

For Immediate Release

HLFG achieves 37.6% Growth in Recurring Profit Before Tax for the First Half ended 31 December 2011

Hong Leong Financial Group Berhad (“HLFG”) is pleased to announce its first half results for the financial year ended 30 June 2012 which were released to Bursa Malaysia this evening. HLFG Group recorded a profit before tax of RM995.8 million for the first fiscal half-year ended 31 December 2011 (“1HFY12”), a decrease of 34.4% year-on-year (“y-o-y”). The decrease was mainly due to several one-off items being booked last year (1HFY11), namely a RM175 million one-off life insurance surplus transfer and a gain on the transfer of Hong Leong Assurance Berhad’s (“HLA”) general insurance business of RM619 million. Excluding these non-recurring one-off items, the ‘normalised’ profit before tax recorded a **growth of 37.6% y-o-y** in 1HFY12, driven positively by the results of Hong Leong Bank Berhad (“HLB”).

HLFG’s Commercial Banking division, HLB, achieved a growth in profit before tax of 48.7% y-o-y for 1HFY12. This was due to higher earnings from the enlarged banking group segments, lower allowances for impaired loans (decreased RM60.9 million y-o-y) and a higher share of earnings from 20%-owned associate Bank of Chengdu Co., Ltd (profit after taxation +18.7% y-o-y). The growth was achieved despite one-time costs of RM115 million being booked for the recently concluded Voluntary Separation Scheme exercise in December.

Our Insurance Division held under HLA Holdings Sdn Bhd recorded a ‘normalised’ profit before tax of RM39.0 million in 1HFY12 as compared to the ‘normalised’ profit before tax of RM46 million in 1HFY11 (adjusting for the RM175 million one-off life insurance surplus transfer & a gain on the transfer of HLA’s general insurance business of RM619 million in 1HFY11 and one-off expenses of RM24 million relating to the MSIG deal in 1HFY12). The lower profit before taxation was mainly due to lower contributions at our Hong Kong general insurance subsidiary Hong Leong Insurance (Asia) Limited arising from mark-to-market movements from its investments.

Operationally, our life insurance business under HLA continues to grow, with 1HFY12 gross premiums rising 20.6% y-o-y to RM737.6 million. These improvements will however only be reflected in our Income Statement at the end of the financial year, when HLA transfers its Life Fund surplus to its Income Statement.

The Investment Banking division, held under Hong Leong Capital Berhad (“HLCB”) recorded a lower profit before tax of RM22.5 million in 1HFY12, a decrease of 20.5%. This was due to

more muted capital markets activity as sentiment was affected by the European debt crisis as well as lower trading volumes on Bursa Malaysia; besides the lumpy nature of investment banking earnings.

Headline earnings per share amounted to 46.9 sen in 1HFY12. Net assets per share increased to RM7.57 from RM7.20 as at 30 June 2011.

We are also pleased that HLFG has declared and paid an interim single-tier gross dividend per share (“DPS”) of 10 sen on 28 December 2011 (previous year: 10 sen per share comprising 6.3 sen less income tax and 3.7 sen combination of tax-exempt & single tier).

Looking forward, we expect continued growth in earnings from all of our three key business divisions; from sustainable organic growth, including the full-year contribution from the enlarged banking business and also from better growth potential given the much larger customer base and scale we have in the Group.

“We have bigger and stronger franchises in both our key Commercial Banking and Insurance divisions and will continue to build on these larger platforms to grow and serve more customers. We are now better positioned to leverage on our enlarged franchise for the future,” said Mr Raymond Choong, President & CEO of HLFG.

For further details, visit www.hlfg.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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About Hong Leong Financial Group

Hong Leong Financial Group is a leading provider of financial services through its major subsidiaries like Hong Leong Bank, Hong Leong Assurance and Hong Leong Investment Bank.

The Group's Financial Services companies provide a broad spectrum of financial services – commercial banking, treasury, insurance, investment banking, stock-broking and asset management throughout Malaysia, Singapore, China, Hong Kong and Vietnam.