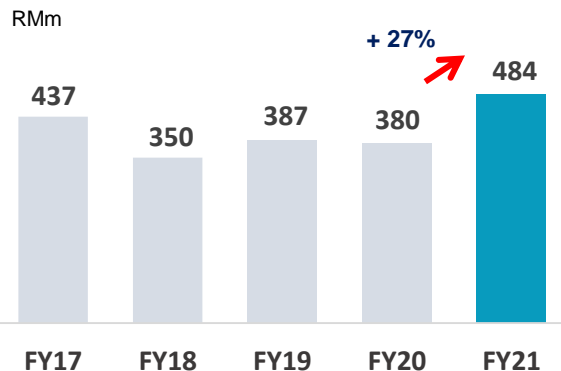


# HLA: Distribution Highlights

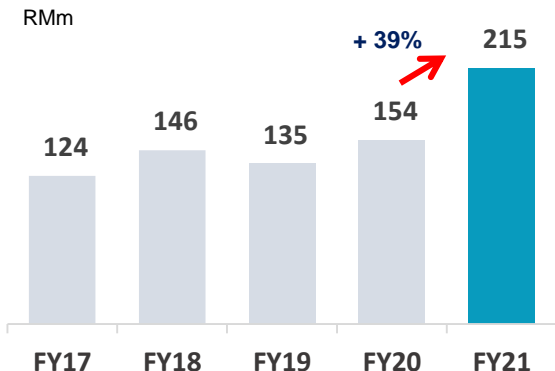
## Number of Agents



## NBRP - Agency



## NBRP - Banca



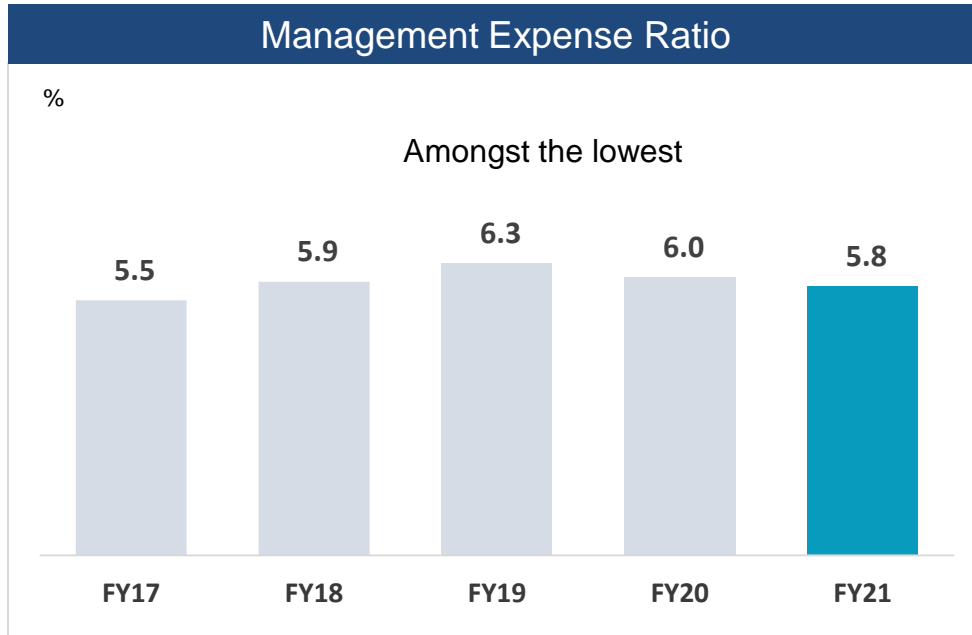
- HLA's core distribution channel.
- Our continued focus is building a productive and effective agency force.
- Agency NBRP recorded at RM484 mil, +27% yoy. Productivity per agent increased +23% in FY21, contributed by digital innovation initiative that has shorten the turnaround time for agency submissions.

- Banca NBRP recorded at RM215 mil, +39% yoy. Ranked no. 4 in Non-Agency (primarily banca) NBRP with 12% market share.
- Growing Banca Consultants' team.
- Leverage on HLB's 245 branches.

