

## 24% Profits Growth For First Half to Dec 2008

Hong Leong Bank Berhad is pleased to announce its financial results for the 1<sup>st</sup> half year ended 31 December 2008. Net profit after tax for 1<sup>st</sup> half year ended 31 December 2008 improved by 24% year-on-year to RM499.1 million. At pre-tax level, profit rose 20% year-on-year to RM 656 million, from RM 549 million for the same corresponding period last year.

Earnings per share for the 1<sup>st</sup> half year ended 31 December 2008 was up 24% to 34.5 sen (annualised 68.9 sen) compared to 27.7 sen (annualised 55.5 sen) for the same period last year.

### Highlights of the Group's financial performance

- § Pre-tax profit for 1H FY09 rose by 20% year-on-year to RM 656 million
- § Net profit after tax attributable to shareholders improved by 24% year-on-year to RM 499 million
- § Returns on average shareholder funds increased to 19.0% on an annualised basis, from 15.3% for financial year ended 30 June 08
- § Earnings per share grew 24% from 27.7 sen to 34.5 sen (annualised 68.9 sen)
- § Total net income grew 12% year-on-year to RM 1,114 million

- § Net interest income rose 6% year-on-year to RM 720 million
- § Non-interest income rose 30% year-on-year to RM 312 million
- § Revenue growth was 3.8 times operating expense growth year-on-year, and cost-to-income ratio was held steady at 39.0% for 1H FY09
- § Total assets grew 17.0% year-on-year to RM 79.3 billion
- § Gross loans grew 4.5% year-on-year to RM35.4 billion
- § Customer deposits grew 14.2% year-on-year to RM65.8 million
- § Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.4% and 1.3% from 2.9% and 1.6% in the corresponding period last year
- § Loan loss coverage expanded to 107% from 97% in the corresponding period last year
- § The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 13.81% ( after deduction of proposed dividend)
- § The share of profit from Bank of Chengdu Co., Ltd for the 1<sup>st</sup> half year ended 31 December 2008 amounted to RM 46 million, contributing 7% of overall group's pre-tax profit
- § International operations including the Group's branches in Singapore and Hong Kong as well as Bank of Chengdu Co. Ltd contributed 8.8% of pre-tax profits.

### Business prospects

"In the first half, in the Personal Financial Services segment, housing loans financing

grew by 6.4%, credit card receivables by 9.4% and personal lending by 49.1% as compared to a year ago. Loan growth in the Corporate and Commercial segment was flat after accounting for lumpy major repayments.

However, over the last few months, the leading indicators in the economy and sector suggest a weakening outlook going forward in tandem with developments globally. While the Group is resilient with strong liquidity and enjoys the confidence of depositors, customers, the authorities and shareholders, we acknowledge the headwinds and their impact to the financials in the coming quarters," commented Ms Yvonne Chia, Group Managing Director / Chief Executive.

"We will continue with the momentum of our investments in key areas. In the downcycle where there are also invariably various opportunities, we are optimistic that we can capture significant opportunities to strengthen and enlarge the franchise.

More importantly, we have been very active on the ground to help our customers cope with the changing times and the downcycle. We have also organised seminars to help our customers and the community better understand the impact of the softening outlook on their individual and business lives. These are important and will continue," Ms Chia added.

### Deposits continues to be a core franchise strength

Total deposit from customers grew to RM 65.8 billion or 14.2% year-on-year, reflecting the Group's strong deposit franchise with the community. Deposits from individuals continued to grow by another 7% while retail current and savings deposits also expanded by 6%. Fixed deposits from business customers grew 21% from June 2008.

## Strongly capitalised

The Group's capital position remains strong, with the risk-weighted capital ratio (RWCR) at 13.81% ( after deduction of proposed dividend of 9.0 sen).

## Hong Leong Bank Vietnam Limited

The Group is also pleased to announce that the State Bank of Vietnam has granted in December 2008 a license to HLB to incorporate and operate a 100% wholly-owned commercial bank in Vietnam. This marks the entry of HLB as the first Malaysian and Southeast Asian commercial bank into Vietnam as a 100% foreign-owned commercial banking entity.

## Dividend

The Board has recommended an interim dividend of 9.0 sen per share less income tax of 25% for the half-year interim results.

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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