

**HLB's FIRST QUARTER 07/08 PRE-TAX PROFIT AT RM 256 MILLION, UP
29% YOY**

Our Business Transformation & profitable growth journey

The first quarter pre-tax profit rose 29% YoY to RM 256 million. On a QoQ comparison against the previous quarter, pre-tax profit was higher by 6%. The profit improvement was delivered from the higher top-line revenue and low loan loss provisions, reflecting the Bank's sustainable and profitable growth path.

Annualized earnings per share for the three months improved to 52 sen, compared to 42.4 sen in the last financial year, while net asset per share rose to RM 3.31 compared to RM 3.18 last year. Returns on average shareholder funds also improved to 16% (annualized), compared to 13.8% reported in the last financial year.

" We have a business transformation plan in place of investing for long-term sustainable growth and prime value creation. We continue to work towards building the growth drivers in our core businesses, adding on new business capabilities to reach and better serve our customers, investing on upgrading of IT application infrastructures and building a talent pool of bankers " says Yvonne Chia, Group Managing Director.

The Bank recently announced the acquisition of a 19.99% stake in the equity of a Chinese bank in Chengdu City Commercial Bank Co Ltd. This step affirms the Bank's strategy to have a regional footprint and to tap into the growth economy of Western China.

Continued strong loans growth momentum

Gross loans growth was healthy, expanded by 1.2% from the previous quarter or growing 10% on a YoY basis from the corresponding quarter last year. Consumer loans, which make up 78% of total loan base, continued to drive the expansion, with strong growth registered in Mortgages, Credit Cards and Personal Lending, outpacing the industry growth. The Wealth Management business continued to pick up as well, with Assets under Management (Malaysian operations) growing strongly by over 16% from June 2007. The Commercial Assets growth remained challenging, in line with industry.

Driven by both strong loans growth and improved net interest margins, the net income was higher at RM 475 million or 12.6 % better than same period last year. The push for improved margins through acquisition of higher yielding assets and efficient management of deposit cost boosted the net interest margin.

Strong Asset quality and lower provisions

- The strong asset quality remained with gross NPL ratio improving to 3.1% (from 3.2% last June 2007).
- Net NPL ratio was at 1.8% (from 1.9% last June 2007).
- The Loan Loss coverage remained strong at 89.8%.
- Total NPL also fell to RM 1,019 million (from RM 1,033 million last June 2007).
- Apart from this, loan loss provisioning also fell to RM19 million from RM 53 million in the corresponding quarter last year.

Supported by Strong Deposit Franchise

The Bank continues to be well supported by a strong depositor base and embedment in the community, with total deposits at RM 51 billion. We have a stable base with the mix of the individual depositors making up 70% of the deposits.

Strong Capital position

The Bank's capital structure remains strong, with the risk-weighted capital ratio at 16.38%, up from 16.29% last June 2007, after deducting the proposed final dividend for the previous year. Treasury shares buyback was at 5.1% of total issued shares.

Dividend

The Board has not recommended any dividend for the 1st quarter interim results

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

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