

For Immediate Release**Hong Leong Financial Group Achieves Profit Before Taxation of RM1.78 billion for its Nine Months Results Ended 31 March 2016**

KUALA LUMPUR, 24 MAY 2016 - Hong Leong Financial Group Berhad (“HLFG”) today announced its third quarter results for the nine months ended 31 March 2016 (“9MFY16”).

- Excluding Hong Leong Bank Berhad’s (“HLB”) one-off Mutual Separation Scheme (“MSS”) cost of RM172 million, HLFG would have recorded a pretax profit of RM1,948 million in 9MFY16.
- HLB achieved a loan growth of 7.4% year-on-year (“y-o-y”).
- Book value per share increased from RM12.48 as at 30 June 2015 to RM13.21 as at 31 March 2016.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “The operating environment where we operate, both locally and overseas, is expected to remain challenging. However, HLFG’s operating earnings have been stable and the underlying longer-term financial and credit indicators remain sound. We will continue to optimize our cost structure and remain focused on building sustainable long-term value.”

Commercial Banking

- HLFG’s Commercial Banking division, HLB recorded a pretax profit of RM1,657 million in 9MFY16. Excluding the effect of the MSS, HLB would have recorded a pretax profit of RM1,829 million in 9MFY16.
- Non-interest income improved by 24.9% y-o-y to RM798 million in 9MFY16, mainly due to higher forex gains. Non-interest income to total income ratio improved to 25.8% in 9MFY16 from 21.1% in 9MFY15.
- Gross loans grew by 7.4% y-o-y to RM119 billion as at 31 March 2016. Residential mortgages increased 15.0% y-o-y to RM50 billion, outpacing industry growth of 11% y-o-y. Loans to SMEs continued to grow at a healthy pace, increasing 9.8% y-o-y to RM18.7 billion.
- Customer deposits grew by 7.0% y-o-y to RM146 billion as at 31 March 2016. Individual deposits make up 53.5% of total deposits, leveraging on HLB’s strong retail franchise.
- HLB’s Loan/Deposit ratio remained sound at 81.3% as at 31 March 2016, among the lowest in the industry amidst an environment of increasing competition for deposits.
- Asset quality was strong with the Gross Impaired Loans Ratio improving to 0.82% as at 31 March 2016, which is amongst the lowest in the industry. Loan loss coverage remains well covered at 127%.

- Cost/Income ratio excluding MSS cost was 45.9% in 9MFY16, at the lower end of the industry range. Effects of the MSS exercise on HLB have begun to show in HLB's cost structure in 3QFY16.
- Capital position remained robust, especially after the recent completion of HLB's RM3 billion Rights Issue, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.4%, 13.3% and 15.7% respectively.

Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM122.3 million in 9MFY16.
- Hong Leong Assurance Bhd's ("HLA") gross premiums grew by 6.0% y-o-y to RM1,904 million in 9MFY16 and importantly, new business premiums within our target segment of regular premiums increased by 15.5% y-o-y.
- HLA's management expense ratio was 5.6% in 9MFY16, remaining amongst the lowest in the industry.
- The focus remains on growing and improving the quality of HLA's 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 slight decline in its pretax profit to RM48.8 million in 9MFY16 arising from weaker capital markets.

End

About Hong Leong Financial Group

Hong Leong Financial Group Berhad, as the listed financial services arm of Hong Leong Group, is a leading provider of financial services through its subsidiaries and associate companies.

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:

Investor Relations

Chew Seong Aun
Chief Financial Officer
Tel: +603 2164 8228
Email: cfo-hlfg@hongleong.com.my

Media

Cairil Irwan
Manager, Group Corporate Affairs & PR
Tel: +603 21808682
Email: CAPR@hongleong.com.my