

For Immediate Release

A Good Start: Hong Leong Financial Group's Profit Before Tax Increases 15.8% Year-On-Year For Its First Quarter Financial Results Ended 30 September 2017

KUALA LUMPUR, 30 NOVEMBER 2017 - Hong Leong Financial Group Berhad ("HLFG") today announced its first quarter results for the period ended 30 September 2017 ("1QFY18").

- Group profit before tax grew 15.8% year-on-year ("y-o-y") to RM840 million due to stronger contributions from both our commercial banking and insurance businesses.
- Book value per share increased from RM14.52 as at 30 June 2017 to RM14.91 as at 30 September 2017.

Hong Leong Financial Group's President & Chief Executive Officer, Mr Tan Kong Khoon commented, "We are pleased to have made a strong start in 1QFY18 for our new financial year. Our core businesses continue to show strong credit and liquidity risk metrics which are important in these times. We have a clear and focused business and digital strategy, which we will continue to execute diligently and we remain focused on building long-term sustainable value for our shareholders."

Commercial Banking

- HLFG's Commercial Banking division, Hong Leong Bank's ("HLB") profit before tax grew 15.7% y-o-y to RM780 million due to higher net interest income as well as higher associate contribution from the Bank of Chengdu, where profit contribution rose 65.6% y-o-y in 1QFY18 to RM147.8 million.
- Net interest income expanded 10.5% y-o-y to RM886 million in 1QFY18, aided by both loan growth and an improvement in net interest margin ("NIM"). NIM improved 12bps y-o-y to 2.13%, reflecting prudent loan pricing and funding cost management.
- Residential mortgages increased 9.9% y-o-y to RM58.0 billion as at 30 September 2017. Loans to SMEs grew 6.5% y-o-y to RM20.6 billion.
- HLB's Loan/Deposit ratio remained sound at 81.8% as at 30 September 2017, among the lowest in the industry.
- Asset quality continued to be strong with the Gross Impaired Loans Ratio standing at 0.98% as at 30 September 2017. Loan impairment coverage remained sound at 96%. Inclusive of the regulatory reserve set aside as at 30 September 2017, HLB's loan impairment coverage ratio would be higher at 148%.
- Cost/Income ratio improved to 43.0% in 1QFY18, at the lower end of the industry range, as revenue growth outpaced expense growth.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.9%, 13.3% and 15.3% respectively as at 30 September 2017.

Insurance

- HLA Holdings Sdn Bhd, HFLG's insurance division, recorded a pretax profit of RM60.6 million in 1QFY18, an increase of 13.1% y-o-y, mainly due to lower actuarial reserves arising from higher interest rates and business growth.
- Hong Leong Assurance Berhad's ("HLA") new business premiums within our target segment of regular premiums increased by 9.2% y-o-y to RM139.3 million in 1QFY18. We continued to make significant progress in growing our Non Participating share of new business.
- HLA's management expense ratio was 6.7% in 1QFY18, remaining among 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 steady pretax profit of RM18.4 million in 1QFY18.

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
Group Chief Financial Officer
Tel: +603 21648228

Email: cfo-hlfg@hongleong.com.my

Media

Cairil Irwan
Group Corporate Affairs & Public Relations
Tel: +603 2081 8888 Extn 61915

Email: CAPR@hongleong.com.my