



Hong Leong Bank Berhad (97141-X)

A Member of the Hong Leong Group

**ANNUAL
REPORT
2009**

OUR VISION

AN OUTSTANDING
FINANCIAL SERVICES
ORGANISATION,
HIGHLY COMPETITIVE
AND PROFITABLE,
WHERE PEOPLE MAKE
THE DIFFERENCE.

CHAIRMAN'S STATEMENT



“On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Hong Leong Bank Group (“Group”) and Hong Leong Bank (“Bank”) for the year ended 30 June 2009 (“FY09”).”

FY09 was unprecedented for we started and ended the year with starkly different worlds with different financial and economic realities. To many investors and customers, banking is the worldwide industry that failed in 2008. The costs of this failure have been and will be massive for years to come. The re-building of banks and confidence will take time.

We are in this business of banking. Although the banking sector in Malaysia and the Group weathered the storm with relative resilience through these tumultuous times, we have to face up to the repercussions of the structural changes that are sweeping through the global financial system.

We owe you, our shareholders and owners a fiduciary duty and are obliged not to fail you. The scale of value and wealth destruction has been unprecedented in our time. The global financial services industry lost more than half its market capitalisation value in 2008, effectively wiping out all shareholder value that has been created in the last 5 years.

As we look back at 2008, the credit crisis from sub-prime credit losses in August quickly led to concurrent crises in capital and liquidity. Write-offs eroded capital bases and insolvency risks significantly reduced borrowing ability and the willingness to trade. LIBOR spreads reached historic highs while equity prices collapsed.

Banks also became too afraid to lend to each other and the short-term interbank market froze up, causing a series of insolvencies among institutions that rely on short-term wholesale funding. It was as much a crisis of confidence as it was one of credit, capital and liquidity. The crises spread globally through the interlinked capital markets and changed the entire system. 2008 ended with never before seen government intervention across every sector and industry all over the world.

2009 arrived with a globally mediocre and bleak outlook. Malaysia’s macro-economic environment deteriorated in tandem with the sharp global downturn. The country’s growth turned negative and

GDP shrank 6.2% in the first quarter of 2009. Official estimates predict the GDP to contract by as much as 5% in 2009.

It is against this intensely volatile context that the Group's financial and franchise performance over FY09 is to be measured.

You will see that our financial performance in FY09 was steady. It demonstrates the Group's vision and reputation as a prudent custodian of deposits and a preferred investment for shareholders, through the vicissitudes of market risk cycles. The continuity of owners and management, strength of governance and management as well as the confidence of the community in the franchise as a trusted, quality bank are key pillars of the franchise's resilience, defensiveness and sustainability.

Resilient Performance through Highly Difficult and Challenging Times

In spite of the challenging conditions, we ended FY09 with a satisfactory and commendable set of financial results. We avoided pitfalls, steered through extreme market conditions and preserved the franchise through a severe downturn.

Unlike the damage to shareholder value in many other banks in the recent past of 2008, the Group saw a meaningful consolidation in our core segments and sustained the pace of value creation for shareholders.

The Group's pre-tax profit ended at RM 1.13 billion for its full financial year results ended 30 June 2009. After-tax profit grew RM 163 million, up 22% year-on-year.

Returns on average shareholder funds (ROSF) advanced by 140 basis points to 16.7%, compared to 15.3% reported for the whole 12 months last financial year. Return on assets (ROA) improved from 1.0% to 1.2% against the same period.

Net assets per share rose by 45 sen to RM 3.96 compared to RM 3.51 as of June 2008. Earnings per share (EPS) expanded by 22% to 62.5 sen compared to 51.2 sen last financial year.

Total assets expanded 2.5% year-on-year to RM 79.4 billion. Customer deposits grew 8% year-on-year to RM 67.6 billion, underscoring the Group's strong deposit franchise. The strong deposit growth has enabled the Group to remain highly liquid with a loan-deposit ratio of 52.7%.

