

For Immediate Release

Hong Leong Bank announces 9MFY15 results: NET PROFIT UP 3.4% TO RM1,618 MILLION

Kuala Lumpur, 26 May 2015 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the nine months of FY2015, ended 31 March 2015 ("9MFY15").

- ✿ **Net profit after tax for the third quarter ("Q3FY15") and nine months ("9MFY15") ended 31 March 2015 improved 3.8% and 3.4% to RM519 million and RM1,618 million respectively, compared to the corresponding period last year**
- ✿ **Gross Loans & Financing expanded 8.8% year-on-year ("y-o-y") to RM110.6 billion**
- ✿ **Superior asset quality with improved Gross Impaired Loan Ratio at 0.89%**

Mr. Tan Kong Khoon, the Group Managing Director/Chief Executive Officer of Hong Leong Bank commented, "Despite the prevailing external headwinds and overall challenging business environment, our net profit after tax improved 3.4% y-o-y to RM 1.6 billion with a healthy return on equity of 14.3% for the nine months ended 31 March 2015, a testament to the strength and resilience of the Hong Leong Bank franchise."

"Positively, overall loan growth momentum continued to pick up pace, as reflected by an improved quarter-on-quarter ("q-o-q") growth of 3.1%, whilst upholding our excellent asset quality. The set of results reinforces the Group's commitment in delivering sustainable business and profitability growth."

Resilient Profit Performance

- *Profit before tax* for Q3FY15 and 9MFY15 both rose 3.6% y-o-y to RM663 million and RM2,074 million respectively, led by healthy growth in net interest income, improved asset quality and strong profit contribution from associates.
- *Net interest income* registered a growth of 4.1% y-o-y to RM2,387 million, largely supported by loans growth and expansion in securities portfolio.
- *Net interest margin* for 9MFY15 were within our expectation at 2.02%, despite increased competition for both loans and deposits.
- *Total Income* for 9MFY15 closed at RM3,026 million, comparable to the corresponding period last year mainly as a result of 41.6% y-o-y growth in non-interest income for the current quarter underpinned by improved performance in treasury market activities.
- *Operating expense* for 9MFY15 inched up by 1.3% y-o-y to RM1,343 million, mainly attributed to branch expansion and new business initiatives. We continue to keep a close lid on our cost discipline, pursuing optimal operating efficiencies whilst investing for growth.

Loan Growth Momentum Gained Pace

- *Gross loans and financing* grew by 8.8% y-o-y and 3.1% q-o-q for Q3FY15 to RM110.6 billion.
- *Retail segment* remained the key driver for the Group's loan growth, expanded by 10.4% y-o-y or 2.8% q-o-q. Our core segment of *residential mortgages* soared to RM43.5 billion, up 15.5% y-o-y, outperforming industry growth. *Transport vehicle loans* continued to gather traction with a growth of 3.7% y-o-y to RM18.0 billion.
- *Business and Corporate Banking* showed encouraging growth momentum with *loans and financing to SME* increasing by 8.6% y-o-y to RM17.0 billion.
- Overseas operations continued to record healthy loan expansion growing 12.1% y-o-y and 7.0% q-o-q respectively.

Funding and Liquidity Position Supportive of Growth

- Liquidity position remains strong and supportive of business growth, with *loans-to-deposits ratio* at 81.0%, amongst the lowest in the industry.
- *Customer deposits* expanded by 7.0% y-o-y to RM136.5 billion as at Q3FY15, with amongst the highest retail concentration, as reflected by individual deposit mix of 51.2%. *CASA mix* was 25.8% and in line with industry average.

Asset Quality Continues to Outperform; Adequate Capital Levels

- The Bank continues to adopt a prudent approach on credit risk management and uphold its superior asset quality, with key indicators outperforming banking peers.
- *Gross impaired loans ("GIL")* balance reduced by 21.7% y-o-y with *GIL ratio* improving significantly by 35bps to another record low of 0.89% in Q3FY15. *Loan impairment coverage* at 128%, remained amongst the highest in the banking system.
- *Capital levels* remained adequate with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* well above regulatory minimum, at 9.9%, 11.1% and 13.6% respectively.

Regional Contribution

- Total profit contribution from international operations accounted for 14.8% of the Group's pre-tax profit in 9MFY15.
- Profit contribution from Bank of Chengdu ("BOCD") grew 4.9% y-o-y to RM289.8 million, contributing 14.0% of the Group's profit before tax.

Business Outlook

Mr. Tan Kong Khoon commented, "In spite of existing challenges, the Malaysian economy is expected to remain on a steady growth path supported by moderate growth in domestic demand. The banking landscape would remain challenging amid a softer growth outlook. Safeguarding our business franchise and margins will continue to be key, **moving forward.**"

"The strategies remain unchanged - to build a high performance business for sustainable profitability. We will continue to strengthen our domestic franchise and regional niche business, by improving on customer experience, increased operational excellence & innovative digital propositions."

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
Head, Group Corporate Affairs & Public Relations
DID: 03-2180 0965
Email: 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