## Gross Premiums (RM'mil)

|  | FY17         | FY18         | FY19         | FY20         | FY21         | YoY (%)   | Share of GP (%) |
|--|--------------|--------------|--------------|--------------|--------------|-----------|-----------------|
| 1. Agents                              | 2,525        | 2,356        | 2,243        | 2,181        | 2,353        | 8         | 75              |
| 2. Bancassurance                       | 407          | 505          | 456          | 532          | 667          | 25        | 21              |
| 3. Telemarketing/ Alternative Channels | 82           | 89           | 102          | 119          | 125          | 5         | 4               |
| <b>Total</b>                           | <b>3,013</b> | <b>2,950</b> | <b>2,801</b> | <b>2,832</b> | <b>3,145</b> | <b>11</b> | <b>100</b>      |

# HLA: Cost Efficiency



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

# HLA: Assistance Programmes

## HLA COVID-19 Support Programme

### COVID-19 Complimentary Special Benefit Programme 2.0

#### Coverage upon confirmation of COVID-19 diagnosis

This programme covers Reimbursement of Medical Bills for COVID-19 treatment at private hospitals for policyholders with individual medical plans. This benefit is given to our valued customers at NO EXTRA COST.

#### Coverage upon COVID-19 Post-Vaccination Complication

This protection is extended to our valued customers at NO EXTRA COST within 30 days of vaccination.

### Deferment of Premium Payment for Life Insurance due to COVID-19

#### HLA PRO-VAX CAMPAIGN in support of COVID-19 Vaccination

Complimentary coverage against potential vaccination side effects for all Malaysians



Terms and Conditions apply. For further information, please visit: <https://www.hla.com.my> or contact our Customer Service at 03-7650 1288, HLA servicing agent/ bancassurance consultant.