Gross loans closed relatively flat at RM 35.6 billion for FY09. The Group continues to ensure that access to financing remains available for individual and business customers. We are highly supportive of the moves by the Government and Bank Negara Malaysia to enhance access to financing. As the country and our community face these difficult times, we at Hong Leong Bank remain deeply committed to supporting our customers and businesses.

The revenue challenge over FY09 was a testing one, fraught with 3 interest rate cuts that took rates to historic lows in the country, an unabated and relentless price war in the market and the challenge of growth drivers falling into the negative territory.

Non-performing loan ("NPL") formation risks heightened over the financial year and potentially posed a significant downside risk to earnings in the sector. In FY09, despite running against severe headwinds in the real economy, the gross NPL and net NPL ratios decreased to 2.2% and 1.3% respectively in FY09, from 2.4% and 1.4% last year.

The Group's capital position remained strong, with the

risk-weighted capital ratio ("RWCR") at 16.0%, up from 15.9% last year. The Group's high capitalisation level shows our prudence and capital policy in maintaining high economic capital buffers and safeguards for customer and franchise protection. At the end of the day, we maintain capital availability at certain levels against our risk appetite, balanced with future growth needs and potential returns drag as well capital flexibility and capacity for enterprise growth plans (organic and inorganic).

The philosophy of banking that has always been guiding and carrying the Group through both good and bad times is well intact - a well capitalised balance sheet, a strong liquidity and deposit franchise, strategic asset-liability management, prudent risk management, a strong credit mantra, simple and back-to-basics products and services, as well as quality reputation and market confidence. More importantly, this requires the professional will by a Management that focuses on building long-term Prime Value and does not sacrifice the sustainability of the franchise for short-term profits.

These are the ingredients that galvanise the long-term strategic resilience of the Group.

Managing Confidence and Branding Over an Uncertain and Volatile Period

For many years now, long before corporate social responsibility (CSR) was promulgated into guidelines for companies to follow, the Hong Leong Group had in place internal best practices to ensure the economic sustainability of its businesses.

Economic sustainability as a key tenet of the Group's CSR philosophy is well embedded in the Group and is even more pronounced in its significance during difficult times. It is about having an established discipline and structure on financial management to preserve the quality of the business as a going concern and enterprise risk management to prevent defaults from fundamentally damaging enterprise value. A strict code of business conduct and ethics, compliance and controls alongside the strict practice of responsible selling and marketing of products and services especially wealth management products are also key aspects behind the Group's

practices. The unwavering focus on these practices guided the Group well through the challenging times and extreme conditions of the financial year.

FY09 financial performance exceeded market forecasts. The expansion in EPS was 15% ahead of consensus estimates by market analysts.

The Group's stock price enjoyed premium valuations during the worst of the crisis and was one of the most defensive banking stocks not just in the country but also in Asia. From September to December 2008, at the peak of the crisis the Group's stock price outperformed the KLCI (KLCI was down 20.3% relative to a 11.3% decline's of the Bank's stock price over the same period) despite the intense battering of bank stocks globally and regionally.

Hong Leong Bank in Pursuit of Prime Value

"Prime Value is the intrinsic value placed by the market on a business based on various factors including the business's scalability, resilience, sustainability, brand recognition, transformational growth and global competitiveness"

Hong Leong Group Malaysia

The financial results of FY09 and market confidence in the Group clearly tested the viability and sustainability of the Business Transformation Programme of 2005-8. Our track record and global reputation for shareholder value creation remain intact.

The strong growth of deposits of 8% in FY09 is underpinned by the support of the community to the Group as a trusted and embedded bank. It reflects the solid confidence of our customers in entrusting their wealth to our custodianship. Deposits by individuals already place us among the top 3 commercial banks for retail deposit garnering. This has always been a core philosophy of the Group, unlike many banks which were hurt by their heavy reliance on wholesale funding during the crisis.

