

**For Immediate Release****Hong Leong Bank announces 9MFY14 results:  
NET PROFIT UP 8.7% TO RM1,565 MILLION**

Kuala Lumpur, 21 May 2014 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the nine months of FY2014, ended 31 March 2014.

- ✦ *Net profit after tax for the nine months ended 31 March 2014 ("9MFY14") at RM1,565 million, a growth of 8.7% against the corresponding period last year ("9MFY13")*
- ✦ *Net profit after tax for the third quarter ended 31 March 2014 ("Q3FY14") at RM500 million, up 10.1% from RM454 million in the corresponding quarter last year ("Q3FY13")*
- ✦ *Gross Loans & Financing grew by 7.6% year-on-year ("y-o-y") to RM101.6 billion*

Hong Leong Bank's Group Managing Director/ Chief Executive Officer, Mr. Tan Kong Khoon, commented, "Despite the challenging operating environment, we continued to deliver strong net profit growth of 9%, boosted by the increased net interest income, improved operating efficiencies and higher profit contribution from associates."

"Shareholder value creation for 9MFY14 remains robust with return on equity of 15.4% and earnings per share rose to 89 sen, up from 82 sen for the same period last year. At the same time, return on assets was further enhanced to 1.27%."

**Sustained Profit Growth**

- *Pre-provisioning operating profit improved by 1.7% y-o-y to RM1,708 million in 9MFY14, led mainly by growth in net interest income and lower operating expenses.*
- *Net interest income was higher by 4.2% to RM2,294 million, mainly driven by expansion in loan book and larger fixed income balances as well as well-managed cost of fund.*
- *Net interest margin registered at 2.08% and 2.15% for 9MFY14 and Q3FY14 respectively.*
- *Non-interest income was lower at RM739 million for the 9MFY14, mainly due to lower gain from investment securities and foreign exchange. Fee income, however, improved modestly by 2.2%. Consequently non-interest income ratio was at 24.4% for 9MFY14.*
- *Cost-to-income ratio improved further to 43.7% in 9MFY14 due to lower administration and general expense, reflecting our continued commitment in improving operating efficiencies, whilst investing for growth.*

### Loan Growth Led by Core Segment

- *Gross loans and financing growth* registered a growth of 7.6% y-o-y or 4.6% growth for the nine months ended 31 March 2014, to RM101.6 billion.
- Retail segment continued to be key growth driver. Core segment, *residential mortgages* grew by 13.5% y-o-y or 10.2% against FY2013 to RM37.7 billion. *Transport vehicle loans* contracted slightly by 0.2% for the nine months of FY2014 due to moderated growth in the auto industry. *Credit card financing* grew by 2.2% against FY2013 to RM4.2 billion.
- Growth in Business Banking segment was led by working capital loans which registered y-o-y growth of 6.8%.
- In respect of customer segment, individual segment contributed 61.4% of total gross loan with healthy growth of 8.1% y-o-y. *Loans and financing to SME* continues to expand strongly, by 14.6%.y-o-y to RM15.6 billion.
- Loans and financing from international operations expanded by 30.2% y-o-y, mainly arising from our Singapore operations.

### Healthy Liquidity Supportive Of Growth

- *Total deposits* for 9MFY14 expanded by 3.3% y-o-y or 3.2% against FY2013 to RM127.6 billion with strong focus on retail core deposits acquisition.
- Leveraging on the Group's strength in retail deposit franchise, Deposits from Individuals remained strong at RM66.7 billion with y-o-y growth of 5.2%. Individual deposits mix was at 52.3%, amongst the highest retail concentration in the industry.
- CASA grew steadily at 7.6% y-o-y, with a mix of 26.0%.
- Liquidity position remains healthy with *loans-to-deposits ratio* at 79.7%, further supportive of business growth.

### Strong Asset Quality Continues

- The Bank continued to maintain its leading position in terms of asset quality.
- *Gross impaired loans ratio* improved further to another record low of 1.24% as at 9MFY14 through proactive credit and recovery management.
- *Loan impairment coverage ratio* at 129.3% in 9MFY14, amongst the highest in the banking system.
- *Net credit cost* remained low at 4bps for 9MFY14.

### Capital Remains Healthy

- Capital levels were healthy with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 9.8%, 11.2% and 13.6% respectively, well above regulatory minimum.
- The Bank has recently established a Tier 2 Multi-Currency Subordinated Notes Programme of up to RM10.0 billion (or its equivalent in other currencies).

### Strong Regional Contribution

- Profit contribution from international operations rose to 15.6% of the Group's pre-tax profit for 9MFY14, with a strong growth of 37.5% y-o-y.
- Underpinned by strong business growth, profit contribution from Bank of Chengdu ("BOCD") grew 44.9% y-o-y to RM276 million for 9MFY14, and represented 13.8% of the Group's profit before tax.

### Business Updates

- The Bank has completed its final piece of its post-merger system integration and successfully launched its new credit card platform "Ascend" in March 2014, setting the pace for better customer experience and analytics on the credit card business segment.
- At the same time, the Bank has also launched a new regional digital banking platform ("Connect by Hong Leong Bank") in Malaysia and Vietnam.
- The development of similar platforms in Cambodia and Singapore are underway, setting the foundation to improve digital banking penetration rate.

### Business Outlook

Mr. Tan Kong Khoon commented, "We remain optimistic on the Malaysian economy. There are more signs of improvement in advanced economies spurring growth in Malaysia export, whilst domestic demand remains supportive of business growth, albeit at a more moderate pace."

"The Group's strategies remain intact. We will continue to focus on building a high performance business and strengthening the foundations for sustainable profitability and growth, through Community Banking Proposition, innovative solutions and embedding service excellence."

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](http://www.hlb.com.my) or contact:

**Media:**

Norlina Yunus  
Head, Group Corporate Affairs & Public Relations  
DID: 03-2180 0965  
Email: [norlina.yunus@hlbb.hongleong.com.my](mailto:norlina.yunus@hlbb.hongleong.com.my)

**Investor Relations:**

Jason Teh  
Head, Corporate Finance & Investor Relations  
DID: 03-2180 8781  
Email: [IR@hlbb.hongleong.com.my](mailto:IR@hlbb.hongleong.com.my)