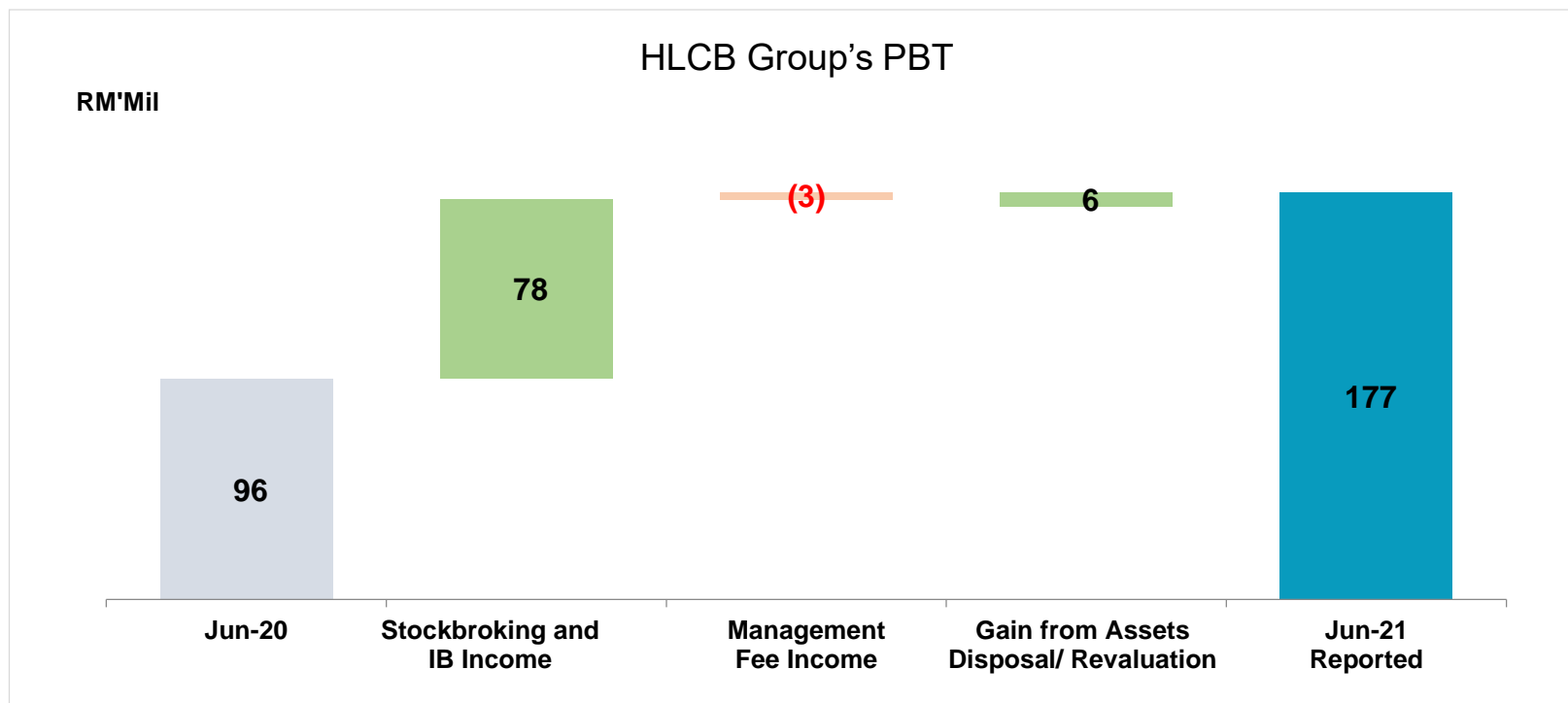
## ❖ FY21 Results Highlights

### ❖ Business Performance

- Hong Leong Capital Berhad (HLCB Group)
- Hong Leong Investment Bank Berhad (HLIB)
- Hong Leong Asset Management Berhad (HLAM)

# HLCB: FY21 Results Highlights

| Net Profit (RM'mil)               | FY20 | FY21  | YoY Change | YoY Change (%) |
|-----------------------------------|------|-------|------------|----------------|
| Hong Leong Capital Berhad (Group) | 94.2 | 203.3 | 109.1      | 115.8%         |
| Hong Leong Investment Bank        | 70.1 | 176.7 | 106.6      | 152.0%         |
| Hong Leong Asset Management       | 20.7 | 18.6  | - 2.1      | - 10.2%        |

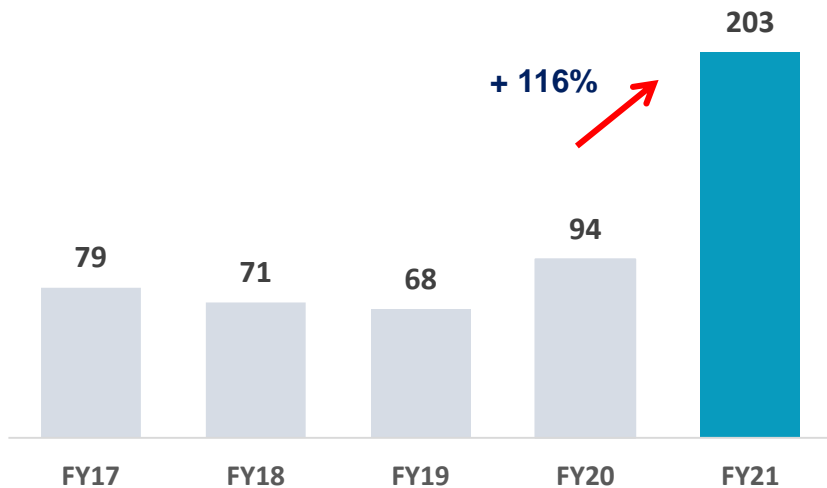


# HLCB: Business Performance

- HLCB's net profit increased 116% yoy to RM203 mil, mainly supported by stronger profit contributions from its key operating subsidiary, Hong Leong Investment Bank Berhad ("HLIB").
- HLIB contributed 86.9% of HLCB Group's profit after tax.