Through the downturn, the Bank's credit ratings were affirmed by Fitch Ratings in December 2008, RAM Ratings in March 2009 and Moody's in July 2009, all with a stable outlook. The ratings were predicated on the Bank's robust financial position, particularly its strong capital position and low and well-reserved NPLs which should help to buffer the Bank against

the more challenging operating conditions ahead. Other credit strengths include the Bank's well-regarded franchise, sturdy funding and liquidity position. The ratings are the strongest of all mid-size commercial banks and were among the top 3 of local commercial bank ratings.

In July 2009, The Wall Street Journal Asia's "Asia 200 Most Admired Companies" survey, a yearly survey of their subscribers and businesspeople ranked Hong Leong Bank among Malaysia's top 10. The Bank was one of three banks in the top 10 list and the only mid-size bank to be recognised. The Bank was also ranked among the top 5 in the Financial Reputation category and among the top 10 for Corporate Reputation.

"Malaysia's Most Valued Brands 2008", an independent evaluation by Interbrand and 4A's again ranked Hong Leong Bank among the top 10 most valuable brands in the country for the second consecutive year, with a brand value of RM 3 billion. That valuation places Hong Leong Bank as a pure banking franchise more than four times larger than the fourth and fifth largest financial services groups in the country.

Further Expansion towards Regional Embedment

The State Bank of Vietnam, in December 2008 granted a license to the Group to incorporate and operate a 100% wholly-owned commercial bank in Vietnam. The Group became the first and only Malaysian and South East Asian bank to obtain such a license, and one of only five licensees to have obtained this type of license thus far. With a full-fledged commercial banking license, we aim to embed Hong Leong Bank Vietnam Limited ("HLBVN") in the Vietnamese economy, market and community. In July 2009, HLBVN was legally incorporated and business operations will commence by the last quarter of 2009.

The Group's acquisition of a 20% equity interest in Bank of Chengdu Co., Ltd. (formerly known as Chengdu City Commercial Bank Co. Ltd.) was another first, namely the first strategic investment by any Malaysian bank into the Chinese banking sector. In FY09, this strategic investment contributed its maiden share of RM 99 million to the Group (as a share of profit after tax of equity accounted associated company in the income statement).

Both investments, alongside the branches in Singapore and Hong Kong are part of the Group's long term goal of establishing a bigger presence in Asia.

Other Corporate Moves

On 8 April 2009, the Group entered into a sale and purchase agreement ("SPA") with HLA Holdings Sdn Bhd ("HLAH") for the disposal of its entire shareholding of 55,000,000 ordinary shares of RM1.00 each in Hong Leong Tokio Marine Takaful Berhad ("HLTMT"), representing 55% of the issued and paid-up share capital of HLTMT to HLAH for cash.

The Group is a 64%-owned subsidiary of Hong Leong Financial Group Berhad ("HLFG") and HLAH is a wholly-owned subsidiary of HLFG. This rationalisation will better enable the Bank to focus on its core business of banking services.

The consideration for the transaction will be based on the net assets of HLTMT as at the last day of the calendar month on which all the conditions precedent under the SPA have been fulfilled and/or waived or such other date as may be agreed by the parties.

The transaction is subject to all requisite regulatory approvals being obtained.

Dividends

The Board is proposing a final dividend of 15.0 sen per share less tax of 25%, payable on 17 November 2009 subject to the approval by shareholders in the coming Annual General Meeting. Subject to the approval, total dividends in respect of the financial year ended 30 June 2009 would be 24.0 sen per share.

Responding to Market Changes

The Group is today well-positioned. With a top-tier liquidity and capitalisation strength, a sound and diversified asset portfolio, sustainable earning power, a regional footprint and full-fledged commercial banking capabilities, we have the financial and management flexibility to grow and take advantage of opportunities that arise from market dislocations during these uncertain times. It is from a position of strength that we look with guarded optimism into the new financial year of 2010.

