

**Press Release**

**10 May 2011**

### **Third Quarter FY11 Profits Up 27%**

Hong Leong Bank Berhad (“Bank” or “Group”) is pleased to announce its financial results for the quarter ended 31 March 2011. The Group’s after-tax profit for the quarter ended 31 March 2011 grew by 27% to RM 290 million from the previous corresponding quarter. At the pre-tax level, profits rose by 36% to RM354 million compared against the corresponding quarter last year.

“The Group turned in a very strong set of results for the nine months ended 31 March 2011 with after-tax profit growing by 22% year-on-year to RM 838 million compared against the corresponding period last year.

All key business and growth drivers continue to be robust, and we are satisfied that the underlying operations remain sound to strongly support the growth opportunities,” commented Ms. Yvonne Chia, Group Managing Director / Chief Executive.

“The Bank’s track record of sustainably creating shareholder value remains firm, with return on average shareholder funds at 16.6% and annualised earnings per share at 76.9 sen. We remain well capitalised and highly liquid, and have ample capacity to continue to fund our organic growth trajectory,” added Ms. Chia.

### **Growth momentum continues for sustainable profit growth**

“Gross loans grew by 15% year-on-year, above the sector growth rate of 13%. Loans to domestic small and medium enterprises (SME) increased by 13% year-on-year while lending to other domestic business enterprises rose by 18%. The robust growth is underpinned by a 20% growth in working capital lending. Over the same period, retail loans to our individual customers grew 10% year-on-year. The lending growth traction has been satisfactory,” clarified Ms. Chia.

For the nine months to March 2011, the lending portfolio for the purchase of residential properties grew by 19%, above the sector growth rate of 10%, while the portfolio for the purchase of non-residential properties saw an increase of 18% compared to 16% for the industry. The auto loans portfolio saw an improved growth momentum, rising by 10% compared to the sector growth rate of 6%.

The Group’s strong liquidity franchise continues to be a hallmark with deposits growing by 7% against the corresponding period last year. Business deposits grew by 10% year-on-year, while retail deposits rose by 11%. Core deposits also saw a steady growth of 11%, above the industry growth rate of 9%. Retail deposits formed 53% of our total deposit mix.

Business segmental results improved in tandem. The segmental nine-month pre-tax profit of the Personal Financial Services division rose by 23% year-on-year and contributes 53% of bankwide profits. Profit contributions from Business Banking division and Global

Markets, the treasury division, remained resilient at 12% and 22% of bankwide profits respectively.

Hong Leong Islamic Bank Berhad, the Group's wholly-owned subsidiary, contributed 6% of the Group's pre-tax profits in the first half of the financial year. Profits from the Group's 20% shareholding in Bank of Chengdu Co., Ltd. grew 64% year-on-year to RM139 million for the nine months ended 31 March 2010.

### **Highlights of the Group's financial and operating performance**

- § Pre-tax profit for the quarter ended March 2011 increased by 36.3% as compared to previous corresponding quarter to RM354 million.
- § Net profit after tax attributable to shareholders grew 27% as compared to previous corresponding quarter.
- § Returns on average shareholder funds strengthened to 16.6% on an annualised basis, with total shareholder funds grew 14.1% year-on-year to RM7.1 billion.
- § Earnings per share on an annualised basis held steady at 76.9 sen, up 22% from 63.2 sen in the corresponding period last year.
- § Net assets per share improved by 14% year-on-year to RM 4.87 sen.
- § Total net income grew 12% year-on-year to RM 1,722 million.
- § Net interest income rose 11% year-on-year to RM 1,127 million.
- § Non-interest income rose 18% year-on-year to RM 450 million.
- § Cost to income ratio was satisfactory at 41.2%. The ratio of income growth to cost growth was 9.0 times.
- § Total assets grew 9% year-on-year to RM 90.9 billion.
- § Gross loans grew 15% year-on-year to RM42.8 billion.
- § Customer deposits grew 7% year-on-year to RM72.2 billion.
- § Gross impaired loan ratio improved further to 1.9% when compared to 2.1% in the previous quarter.
- § Loan loss coverage expanded to 129.5% from 117.4% as at end June 2010.
- § The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 14.1% (after deduction of the proposed dividend).
- § The share of profit from Bank of Chengdu Co., Ltd for the period ended 31 March 2011 amounted to RM139 million, contributing 13% of overall group's pre-tax profit.

## Business Outlook

Expressing optimism, Ms. Chia further commented “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.

Effective 6 May 2011, EON Bank group, consisting of EON Bank Berhad, EONCAP Islamic Bank Berhad and MIMB Investment Bank Berhad are now part of Hong Leong Bank group, following the successful acquisition of EON Capital Berhad’s assets and liabilities.

This brings opportunities for the combined Group to reassert our market positioning, expand our business reach, serve our customers and community, achieve greater economies of scale and efficiency, and increase our talent capacity for our domestic and regional aspirations.

We will leverage our collective strengths for value creation, growth and profitability”.

For further details, visit [www.hlb.com.my](http://www.hlb.com.my) or [www.bursamalaysia.com](http://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](mailto:premod@hlbb.hongleong.com.my)

or

Andrew Jong  
General Manager, Strategic Planning  
Tel: +603 2169 2788  
Email : [jongak@hlbb.hongleong.com.my](mailto:jongak@hlbb.hongleong.com.my)