

HLFG achieves a new record of RM 2.4 billion Recurring Profit Before Tax for the Financial Year ended 30 June 2012 in a year of successful integration and capital strengthening

Hong Leong Financial Group Berhad (“HLFG”) is pleased to announce its results for the financial year ended 30 June 2012 (“FY12”) which were released to Bursa Malaysia this afternoon. HLFG Group recorded a profit before tax of RM2,223 million for FY12, a decrease of 8.3% year-on-year (“y-o-y”). The decrease was mainly due to two one-off gains booked last year (FY11), 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. In addition, in FY12, there were a number of non-recurring one-off expenses/ losses, totalling RM199 million which were booked in our consolidated results, including Hong Leong Bank Berhad’s (“HLB”) RM175 million integration expenses. Excluding these one-off items, Group recurring profit before tax was a new record of RM 2.4 billion with an impressive **growth of 49% y-o-y** in FY12.

HLFG’s Commercial Banking division, Hong Leong Bank Berhad (“HLB”), achieved growth in profit before tax of 49% y-o-y for FY12. This was mainly due to a full-year contribution from the ex-EON Bank Group (“EBG”) in FY12, versus approximately 2 months of results in FY11. For HLB, FY12 has been a year of successful integration activities and where its capital position has been strengthened through a series of corporate exercises and capital issuances. Notwithstanding the efforts made to successfully integrate EBG, organic growth continued unabated and on a proforma basis, HLB’s recurring net profit grew 7.5% y-o-y, after adjusting for one-off integration expenses of RM175 million.

Our Insurance Division held under HLA Holdings Sdn Bhd recorded a profit before tax of RM168.3 million in FY12 as compared to the profit before tax of RM174.5 million in FY11 (after 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 FY11 and one-off expenses relating to the MSIG deal in 1HFY12). The lower profit before taxation was mainly due to lower contribution from our Hong Kong general insurance subsidiary Hong Leong Insurance (Asia) Limited.

On a franchise basis, we continue to build substantial embedded value at our key insurance units where the above results do not properly reflect the actuarial value added. *“Our life insurance business under HLA achieved another record year, with gross premiums rising 27% y-o-y to RM1.65 billion”*, said Mr Raymond Choong, President & CEO of HLFG. HLA is now a top 3 insurer among all domestic and foreign life insurers in terms of new business premiums. Our 30%-owned associate general insurance company MSIG Insurance (Malaysia) Berhad (“MSIG”) also achieved record gross premiums, topping the RM1 billion mark at RM1.24 billion (+29% y-o-y). MSIG has cemented its top 2 spot in terms of gross premiums.

The Investment Banking division, held under Hong Leong Capital Berhad (“HLCB”) recorded a profit before tax of RM50.0 million in FY12, flat to RM50.5 million recorded last year. HLCB completed the acquisition of 100% equity interest in MIMB Investment Bank Berhad on 1 June 2012. We expect to complete the integration of these two units shortly to produce a more dynamic, integrated investment banking division.

Headline earnings per share (“EPS”) decreased by 31% to 111.1 sen in FY12. For the reasons mentioned above, ‘normalised’ EPS grew 41% y-o-y to 123.7 sen. Net assets per share increased from RM7.20 last year to RM8.07 as at 30 June 2012.

We are pleased that HLFGB has declared and paid a total net dividend per share (“DPS”) of 25.0 sen, 6.8% higher than the 23.4 sen net regular DPS paid last year (excluding special dividend).

“We have successfully integrated and built more sizeable and stronger franchises in our three core businesses of Commercial Banking, Insurance and Investment Banking. We are now better positioned to leverage on our enlarged business franchises for the future,” said Mr Raymond Choong, President & CEO of HLFGB.

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

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