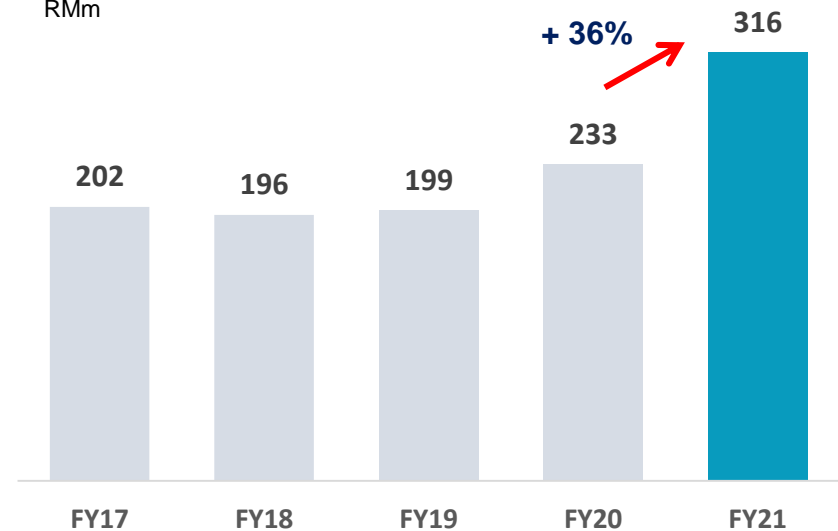
## Net Profit

RMm



## Revenue (Total Income)

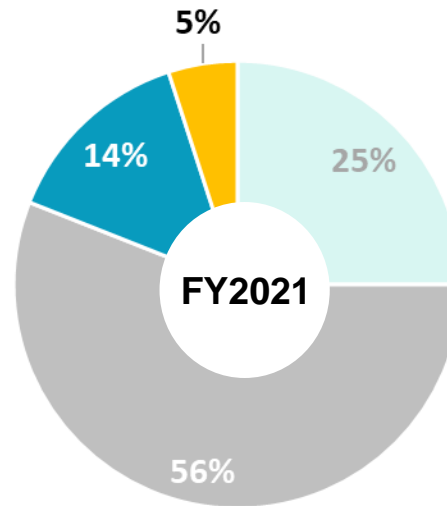
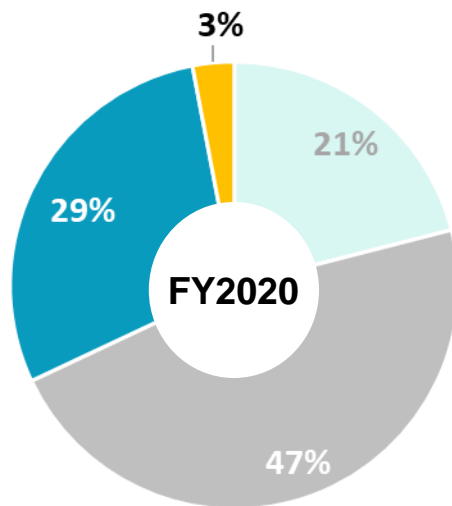
RMm



# HLCB: Business Performance

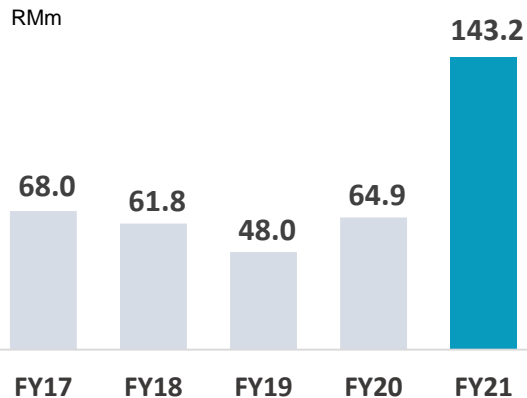
- The contribution from stockbroking business to HLCB Group has expanded to 56%, from 47% as at June last year.
- Stockbroking: The growth was in line with the higher traded volume in the market.
- Investment Banking: The performance was underpinned by stronger revenue from treasury and markets, as well as improved deal flows from the debt and equity market units.
- Asset Management: Continue to focus and emphasise on fund performance.

