

For Immediate Release

**Hong Leong Bank announces full year results:
ACHIEVES RECORD NET PROFIT OF RM2,233 MILLION for FY15**

Kuala Lumpur, 26 August 2015 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the financial year ended 30 June 2015.

- ✿ **Net profit after tax for the fourth quarter ("Q4FY15") and full year ended 30 June 2015 ("FY15") grew 14.4% and 6.2% to RM615 million and RM2,233 million respectively, compared to the corresponding period last year.**
- ✿ **Gross Loans & Financing expanded 8.9% year-on-year ("y-o-y") to RM113.4 billion.**
- ✿ **Gross Impaired Loan Ratio improved to record low of 0.84%.**

Mr. Tan Kong Khoon, the Group Managing Director/Chief Executive Officer of Hong Leong Bank commented, "We are pleased to announce that Hong Leong Bank posted record earnings of RM2,233 million for FY15 which represented a 6.2% y-o-y growth. Return on equity remained strong at 14.3% whilst net asset per share rose by 15.4% to RM9.51, reflecting our continuous effort in enhancement of shareholders' value."

"We remain committed to delivering sustainable business growth and thus far, the progress of initiatives we have put in place have been encouraging. Despite a challenging operating environment, loan growth trajectory continued to be strong moving into the final quarter of FY15, with a robust growth of 2.6% quarter-on-quarter ("q-o-q") whilst sustaining our excellent asset quality position." Y-o-Y loan growth was in line with industry growth.

Profit Growth Remained Intact

- *Profit before tax* for FY15 was up 5.1% y-o-y to RM2,746 million, bolstered by improved net interest income, impairment write-back reflective of improved asset quality and higher profit contribution from associates.
- *Interest income* grew at a healthy 8.1% y-o-y supported by an enlarged loan base and securities portfolio.
- *Net interest margin* for FY15 came in within our expectation at 2.01%, despite persistent competition for both loans and deposits.
- *Non-interest income* rebounded strongly in the fourth quarter with a 24.5% y-o-y growth, as a result of improved performance in treasury market activities and disposal gain from the sale of Menara Raja Laut, bringing the total non-interest income for FY15 to RM927 million.
- *Operating expense* for FY15 increased a marginal 1.2% y-o-y to RM1,814 million, mainly attributed to branch expansion and new business initiatives. We will continue to pursue productivity and efficiency gains by managing down the business-as-usual ("BAU") costs whilst continuing to invest prudently for future business growth.

Loan Growth Continued to Gain Pace

- *Gross loans and financing* expanded by 8.9% y-o-y and 2.6% q-o-q for Q4FY15 to RM113.4 billion.
- *Retail segment* expanded by 10.4% y-o-y or 2.3% q-o-q, outpacing industry growth, and contributed 69% of the total loan portfolio. Our core segment of *residential mortgages* soared to RM45.3 billion, with a robust 16.2% y-o-y growth whilst *transport vehicle loans* continued to gain traction at 4.2% y-o-y to RM18.0 billion.
- *Business and Corporate Banking* maintained its growth momentum with 2.3% q-o-q expansion driven mainly by improved utilisation.
- *Loans and financing to SME* registered a healthy 9.1% y-o-y growth to RM17.8 billion.
- Overseas operations recorded a strong 34.3% y-o-y and 10.6% q-o-q loan expansion, led by Singapore and Cambodia.

Strong Funding and Liquidity Position

- In tandem with our prudent approach towards liquidity management, *customer deposits* expanded by 7.7% y-o-y or a strong 2.7% q-o-q to RM140.3 billion as at Q4FY15.
- *Loans-to-deposits ratio* stood at 80.9%, amongst the lowest in the industry.
- Funding position remains stable and supportive of business growth, on the back of the Group's strong retail franchise. *Individual deposit mix* was 50.1%, the highest retail concentration, whilst *CASA* grew 5.3% y-o-y representing a mix of 25.6%.

Superior Asset Quality

- Whilst the Group continues to embark on its strategic growth initiatives, upholding our superior asset quality through a combination of prudent approach on credit risk management and proactive recovery management remains our utmost priority.
- Key asset quality indicators continue to outperform the industry with *gross impaired loans ratio* improving significantly by 35bps to another record low of 0.84% in Q4FY15. *Loan impairment coverage* at 136% was the highest in the banking system.

Robust Capital Levels

- The Group remained well-capitalised with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 10.8%, 11.9% and 14.3% respectively, well above regulatory minimum.
- The Group continues to undertake proactive capital management and will closely monitor as well as maintain a healthy capital level, supportive of future business expansion.
- On 12th August 2015, the Group announced a proposed Rights Issue to raise gross proceeds of up to RM3.0 billion as part of the Group's capital management strategy to further strengthen its capital position and to support continuous business growth of the Group.

Regional Contribution

- Total profit contribution from international operations accounted for 15.4% of the Group's pre-tax profit in FY15.
- Profit contribution from Bank of Chengdu ("BOCD") grew 8.9% y-o-y to RM401.3 million, contributing 14.6% of the Group's profit before tax.

Dividend

- The Board proposed a final dividend of 26.0 sen per share, bringing the total dividend to 41.0 sen for the FY15.

Business Outlook

Mr. Tan Kong Khoon commented, "Whilst the outlook remains challenging in view of the global economic environment and domestic sentiment, the Malaysian economy is still expected to maintain a steady growth path albeit at a more moderate pace, with domestic demand as the main growth driver. Outlook for the banking sector will remain stable amid more moderate growth in loans and deposits. Protection of our business franchise and profitability will continue to be key priorities."

"For the financial year ahead, we will continue to focus on building a high performance business and further strengthening the foundations; by improving customer experience and developing innovative digital propositions through our established networks, whilst upholding operational excellence, for sustainable growth and profitability."

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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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