Non-interest income boosts HLB pre-tax

HONG Leong Bank Bhd (HLB) announced yesterday a 41 per cent growth in pre-tax profit for its third quarter ending March 31 2005.

The pre-tax profit grew from RM401 million to RM565 million for the same corresponding period.

The bank attributed the strong pre-tax profit improvement to increase in non-interest income which was higher by 61 per cent, as well as lower loan loss provision which was favourably lower by 60 per cent.

Group managing director Yvonne Chia said the personal financial services segment continued to provide the growth impetus with increased sales in financial planning, wealth management and Islamic banking products.

Gross loans, advances and financing saw a positive growth of 11 per cent on an annualised basis from June 2004, primarily due to increase in mortgages, credit card and hire purchase portfolios.

The bank's loan to deposit ratio stood at 66.6 per cent. With continued trust from customers, the bank's deposit franchise remains strong and grew by 9 per cent on an annualised basis.

In March 2005, the bank successfully issued US$110 million (US$1 = RM3.80) of floating rate certificate of deposits, which was earmarked to fund its Singapore and Hong Kong branches growth.

"We continued to push for stronger fee earnings, with the bank's fee to total income ratio improving to 24.8 per cent for the nine-month ending March 31 2005, versus 16.2 per cent in the corresponding period.

"The higher fee earnings were achieved from our treasury, wealth management, business banking and Singapore branch fee income areas. We recorded a very promising growth of 61 per cent from RM170 million to RM274 million over the corresponding 9 months," she said in a statement released in Kuala Lumpur.

On its Islamic banking segment, the bank saw a 27 per cent rise in revenue to RM98 million compared with RM77 million over the corresponding nine months. This was fuelled by strong financing growth, principally from financing for cars and business and also from strong mobilisation of deposits.

Business banking continues to be challenging with strong competition but the bank continues to achieve an increase in trade financing.

The bank's asset quality continued to improve with the net non-performing loans to total loans ratio reducing to 4.7 per cent from 5.4 per cent as at June 2004. This was mainly due to the emphasis on prudent credit management and intensive collection efforts.

The bank is well capitalised with a risk-weighted capital ratio of 16.8 per cent, significantly above the minimum statutory requirement of 8 per cent.

As a measure to improve capital efficiency, the bank has to date bought back 42,883,100 shares, or RM 229 million, representing a total of 2.71 per cent of the issued and paid-up capital.

Earning per share for the reporting quarter was at 8.75 sen (basic as well as fully diluted) or 34.5 sen when annualised (June 04 - 24.5 sen). "It is not the policy to pay a dividend for this quarter," Chia said.

Barring unforeseen circumstances, HLB is optimistic of delivering better results in its financial year ending June 30 2005.

CHIA: 'HLB optimistic of delivering better results'

Note: Hong Leong Bank Berhad (HLB) is a customer of Profitera Corporation. As its evident from the article Profitera PowerCollect has helped to increase its profits by improving the collections process.