## Contribution to HLCB Group's PBT (%)

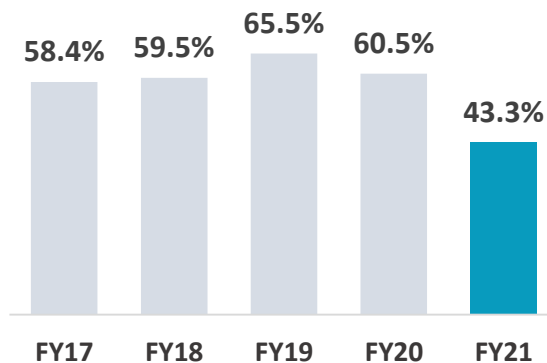


# HLIB: Business Performance

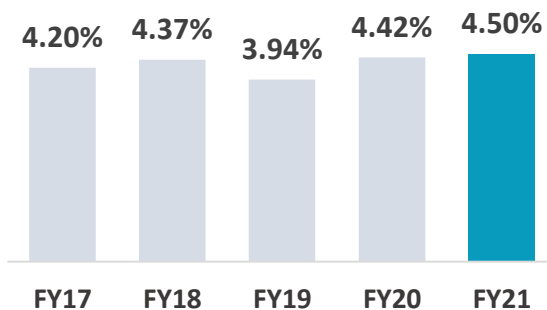
## Profit Before Tax



## Cost-to-Income Ratio



## Stockbroking Market Share



- Strong profit growth by two-fold yoy in FY21.
- Higher profit contribution from stockbroking division and investment banking division.
- In a low interest rate environment with MCO's mobility restrictions had led to surge in trading volumes in the stock markets as many investors took the opportunity to search for higher investment return.

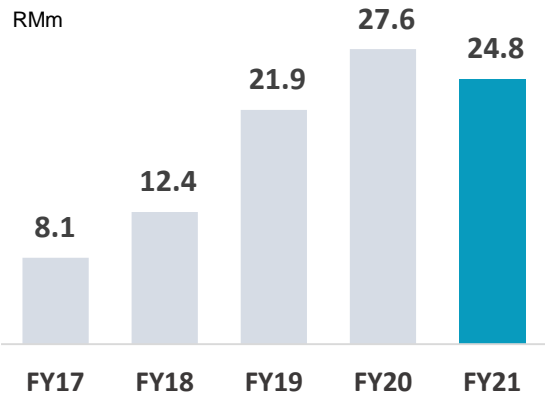
- HLIB continued to exercise fiscal prudence and the operating expenses remained tightly controlled with Cost-to-Income ratio ("CIR") improving to 43.3%.
- Will continue to focus on strategic cost management initiatives to manage its cost structure.

- Higher retail participation in FY21 has led HLIB to achieve a higher market share of 4.50%.
- Stockbroking business benefited from higher transaction volume of 91% yoy for FY21.
- Profit contribution from stockbroking business increased by 2.2 times compared to last year.

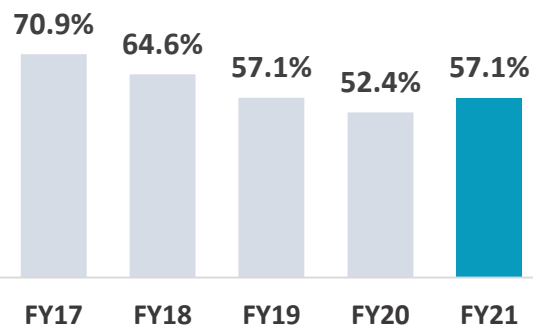


# HLAM: Business Performance

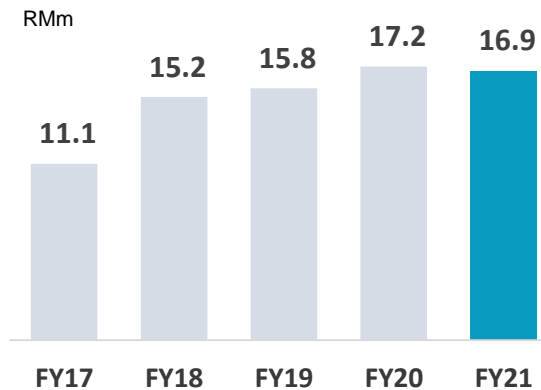
## Profit Before Tax



## Cost-to-Income Ratio



## Average AUM



- The fund management business operated under HLAM recorded a lower profit before tax at RM 24.8 mil due to a lower average assets under management (“AUM”) compared to last year.
- Affected by withdrawals of money market funds from diversion of investors’ interest to other higher yielding investments under the current low interest rate environment.

- The operating expenses slightly increased with Cost-to-Income ratio of 57.1% due to investment in its digitalisation initiatives.
- On-going efforts have been put in place to improve digitalisation of the business operations and its distribution channel.

