

*For Immediate Release*

## **Hong Leong Financial Group Announces 3Q Results: Nine Months Pretax Profit Increased 16.6% Year-on-Year to RM2.71 billion**

**KUALA LUMPUR, 30 MAY 2018** - Hong Leong Financial Group Berhad (“HLFG”) today announced its results for the nine months ended 31 March 2018 (“9MFY18”).

- Group profit before tax grew 16.6% year-on-year (“y-o-y”) to RM2,708 million due to stronger contribution from Hong Leong Bank Berhad (“HLB”).
- HLB recorded an improved return on equity of 11.7% for 9MFY18.
- Book value per share increased from RM14.52 as at 30 June 2017 to RM15.41 as at 31 March 2018.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “We are pleased to have turned in another strong performance for 9MFY18. Our core businesses continue to show strong credit and liquidity risk metrics. We have a clear 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**

- HLB’s profit before tax grew 19.4% y-o-y to RM2,469 million due to higher net interest income and non interest income as well as higher associate contribution from the Bank of Chengdu, where profit contribution rose 67.3% y-o-y in 9MFY18 to RM404 million.
- Net interest income expanded 6.4% y-o-y to RM2,649 million in 9MFY18, aided by both loan growth and an improvement in net interest margin (“NIM”). NIM improved 4bps y-o-y to 2.12% in 9MFY18, reflecting prudent loan pricing and funding cost management.
- Residential mortgages increased 8.2% y-o-y to RM60.2 billion as at 31 March 2018.
- HLB’s Loan/Deposit ratio remained sound at 81.3% as at 31 March 2018, among the lowest in the industry. HLB’s liquidity coverage ratio stood at 134% as at 31 March 2018, well above regulatory requirements.
- Asset quality continued to be strong with the Gross Impaired Loans Ratio improving further to 0.84% as at 31 March 2018. Loan impairment coverage ratio remained sound at 96%. Inclusive of regulatory reserves set aside as at 31 March 2018, HLB’s loan impairment coverage ratio would be higher at 162%.
- Cost/Income ratio improved to 42.3% in 9MFY18, at the lower end of the industry range, as revenue growth continued to outpace expense growth.

- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 12.0%, 12.7% and 15.3% respectively as at 31 March 2018.

### Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM247.9 million in 9MFY18, an increase of 1.1% y-o-y. We continue to make good progress in growing our Non Participating and Investment Link new business premiums.
- HLA's management expense ratio was 5.9% for 9MFY18, 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 slightly lower pretax profit of RM58.0 million for 9MFY18 due to reduced capital market activities.

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](http://www.hlfg.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:

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