

Loan Growth Rebounds to 8%

The third quarter ended March 2010 has seen an uptake in loan growth momentum. Loans growth rebounded to 8% year-on-year in March 2010, against 2.2% for the first six months ended December 2009.

“Lending to the corporate and commercial segment expanded 21% year-on-year, or 11% against the December 2009 quarter. This has been driven by an expansion in trade finance with recoveries in export. Working capital loans saw a 12% rise for the nine months to March 2010. Mortgages grew 6% year-on-year while unsecured lending including credit cards saw a 10% rise in receivables,” Ms Yvonne Chia, Group Managing Director / Chief Executive said, adding that growth was broad-based.

Ms. Chia went on to report that core deposits consisting of fixed deposits, current account and savings account deposits, as well as foreign currency deposit accounts expanded 6% overall. Growth in deposits continued to perform well, with current account deposits growing 23% while savings account deposits rose 9%.

Overall, net profit for the quarter improved by 10.3% when compared to the March 2009 quarter. The asset base expanded 3.8% year-on-year.

Highlights of the Group's financial and operating performance

- Profit after taxation for the quarter ended March 2010 increased by 10.3% as compared to previous corresponding quarter to RM228 million.
- Return on average shareholder funds remained resilient at 15.4% on an annualised basis, while total shareholder funds grew 9.9% year-on-year to RM 6.2 billion.
- Earnings per share on an annualised basis held steady at 63.2 sen.
- Net assets per share improved by 10% year-on-year to RM 4.28.
- Total net income for the quarter ended March 2010 increased by 3.5% to RM 508 million when compared to the March 2009 quarter.
- Net interest income for the quarter ended March 2010 increased by 3% to RM 337 million when compared to the March 2009 quarter.
- Net income from Islamic Banking business for the quarter ended March 2010 increased by 22% to RM 42 million when compared to the previous corresponding period.
- Cost-to-income ratio was 44.8% for the nine months ended 31 March 2010 as expenses grew 5.6% year-on-year.
- Total assets were RM 83 billion, against RM 80 billion last quarter.
- Gross loans grew by 7.9% year-on-year to RM 37.4 billion.
- Loans to individuals grew by 4.6% for the nine months to March 2010, while loans to domestic business enterprises expanded by 6% over the same period.

- Customer deposits held firm at RM 67.4 billion, up 1.9% quarter-on-quarter.
- Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.1% and 1.2% respectively from 2.5% and 1.4% against the corresponding period last year.
- Loan loss coverage expanded to 116.1% from 109.1% as at end June 2009.
- The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 15.11%.

Outlook

Overall, Ms. Chia is optimistic about the future and progress of the Group. “Domestic sentiments continue to improve and the underlying fundamentals provide good headroom support as we transition into a higher income economy. The economic environment remains conducive to growth, and we fully expect Hong Leong Bank’s growth momentum to continue as we forge both organic and inorganic growth opportunities.”

For further details, visit www.hlb.com.my or www.bursamalaysia.com, and for further clarification, please contact:

Premod Paul Thomas
Chief Financial Officer
Tel : +603 2169 2822
Email : premod@hlbb.hongleong.com.my

or

Andrew Jong
General Manager
Strategic Planning
Tel: +603 2169 2974
Email : jongak@hlbb.hongleong.com.my