

*For Immediate Release*

## HONG LEONG BANK ANNOUNCES FIRST QUARTER RESULTS: A POSITIVE START TO A NEW FINANCIAL YEAR

Kuala Lumpur, 30 November 2017 - Hong Leong Bank Berhad ("Bank" or "HLB"), (BM: HLBANK) today announced its results for the first quarter ended 30 September 2017 ("Q1FY18").

- ✦ *Net profit after tax for Q1FY18 of RM639 million, up 17.8% compared to the corresponding quarter last year ("Q1FY17").*
- ✦ *Gross Loans & Financing stood at RM124.9 billion; led by growth in domestic retail, SME and international operations.*
- ✦ *Capital position remained robust with CET-1, Tier-1 and Total Capital ratios at 12.9%, 13.3% and 15.3% respectively.*

Mr. Domenic Fuda, Group Managing Director & Chief Executive Officer of HLB commented, "It is a promising start to the new financial year as the Bank achieved a commendable net profit after tax of RM639 million for the first quarter, improving 17.8% year-on-year ("y-o-y") compared to the same period last year. The improvement was driven by a robust top-line growth coupled with prudent cost control and healthy contributions from our overseas associates."

"Whilst the business environment has been more moderate during the quarter, we remain confident that with our strategic priorities in place we should continue to see further operational improvements and business growth going forward".

### Key Financial Highlights: Solid Profitability Growth

- *Total income* for Q1FY18 improved by an encouraging 7.5% y-o-y to RM1,179 million, underpinned by continued expansion in net interest income as well as sustained strong non-interest income contribution.
- *Net interest income* for the quarter improved for a 6<sup>th</sup> consecutive quarter, marked by a 10.5% y-o-y growth to RM886 million on the back of prudent loan pricing and funding cost management. Consequently, *net interest margin ("NIM")* rose by 12 bps y-o-y to 2.13% compared to 2.01% in the same quarter last year.
- *Non-interest income* remained stable at RM293 million giving rise to non-interest income ratio of 24.9%, achieved on the back of strong wealth management income as well as stable treasury income.
- *Operating expenses* for the quarter continue to be well contained at RM507 million. Revenue continued to outpace expenses growth for Q1FY18 which resulted in an improved *cost-to-income ratio ("CIR")* of 43.0% as the Group continues to make good progress in attaining operating efficiencies.
- Consequently, *operating profit* for Q1FY18 expanded 10.9% y-o-y to RM671 million compared to RM606 million for the same period last year.

Hong Leong Bank Berhad (97141-X)

Level 18, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia.

[www.hlb.com.my](http://www.hlb.com.my)

### Loan Growth Driven by Retail, SME and International Operations

- *Gross loans, advances and financing* growth expanded 3.2% y-o-y to RM124.9 billion, led by growth in our key segments of domestic retail and SME as well as overseas operations whilst partially offset by some corporate loans repayments.
- Domestic loans to the retail segment continued to be a driver of the Bank's loan growth, expanding 4.2% y-o-y amidst cautious consumer backdrop. *Residential mortgages* grew 9.9% y-o-y, ahead of industry to RM58.0 billion supported by a healthy loan pipeline while *transport vehicle loans* were lower at RM17.3 billion, following still weak automobile industry sales.
- *Loans and financing to SME* continued to grow at a healthy pace of 6.5% y-o-y to RM20.6 billion, representing 16.5% of the Bank's loan base.
- Loans and financing from international operations rose 10.9% y-o-y to RM6.6 billion.

### Robust Funding and Liquidity Position

- Our funding and liquidity positions remain stable and prudent, with *loans-to-deposits ratio* and *liquidity coverage ratio* of 81.8% and 119% respectively.
- *Customer deposits* for Q1FY18 increased by 2.3% y-o-y to RM152.7 billion as CASA grew at a stronger pace of 11.5% y-o-y to RM41.0 billion, achieving an improved CASA mix of 26.8%.
- The Bank continued to maintain a stable funding base, with its individual deposit expanding to RM84.7 billion, representing an industry leading mix of 55.5%.

### Stable Asset Quality and Capital Position

- Gross impaired loan ratio and loan impairment coverage ratio for the Bank remained stable and prudent at 0.98% and 96% respectively. Inclusive of the regulatory reserve set aside as at 30 September 2017, the Bank's coverage ratio would be at 148%.
- The Bank's capital position remains robust with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 12.9%, 13.3% and 15.3% respectively.

### Regional Contribution

- International operations accounted for 21.5% of the Bank's pre-tax profit in Q1FY18, led by steady recovery from Bank of Chengdu ("BOCD") during the quarter. Profit contribution from BOCD rebounded, improving 65.6% y-o-y to RM148 million in Q1FY18 and contributing 18.9% of the Bank's pre-tax profit.

**Business Outlook**

Mr. Domenic Fuda commented, “The Malaysian economy is expected to expand at a healthy pace supported by domestic demand and further improvement in the external macro environment. Correspondingly, loans and deposits are expected to continue its moderate growth trend moving forward on the back of a resilient macro landscape.”

“We will continue to pursue a digital transformation of the Bank which will include strengthening of our digital offerings and transformation of our products and services, in line with our strategy of being digital at the core and expectation of achieving operational excellence and productivity growth. Our focus is also to grow our domestic franchise and regional businesses by entrenching ourselves in the communities that we serve.”

-END-

**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. Hong Leong Bank, which has won awards for its innovations in the financial services space, also has one of the largest service and distribution network of branches and business centres in Malaysia.

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 and Hong Kong and wholly owned subsidiaries in Vietnam and Cambodia. In China, the Bank is a substantial shareholder in Bank of Chengdu Co., Ltd., Sichuan and in 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:**

Cairil Irwan  
Group Corporate Affairs & Public Relations  
DID: 03-2081 8888 ext 61915  
Email: CAPR@hongleong.com.my

**Investor Relations:**

Jason Teh  
Head, Corporate Finance & Investor Relations  
DID: 03-2181 2972  
Email: IR@hlbb.hongleong.com.my