We remain cautious on the credit outlook. As an export-

led economy, we are very much integrated into the shape and pace of the global and regional economic recovery. I would say we were prepared for this crisis but we cannot be complacent and be caught on the back foot. Central to this is our core role of being a prudent custodian of our customer's deposits and a responsible credit provider to individuals and businesses.

A closer examination of the potential future sources of systemic risks will bring forth new opportunities to transform the sector for a more sustainable long-term growth in both the financial and real economies. Unlike many other financial systems where pricing and credit spreads widened considerably to adjust for economic and default risks, the narrower margins and price war in our local industry will continue to pressure the revenue line. We must remain vigilant of this pricing and risk-reward imbalance.

The current economic and financial crisis has structurally altered the global financial system. The social contract between society and banks is now even more strict and under greater scrutiny.

That means we must expect to see increased government

intervention, tighter and higher regulatory standards, a re-definition of the role of financial institutions and banks as well as their changing roles and dynamics with capital market players, rating agencies, supranational bodies, consumers and accounting bodies. It will take years to work through the crisis, continuously adjust to the landscape changes, restore confidence in banking and create conditions for renewed growth and wealth creation.

Some models of financial institutions expired during the crisis. Just as the economics of all businesses were turned upside down by the crisis, we are challenged as a Group and Bank to respond to a variety of near term outlook and long-term scenarios. It is too premature to speculate on what the lasting landscape changes are from the unwinding of global imbalances, a new environment of tighter credit and lower economic growth, increased intervention and the shadow of the state as well as diminished pace of globalisation.

One thing is for certain - we must adapt and transform our business model all over again and identify new sources of

growth and manage new risks. A new vision is required and this will dominate our strategic agenda and conversations going forward.

We can be opportunistic, create or enter new markets and segments and grow new business lines through new talents and skill sets, all from a position of strength to secure our options for the future.

I therefore remain confident and positive of the Group's prospects. With the support of my fellow Board of Directors, colleagues and Management team, I believe we can build on the heritage of Hong Leong Bank in the community. We continue to embed the franchise across the region and meaningfully power up our pace towards our Vision of becoming an outstanding financial services organisation, highly competitive and profitable, where people make the difference.

Note of Appreciation

On behalf of the Board of Directors, I would like to express my gratitude to our customers, business partners and shareholders for their continuous support and confidence in the Group. A special note of appreciation

goes to the Management team and all the staff members of the Group for their vision, unwavering passion and dedication, integrity, service and hardworking professional discipline.

My sincere thanks also go to Bank Negara Malaysia, the Ministry of Finance, Government agencies and regulatory authorities for their invaluable assistance, support, guidance and counsel.

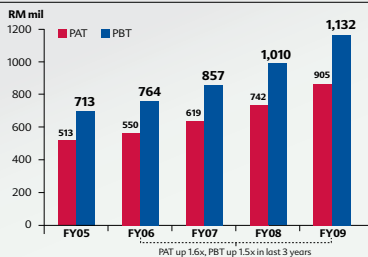
Quek Leng Chan
Chairman
 16 September 2009

FINANCIAL HIGHLIGHTS

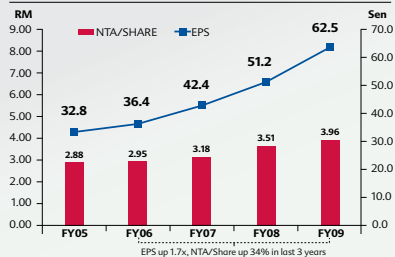
Group	June 05 RM Million	June 06 RM Million	June 07 RM Million	June 08 RM Million	June 09 RM Million
Total Assets	57,710	60,596	71,424	77,461	79,405
Net Loans	25,583	28,619	31,655	34,534	34,795
Customers Deposits	39,916	44,276	56,719	62,548	67,583
Pre-tax Profit	713	764	857	1,010	1,132

