

***For Immediate Release*****Hong Leong Financial Group maintains a Profit After Tax and Minority Interest of RM 387 million for its First Quarter FY16 results**

**KUALA LUMPUR, 17 NOVEMBER 2015** - Hong Leong Financial Group Berhad (“HLFG”) today announced its first quarter results for the period ended 30 September 2015 (“1Q16”).

- Profit After Tax and Minority Interest (or Profit Attributable to Owners of the Parent) was maintained at RM387 million, only showing a small drop of 1.3% year-on-year (“y-o-y”).

*HLFG’s operating environment, both locally and overseas, is expected to remain challenging. However, HLFG’s overall earnings have been stable and it continues to see progress in the underlying longer-term key business indicators. HLFG will continue to optimize its cost structure and remain focused on building sustainable long-term shareholders’ value.*

- During the quarter, Commercial Banking registered lower earnings with Hong Leong Bank Berhad’s pretax profit at RM625 million or -11.2% y-o-y but this was offset by higher pretax profits by the Insurance division at RM73.7 million or +81.1% y-o-y.
- Book value per share increased from RM12.48 as at 30 June 2015 to RM13.15 as at 30 September 2015.

**Commercial Banking**

- HLFG’s Commercial Banking division, Hong Leong Bank Berhad recorded a decline in pretax profit of 11.2% y-o-y in 1Q16 to RM625 million.
- The decline in earnings was due to lower net interest income (-RM55.4 million y-o-y), higher allowance for loan impairment allowances (+RM38.9 million y-o-y) and higher operating expenses (+RM33.6 million y-o-y).
- Non-interest income improved by RM59.6 million y-o-y, mainly due to higher forex gains.
- Gross loans grew by 11.5% y-o-y to RM116 billion. Customer deposits grew by 10.5% y-o-y to RM144 billion. Loan/Deposit ratio remains strong at 81.0% as at 30 September 2015.
- Asset quality remained good with Net Impaired Loans Ratio at 0.36% as at 30 September 2015, which is amongst the lowest in the industry. Loan loss coverage remains prudent at 131%.

**Insurance**

- HLA Holdings Sdn Bhd, HLFG’s insurance division, recorded a pretax profit of RM73.7 million in 1Q16, an increase of 81.1% or RM33.0 million y-o-y.

The increase was mainly due to lower actuarial reserves arising from higher interest rates.

- The underlying longer-term insurance business indicators continued to improve. Hong Leong Assurance Bhd's gross premiums grew by 5.8% y-o-y to RM600 million in 1Q16 and its Non Par/Par product mix has shown a further 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 from RM19.0 million last year to RM12.9 million in 1Q16 due to lower contribution 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](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com) and for further clarification, please contact:

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