

For Immediate Release**Hong Leong Bank announces H1FY15 results:
NET PROFIT UP 3.2% TO RM1,099 MILLION**

Kuala Lumpur, 25 February 2015 - Hong Leong Bank Berhad ("Bank" or "Group"), (BM: HLBANK) today announced its results for the first half of FY2015, ended 31 December 2014 ("H1FY15").

- ✿ ***Net profit after tax for the second quarter ("Q2FY15") and six months ("H1FY15") ended 31 December 2014 grew 6.0% and 3.2% to RM552 million and RM1,099 million respectively, compared to the corresponding period last year***
- ✿ ***Gross Loans & Financing was 6.7% ahead year-on-year ("y-o-y") to RM107.3 billion***
- ✿ ***Solid asset quality with another record low Gross Impaired Loan Ratio at 0.98%***

Mr. Tan Kong Khoon, the Group Managing Director/ Chief Executive Officer of Hong Leong Bank's commented, "The year 2014 ended amidst weaker economic and business environment exacerbated by plunging oil prices, a depreciating Ringgit and slower capital market activities. Despite a challenging operating environment, the Bank continues to demonstrate resilience in its performance on the back of strong business fundamentals and prudent management."

"Net profit after tax for H1FY15 improved to RM 1.1 billion with return on equity remained strong at 14.7%, led by healthy growth in net interest income, improved asset quality and strong profit contribution from associates. The positive results reinforce the Group's commitment in delivering sustainable business and profitability growth."

Sustained Growth in Net Interest Income and Resilient Profit

- *Profit before tax* for Q2FY15 and H1FY15 rose 6.6% and 3.5% y-o-y to RM707 million and RM1,411 million respectively.
- *Pre-provisioning operating profit* was marginally lower at RM1,146 million in H1FY15, mainly due to softer treasury markets activities.
- *Net interest income* registered a healthy 8.1% growth to RM1,634 million, supported by expansion in loan book and securities portfolio.
- Coupled with well-managed funding costs, *net interest margin* for H1FY15 held up relatively well with a 2 bps improvement y-o-y to 2.06%, amidst persistent intense competition for both loans and deposits.
- The Group continues to focus on improving operating efficiencies whilst investing for business growth. Overall *operating expenses* were lower by 2.4% y-o-y to RM893 million with *cost-to-income ratio* at 43.8%.
- *Net credit charge* for H1FY15 was -13bps, led by a net write-back in individual assessment allowances.

Robust loan growth in Core Segments

- *Gross loans and financing* expanded by 6.7% y-o-y for H1FY15 to RM107.3 billion. Retail segment ("PFS") remained the key driver for the Group's loan growth, expanded by 9.3% y-o-y or 2.5% quarter-on-quarter ("q-o-q"). The core segment of *residential mortgages* soared to RM42.0 billion, up a robust 15.1% y-o-y and above industry growth. Transport vehicle loans gathered momentum with a slight growth of around 1.0%, both on y-o-y and q-o-q basis, to RM17.6 billion.
- In respect of customer segment, *individual segment* contributed 62.8% of total gross loan rising a healthy 9.9% y-o-y, whilst *loans and financing to SME* sustains its growth momentum at 9.9% y-o-y to RM16.8 billion.

Funding and Liquidity Position Supportive of Growth

- The Group continues to maintain healthy funding and superior liquidity position, supportive of business growth. The *loans-to-deposits ratio* of 81.3% remains one of the lowest in the industry.
- *Customer deposits* expanded by 4.9% y-o-y to RM132.0 billion as at Q2FY15. *CASA mix* was 25.8% and in line with industry average.
- The Bank's funding stability was well supported by retail deposits, represented by its individual deposits mix of 51.4%, amongst the highest retail concentration in the industry.

Asset Quality continues to excel; Capital Levels Remain Healthy

- Upholding the Bank's superior asset quality remains a key imperative whilst the asset quality indicators continue to outperform the industry.
- *Gross impaired loans ("GIL")* balance reduced by 21.6% y-o-y with *GIL ratio* improved significantly by 35bps to another record low of 0.98% in Q2FY15. *Loan impairment coverage* remained prudent and amongst the highest in the banking system, at 129.7%.
- *Capital levels* remained healthy with *Common Equity Tier 1*, *Tier 1* and *Total Capital Ratios* well above regulatory minimum, at 10.8%, 12.2% and 14.7% respectively.

Regional Contribution led by BOCD

- Total profit contribution from international operations accounted for 14.1% of the Group's pre-tax profit in H1FY15.
- Profit contribution from Bank of Chengdu ("BOCD") grew 6.7% y-o-y to RM183.8 million for H1FY15. BOCD remains a key contributor, contributing 13.0% of the Group's profit before tax.

Dividend

- The Board has recommended an interim dividend of 15.0 sen per share for the half-year interim results.

Business Outlook

Mr. Tan Kong Khoon commented, "Despite the prevailing external headwinds, Malaysian economy growth is expected to remain healthy albeit at a moderate rate on the back of resilient domestic demand. For the banking industry, intensifying competition for market share and liquidity in an increasingly regulated business environment will continue to put pressure on banks' margins."

"Our strategies remain unchanged. The Group remains highly focused on building a high performance business for sustainable profitability. We will continue to strengthen our domestic franchise and regional niche business, with a seamless omni-channel customer experience and delivering innovative solutions."

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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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