

***For Immediate Release*****Hong Leong Financial Group announces first half results:  
NET PROFIT IMPROVES TO RM842 MILLION, UP 8.2%**

**Kuala Lumpur, 25 February 2014** - Hong Leong Financial Group Berhad (“HLFG”) today announced its results for the first half ended 31 December 2013 (“1H14”).

- Pretax profit for 1H14 came in at RM1.57 billion, representing a 8.3% year-on-year (“y-o-y”) increase, with growth achieved across all three key business groups.
- Earnings per share for 1H14 at 80.7 sen, up 7.9% y-o-y.
- Net assets per share increased to RM10.38 as at 31 December 2013 from RM9.66 as at 30 June 2013.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Raymond Choong commented, “We are encouraged by the earnings growth in our first half financial year results, which was achieved across all of our three key businesses of commercial banking, insurance and investment banking.”

**Commercial Banking**

- HLFG’s Commercial Banking division, Hong Leong Bank Berhad (“HLB”), recorded a growth in pretax profit of 6.8% y-o-y or RM86.9 million in 1H14 to RM1.36 billion.
- This was attributed to higher net interest & financing income (+RM61.6 million or 4.2% y-o-y) and a strong contribution from the Bank of Chengdu Co., Ltd and the Sichuan Jincheng Consumer Finance Limited Company joint venture whose total contribution increased by 35.2% to RM176.2 million in 1H14.
- Despite a challenging back drop, HLB achieved a gross loan growth of 8.2% y-o-y in 1H14.
- Annualised Return on Equity was 15.9% in 1H14.
- Cost base trend was positive, with the Cost/ Income ratio decreasing by 0.7% y-o-y to 43.9% in 1H14.
- Loan/ Deposit ratio increased by 4.8% y-o-y to 79.9% in 1H14, reflecting the Group’s effort to improve the deployment of its customer deposits.
- Asset quality remained within target with Net Impaired Loans Ratio remaining at 0.4% as at 31 December 2013.

**Insurance**

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded pretax profit of RM167.8 million in 1H14, an increase of 60.7% y-o-y or RM63.4 million.
- The higher earnings were largely due to lower actuarial reserves arising from higher interest rates and continued strong business performance from Hong Leong Assurance Berhad ("HLA").
- HLA's gross premiums increased by 17.4% y-o-y to RM1.1 billion in 1H14 as we continued to leverage on our agency force and bancassurance distribution channels.
- HLA's management expense ratio further improved to 4.9% in 1H14 from 5.5% in 1H13.
- HLA's claims ratio decreased further from 6.0% in 1H13 to 4.2% in 1H14.
- The focus remains to grow and improve its premium base, profitability as well as distribution channels.

**Investment Banking**

- The Investment Banking division, held under Hong Leong Capital Berhad recorded growth in pretax profit of 33.6% y-o-y to RM35.4 million in 1H14.
- We had higher contributions from the asset management business held under Hong Leong Asset Management Berhad.
- Hong Leong Investment Bank Berhad's ("HLIB") shareholder value creation improved substantially, with annualized Return on Equity of 22.5% in 1H14.

"The execution of our business plans remains on course. We are pleased with the progress achieved, especially as we continue to grow and strengthen our franchise value across all the business divisions", said Mr Raymond Choong.

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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, Vietnam and Cambodia. 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 meets our customers' needs. Our goal is to become a leader in the financial services industry; a leader in each of the markets that we operate in.

**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:**

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