Press Release 11 November 2008

29% Profits Growth, Strong Balance Sheet

29% growth in profits, shareholder value creation improves

With a strong balance sheet, Hong Leong Bank continues its steady pace of sustainable, profitable growth with its latest set of financial results for the 1st quarter ended 30 September 2008.

1st quarter net profits after tax and attributable to shareholders improved by 29% year-on-year to RM242 million. On a pre-tax basis, profit rose 24% year-on-year to RM 316 million, from RM 256 million for the same corresponding period last year.

Earnings per share for the 1st quarter was up 28.5% to 16.7 sen (annualised 66.8 sen) compared to 13.0 sen (annualised 52.0 sen) for the same period last year. Returns on average shareholder funds also improved to 18.6% (annualised), compared to 15.3% reported for the whole 12 months as of June 2008. Net assets per share rose to RM 3.67 compared to RM 3.51 as of June 2008.

Operating profitability has been satisfactory and resilient, supported by a strong balance sheet, higher and diversified earnings from the current operations, low credit charge and efficient cost structure.

The Bank is also pleased to announce the first equity accounting results of its share of profits from its 20% shareholding in Bank of Chengdu Co., Ltd. (formerly known as Chengdu City Commercial Bank Co., Ltd.) amounting to RM27.5 million. The investment in Bank of Chengdu Co., Ltd. will shape Hong Leong Bank as a regional player, and over time will be an increasing contributor to our international profits as well as diversify the bank's earning streams.

Highlights of the Group's financial performance

§ Pre-tax profit for 1st quarter FY09 expanded by 24% year-on-year to RM316 million

§ Net profit after tax attributable to shareholders improved by 29% year-on-year to RM242 million

§ Returns on average shareholder funds increased to 18.6% on an annualised basis, from 15.3% for financial year ended 30 June 08

§ Earnings per share grew from 13.0 sen to 16.7 sen

§ Total net income grew 16% year-on-year to RM 550 million

§ Net interest income rose 7% year-on-year to RM 357million

§ Non-interest income rose 45% year-on-year to RM 150million

§ Revenue growth was 4 times operating expense growth year-on-year, and cost-to-income ratio was held steady at 39.5% for 1st quarter FY09

§ Total assets grew 23.7% year-on-year to RM 76.9 billion

§ Gross loans grew 8.8% year-on-year

§ Customer deposits expanded 26.1% year-on-year

- Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.3% and 1.3% from 3.1% and 1.8% in the corresponding period last year

- Loan loss coverage expanded to 109%

- The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 14.1%

Strong asset quality

Asset quality remained strong, with the gross NPL ratio improving to 2.3%, down from 2.4% in June 2008. The net NPL ratio also improved to 1.3% from 1.4% in June 2008.

The loan loss coverage was also higher at 109.0%, versus 103.8% in June 2008.

Deposits a core franchise strength

The Bank continued to be well supported by a strong depositor base and embedment in the community, with total deposits at RM 64 billion versus RM 51 billion as of September 2007, or a growth of 26.1%. The contribution from individual depositors continued to be significant at 65% (when corporate money market placements are excluded).

Strongly capitalised

The Bank's capital position remains strong, with the risk-weighted capital ratio (RWCR) at 14.1% after accounting for the investment in Bank of Chengdu Co., Ltd..

Underlying loan growth

The strength in the Bank's consumer segment continued with housing loans financing growing by 7.3%, credit card receivables by 10.5% and personal lending by 69.8% as compared to a year ago. Lending to the domestic business segment including SMEs remained stable.

Market outlook

"Hong Leong Bank is highly capitalised with ample liquidity, and the high confidence of customers and depositors in the bank remains intact. The 1st quarter results demonstrate that the financial position of the bank remains resilient and sound," says Ms Yvonne Chia, Group Managing Director.

"For more than a year, we have been taking a series of proactive and pre-emptive measures to address the direct and indirect risks arising from the adverse developments and volatility in the international financial markets. We remain very cautious on the outlook going into 2009. And we will stay prudent and continue to support key measures and access to financing during these difficult times to sustain economic activities in the country."

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

For further clarification, please contact:

Bridget Lee

Finance and Performance Management

Tel : +603 2169 2872

Email : bridgetlee@hlbb.hongleong.com.my

or

Andrew Jong

Strategic Planning

Tel: +603 2169 2974

Email : jongak@hlbb.hongleong.com.my