



For immediate release
(Embargoed until 5 pm)

10th May 2006

HONG LEONG BANK POSTED A STRONG PRE-TAX PROFIT OF RM 563 MILLION FOR IT'S NINE MONTHS RESULTS

Hong Leong Bank Berhad today announced a **pre-tax profit of RM 229 million** for the 3rd quarter ended 31st March 2006, **an increase of 23%** compared to the corresponding quarter in 2005. On a year-to-date 9 months ended 31st March 2006 period, **pre-tax was RM 563 million**.

Revenue for the first 9 months was **RM 1,180 million, up 7%** due to higher net income from continued loans growth and higher fees from trade related business, wealth management and Singapore branch corporate advisory activities.

On a quarter-on-quarter basis, loan loss provision for the 3rd quarter was lower at RM 52.5 million compared to the preceding 2nd quarter at RM 72.6 million. However on a year-to-date 9 months, loan loss provision was higher. This was due to the adoption of a more stringent provisioning formula on the vehicle collateral values of Hire Purchase non-performing loans in the last quarter.

Robust loans growth

Gross loan book grew by 9% (on annualised basis), from various segments. For the 9 months, loans for **Mortgages grew 16%, Credit Cards grew 12% and Hire Purchase grew 2%**. In line with our Bank's vision of offering innovative and value added products and services, we recently launched the MortgagePlus package which have fueled our mortgage loan growth. The Business segment continue to face competitive alternatives from the capital markets.

The Hong Leong Islamic Bank grew the financing business by 14% for the 9 months. This was supported by an increasing consumer awareness and demand for Islamic products. Islamic customers contributed to 13.9% of the group's gross loan and financing base.

Fee income – a growing contributor to our revenue stream

Our fee business continued to strengthen. The **fee to total income ratio improved from 23.7% in preceding quarter to 30.4% this quarter.**

This had been achieved through increased sales of our wealth management offerings of structured products & bancassurance, from our advisory and IPO placement activities through our Singapore branch and gains from our foreign exchange and trade related business.

Deposits – our franchise and customer value

We continue to be well supported on our liability franchise with **total deposits from customer base growing to RM 43.7 billion, up 9.5% from RM 39.9 billion** as of 30th June 2005. The Hong Leong brand and franchise value continues to be well supported from **individuals who make up about 60%** of the customer deposit base. Islamic customers contributed to 12.5% of the total group deposit base.

Our Overseas franchise – a growing regional presence

At present we have a branch each in Singapore and Hong Kong. Both these branches **contributed to about 8% of our pre-tax profits.** We have obtained BNM's approval to set up a branch in Vietnam and a representative office in Beijing. This is in line with our plans to expand our presence in the region.

Islamic Banking – building a strong Islamic business

Our Islamic business, conducted through the Hong Leong Islamic Bank registered a **healthy net profit before tax of RM46.8 million** for the financial period 31st March 2006 (9 months operation) and **contributed to 8% of total group pre-tax profits.**

We will continue to build on the complementary strengths from the parent bank and together with the Islamic bank, to forge a partnership to innovate, manufacture and provide a comprehensive range of Islamic offerings.

Approval to commence Takaful business

The Bank was granted BNM's approval to a license to operate the Takaful business on 2nd March 2006. The Takaful operation will start in last quarter of 2006. This will be a joint venture with Singapore based insurer Millea Asia Pte Ltd and Hong Leong Assurance Bhd. The Takaful business is in line with the Group's aspiration to provide a **holistic financial service** that includes emerging areas such as Takaful Islamic Wealth Management & Asset Management.

Improving loan quality and stringent loan loss provisioning

Asset quality continued to **strengthen** with increased emphasis on collection management. The net **NPL ratio improved to 3.7%** from 4.0% in the preceding quarter.

Strong capital position

On a group level, the **risk-weighted capital ratio stood at 17.36%**, down from 18.66% last December 2005, after payment of the interim dividend (9 sen).

Additionally, as part of capital management strategy, the Bank had to-date bought back a total of 63,542,500 shares or RM336 million, which is 4.0% of the issued and paid-up capital. None of the Treasury shares held have been sold nor canceled.

Earning per share for the 9 months period is at 26.6 sen (basic as well as fully diluted) versus 25.6 sen as of 31st March 2005.

Dividends declared

No dividends is declared for the 3rd Quarter.

For further details, visit www.hlb.com.my or www.bursamalaysia.com/website/listing/lcannounce/lca.htm

For further clarifications, please contact:

Mr. James Lim

Group Financial Controller

Tel : 03 2169 2822

Email : LimTO@hlbb.hongleong.com.my

Or

Mr Khaw Hock Lye

Asst. Manager, Branding & Communications

Tel : 03 2164 2828 (Ext. 8166)

Email: KhawHL@hlbb.hongleong.com.my