

HLB's FULL YEAR PRE-TAX PROFIT AT RM 857MILLION, UP 12% YoY**Continuing our Business Transformation journey & profitable growth**

Full year profit rose 12% to RM 857 million. Profit was better by 19% quarter-on-quarter. On a year-to-year quarterly basis, profit improved by 20% at RM242 million, reflecting the Bank's sustainable and profitable growth.

Returns on average shareholder funds improved by 130 basis points to 13.8%. Earnings per share was up 16% to 42.4 sen and net asset per share rising to RM 3.18 from RM2.95 last year.

Our business transformation plan of investing for long term sustainable growth and prime value creation is yielding results. The year in review had been focused on building the growth drivers in our core businesses, namely Personal Financial Services, Wholesale Banking and the Islamic Financial Services Group. We have added new business capabilities to reach and better serve our customers through the roll-out of our new Hong Leong Online, commissioning of additional automated machines, upgrade of our full service call centre, new Priority Banking centres and upgrading of IT application infrastructure such as Murex, a treasury trading system.

Strong loan growth momentum

Total assets expanded by 18% with gross loans growing by 10%, outpacing the industry by 1.7 times resulting in market share expanding to 5.2%. This is fueled by strong growth in the consumer financing segment, from Mortgages, Credit Cards and Personal Lending. Commercial assets growth

remained flat, in line with industry while the Wealth Management business continued to shape up well, with Assets under Management growing strongly at over 20% since June 2006.

Powered by our strong loan growth, the net income was higher at RM 1,768.2 million or 8.4 % better than last year. The improved net interest income, despite the compressing margins in the market place, was on the back of improved interest margin of 2.01% (1.93% last year).

Total other operating income although flat, was higher by 7% if the gains from securities were excluded. The core traditional fee based income continued to grow from areas such as Credit Card commissions, Wealth Management fees, Trade Financing and advisory fees. .

Strong Asset quality

Asset quality remained sound. Gross NPL ratio improved significantly to 3.2% from 4.7% last year. Net NPL ratio at 1.9% versus 3.1% last year and this is less than half of the banking industry's net NPL of 4.1%. Loan loss coverage improved substantially to 86.6% as compared to last year of 65.9% and banking industry's average of 64.8%. HLB continued to be ranked amongst the best bank in terms of asset quality and loan loss coverage.

Strong Deposit Franchise

Total deposits grew 28% to RM 56.7 billion, reflecting our strong deposit franchise with the community and boosted the Bank's market share of deposits to 7.3% from 6.1% previously. Deposits from individuals continued to grow by another 11% while retail current and savings deposits expanded by 15%.

Strong Capital position

The Bank remains highly capitalized at 13.34% and 16.79% for the core capital and total capital ratios respectively. Treasury shares buyback was at 5.1% of total issued shares, up from 4.0 % last year.

Upgraded bank rating

Moody's upgraded our ratings on 4th May 2007. The bank financial strength rating (BFSR) was upgraded to C-. The global local currency deposit rating assigned was A2/P-1 and 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

A final dividend of 15.0 sen per share less income tax of 26% has been proposed for the current quarter, bringing the total dividend for the year to 24 sen.

For further details, visit www.hlb.com.my or www.bursamalaysia.com

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