

**For Immediate Release****Hong Leong Bank announces H1FY14 results:  
NET PROFIT UP 8.0% TO RM1,065 MILLION**

Kuala Lumpur, 25 February 2014 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the first half of FY2014, ended 31 December 2013.

- ✦ **Net profit after tax for the six months ended 31 December 2013 ("H1FY14") at RM1,065 million, a growth of 8.0% against the corresponding period last year ("H1FY13")**
- ✦ **Net profit after tax for the second quarter ended 31 December 2013 ("Q2FY14") was higher at RM520 million, compared to RM508 million in the corresponding quarter last year ("Q2FY13")**
- ✦ **Gross Loans & Financing grew by 8.2% year-on-year ("y-o-y") to RM100.6 billion**

Hong Leong Bank's Group Managing Director/ Chief Executive Officer, Mr. Tan Kong Khoon, commented, "Despite the challenging environment, we continue to achieve a commendable set of results for the first half of FY2014, supported by interest income and fee income growth as well as higher profit contribution from associates."

"All key business drivers remained robust with improved growth momentum, reflecting our strong underlying operations. In particular, gross loans for the Group surpassed the RM100 billion mark."

"The Bank continued to deliver sustainable shareholder value creation with return on equity of 15.9% and earnings per share of 60 sen for H1FY14. Return on assets was enhanced to 1.29%."

**Profit Led By Income Growth**

- *Pre-provisioning operating profit* improved by 5.2% y-o-y to RM1,170 million in H1FY14, led by growth in both interest and non-interest income.
- *Net interest income* was higher by 4.2% to RM1,512 million, mainly driven by expansion in loan book and well-managed cost of fund.
- *Net interest margin* registered at 2.04% and 2.03% for H1FY14 and Q2FY14 respectively.
- *Non-interest income* improved to RM572 million, contributed by higher fee income and foreign exchange gains, partially offset by lower gains from sale of securities and mark-to-market ("MTM"). *Non-interest income ratio* was at 27.5% for H1FY14.
- *Fee income* grew 12.9% y-o-y to RM338 million, mainly from higher credit card related fees, service charge and other fee income.
- *Cost-to-income ratio* improved further to 43.9% in H1FY14, reflecting our commitment in improving operating efficiencies, whilst investing for growth.

### Loan Growth Momentum Improved

- *Gross loans and financing growth* has been broad based with 8.2% y-o-y growth or 3.5% growth for the six months ended 31 December 2013, to RM100.6 billion.
- Retail segment continued to be driven by *residential mortgages*, which grew by 12.9% y-o-y or 6.6% against FY2013 to RM36.5 billion. *Transport vehicle loans* and *credit card financing* gained traction with 0.7% and 4.6% growth respectively against FY2013.
- *Loans and financing to SME* grew strongly by 21.5%.y-o-y to RM15.3 billion, driven by strong business relationships and our community business banking branches.
- Loans and financing from international operations expanded by 30.0% y-o-y albeit from a smaller base.

### Healthy Liquidity Supportive Of Growth

- *Total deposits* for H1FY14 expanded by 1.6% y-o-y or 1.8% against FY2013 to RM125.9 billion underpinned by growth in *core deposits*.
- *Deposits from individuals* remained strong at RM66.2 billion with individual deposits mix at 52.5%, reflecting the Bank's strong retail deposit franchise.
- Our liquidity position remains healthy and supportive of our business strategies with *loans-to-deposits ratio* at 79.9% and *CASA mix* at 26.0%.

### Asset Quality & Capital Remain Strong

- The Bank continued to sustain its strong asset quality, outperforming the banking system.
- *Gross impaired loans ratio* improved further to another record low of 1.33% as at H1FY14 through proactive credit and recovery management.
- *Loan impairment coverage ratio* remained prudent at 127.5% in H1FY14, amongst the highest in the banking system.
- Capital levels remained strong with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 10.2%, 11.8% and 14.4% respectively.

### Regional Contribution Deepened

- Profit contribution from international operations further enhanced to 14.9% of the Group's pre-tax profit for H1FY14, with a strong growth of 34.0% y-o-y.
- Bank of Chengdu ("BOCD") remained the key contributor with profit contribution growing by 33.2% y-o-y to RM172 million, representing 12.6% of the Group's profit before tax, underpinned by strong business growth.
- Despite the challenging economic conditions, Hong Leong Bank Vietnam Limited ("HLBVN") continued to achieve solid growth in consumer loans. HLBVN's *gross loans and financing* and *total deposits* stood at RM252 million and RM360 million respectively.

- Since commencing operations in July 2013, Hong Leong Bank Cambodia PLC (“HLBCAM”) has been showing encouraging results. As at 31 December 2013, HLBCAM’s gross loan stood at RM33 million, a growth of 268% q-o-q whilst deposit base expanded to RM72 million from RM5 million in 30 September 2013.
- The Group established a representative office in Nanjing (“HLBNJRO”), and has commenced operations effective 27 November 2013. HLBNJRO was set up as the Group’s direct presence and representation to support the Group’s future expansion in China.

### Dividend

- The Board has recommended an interim dividend of 15.0 sen per share for the half-year interim results.

### Business Outlook

Mr. Tan Kong Khoon commented, “Despite signs of improving external conditions, domestic demand could see slight moderation as concerns over price escalation and recent regulators’ pre-emptive measures may contain consumer spending, translating into a more modest loan growth in Malaysia. However, we are optimistic that the underlying fundamentals of the Malaysian economy will support continued business growth.”

“The Group will remain cautious and strive for sustainable profitability. We will continue to build high performance business drivers and strengthen the franchise through innovative solutions and customer analytics.”

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**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.

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