Bank	June 05 RM Million	June 06 RM Million	June 07 RM Million	June 08 RM Million	June 09 RM Million
Total Assets	57,761	55,139	66,161	69,993	70,733
Net Loans	25,578	24,671	27,966	30,306	30,938
Customers Deposits	39,991	39,059	51,873	56,467	59,719
Pre-tax Profit	1,521	697	759	949	886

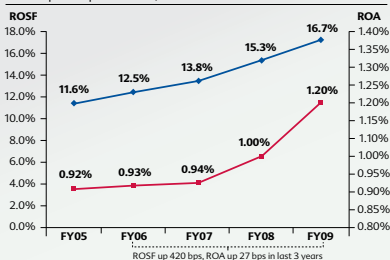
Resilient, Satisfactory Profitability through Difficult Financial Year PAT up 22%, PBT up 12% y-o-y



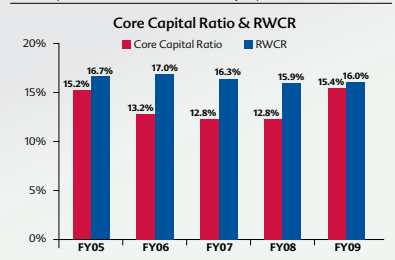
Intrinsic Value of Bank Strengthens EPS up 22% to 62.5 sen, NTA per share up 13% to RM 3.96



Shareholder Value Creation Intact ROSF up 140 bps to 16.7%, ROA > 1% at 1.2%



Strong Capitalisation for Growth and Economic Buffers Core Capital Ratio and RWCR at industry top-tier levels



PAT – Profit After Tax | PBT – Profit Before Tax | EPS – Earnings Per Share | NTA – Net Tangible Assets | ROSF – Return On Shareholder Funds | ROA – Return On Assets | RWCR – Risk Weighted Capital Ratio | Y-O-Y – Year-On-Year | BPS – Basis Points

BALANCE SHEETS

as at 30 June 2009

	Note	The Group		The Bank	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	3	18,343,622	22,264,674	15,820,913	20,392,853
Securities purchased under resale agreements		-	972,742	-	972,742
Deposits and placements with banks and other financial institutions	4	5,417,120	2,137,640	5,291,952	2,137,640
Securities held at fair value through profit or loss	5	7,058,396	4,856,645	5,095,423	3,976,030
Available-for-sale securities	6	4,103,431	5,829,084	3,570,387	5,004,554
Held-to-maturity securities	7	6,355,027	3,002,401	6,228,404	2,875,444
Loans, advances and financing	8	34,795,414	34,534,024	30,938,086	30,306,207
Other assets	9	1,198,162	1,881,660	1,477,380	2,098,308
Statutory deposits with Bank Negara Malaysia	10	368,564	1,315,464	322,500	1,170,500
Investment in subsidiary companies	11	-	-	575,746	592,041
Investment in associated company	12	1,045,285	-	946,505	-
Prepaid lease payments	13	6,185	6,269	5,311	5,386
Property and equipment	14	312,838	290,318	297,012	274,239
Intangible assets	15	29,548	33,262	28,213	31,509
Deferred tax assets	16	153,613	173,153	134,681	155,303
General and family takaful funds	17	217,337	163,869	-	-
Total assets		79,404,542	77,461,205	70,732,513	69,992,756
Liabilities					
Deposits from customers	18	67,583,357	62,547,947	59,719,145	56,466,660
Deposits and placements of banks and other financial institutions	19	2,404,159	6,372,576	2,374,159	5,593,576
Bills and acceptances payable		251,386	411,183	235,253	300,703
Other liabilities	21	2,393,344	2,090,609	2,327,155	2,010,521
Subordinated obligations	22	729,566	671,750	729,566	671,750
General and family takaful funds	17	8,278	3,232	-	-
General and family takaful participants' funds	17	209,059	160,637	-	-
Taxation		48,541	70,033	27,947	26,413
Total liabilities		73,627,690	72,327,967	65,413,225	65,069,623
Equity					
Share capital	23	1,580,107	1,580,107	1,580,107	1,580,107
Reserves	24	4,852,809	4,208,474	4,438,233	4,042,067
Less: Treasury shares	25	(699,052)	(699,041)	(699,052)	(699,041)
Minority interest		42,988	43,698	-	-
Total equity		5,776,852	5,133,238	5,319,288	4,923,133
Total equity and liabilities		79,404,542	77,461,205	70,732,513	69,992,756
Commitments and contingencies	37	78,269,435	81,641,545	77,177,218	80,675,167

