

28th Aug 2006

**HONG LEONG ISLAMIC BANK REPORTED PRE-TAX PROFIT OF RM62.4 MILLION
FOR ITS INAUGURAL YEAR ENDED 30th JUNE 2006.**

Key Highlights

- **Strong capital** ratio at **14%** for the Islamic Bank
- Total **assets grew 11%** to **RM 6.4 billion** from RM 5.8 billion on 1 July 2005, the 1st day as a full fledged subsidiary
- The **financing book grew by 16%** to **RM3.9 billion** from RM3.4 billion on 1 July 2005
- Total **deposit grew by 17%** to RM 5.7 billion from RM 4.9 billion on 1 July 2005, driven by retail deposits, Negotiable Islamic Debts Certificate (NIDC) and Special Investment Accounts (SIA)
- **Pre-tax profit of RM62.4 million.**

Islamic business delivered a healthy profit

Hong Leong Islamic Bank Berhad (HLIB), a subsidiary of Hong Leong Bank Berhad, posted a healthy **net profit before tax and zakat of RM62.4 million** in its inaugural year of operations as a full-fledged subsidiary.

The Islamic Bank operation is strategically supported by the established platform of the parent conventional bank. Through this arrangement, customers benefited from a complete financial offering of Islamic products and services and wealth management solutions.

Asset financing grew

For the year, HLIB's **total assets grew by 11% to reach RM6.4 billion**. The growth is attributed to higher Financing base recorded, which grew by 16% to reach RM3.9 billion. **Deposits grew 17% to a base of RM 5.7 billion.**

Asset quality remained sound with the non-performing financing (**NPF**) **ratio at 1.2%**, which is amongst the lowest in the industry.

The Bank's **capital adequacy ratio stood at 14%** against a minimum regulatory requirement of 8%.

Investment banking

Efforts to develop an Islamic Investment Banking franchise are well underway. Over the fiscal year, there has been meaningful progress in laying the infrastructure and foundation towards this new competence, particularly in the Debt Capital Markets (DCM) segment.

Takaful license

Bank Negara Malaysia on 30th January 2006 granted a **takaful license** to Hong Leong Bank (HLB), Hong Leong assurance (HLA) and Tokio Marine Asia Pte. Ltd (Tokio Marine) to form Hong Leong Tokio Marine Takaful Berhad (HLTMT). This together with HLIB will further strengthen our Islamic business model to offer a broader range of products and services.

For further clarifications, please contact:

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