

HLFG achieves 67% Growth in Earnings Per Share for the First Half results ended 31 December 2012

Kuala Lumpur, 22 February 2013 - Hong Leong Financial Group Berhad (“HLFG”) is pleased to announce its first half results for the financial year ending 30 June 2013 which were released to Bursa Malaysia today. HLFG Group recorded a profit before tax of RM1,446.1 million for the first fiscal half-year ended 31 December 2012 (“1HFY13”), an increase of 48.3% year-on-year (“y-o-y”). Profit Attributable to Owners of the Parent (“PAOP”) increased by 67.4% y-o-y to RM778.1 million in 1HFY13. The increased earnings were due to better performances across our three key divisions, with the bulk of the earnings growth contributed by our Commercial Banking division under Hong Leong Bank Berhad (“HLB”).

HLFG’s Commercial Banking division, HLB, achieved a growth in profit before tax of 33.7% y-o-y for 1HFY13 to RM1,275.8 million. This was attributed to higher non-interest income (+40.8% y-o-y), lower operating expenses (-12.1% y-o-y) and a writeback in loan impairment of RM28.2 million in 1HFY13 versus a provision of RM40.6 million in 1HFY12. The 20%-owned associate Bank of Chengdu Co., Ltd produced a higher share of earnings, increasing by 33.7% y-o-y to RM129.4 million. HLB’s growth was also contributed by one-time costs of RM115 million booked for the Voluntary Separation Scheme exercise in the prior corresponding period of 2012. The integration efforts with the ex-EON Bank have already started to bear fruit and HLB’s cost/income ratio has fallen markedly from 52.1% in 1HFY12 to 44.6% in 1HFY13.

HLA Holdings Sdn Bhd, our insurance division, recorded a profit before tax of RM104.4 million in 1HFY13, an increase of 32.7% y-o-y or RM25.7 million. The higher earnings were largely due to the absence of one-off expenses in 1HFY12 attributed to our Strategic Partnership with Mitsui Sumitomo Insurance Company, Limited of Japan. Our share of MSIG Insurance (Malaysia) Berhad’s general insurance earnings amounted to RM26.9 million in 1HFY13 as compared to RM25.2 million in 1HFY12.

Underlying business performance at our 70%-owned life insurance subsidiary Hong Leong Assurance Berhad continues to improve. Gross premiums increased by 28.1% y-o-y to RM944.6 million in 1HFY13, approaching the RM1 billion mark. New business premiums increased by 30.1% y-o-y. We believe that the combination of growing new business coupled with a higher persistency ratio of 94.1% (+1.1% versus 93.0% in 1HFY12) will stand the company in good stead to expand the premium base in years to come.

The Investment Banking division, held under Hong Leong Capital Berhad (“HLCB”) recorded a higher profit before tax of RM26.5 million in 1HFY13, an increase of 16.2% y-o-y. This was attributed to higher investment banking earnings. We have on 14 January 2013 taken the opportunity to further streamline HLFG’s corporate structure by launching a Conditional Take-Over Offer for all HLCB shares not owned by HLFG.

HLFG's earnings per share increased by 67.0% y-o-y from 44.8 sen in 1HFY12 to 74.8 sen in 1HFY13. Net assets per share increased from RM8.56 as at 30 June 2012 to RM9.25 as at 31 December 2012.

We are also pleased that HLFG has declared and paid an interim single-tier gross dividend per share ("DPS") of 13 sen on 20 December 2012, an increase of **30%** over the previous year's 10 sen per share (6.3 sen less income tax and 3.7 sen combination of tax-exempt & single tier).

"We are encouraged by our strong 1st Half results, which was achieved across all of our three major operating divisions. We will continue to strengthen our core businesses while at the same time, enhance our service and product offerings to our clients. We have put in place bigger and stronger franchises in our key Commercial Banking and Insurance divisions, and will continue to build as well as leverage on these larger platforms to further grow the businesses." said Mr Raymond Choong, President & CEO of HLFG.

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About Hong Leong Financial Group

Hong Leong Group is a leading provider of financial services through the subsidiaries and associate companies of Hong Leong Financial Group Berhad.

The Group's Financial Services companies provide a broad spectrum of financial services – commercial banking, treasury, insurance, investment banking, capital markets, stock-broking and asset management throughout Malaysia, Singapore, China, Hong Kong and Vietnam. Based in Kuala Lumpur, our products and services are distributed via a diverse range of distribution channels.

Our vision is to be an integrated financial services group that consistently meet our customers' needs. Our goal is to become a leader in the financial services industry; a leader in each of the market that we operate in.

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

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