

For Immediate Release**Hong Leong Bank announces first quarter results:
NET PROFIT IMPROVES TO RM544 MILLION, UP 14.0%**

Kuala Lumpur, 26 November 2013 - Hong Leong Bank Berhad (the "Bank"), (BM: HLBANK) today announced its results for the first quarter ended 30 September 2013.

- ✦ ***Net profit after tax for the first quarter ended 30 September 2013 ("Q1FY14") at RM544 million, up 14.0% from RM478 million in the corresponding quarter last year ("Q1FY13")***
- ✦ ***Gross Loans & Financing grew by 7.1% year-on-year to RM98.3 billion***
- ✦ ***Customer Deposits expanded to RM125.5 billion with strong retail deposit franchise***

Hong Leong Bank's Group Managing Director/ Chief Executive Officer, Mr. Tan Kong Khoon, commented, "We started the new financial year on a sound note, with net profit of RM544 million for Q1FY14, a growth of 14.0% from the corresponding quarter last year."

"Shareholder value was further enhanced. Our key indicators return on equity and earnings per share rose to 16.3% and 31 sen respectively for Q1FY14. Return on assets was also strengthened to 1.34%."

"The stronger profit performance was driven by the growth in net interest income and fee income, stronger recoveries, write-back of securities impairment, and higher profit contribution from associates."

Profitability, Efficiency and Interest Margin

- *Net profit after tax* for Q1FY14 at RM544 million, registered strong growth of 14% from the same period last year.
- *Total income* for Q1FY14 improved by 2.7% to RM1,029 million from the corresponding quarter last year.
- Despite the continuing pressure from competitive asset yields, *net interest income* was higher by 4.1% to RM758 million from corresponding quarter last year, mainly from the growth in loans.
- *Net interest margin* for Q1FY14 declined by 7bps year-on-year ("y-o-y") to 2.06%. However, the margin was stable as compared to Q4FY13 underpinned by improved funding cost.
- *Non-interest income* was relatively stable at RM271 million, with higher fee income, foreign exchange gains and mark-to-market ("MTM") gains, partially offset by lower gains from sale of securities. *Non-interest income ratio* at 26.3% for Q1FY14.

- *Fee income* improved by 9.6% y-o-y to RM163 million in Q1FY14, represented 60% of the total non-interest income. The increase in fee income was driven mainly by higher credit card related fees, service charge, processing fee and other fee income.
- *Cost-to-income ratio* maintained at 44.2% against the same period last year, reflecting our continued effort in pursuing operating efficiencies, whilst investing for growth.
- Stronger loan recoveries coupled with higher write-back of securities impairment contributed a further RM17 million to the Q1FY14 profits.

Loan Growth

- *Gross loans and financing* grew by 7.1% y-o-y or 1.1% against FY2013 (“q-o-q”) to RM98.3 billion.
- Loan growth for Q1FY14 continued to be driven primarily by our core segment, *residential mortgages*, which expanded 2.8% q-o-q or 12.0% y-o-y to RM35.2 billion, in-line with industry growth.
- *Loans and financing to SME* for the quarter expanded by 1.9% to RM14.8 billion. On a y-o-y basis, SME loans grew strongly by 24.9%.

Deposit & Liquidity

- *Total deposits* for Q1FY14 expanded by 1.6% y-o-y or 1.5% q-o-q to RM125.5 billion.
- *Deposits from individuals* remained strong at RM66.2 billion. Individual deposits mix at 52.8% represented one of the highest retail deposit concentration in the industry.
- Our liquidity position remains healthy and supportive of our business strategies with *loans-to-deposits ratio* at 78.4% and CASA mix at 26.3%.

Asset Quality & Capital

- Asset quality continues to outperform the banking system.
- *Gross impaired loans ratio* improved further to 1.36% in Q1FY14 from 1.40% in FY2013 with continued focus on proactive credit and recovery management.
- *Loan impairment coverage ratio* remained prudent at 130.4% in Q1FY14, amongst the highest in the banking system.
- Our capital levels remain strong with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 10.0%, 11.6% and 14.4% respectively.

Hong Leong Islamic Bank (“HLISB”)

- HLISB registered a *net profit* of RM52 million for Q1FY14 against RM65 million in the same period last year underpinned by lower write-back in financing loss allowances.
- HLISB’s *gross islamic financing and advances* expanded by 10.8% y-o-y or 2.4% q-o-q to RM14.0 billion in Q1FY14, whilst *customer deposits* increased by 10.9% y-o-y or 5.6% q-o-q to RM18.2 billion in Q1FY14.

Regional Contribution

- Profit contribution from international operations accounted for 15.5% of the Group’s pre-tax profit for Q1FY14, with a growth of 44.5% y-o-y.
- Bank of Chengdu (“BOCD”) remained the key contributor. Profit contribution from BOCD improved by 46.6% against previous corresponding period to RM89 million and accounted for 12.8% of the Group’s profit before tax.
- Contribution from HLBVN remains under pressure from the current low interest rate environment amidst the economic slowdown there. Nonetheless, HLBVN has shown good traction in consumer loan acquisitions with a growth of 27.6% q-o-q to RM82 million. HLBVN’s *gross loans and financing* stood at RM244 million in Q1FY14.
- Since commencing greenfield operations in Cambodia, HLBCAM has reached promising milestones in both the consumer and business segments. As at 30 September 2013, HLBCAM’s gross loans and deposits stood at RM9 million and RM5 million respectively.

Business Outlook

Commenting on business outlook, Mr. Tan Kong Khoon said, “The Malaysian economy is expected to see modest growth of 5.0-5.5% in 2014, led by improving external demand in anticipation of better growth outlook among advanced, as well as other developing Asian economies. Domestic demand, most notably sustained private consumption and still robust capital spending, will continue to serve as an important pillar for growth.”

“The Group will continue to strive for sustainable profitability through a universal banking model in the domestic market and strengthen the contributions of our franchises in the region. We will also focus on converging our distribution touch points through innovative solutions and Customer Analytics capabilities to give us the critical edge in delivering value and deeper engagement with customers.”

XXX

About Hong Leong Bank Berhad

Hong Leong Bank Berhad is one of the leading financial services organisations in Malaysia. With a heritage of more than 100 years, it provides comprehensive financial services covering consumer banking, business banking and trade finance, treasury, branch and transaction banking, wealth management, private banking and Islamic financial services. Its merger with EON Bank Group in 2011 has further embedded its position as a core banking franchise with an expanded distribution network of around 300 branches across the country.

With a proven track record in value creation and a highly recognised brand, Hong Leong Bank has also been extending its footprint in the region, with branches in Singapore, Hong Kong and wholly owned subsidiaries in Vietnam and Cambodia. In China, the Bank has a 20% shareholding in Bank of Chengdu Co., Ltd., Sichuan and a consumer finance joint venture.

Hong Leong Bank is a subsidiary of Hong Leong Financial Group Berhad, the financial services arm of the Hong Leong Group. Apart from banking, Hong Leong Financial Group is involved in the provision of insurance and takaful, as well as investment banking, unit trust, fund management and stock broking services.

For further information, please visit www.hlb.com.my or contact:

Media:

Norlina Yunus
GM, Group Corporate Affairs & Public Relations
DID: 03-2180 0965
Email: norlina.yunus@hlbb.hongleong.com.my

Investor Relations:

Chow Hing Hon
AGM, Performance Management
DID: 03-2773 0201
Email: IR@hlbb.hongleong.com.my