

Shareholder Value Creation Expands

- *Net profit after tax of Hong Leong Bank Group for FY10/11 is RM 1.135 billion*
- *Net profit after tax of stand-alone Hong Leong Bank excluding consolidation of EON Bank Group results and merger related financials for FY10/11 is RM 1.168 billion, up 16% year-on-year*
- *Net profit after tax of Hong Leong Bank Group for Q4 FY10/11 is RM297 million*
- *Net profit after tax of stand-alone Hong Leong Bank excluding consolidation of EON Bank Group results and merger related financials for Q4 FY10/11 is RM 330 million, up 14% against Q3 FY10/11*
- *Gross loans at Hong Leong Bank (without accounting for EON Bank Group results) grew 16.5% year-on-year while gross loans at EON Bank Group grew 10.7% year-on-year as at 30 June 2011*

“We ended the financial year ended 30 June 2011 on a good note. Net profit after tax for the merged Group breached the RM 1.1 billion mark, closing at RM 1.135 billion.

On a stand-alone basis excluding merger financials and costs from the acquisition of EON Bank Group, Hong Leong Bank itself would have seen a net profit growth of 16% to RM 1.168 billion from RM 1.009 billion last year.

We took in some merger-related expenses this quarter amounting to RM 111 million which more than offset the RM 72 million profit contribution from the former EON Bank Group (“EBG”). Excluding merger-related financials and EBG profits, Hong Leong Bank itself would have rose 10% against the corresponding quarter last year and 14% against the third quarter this fiscal year. We are satisfied with the growth and performance momentum of the enlarged Group.” Ms. Yvonne Chia, Group Managing Director / Chief Executive remarked.

The performance on other key shareholder value indicators for the merged entity has been satisfactory as well. Earnings per share rose 12% to 78.1 sen, against 69.6 sen last year. Net assets per share improved by 14% to RM 5.13, against RM 4.49 last year. Returns on average shareholder funds was 16.2%.

The merger further galvanised value creation for shareholders as the share price ended at RM 13.38 as at 30 June 2011, up 56% against 30 June 2010.

ROA for financial year end was diluted to 1.0% (from 1.2% last year) mainly due to the timing of consolidation with EBG financials, with assets consolidated from EBG while accounting for earnings was recognised for only 54 days.

Further strengthened with the merger

“The financial year ended 30 June 2011 has been game-changing for Hong Leong Bank. The merger with the former EON Bank Group reconciles scale efficiency, market positioning and platform for greater, sustainable and profitable growth in a fast changing banking landscape and against a volatile, uncertain global economic outlook.

In this last quarter of the financial year, the results consolidate the performance of the former EON Bank Group from **6 May 2011**. The key takeaway for us has been our ability to come together quickly as a collaborative force to forge forward with the extraordinary twin demands of integration and preservation of our business and growth momentum – whilst keeping our eyes on quality of service and synergy to the customer.

And to this end, we successfully delivered Customer Day 1 in under 100 days, one of the fastest on record in the sector - so that customers can enjoy seamless banking across all 329 branches and over 1400 self-service terminals as they carry out their banking and account transactions with us. The plan and execution are both on track, and the performance of the last quarter was delivered against this backdrop. We have also today released the 100-day merger progress and achievement report, and a copy of the report can be downloaded at www.hlb.com.my,” commented Ms Chia.

“The gross loan book of the merged Group ended at over RM 84 billion, 2.2 times larger than a year ago. Stand-alone loan growth at Hong Leong Bank itself (without accounting for the former EBG) for the 12-month period was 16.5%, against industry’s 13.5%. As at 30 June 2011, EBG’s loan book rose 10.7% year-on-year. Since 6 May 2011, loan growth momentum is intact and if annualised, it translates into double digit percentage growth.

Deposits are now more than 1.6 times larger, at almost RM 115 billion for the merged Group. With the completion of the merger we now enjoy 9.5% of total deposits market share and 11.9% of deposits from individual customers. Customers continue to entrust more of their wealth to our safe custodianship. Now with our expanded network of 329 branches we are poised to further improve the service and convenience provided to our customers,” Ms Chia continued.

Summary highlights of the Group’s financial performance

Highlights	12-month Stand-alone HLB ex merger financials (FY10/11)	Change (FY10/11 Vs FY09/10)	Consolidated FY10/11 Hong Leong Bank Group including EBG financials consolidated from 6 May 2011 to 30 June 2011
Pre-tax Profit	RM 1,427 million	17.6%	1,412 million
PAT	RM 1,168 million	15.7%	1,135 million
ROSF	16.9%	+47 bps	16.2%
EPS	80.3	15.4%	78.1
ROA	1.3%	+5 bps	1.0%
Total Assets	RM 97,385 million	14.9%	RM 145,425 million
Gross Loans	RM 44,910 million	16.4%	RM 84,175 million
Deposits	RM 73,957 million	6.1%	RM 114,857 million
Cost-Income Ratio	42.3%	- 230 bps	47.4%
Gross Impaired Loans Ratio	1.43%	- 46 bps	2.24%
Net Impaired Loans Ratio	0.73%	- 21 bps	1.13%
Allowance Coverage	153.6%	+24%	119.0%
Credit Charge	0.3%	-	0.3%
Loan to Deposit Ratio (without Short Term Corporate Placement)	66.1%	- 70 bps	82.6%
Loan to Deposit Ratio (with Short Term Corporate Placement)	60.7%	+ 540 bps	73.3%
Risk-Weighted Capital (RWCR) ratio	14.05%	- 125 bps	13.86%

Regional profit contribution

Contribution from overseas branches and subsidiary amounted to 2.5% of Group pre-tax profit. The subsidiary in Vietnam made its maiden profit this year.

Contribution from the Group's strategic investment in Bank of Chengdu Co., Ltd ("Bank of Chengdu") amounted to RM 211 million. Bank of Chengdu is making confident strides and progress towards diversifying its earnings and risk profile in becoming a more market-oriented bank. As at 31 December 2010, its net profit crossed the RMB 1.6 billion mark from RMB 1.08 billion the previous financial year, up 50%, while total assets for Bank of Chengdu grew to RMB 151 billion. Deposits expanded 34% while loans grew 17%. Loan to deposit ratio for Bank of Chengdu was healthy at 55.4% and return on equity was 18%.

Hong Leong Bank remains committed to its regionalisation agenda and is optimistic on new opportunities in the region.

Business outlook

"The turn of global economic events in the last few weeks suggests continued, heightened uncertainties on macro-economic health in many parts of the world. While we expect Asia to remain resilient, we would not be entirely spared from external headwinds. But domestic consumption is holding up, so we are cautiously optimistic on the prospects going forward.

We remain committed and supportive of community business and customers. With the merger, HLB is on a firmer and stronger platform for the next level of growth," remarked Ms. Chia.

Dividends

A final dividend of 15.0 sen per share less income tax of 25% has been proposed for the current quarter, bringing the total dividend for the year to 24.0 sen.

The full financial statements for the Financial Year ended 30 June 2011 for Hong Leong Bank Berhad are available for download at www.hlb.com.my. The Group has also released a Merger Progress and 100-Day Achievement Report, and a copy may similarly be downloaded from www.hlb.com.my.

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