

For Immediate Release**Hong Leong Bank announces full year results:
ACHIEVES RECORD NET PROFIT OF RM2,102 MILLION FOR FY14**

Kuala Lumpur, 26 August 2014 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the financial year ended 30 June 2014.

- ✦ ***Net profit after tax for financial year ended 30 June 2014 ("FY14") at RM2,102 million, a growth of 13.3% against the corresponding period last year ("FY13")***
- ✦ ***Gross Loans & Financing grew by 7.2% year-on-year ("y-o-y") to RM104.2 billion***
- ✦ ***Solid asset quality with Gross Impaired Loan Ratio at 1.18%***

Hong Leong Bank's Group Managing Director/ Chief Executive Officer, Mr. Tan Kong Khoon, commented, "We are pleased to announce a strong set of result for the FY14. Net profit after tax for the year surpassed the RM2 billion mark, a strong growth of 13.3%, led by growth in net interest income, improved operating efficiencies and higher profit contribution from associates."

"Key shareholder value indicators remain intact. Return on equity improved to 15.3% from 15.0% last year while earnings per share rose to 119 sen, up from 106 sen for the same period last year. Correspondingly, return on assets was further enhanced to 1.26%."

Sustained Profit Growth

- *Pre-provisioning operating profit* improved by 4.0% y-o-y to RM2,247 million in FY14, led mainly by growth in net interest income and lower operating expenses.
- *Net interest income* was higher by 4.5% to RM3,069 million, mainly driven by expansion in loan book as well as improved funding cost management.
- *Net interest margin* registered at 2.08% and 2.09% for FY14 and Q4FY14 respectively with active asset-liability management.
- *Non-interest income* was lower at RM970 million for the FY14, underpinned by lower gain from investment securities and foreign exchange.
- *Cost-to-income ratio* improved further to 44.4% in FY14 due to lower personnel as well as administration and general expense, reflecting our continued efforts in improving operating efficiencies, whilst investing for future growth.
- *Net credit charge* for the Group remained low at 5 bps for FY14.

Healthy Loan Growth from Core Segments

- *Gross loans and financing growth* registered a growth of 7.2% y-o-y for the financial year ended 30 June 2014, to RM104.2 billion, supported by growth in our core segments.
- *Retail segment* continues to be the key growth driver. *Residential mortgages* expanded by 14.0% y-o-y to RM39.0 billion while *credit card financing* grew by 2.5% against FY13 to RM4.2 billion.
- Growth in Business Banking segment was led by working capital loans which registered y-o-y growth of 3.7% to RM22.6 billion with trade loans up by 6.4% y-o-y to RM9.5 billion.
- In respect of customer segment, individual segment contributed 61.4% of total gross loan with healthy growth of 8.9% y-o-y. *Loans and financing to SME* continues to expand strongly, by 12.3% y-o-y to RM16.3 billion.
- Loans and financing from international operations expanded by 13.1% y-o-y to RM3.1 billion.

Healthy Funding and Liquidity Position

- Our funding and liquidity position remains stable and healthy, with *loans-to-deposits ratio* at 80.0%.
- *Total deposits* for FY14 expanded by 5.4% y-o-y to RM130.3 billion. CASA grew steadily by 6.5% y-o-y and CASA mix improved to 26.2%.
- Leveraging on the Group's strength in retail deposit franchise, Deposits from Individuals remained strong at RM66.7 billion with individual deposits mix at 51.2%, amongst the highest retail concentration in the industry.

Asset Quality Continues To Improve

- The Bank continues to improve and maintain its strong asset quality.
- *Gross impaired loans ratio* improved further to 1.18% as at FY14 through proactive credit and recovery management.
- *Loan impairment coverage ratio* at 128.9% in FY14, amongst the highest in the banking system.
- *Net credit cost* remained low at 5bps for FY14.

Capital Remains Healthy

- Capital levels were healthy with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* at 10.5%, 11.9% and 14.6% respectively, well above regulatory minimum.
- On 23rd of June 2014, the Bank has successfully completed its first Ringgit issuance of Subordinated Notes ("Sub-Notes") of RM500 million under its Multi-Currency Sub-Notes Programme of up to RM10 billion.

Strong Regional Contribution

- Profit contribution from international operations rose to 15.7% (13.2% in FY13) of the Group's pre-tax profit, with a strong growth of 29.2% y-o-y.
- Underpinned by its strong business growth, Bank of Chengdu ("BOCD") remains the key contributor with profit contribution grew 39.6% y-o-y to RM368 million for FY14 representing 14.1% of the Group's profit before tax.

Dividend

- The Board has recommended a final dividend of 26.0 sen per share for the full year results and this brings the total dividend to 41.0 sen for the FY14.

Business Outlook

Mr. Tan Kong Khoon commented, "The outlook of Malaysian economy remains favourable, driven by the improving exports, sustained domestic demand, moderating inflation and the gradual recovery of the global economy."

"For the next financial year, the Group will continue to focus on building its high performance growth and strengthen the foundations for sustainable profitability for our both domestic and regional businesses. This remains as an important agenda for us to enhance our income diversification through accelerating fee based activities and at the same time, earning customer advocacy through innovative solutions and embedding service excellence."

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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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