- HLAM won 9 individual Refinitiv Lipper Fund awards and the Best Equity Group - Provident Group award (for EPF approved funds only), which is a highly coveted award.
- The Islamic fund management subsidiary of HLAM, Hong Leong Islamic Asset Management which started its business in January 2020, aims to build AUM by collaborating closely with HLAM and leveraging on its digitalisation platform.

# ESG



- ➔ **Climate Change**
  - Managing the Environmental Footprint
    - ✓ Reduce usage of paper
    - ✓ Reduce GHG emissions
    - ✓ Energy management
    - ✓ Waste management
    - ❖ Menara Hong Leong is a certified Green Building, with Silver rating and the internationally recognised LEED Gold rating.
  - Environmental and Social Assessment of Products and Services
    - ✓ Consideration of environmental and social aspects



- ➔ **Human Rights & Community**
  - Support underserved segments of the community.
- ➔ **Labour Standards**
  - Diverse and inclusive workplace
  - Equal opportunity
  - Discrimination of any kind is strictly prohibited
- ➔ **Social Supply Chain**
  - ESG Framework Establishment
  - ESG Financing & Investment
  - Research team with ESG screening capability - ESG stocks coverage and analysis



- ➔ **Anti-Corruption**
  - Zero-tolerance position on bribery and corruption
  - Anti-Bribery and Corruption Policies and procedures are firmly in place at HLFGL and applied across all our operating businesses.
- ➔ **Corporate Governance**
  - Experienced Board of Directors provides independent oversight in line with best practices for corporate governance.
- ➔ **Risk Management**
  - Processes and controls in place to ensure key business risks and ESG risks are adequately managed.

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# Appendix: Further Information

# FY21 Recognitions/ Awards

## HLFG

- The Strongest Bank/Group by Balance Sheet in Malaysia 2020 by The Asian Banker

## HLB

- Excellence in Leadership in Asia 2020 - Euromoney Awards for Excellence 2020
- Best SME Bank Malaysia 2020 –Asiamoney Best Bank Awards 2020
- Best Payments Bank in Malaysia 2020 – Asiamoney Best Bank Awards 2020
- NACRA Award 2020 (Silver) - National Annual Corporate Report Awards 2020
- Best SME Development Bank Malaysia 2020 - International Finance Banking Awards 2020
- Most Innovative SME Portfolio 2020 - International Finance Banking Awards 2020
- 3G Best Social Impact 2021 Award - Global Good Governance Award 2021 by Cambridge IFA
- 3G Human Resources Development Award 2021- Global Good Governance Award 2021 by Cambridge IFA
- Islamic Digital Banking - IRBA Excellence Award 2020 by Cambridge IFA
- HR Leader of the Year (Silver) - HR Excellence Awards 2021
- Young HR Talent of the Year (Silver) - HR Excellence Awards 2021
- Excellence in HR Innovation (Silver) - HR Excellence Awards 2021
- Best Digital Transformation Strategy (Gold) - HR Excellence Awards 2021
- Best Soft Skills Training Program (Silver) - HR Excellence Awards 2021

## HLAH

- Domestic Life Insurer of the Year – Malaysia by Asian Banking and Finance Insurance Asia Awards 2020

## HLCB

- Best Equity Deal of The Year in Malaysia - 14th Annual Alpha Southeast Asia Best Deal & Solution Awards 2021
- Best Islamic Subordinated Perpetual Bond & Most Innovative Islamic Finance Deal Of The Year
- Ijarah Deal Of The Year - Islamic Finance News Awards 2020
- Best Retail Equities Participating Organisation (2nd runner up) - Bursa Excellence Awards 2020
- 10 Refinitiv Lipper Fund Awards 2021:
  - I. Best Equity Award (Malaysia Provident - Group Award)
  - II. Hong Leong Dividend Fund
  - III. Hong Leong Growth Fund
  - IV. Hong Leong Asia-Pacific Dividend Fund (Equity Asia Pacific ex Japan – 3 Years & 5 Years)
  - V. Hong Leong Dana Makmur Fund (Malaysia Provident – 3 Years)
  - VI. Hong Leong Dana Makmur Fund (Malaysia Islamic – 3 Years & 5 Years)
  - VII. Hong Leong Dana Makmur Fund (Global Islamic – 3 Years & 5 Years)

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