Press Release 29 November 2011

Quarterly Net Profit Rises to RM 407 Million

- *Net profit after tax of Hong Leong Bank Group for 1Q FYE 30 June 2012 ("1Q12") is RM 407 million, against RM 257 million in the corresponding quarter last year*
- *The quarterly results consolidates the earnings of the merged and enlarged Hong Leong Bank Group*

"We started the financial year ending 30 June 2012 for Hong Leong Bank Group ("Group") on a sound note. Quarterly net profit after tax crossed the RM 400 million threshold, closing at RM 407 million for the first quarter ended 30 September 2011.

Against the corresponding quarter last year, net profit rose 58% as we fully consolidate the earnings of the merged banking group starting this quarter. The results are broadly in line with the market's consensus earnings estimates for the Group.

With the merger, the enlarged, more diversified earnings performance enhances the Group's resilience and profit sustainability as we move into a more moderate economic environment," commented Ms. Yvonne Chia, Group Managing Director / Chief Executive.

Other key shareholder value indicators remain sound. Basic earnings per share improved to 28.0 sen, up 58% against the same period last year. Net assets per share grew to RM 5.41, up 15% against RM 4.69 last year. Return on shareholder funds for the quarter was 5.3%.

"We are satisfied with the performance. While much of the focus has been on integrating the two banking groups organisationally and operationally into one since May, we remain firmly in control of the business and customer needs and the growth agenda. Overall, the merger execution risk has been managed well, and these factors are reflected in a good financial start beginning this first quarter," continued Ms. Chia.

"We achieved many key merger milestones during this period, from the vesting of EON Bank on 1 July 2011, and to Customer Day 1 on 12 August 2011 and the re-branding of Branches and customer touchpoints, and to the historic first Islamic banking merger in

Malaysia on 1 November 2011. Our priorities this quarter were on aligning our people and putting our customers first," Ms. Chia added.

Summary of Financial Performance

A summary of the financial performance headlines is outlined in the table below.

Highlights	1Q FYE 30 June 2012 ("1Q12")	Year-on-Year ("Y-o-Y") Change
Pre-Tax Profit	RM 523.8 million	65%
After-Tax Profit	RM 407.1 million	58%
Return on Shareholder Funds for the Quarter	5.3%	+141 basis points
Basic Earnings Per Share for the Quarter	28.0 sen	58%
Net Asset Per Share	RM 5.41	15%
Return on Assets for the Quarter	0.3%	Flat
Total Assets	RM 143.3 billion	61%
Gross Loans	RM 85.4 billion	112%
Deposits	RM 114.2 billion	62%
Net Interest Margin	2.49%	+5 basis points
Cost-Income Ratio	47.5%	-7.1% in absolute % no
Gross Impaired Loans Ratio	2.1%	Better by 15 basis points
Net Impaired Loans Ratio	0.8%	Better by 39 basis points

Highlights	1Q FYE 30 June 2012 ("1Q12")	Year-on-Year ("Y-o-Y") Change
Loan Loss Allowance Coverage	137.7%	+25% in absolute % no
Annualised Credit Charge	0.11%	Better by 0.3% in absolute % no
Loan to Deposit Ratio	74.7%	+17.8% in absolute % no
Risk-Weighted Capital (RWCR) Ratio	13.2%	-1.5% in absolute % no

The gross loan book expanded 1.4% quarter-on-quarter ("q-o-q"), led by a 3.3% and 2.9% q-o-q growth in loans for the purchase of residential and non-residential properties respective. Loans for the purchase of transport vehicles rose 1.2% q-o-q while loans to SMEs expanded 2.1% in the same period. Working capital loans retreated marginally reflecting seasonality patterns.

"The revenue base has expanded in tandem, with net income coming in at RM 917 million, up 70% against the same period last year. Net interest income itself rose 72%, while non-interest income grew by 50%. Net income from the Islamic Banking business doubled against the same period last year. Overall, the revenue base has not only significantly strengthened but also more resilient and diversified. The Treasury business has been affected by the volatile movements in the yield curve," Ms. Chia further clarified.

Deposits from individuals continued to be strong, registering a 5.1% q-o-q growth. The stable core deposits franchise (fixed deposits, current deposits, savings deposits including foreign currency deposits) remained firm, up 4% q-o-q. Core deposits now make up 82% of total deposits, against 78% last quarter, as the efforts continue to enlarge the more stable funding sources of retail deposits. The loan to deposit ratio remains supportive of growth at 74.7%.

Segmental profit mix is now more balanced. Consumer Banking contributed 51.7% of the Group pre-tax profit. Business Banking more than doubled its share of the Group pre-tax profit, rising to 27.8% against 12.9% last year. Profit growth from Global Markets (Treasury) this quarter was flat, coming off a volatile trading market environment this quarter. Contribution from the Group's 20% strategic equity investment in Bank of Chengdu Co., Ltd ("Bank of Chengdu") amounted to RM 61.8 million, up 68% y-o-y, and this represents 11.8% of Group pre-tax profit.

Asset quality remained healthy. The gross impaired loan ratio improved to 2.1% this quarter, against 2.2% as at the end of June 2011, while the net impaired loan ratio was lowered to 0.8% this quarter from 1.1% last quarter. Loan loss coverage expanded to 138% from 119% last quarter, well above industry standards.

Business Outlook

"We remain focused on the final push of our integration exercise, where we integrated two IT environments into a single platform. This is a highly complex undertaking, and we are pleased with the good progress so far. In the coming quarters, we look forward to unlocking some of the identified synergies at both the cost and revenue levels.

"The global events this quarter continue to exert downward pressure on growth and the macro-economic health in key economies in the West continues to experience destabilising elements. We are cautiously optimistic that opportunities from domestic consumption and private investments coupled with the broad resilience of Asian economies would counteract the downside risks on global trade flows," concluded Ms. Chia.

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