

**For Immediate Release**

## **HLFG achieves 72% Growth in Record RM 2 Billion Profit After Tax for the financial year ended 30 June 2011**

Hong Leong Financial Group Berhad ("HLFG") is pleased to announce its final results for the financial year ended 30 June 2011 which were released to Bursa Malaysia this evening. HLFG Group's profit after tax increased to RM2,069.3 million for the financial year ended 30 June 2011 as compared to RM1,206.4 million in the previous financial year, a growth rate of 72%.

*"These results reflect the continued sterling business performances from all of our three key business divisions comprising commercial banking, insurance and investment banking, for what will be a landmark year for us; a reflection of our collective efforts over the years in progressively strengthening our business franchises. Even after excluding the one-off gains arising mainly from the insurance deal with MSIG Japan, including the transfer of HLA's general insurance business to MSIG Malaysia and other ancillary one-offs, our profit before taxation ("PBT") showed a strong 'normalised' growth of 25% over last year!"* commented Mr Raymond Choong, President & CEO of HLFG.

HLFG's Commercial Banking division, Hong Leong Bank Berhad ("HLB"), achieved a growth in PBT of 16.4% for the financial year ended 30 June 2011. *"With the recent completion of the acquisition of EON Bank by HLB, we look forward to bigger and better results from the enlarged Commercial Banking division, including synergies gains and increased business opportunities,"* added Mr Raymond Choong. The acquisition has transformed HLB from the 6th largest domestic commercial bank to the 4th largest by assets. Post acquisition, HLB is now able to offer its customers the second largest branch network within Malaysia.

The newly restructured Insurance division reflecting our partnership with MSIG since 1 October 2010, recorded a PBT of RM 968.5 million compared to RM249.1 million in the previous year. Backing off the one-off results from the insurance deal, the 'normalised' PBT for the Insurance division was RM165.5 million, an improvement of 65.3% over last year. This was helped by maiden contributions accreting from our 30% associate share in profits in the enlarged MSIG Malaysia. It is noted that only the gains from the HLA General insurance transfer were reflected through the Income Statement; whereas the gains from the 30% divestment in the Life business (being Hong Leong Assurance Berhad) was reflected through the reserves in accordance with accounting standards (FRS 127).

*“With the results of our efforts to restructure and grow the Insurance Division over the last few years starting to accrue to our bottom line, we believe the market is beginning to ascribe value to our insurance franchise,”* commented Mr Raymond Choong on the progress shown by the Insurance Division.

The Investment Banking division, held under Hong Leong Capital Berhad (formerly known as HLG Capital Berhad) (“HLCB”) also recorded a higher profit before tax of RM50.5 million for the financial year as compared to RM20.4 million in the previous financial year, an increase of 148%. These strong results are due to higher fee income emerging from our relatively new investment banking unit within Hong Leong Investment Bank Berhad (“HLIB”) during the year. HLIB has evolved from being a pure stockbroker to having an earnings profile where the investment banking business is now contributing a major share of the profits.

Earnings per share increased by 94% to 161.2 sen for the financial year. The return on equity improved to 26.4% whereas shareholder funds grew by 43% to RM7.5 billion from RM5.2 billion as at 30 June 2010. Net assets per share also increased to RM7.20 from RM5.03 as at 30 June 2010.

We are pleased to also announce that HLFGB has declared and paid total gross dividend per share (“DPS”) of 28 sen, 21.7% higher than the previous financial year. Net DPS has increased by a more pronounced 41% year-on-year to 26.4 sen.

Looking forward, while we expect continued growth in earnings from all of our three key business divisions, we believe that the major driver for our earnings in FY12 will come from the full-year contribution of the ex EON Bank Group businesses, the realization of cost and revenue synergies from the merger, and also from better growth potential given the much larger customer base and scale we have in the Group.

*“We have not only achieved bigger and stronger franchises in both our key Commercial Banking and Insurance divisions through corporate exercises, but also demonstrated strong organic business performances; all funded through internally generated funds and sensible levels of borrowings. I am confident that we are now even better positioned to leverage on our enlarged franchise for the future,”* said Mr Raymond Choong.

For further details, visit [www.hlfg.com.my](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:

Chew Seong Aun  
Chief Financial Officer  
Tel: +603 2164 8228  
Email: [cfo-hlfg@hongleong.com.my](mailto:cfo-hlfg@hongleong.com.my)