

Most Improved Quarter for 2009, Growing New Platforms Regionally

"As we completed the first quarter ending September 2009 of FY10, the pace of recovery in the global economic environment remains patchy. While it appears that the worst is behind us, the world's real economy has some way to go before we see a sustained pick-up in growth and wealth creation.

Against this backdrop, Hong Leong Bank Berhad's ("Bank", "Group" or "HLB") latest results for the first quarter of FY10 are satisfactory. The Bank's performance this quarter is the best in three quarters, in this 2009 calendar year. While we are cautiously optimistic of the outlook going forward, we are very positive on the prospects of the Bank," reports Yvonne Chia, Group Managing Director / Chief Executive.

"We see signs that the Malaysian economy will be more vibrant in the second half of FY10, and we are well-positioned to take advantage of this upside potential," Ms. Chia continues.

Highlights of the Group's financial and operating performance

- § Pre-tax profit for 1st quarter of FY10 increased by 39% quarter-on-quarter ("q-o-q") to RM 289 million.
- § Net profit after tax attributable to shareholders increased by 18% q-o-q to RM 234 million.
- § Returns on average shareholder funds remained resilient at 15.9% on an annualised basis.

- § Earnings per share on an annualised basis held steady at 64.7 sen.
- § Total net income increased 3.7% q-o-q to RM 512 million.
- § Net interest income increased 9.8% q-o-q to RM 335 million.
- § Non-interest income increased by 0.05% q-o-q to RM 129 million.
- § Cost-to-income ratio was 41.1% for the 1st quarter of FY10.
- § Total assets were RM 77 billion.
- § Gross loans grew by 0.4% year-on-year (“y-o-y”) to RM 36 billion.
- § Customer deposits held firm at RM 63.7 billion.
- § Gross non-performing loan (NPL) ratio and net NPL ratio decreased to 2.2% and 1.2% respectively from 2.3% and 1.3% against the corresponding period last year.
- § Loan loss coverage expanded to 115.0% from 109.1% as at end FY09.
- § The Group's capital position remained strong, with the risk-weighted capital ratio (RWCR) at 15.3%.

Profit contribution from Bank of Chengdu Co., Ltd.

Bank of Chengdu Co., Ltd. contributed RM 31 million in share of profits for the quarter ending September 2009. Bank of Chengdu Co., Ltd. is making good progress to transform itself into a more market-oriented bank by strengthening its risk and technology infrastructure and expanding into consumer banking, treasury and SME banking.

Key corporate activities for first quarter ending September 2009

1. Hong Leong Bank Vietnam Limited opens for business

Hong Leong Bank Vietnam Limited (“HLBVN”) officially opened for business on 8 October 2009 in Ho Chi Minh City, Vietnam. The Group became the first and only Malaysian and Southeast Asian bank and one of only five licensees to open a wholly-owned, full-fledged commercial banking subsidiary in Vietnam. HLBVN commenced operations with 1 trillion Vietnam Dong of charter capital.

2. Proposed Joint Venture between Hong Leong Bank and Bank of Chengdu to Operate a Licensed Consumer Finance Company in China

The Bank had, on 2 November 2009, entered into a joint venture agreement with Bank of Chengdu Co., Ltd (“BOCD”) to form a joint venture company to be known as Sichuan Jincheng Consumer Finance Limited Liability Company (“JV Co”) to operate a licensed consumer finance company in Chengdu, Sichuan, China (“Proposed JV”).

HLB will have 49% equity interest whilst BOCD will have the balance 51% equity interest in the JV Co. The JV Co’s business will principally be in consumer financing. The registered capital of the JV Co shall be RMB 320 million (approximately RM 160 million) and HLB’s contribution shall be RMB 156.8 million (approximately RM 78.4 million), which will be financed from internally generated funds.

3. Hong Leong Bank and China Development Bank enter into a Finance Development Co-operation Agreement

On 28th October 2009, Hong Leong Bank Berhad signed a Finance Development Co-operation Agreement (“Co-operation Agreement”) with China Development Bank Corporation (“CDB”). This sets the platform for the HLB Group, including its subsidiary Hong Leong Islamic Bank Berhad (“HLISB”) and CDB to collaborate and co-operate with

each other in various areas including funding, financing opportunities, currency swaps, personnel exchange and training as well as information exchange.

4. Approval to open a Limited Purpose Branch in Singapore

The Group recently received approval from the Monetary Authority of Singapore to open a Limited Purpose Branch (“LPB”) in Singapore. The LPB is expected to open in the Integrated Resort on Sentosa by the first quarter of 2010. The LPB will carry out foreign exchange and remittance services.

The Group is also seeking to establish an Islamic Branch in Singapore to expand the scope and widen the reach of its Islamic financial services franchise. The Group currently has a single branch, HL Bank Singapore in the island republic.

Credit ratings upgraded

RAM Ratings on 4 November 2009 upgraded the ratings for Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad as follows:

Type of Rating	Long-Term Rating	Short-Term Rating	Rating Outlook
Hong Leong Bank Berhad			
Financial Institution Ratings	AA ₁	P1	Stable
Hong Leong Islamic Bank Berhad			
Financial Institution Ratings	AA ₁	P1	Stable

“The ratings, the best of all mid-size local commercial banks, demonstrate the quality of the Group’s franchise and performance,” commented Ms. Chia.



A growing quality banking brand – awards and recognitions

In September 2009, Hong Leong Bank was named the Best Domestic Provider of FX Services in Malaysia as voted by Financial Institutions in the Asiamoney FX Poll 2009. The Asiamoney FX Poll 2009 is its largest ever annual FX Poll which culls responses from a wide variety of financial institutions.

Hong Leong Bank was also recognised as one of Malaysia's top companies in The Wall Street Journal Asia's "Asia 200 Most Admired Companies" in an awards ceremony in Beijing on 28th October 2009.

"Hong Leong Bank was ranked in the Top 5 for the Financial Reputation category and among the Top 10 for the Corporate Reputation category, and the Bank is delighted and honoured to have been recognised by The Wall Street Journal Asia as one of Malaysia's Top 10 companies overall," said Ms. Chia.

For further details, visit www.hlb.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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