

*For Immediate Release*

## Hong Leong Financial Group Achieves Record Profit Before Taxation of RM3.58 billion for its Financial Year Ended 30 June 2018

**KUALA LUMPUR, 28 AUGUST 2018** - Hong Leong Financial Group Berhad (“HLFG”) today announced its final results for the financial year ended 30 June 2018 (“FY18”).

- Group profit before tax grew 15.8% year-on-year (“y-o-y”) to a record RM3,579 million, with strong contributions recorded from our commercial banking and insurance businesses, whilst net profit after tax and minority interests came in at RM 1,907 million, up 26.6% y-o-y.
- Book value per share increased from RM14.52 as at 30 June 2017 to RM15.55 as at 30 June 2018.

Hong Leong Financial Group’s President & Chief Executive Officer, Mr Tan Kong Khoon commented, “We are pleased to achieve another year of record profits for FY18. The strong financial performance reflects the careful management and diligent execution of our business strategy across the group. Our core businesses continue to show strong credit and liquidity risk metrics. We have a clear business and digital strategy and we remain focused on building long-term sustainable value for our shareholders”.

HLFG raised its total dividend from 38 sen per share last year to 40 sen per share in FY18.

### Commercial Banking

- Hong Leong Bank Berhad’s (“HLB”) profit before tax grew 18.1% y-o-y to RM3,246 million due to both higher net interest income and non-interest income as well as higher associate contribution from the Bank of Chengdu, whose profit contribution rose 50.5% y-o-y to RM516 million.
- Net interest income grew 4.2% yoy to RM3,495 million in FY18, aided by both loan growth and an improved net interest margin at 2.1%, reflecting prudent loan pricing and funding cost management. Non interest income improved by 12.5% y-o-y to RM 1,344 million with a higher non interest income ratio of 27.8%.
- Overall loans grew 3.1% y-o-y to RM 129.1 billion as at 30 June 2018.
- HLB’s Loan/Deposit ratio remained sound at 82.0% as at 30 June 2018, among the lowest in the industry. HLB’s liquidity coverage ratio stood at 126% as at 30 June 2018, well above regulatory requirements.
- Asset quality continued to be strong with the Gross Impaired Loans Ratio improving further to 0.87% as at 30 June 2018. Loan impairment coverage ratio remained sound at 89.5%. Inclusive of regulatory reserves set aside as at 30 June 2018, HLB’s loan impairment coverage ratio was higher at 155.4%.

- Cost/Income ratio improved to 42.6% in FY18, 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 12.6%, 13.3% and 16.3% respectively as at 30 June 2018.
- HLB raised its total dividend from 45.0 sen per share last year to 48.0 sen per share in FY18, which will translate to better cash flows for HLFG.

### Insurance

- HLA Holdings Sdn Bhd (“HLA”), HLFG's insurance division, recorded a pretax profit of RM348 million in FY18, an increase of RM10 million y-o-y. In the preceding year (FY17), HLA showed higher profits arising from increases in long term interest rates. We continue to make significant progress in growing our Non Participating and Investment Link new business premiums.
- HLA’s management expense ratio was 5.9% in FY18, 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 pretax profit of RM79 million in FY18, a decrease of RM5 mil y-o-y, reflecting subdued corporate market activities.

End

**About Hong Leong Financial Group Berhad**

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

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