

**Financially Resilient,
Supporting Customers and Businesses
Profits grew 12% to RM 925 million for 9 months**

Hong Leong Bank Berhad is pleased to announce its financial results for the 9 months ended 31 March 2009. Net profit after tax for the 9 months ended 31 March 2009 improved by 16% year-on-year to RM 706 million. At pre-tax level, profit rose 12% year-on-year to RM 925 million, from RM 826 million for the same corresponding period last year.

Earnings per share for the 9 months ended 31 March 2009 was up 16% to 48.7 sen (annualised 64.9 sen) compared to 41.9 sen (annualised 55.9 sen) for the same period last year.

Satisfactory business results in this challenging market environment

“Hong Leong Bank has continued to post satisfactory results for the third quarter of its 2009 financial year despite the significant pressures on the economy and banking sector, in line with developments regionally and globally,” commented Ms Yvonne Chia, Group Managing Director / Chief Executive.

“The three consecutive cuts of the Overnight Policy Rate (OPR) totaling 1.50% between November 2008 and February 2009 directly compressed the net interest margin. Notwithstanding the interest rate cuts, the Hong Leong Bank franchise continues to be resilient, has sufficient earnings power and is positioned to emerge from the current downcycle stronger.”

“In fact, the Group is today well-positioned, with one of the highest liquidity and

capitalisation ratios in the sector. Coupled with a good asset quality (among the two lowest NPL ratios among local banks) and full-fledged commercial banking capabilities, the Group has the financial flexibility to grow and take advantage of market opportunities during these times.”

“The Group has transformed its domestic operations ahead of this downcycle and built to a higher level of scale and capacity over the last few years. The next phase in this challenging climate is to continue growing revenue, pursue operational excellence and increase productivity, whilst enlarging market share and targeting new markets, new segments, new customers and new technologies,” Ms Chia added.

Business outlook, supporting customers and businesses

“The leading indicators for growth in the bank moderated significantly over the last two quarters. External demand continues to be very weak in a global recession. The sales momentum has weakened in tandem.

But Hong Leong Bank’s capital and liquidity levels are strong. We continue to be active lenders in every segment, every sector in the market. And today, borrowing costs for customers are very low and supportive for the financing needs of both individual and business customers.

We hope that with the Government’s fiscal stimulus programme and the accommodative monetary environment, demand conditions should improve in the second half of 2009,” Ms Chia further commented.

For the 9 months to March 2009, the growth in the Personal Financial Services segment has been broad-based. Mortgages grew 3% (of which residential property loans grew 4.1%) while credit card receivables expanded 3.2%. Personal lending was up 12.6%. Quarterly segmental profit from the Personal Financial Services business was up 7.3%

when compared to the same corresponding period last year.

HL Markets, the Group's Treasury business continued to deliver and sustain a growth in profits by expanding its segmental pre-tax profit by 19.2% year-on-year for the 9 months to March 2009. Non-interest income from HL Markets rose 69% year-on-year. Forex profit was up 39% year-on-year.

The Corporate and Commercial segment has been more challenging as the Group's loan base has been mainly for the provision of working capital to businesses. Working capital loans in the Group contracted 10% quarter-on-quarter. This mirrored industry trends where the sector's working capital loan base contracted more than RM 5 billion between September 2008 and February 2009. Similarly, the trade finance base contracted on a year-on-year basis, broadly in line with sector trends where the sector's trade bills fell 11% between September 2008 and February 2009. The Corporate and Commercial loan segment was also affected by repayments.

"The Group continues to ensure that access to financing remains available for business customers and SMEs. Hong Leong Bank has approved more than RM 2 billion in loans for new commercial and SME business customers since July 2008. We will continue to make good loans to help boost economic recovery.

We support the moves by the Government and Bank Negara Malaysia to enhance access to financing. The SME Assistance Guarantee Scheme, the Working Capital Guarantee Scheme and the Industry Restructuring Financing Guarantee Scheme will go a long way to help our customers.

As the country and our communities face these unprecedented economic and market changes, we at Hong Leong Bank remain committed to supporting our customers and businesses," Ms Chia added.

Highlights of the Group's financial performance

- Pre-tax profit for the 9 months ended 31 March 2009 rose by 12% year-on-year to RM 925 million
- Net profit after tax attributable to shareholders strengthened by 16% year-on-year to RM 706 million
- Returns on average shareholder funds increased to 17.5% on an annualised basis, vs 15.3% for the financial year ended 30 June 2008
- Earnings per share grew 16% from 41.9 sen to 48.7 sen (annualised 64.9 sen)
- Total net income grew 5% year-on-year to RM 1,605 million
- Net interest income rose 2% year-on-year to RM 1,048 million
- Non-interest income rose 15% year-on-year to RM 441 million
- Revenue growth was 2.2 times operating expense growth year-on-year, and cost-to-income ratio was held steady at 40.7% for the 9 months ended 31 March 2009
- Total assets grew 13.8% year-on-year to RM 80.1 billion
- Loans growth was relatively flat year-on-year, with gross loans as at 31 March 2009 at RM 34.6 billion
- Customer deposits grew 14.3% year-on-year to RM 66.9 billion
- Liquidity remained strong, with the loan-deposit ratio at 51.7% vs 56.7%

- The Group is highly capitalised, with the risk-weighted capital ratio (RWCR) at 15.3% and core capital ratio at 15.2%
- Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.5% and 1.4% from 2.8% and 1.5% in the corresponding period last year
- Loan loss coverage expanded to 104% from 100% in the corresponding period last year
- International operations including the Group's branches in Singapore and Hong Kong as well as share of profits from Bank of Chengdu Co., Ltd. contributed 10 % of pre-tax profits.

Deposits continue to be a core franchise strength

Total deposit from customers grew to RM 66.9 billion or 14% year-on-year, reflecting the Group's strong deposit franchise as a local embedded bank and customer confidence in the Group. Deposits from individuals continued to grow by another 7% while retail current and savings deposits also expanded by 7%. Fixed deposits from business customers grew 36% from June 2008.

The strong deposit growth has enabled the Group to remain highly liquid with a loan-deposit ratio of 51.7%.

Strongly capitalised

The Group's capital position remains strong, with the risk-weighted capital ratio (RWCR) at 15.3%.

For further details, visit www.hlb.com.my or www.bursamalaysia.com

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