

For Immediate Release

A Good Start: Hong Leong Financial Group's Profit Before Tax Increases 10.5% Year-On-Year For Its First Quarter Financial Results Ended 30 September 2018

KUALA LUMPUR, 28 NOVEMBER 2018 - Hong Leong Financial Group Berhad ("HLFG") today announced its first quarter results for the period ended 30 September 2018 ("1QFY19").

- Group profit before tax grew 10.5% year-on-year ("y-o-y") to RM929 million due to stronger contributions from all its operating businesses; the commercial banking division, Hong Leong Bank Berhad ("HLB"), the insurance division, HLA Holdings Sdn Bhd ("HLAH") and the investment banking division, Hong Leong Capital Berhad ("HLCB").
- Book value per share increased from RM15.55 as at 30 June 2018 to RM15.88 as at 30 September 2018.

Hong Leong Financial Group's President & Chief Executive Officer, Mr Tan Kong Khoon commented, "We are pleased to have made a good start in 1QFY18 for our new financial year amidst a challenging business environment. It is a measure of our management focus that our core businesses continue to show strong credit and liquidity risk metrics. We have a clear business and digital strategy which we are executing diligently to build long-term sustainable value for our shareholders".

Commercial Banking

- HLB's profit before tax grew 9.1% y-o-y to RM851 million due to higher non-interest income.
- Residential mortgages increased 8.0% y-o-y to RM62.6 billion as at 30 September 2018.
- HLB's Loan/Deposit ratio remained sound at 82.0% as at 30 September 2018, among the lowest in the industry. HLB's liquidity coverage ratio stood at 117% as at 30 September 2018, well above regulatory requirements.
- Asset quality continued to be strong with the Gross Impaired Loans Ratio improving further to 0.81% as at 30 September 2018. Loan impairment coverage ratio remained sound at 130.6%. Inclusive of regulatory reserves set aside as at 30 September 2018, HLB's loan impairment coverage ratio would be higher at 204.5%.
- Cost/Income ratio improved to 42.0% for 1QFY19, 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 12.4%, 13.1% and 16.1% respectively as at 30 September 2018.

Insurance

- HLA Holdings Sdn Bhd, HLFG's insurance division, recorded a pretax profit of RM82.1 million in 1QFY19, an increase of RM21.5 million y-o-y. We continue to make significant progress in growing our Non Participating and Investment Link new business premiums.
- HLA's management expense ratio was 6.4% in 1QFY19, 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 RM22.7 million in 1QFY19, an increase of RM4.3 mil y-o-y.

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:

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