

*For Immediate Release*

## Hong Leong Financial Group Maintains Group Pretax Profit at RM3.0 billion in FY15

KUALA LUMPUR, 26 AUGUST 2015 - Hong Leong Financial Group Berhad ("HLFG") today announced its final results for the financial year ended 30 June 2015 ("FY15").

- Pretax profit for FY15 came in at RM3.02 billion, representing a slight increase of 0.5% year-on-year ("y-o-y").
- Profit Attributable to Owners of the Parent fell 5.0% y-o-y to RM1.62 billion due to a higher effective tax rate and higher Non-Controlling Interest deduction.
- Higher Commercial Banking pretax profit at Hong Leong Bank Berhad (+5.1% y-o-y) were offset by lower insurance earnings (-17.9% y-o-y) while Investment Banking earnings were maintained y-o-y.
- Book value per share increased from RM10.95 as at 30 June 2014 to RM12.48 as at 30 June 2015.
- Return on equity came in at 13.2% for FY15.

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. We will continue to optimize our cost structure and remain focused on building sustainable long-term value."*

### Commercial Banking

- HLFG's Commercial Banking division, Hong Leong Bank Berhad recorded a growth in pretax profit of 5.1% y-o-y in FY15 to RM2.75 billion.
- Net interest income increased by RM79.0 million y-o-y, aided by loan growth of 8.9% y-o-y.
- However, non-interest income fell by RM36.4 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 combined contribution rose 10.3% y-o-y to RM417.7 million.
- Asset quality remained good with Net Impaired Loans Ratio improving by 3bps y-o-y to 0.33% as at 30 June 2015, which is amongst the lowest in the industry. Loan loss coverage remains prudent at 136%.
- Return on equity remained respectable at 14.3%.

### Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM287.6 million in FY15, a decrease of 17.9% or RM62.8 million y-o-y.
- The decrease was mainly due to higher actuarial reserves arising from lower interest rates as well as other non-recurring items.
- The underlying longer-term insurance business indicators continued to improve. HLA's gross premiums grew by 9.4% y-o-y to RM2,591 million in FY15 and its Non Par/ Par product mix has shown a further improvement over the last 12 months. Our bancassurance channel also continued to show improved results with a growth of 25% in premiums during the year.
- 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 marginal decrease in pretax profit from RM78.9 million last year to RM78.5 million in FY15 due to lower contribution from the asset management 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](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:

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