

*For Immediate Release***Hong Leong Financial Group announces third quarter results:
9 MONTHS NET PROFIT IMPROVES TO RM1.26 BILLION, UP 14.4%**

Kuala Lumpur, 21 May 2014 - Hong Leong Financial Group Berhad ("HLFG") today announced its results for the nine months ended 31 March 2014 ("9MFY14").

- Pretax profit for 9MFY14 came in at RM2.29 billion, representing a 11.1% year-on-year ("y-o-y") increase, with growth achieved across all three key business groups.
- Earnings per share for 9MFY14 at 120.5 sen, representing creditable growth of 14.1% y-o-y.
- Shareholder value creation remains intact. Net assets per share increased to RM10.70 as at 31 March 2014 from RM9.66 as at 30 June 2013.

Hong Leong Financial Group's President & Chief Executive Officer, Mr Raymond Choong commented, "We are pleased by the earnings growth in our 9MFY14 results given our present operating environment. The earnings growth 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 7.4% y-o-y or RM138.6 million in 9MFY14 to RM2.0 billion.
- This was attributed to higher net interest & financing income (+RM108.2 million or 5.8% 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 47.3% to RM283.4 million in 9MFY14. These two units now contribute a sizeable 14.2% to HLB's pretax profit.
- Despite a challenging back drop, HLB achieved gross loan growth of 7.6% y-o-y in 9MFY14.
- Annualised Return on Equity was 15.4% in 9MFY14.
- Cost base trend was positive, with the Cost/ Income ratio decreasing by 0.9% y-o-y to 43.7% in 9MFY14. Operating expenses decreased by 2.0% y-o-y despite continued wage inflation.
- Loan/ Deposit ratio increased by 3.2% y-o-y to 79.7% in 9MFY14, 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 March 2014.

Insurance

- HLA Holdings Sdn Bhd, HLFY's insurance division, recorded pretax profit of RM267.9 million in 9MFY14, an increase of 109.1% y-o-y or RM139.8 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"). The higher interest rates have also had a positive impact on HLA's capital position.
- HLA's gross premiums growth of 17.3% y-o-y to RM1.62 billion in 9MFY14 continued to outpace industry growth as we leverage on our agency force and bancassurance distribution channels.
- HLA's management expense ratio further improved to 5.4% in 9MFY14 from 5.6% in 9MFY13.
- HLA's claims ratio decreased further from 5.9% in 9MFY13 to 4.0% in 9MFY14.
- 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 13.2% y-o-y to RM49.8 million in 9MFY14.
- We had higher contributions from the asset management business held under Hong Leong Asset Management Berhad.
- Hong Leong Investment Bank Berhad's shareholder value creation improved substantially, with annualized Return on Equity of 20.1% in 9MFY14.

In addition, we wish to announce that HLFY has declared a higher single-tier second interim dividend of 25 sen per share in FY14 (FY13: 23 sen per share). The total net dividend declared to-date of 38 sen per share in FY14 is 2 sen higher than the 36 sen declared for FY13.

"These results indicate that the execution of our business plans are on track. We are pleased with the progress achieved, as we continue to grow and strengthen our franchise value across all the business divisions", said Mr Raymond Choong, President & CEO of Hong Leong Financial Group.

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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 or www.bursamalaysia.com, and for further clarification, please contact:

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