

Embargoed until 5.00 p.m., 08 November 2006

**PRE-TAX PROFIT AT RM18.9 MILLION, UP 10% FOR Q1 30 SEPTEMBER**

### Key Highlights

- **Strong capital ratio at 15.37%** for the Islamic Bank;
- The **financing book was firm at RM3.88 billion** compared with RM3.94 billion on 30 June 2006, with the slight decline resulting from our asset re-balancing strategy for the business in the first quarter of this financial year;
- The liabilities side of the balance sheet remains steady, with total **deposits at RM 5.36 billion**; and
- **Pre-tax profit of RM 18.9 million.**

### Strengthened Profitability

**Net profit before tax and zakat was RM 18.9 million** for the first quarter, ended 30 September 2006, up 10% from the corresponding quarter. The higher profit was delivered through a combination of:

- Higher income derived from investments from depositors and shareholders funds;
- Lower operating expenses due mainly to lower HP commission as a result of the portfolio re-balancing exercise; and
- Lower specific and general provisions.

**Asset quality remained sound** with the non-performing financing (NPF) ratio at 1.4%.

The Bank's **capital adequacy ratio stood at 15.37%** .

The Islamic Bank's operations continue to be strategically and tactically supported by the established infrastructure and business platform of the parent bank, Hong Leong Bank Bhd through a Shared Services Agreement.

## **Hong Leong Islamic Financial Services Group**

Hong Leong Islamic Financial Services Group, which comprises both Hong Leong Islamic Bank and the soon to be launched Hong Leong Tokio Marine Takaful will spearhead the development of the Islamic financial services opportunities for the Group.

The Group is **actively pursuing efficiency in its Islamic financial services franchise. Ongoing positioning efforts focused on infrastructure building and new capabilities for Islamic Investment Banking and Wealth Management in the Islamic Bank.** The Group's new Takaful subsidiary, Hong Leong Tokio Marine Takaful Bhd is expected to commence operations by the end of 2006.

Concurrently, the Group is defending and building its domestic core Islamic business in Financing and Deposit gathering. The Group is also considering various business modalities and options that would leverage on the recently announced tax benefits and incentives given to the Islamic banking and takaful industries.

For further details, visit [www.hlib.com.my](http://www.hlib.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com)

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