

For Immediate Release

Hong Leong Financial Group Achieves Profit Before Taxation of RM1.54 billion in First Half FY15

KUALA LUMPUR, 25 FEBRUARY 2015 - Hong Leong Financial Group Berhad (“HLFG”) today announced its first half results for the period ended 31 December 2014 (“1H15”).

- Group Profit Before Tax for 1H15 came in at RM1.54 billion, representing a decrease of 1.4% year-on-year (“y-o-y”). Earnings per share for 1H15 stood at 77.9 sen.
- The lower Group earnings were mainly due to lower insurance earnings. This was mainly attributable to higher actuarial reserves arising from lower interest rates during the period.
- Despite the lower insurance earnings, we continue to see positives in the underlying business of **Hong Leong Assurance Berhad (“HLA”)**. Gross premiums increased by 12 % y-o-y and we note a marked improvement toward our targeted product mix.
- Book value per share increased from RM10.95 as at 30 June 2014 to RM11.55 as at 31 December 2014.
- Annualised return on equity came in at 13.8% for 1H15.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Raymond Choong commented, *“The operating environment, both locally and overseas, is expected to remain challenging. Although HLFG’s earnings have been stable, we see progress in the underlying key business indicators, especially in the life insurance business. We continue to optimize our cost structure and remain focused on building long-term value”*.

Commercial Banking

- HLFG’s Commercial Banking division, Hong Leong Bank Berhad recorded a growth in pretax profit of 3.5% y-o-y in 1H15 to RM1.41 billion.
- Net interest income increased by 8.1%, aided by loan growth of 6.7% y-o-y and a 2bps increase in net interest margin to 2.06%.
- However non-interest income fell by RM160.6 million y-o-y due to lower treasury earnings on the back of heightened market volatility.
- The Bank of Chengdu Co., Ltd and the Sichuan Jincheng consumer finance joint venture continue to be bright spots, with their combined contribution rising 8.0% y-o-y.
- Results were also aided by RM68.8 million of writebacks of loan impairment losses.

- Asset quality remained good with Net Impaired Loans Ratio improving by 9bps y-o-y to 0.33% as at 31 December 2014 which is amongst the lowest in the industry. Loan loss coverage remains prudent at 130%.
- Annualised return on equity remained respectable at 14.7%.

Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM111.3 million in 1H15, a decrease of 33.7% or RM56.5 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 12% y-o-y to RM1,236 million in 1H15 and its product mix has shown a marked improvement over the last 12 months.
- The focus remains on growing and improving the quality of our 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 decrease in pretax profit of 3.1% y-o-y to RM34.3 million in 1H15 due to lower contributions from the investment banking 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.hlfg.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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