

For Immediate Release

Hong Leong Financial Group Achieves Group Pretax Profit of RM2.24 billion for its Nine Months Results

KUALA LUMPUR, 26 MAY 2015 - Hong Leong Financial Group Berhad (“HLFG”) today announced its third quarter results for the nine months ended 31 March 2015 (“9MFY15”).

- Pretax profit for 9MFY15 came in at RM2.24 billion, representing a slight decrease of 2.2% year-on-year (“y-o-y”).
- The lower Group results were mainly due to a drop in insurance earnings. This was attributable to higher actuarial reserves arising from lower interest rates during the period.
- Despite the lower insurance earnings, we continue to see positive longer term KPIs in the underlying business performance of Hong Leong Assurance Berhad (“HLA”). Gross premiums increased by 10.8% y-o-y and we also note a marked improvement toward our targeted product mix and contributions from the bancassurance channel.
- Book value per share increased from RM10.95 as at 30 June 2014 to RM11.96 as at 31 March 2015.
- Annualised return on equity came in at 13.1% for 9MFY15.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Raymond Choong commented, *“The operating environment where we operate, both locally and overseas, is expected to remain challenging. However HLFG’s earnings have been stable, and we continue to see progress in the underlying longer-term key business indicators, especially in the life insurance business. We will 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 3.6% y-o-y in 9MFY15 to RM2.07 billion.
- Net interest income increased by 5.0%, aided by loan growth of 8.8% y-o-y.
- However non-interest income fell by RM90.5 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 6.3% y-o-y.
- Results were also aided by RM75.5 million of writebacks of loan impairment losses.

- Asset quality remained good with Net Impaired Loans Ratio improving by 5bps y-o-y to 0.33% as at 31 March 2015 which is amongst the lowest in the industry. Loan loss coverage remains prudent at 128%.
- Annualised return on equity remained respectable at 14.3%.

Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM146.6 million in 9MFY15, a decrease of 45.3% or RM121.3 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 longer-term insurance business indicators continued to improve. HLA's gross premiums grew by 10.8% y-o-y to RM1,797 million in 9MFY15 and its Non Par/ Par product mix has shown a marked improvement over the last 12 months. We also had a higher contribution from our bancassurance channel.
- 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 an increase in pretax profit of 2.4% y-o-y to RM51.0 million in 9MFY15 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, stockbroking 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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