Press Release 29 April 2008

HONG LEONG BANK NET PROFIT UP 36% YEAR-ON-YEAR

Increase in net profit of 36% Y-o-Y

Hong Leong Bank is pleased to announce a steady pace of sustainable, profitable growth with its latest set of financial result for the third quarter financial reporting ended March 2008.

The nine months net profit rose to RM 608 million, up 36% against RM 448 million for the same corresponding period last year. 3Q profits also surged by 39% against the same corresponding quarter last year.

Return on shareholders returns on an annualised basis moved up to 16.9%, compared to 13.8% reported for the whole 12 months as of June 2007. Earnings per share for the nine months improved by 37% to 41.9 sen (annualised 55.9 sen) compared to 30.6 sen (annualised 40.8 sen) for the same period last year. Similarly, net assets per share rose to RM 3.42 compared to RM 3.18 as of June 2007.

In review, the underlying business has been growing well, on the back of a growing loan base, strong non-interest income, rising assets under management, and improving net interest margins from better earning assets yields and effective cost of funds management.

"We continue to be cautiously optimistic on the outlook for the Bank despite the external head-winds from the US sub-prime issue and rising commodity prices. The Bank will remain sensible on our business growth, while maintaining continued vigilance on risk, growth and sustainability" remarks Ms Yvonne Chia, the Group Managing Director.

Highlights of the Group's nine months performance

- Net profit for the nine months expanded by 36% Y-o-Y to RM 608 million.

- Returns on average shareholder funds increased to 16.9% on an annualised basis, from 13.8% for FYE Jun 07.

- Earnings per share grew to 41.9 sen (annualised 55.9 sen) from 30.6 sen (annualised 40.8 sen) for the same period last year.

- 3Q return on assets improved by 27 basis points against the same period last year.

- Revenue growth was 2.5 times operating expense growth Y-o-Y, and cost-to-income ratio was 40.4% vs 42.3% for FYE Jun 07.

- Total net income for nine months was higher at RM 1,532 million, up 17% Y-o-Y. This was driven by a 16% growth in net interest income, 16% growth in net income from Islamic banking and 20% growth in other operating income (non-interest income).

- Net interest income expansion was driven by a combination of loans growth and margin enhancement from a proactive management of portfolio asset yields and cost of funds. 3Q net interest margin improved by 38 basis points vs the corresponding period last year.

- Non-interest income also showed improvements at RM 385 million or up 20% Y-o-Y, from improved earnings from core transactional sources, wealth management, trade finance, forex as well as advisory fees from the Singapore branch.

- Balance sheet grew 3.8% Q-o-Q to RM 70.4 billion.

- Gross loans grew 6.9% for the nine months or 10.3% Y-o-Y, faster than industry.

- Customer deposits grew 3.2% for the nine months or 3.9% Y-o-Y.

- Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.8% and 1.5%.

- Loan loss coverage expanded to 99.5%, up from 96.5% in 2Q.

- The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 15. 7%.

Underlying loan growth

The Bank's balanced growth strategy underpinned the loans growth in both the Personal Financial Services as well as Wholesale Banking segments. The strength in the Bank's consumer segment continued with housing loans financing growing by 13.3%, credit card receivables by 11% and personal lending by 91% over the nine months. Loans to domestic business enterprises, including corporates and SME expanded by 2.2% for the nine months.

The wealth management business, also driven via the boutique investment banking and private banking businesses out of the Singapore branch, and the Islamic Banking business are new growth areas for the Bank. To-date our Asset Under Management is at a size of over RM 16 billion.

Deposits a core franchise strength

The loyal base of customer deposits, which is strongly supported by individual savers, is testament to the strong franchise and its embedment in the community. Total deposits from customers are at RM 58.6 billion versus RM 56.4 billion as of March 07, or a growth of 4%.

Liquidity remains strong and healthy, and the loan to deposit ratio (including short-term corporate placements) stands at 59.4% or 75.5% (excluding short-term corporate placements).

Strong asset quality a continuing mantra in the Group

Asset quality remained strong, with the gross NPL ratio improving to 2.8%, down from 3.2% last June 2007. The net NPL ratio improved to 1.5% from 1.9% last June 2007. Total NPL also fell 6% to RM 969 million, from RM 1,033 million last June 2007.

The loan loss coverage was higher at 99.5%, versus 86.6% last June 2007.

Robust Capital Adequacy

The Bank's was able to maintain a strong capital adequacy ratio (RWCR) at 15.7%, and which is in compliance with the new Basel II capital adequacy framework.

Capital management via treasury shares buyback is ongoing, with 5.1% of total issued shares purchased.

Hong Leong Bank

Credit Rating Re-affirmed

The Bank had its RAM credit rating for its long and short term financial institution rating re-affirmed at AA2 and P1 while its subsidiary, Hong Leong Islamic Bank was newly rated, same as the mother bank at AA2 and P1.

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

For further clarification, please contact:

Kevin Soo
Finance & Performance Management Division
Tel : +603 2169 2447
Email : wksoo@hlbb.hongleong.com.my
or
Andrew Jong
Strategic Planning
Tel: +603 2169 2974
Email : jongak@hlbb.hongleong.com.my