

For Immediate Release**Hong Leong Financial Group achieves a Profit Before Tax of RM 747 million for its First Quarter FY15 results.**

KUALA LUMPUR, 25 NOVEMBER 2014 - Hong Leong Financial Group Berhad (“HLFG”) today announced its first quarter results for the period ended 30 September 2014 (“1Q15”).

- Pretax profit for 1Q15 came in at RM747 million, representing a quarter-on-quarter (“q-o-q”) increase of 4.4% as compared to the quarter ended 30 June 2014. Pretax profits decreased by 8.1% year-on-year (“y-o-y”) mainly due to lower insurance earnings as a result of higher actuarial reserves. This was due to lower interest rates in the quarter versus last year.
- Both the commercial and investment banking divisions continued to show resilient results, with loan growth improving by 6.2% y-o-y alongside strong credit and liquidity indicators.
- Hong Leong Assurance Berhad’s (“HLA”) underlying KPIs continued to improve in line with plans, with gross premiums increasing 11.9% y-o-y.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Raymond Choong commented, *“The operating environment both locally and overseas has been challenging. Although HLFG registered lower earnings y-o-y, mainly due to the impact of lower interest rates on the carrying value of our insurance liabilities, we continue to improve in key underlying business indicators. Our strategic plans remain on track and we will build on our long-term business and franchise values.”*

Commercial Banking

- HLFG’s Commercial Banking division, Hong Leong Bank Berhad (“HLB”), recorded a growth in pretax profit of 0.7% y-o-y in 1Q15 to RM704 million.
- Net interest income increased by 9.1% or RM59.8 million y-o-y whilst non-interest income was lower by RM76.4 million y-o-y.
- Net interest margin improved by 3bps y-o-y to 2.09%.
- HLB achieved a gross loan growth of 6.1% y-o-y in 1Q15.
- Cost/ Income ratio improved by 1.9% y-o-y to 42.3% in 1Q15.
- Loan/ Deposit ratio increased by 1.9% y-o-y to 80.3% in 1Q15, reflecting the Group’s strong deposit franchise.
- Asset quality remained robust with Net Impaired Loans Ratio improving by 3bp y-o-y to 0.34% as at 30 September 2014 which is amongst the lowest in the industry. Loan loss coverage remains prudent at 129%. Credit charge in 1Q15 is low at 6bps.

- Total contribution from the Bank of Chengdu Co. Ltd and the Sichuan Jincheng Consumer Finance joint venture increased by 7.9% y-o-y to RM98.8 million in 1Q15. These two units now contribute 14.0% to HLB's pretax profit.
- Return on equity remained respectable at 14.8%.

Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM40.7 million in 1Q15, a decrease of 49.9% or RM40.5 million y-o-y.
- The decrease was mainly due to higher actuarial reserves arising from lower interest rates as well as a one-off prior year reinsurance adjustment.
- The underlying insurance business indicators continued to improve. HLA's gross premiums grew by 11.9% y-o-y to RM567 million in 1Q15 and its product mix has shown marked improvement over the last 12 months.
- Excluding the impact of interest rate fluctuations, the insurance pretax profits grew around 20% y-o-y.
- The focus remains on growing and improving the quality of its premium base, increasing profitability drivers as well as growth across multiple distribution channels.

Investment Banking

- The Investment Banking division under Hong Leong Capital Berhad, recorded a growth in pretax profit of 2.7% y-o-y to RM19.0 million in 1Q15 due to higher contributions from the stockbroking business.

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

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