

Press Release

10 May 2007

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## **HLB NINE MONTHS NET PROFITS AT RM 447 MILLION, UP 10% YoY**

### **Sustainable, profitable growth continues**

The Hong Leong Bank Group delivered stronger net profits of RM 447 million for the nine months ended 31<sup>st</sup> March 2007, up 10% year-on-year against the corresponding period last year.

Shareholder value creation strengthened as earnings per share attributable to shareholders for the nine months rose 15% to 30.6 sen (corresponding period last year: 26.6 sen). Return on shareholder funds also improved to 13.4% for the nine months (corresponding period last year: 12.3%).

### **Quality top-line growth momentum**

The customer acquisition pace for quality top-line growth continued into the third quarter. Net loans, advances and financing stood at RM 30.5 billion (corresponding: RM27.2 billion), up 12% year-on-year.

Consumer financing in the chosen segments remained strong, with growth in loans to households outpacing that of industry by almost 2 times. This was powered by Mortgages (up 13% over the 9-month period) and Credit Cards (up 30% over the 9-month period). Personal lending as a new segment continued to grow well with customers. Commercial assets growth was however flat, in line with industry.

The Wealth Management business is shaping up well, with Assets under Management growing a

robust 26% since June 2006.

On the back of stronger key revenue drivers in place, net interest income grew 20% for the 9-month period.

Although other operating income appeared flat, when unrealised losses on the revaluation of securities were excluded, Non-Interest Income grew a healthy 14% over the 9 months. The non-interest-income growth was broad-based, with key expansions from the Credit Card business, Wealth Management, Transaction income, as well as from Forex and Trade activities.

The deposits business is a core franchise strength, with deposits from customers at RM 49.5 billion (corresponding: RM 43.7 billion), up 13% year-on-year.

### **Asset quality a Group mantra**

The quality of loan assets continued to improve with the gross NPL ratio declining to 4.1% (4.7% last Jun 06) and net NPL ratio at 2.2% (3.1% last Jun 06). Meanwhile, the loan loss coverage ratio has improved to 83.1% (66% last Jun 06).

### **Strong balance sheet & capital position**

Total assets grew 15.5% year-on-year to RM 72.8 billion (corresponding: RM 63.0 billion). The Bank remains highly capitalised at 13.15% and 16.72% for the core capital and total capital ratios respectively.

### **Upgraded bank rating**

Moody's announced on 4<sup>th</sup> May 2007, an improved rating for Hong Leong Bank. The bank financial strength rating (BFSR) was upgraded to C- from D+. The Global Local Currency Deposit Ratings assigned was A2/P-1. The foreign currency deposit rating was upgraded to A3/P-1 from Baa1/P-2. The foreign currency debt rating for subordinated obligations was upgraded to A3 from Baa2.

## Dividend

There is no recommended dividend for this quarter.

For further details, visit [www.hlb.com.my](http://www.hlb.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com)

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