INCOME STATEMENTS

for the financial year ended 30 June 2009

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income	26	2,930,792	3,064,105	2,937,002	3,064,785
Interest expense	27	(1,577,672)	(1,684,946)	(1,579,883)	(1,688,293)
Net interest income		1,353,120	1,379,159	1,357,119	1,376,492
Income from Islamic Banking business	28	176,341	160,044	-	-
		1,529,461	1,539,203	1,357,119	1,376,492
Non-interest income	29	569,511	479,137	511,537	501,067
		2,098,972	2,018,340	1,868,656	1,877,559
Overhead expenses	30	(876,555)	(848,762)	(806,030)	(786,194)
Operating profit before allowances		1,222,417	1,169,578	1,062,626	1,091,365
Allowances for losses on loans, advances and financing	31	(156,714)	(158,527)	(143,297)	(141,335)
Allowance for impairment losses		(32,934)	(1,009)	(32,934)	(1,009)
		1,032,769	1,010,042	886,395	949,021
Share of results of associated company	12	99,462	-	-	-
Profit before taxation and zakat		1,132,231	1,010,042	886,395	949,021
Taxation and zakat	34	(227,606)	(268,181)	(226,717)	(252,491)
Net profit for the financial year		904,625	741,861	659,678	696,530
Attributable to:					
Equity holders of the Bank		905,335	741,818	659,678	696,530
Minority interest		(710)	43	-	-
		904,625	741,861	659,678	696,530
Earnings per share for profit attributable to ordinary equity holders of the Bank (sen):					
- basic/fully diluted	35	62.5	51.2	45.5	48.1
Dividend per share (net)*:					
- interim dividend of 9.0 sen (2008: 9.0 sen) less tax at 25% (2008: 26%)		6.8	6.7	6.8	6.7
- final dividend of 15.0 sen (2008: 15.0 sen) less tax at 25% (2008: 26%)		11.3	11.1	11.3	11.1
		18.1	17.8	18.1	17.8

* Dividends recognised as distributions to equity holders during the financial year

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-eighth Annual General Meeting of Hong Leong Bank Berhad (“Bank”) will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 27 October 2009 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the year ended 30 June 2009.
2. To declare a final dividend of 15 sen per share less income tax of 25% for the financial year ended 30 June 2009 as recommended by the Board of Directors of the Bank. **(Resolution 1)**
3. To approve the payment of Directors’ fees of RM560,000 for the year ended 30 June 2009 (2008: RM520,000), to be divided amongst the Directors in such manner as the Directors may determine. **(Resolution 2)**
4. To re-elect the following retiring Directors:-
 - (a) Mr Chew Peng Cheng **(Resolution 3)**
 - (b) Ms Yvonne Chia **(Resolution 4)**
 - (c) YBhg Dato’ Mohamed Nazim bin Abdul Razak. **(Resolution 5)**
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Bank and authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

As a special business, to consider and, if thought fit, pass the following motions as Ordinary Resolutions:-

6. Authority To Directors To Issue Shares

“**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Bank, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Bank for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Bank.”

(Resolution 7)

7. Proposed Shareholders’ Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad (“HLCM”) and Persons Connected with HLCM

“**THAT** approval be and is hereby given for the Bank and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(A) and (B) of the Bank’s Circular to Shareholders dated 5 October 2009 (“the Circular”) with HLCM and persons connected with HLCM, as set out in Appendix II of the Circular provided that such transactions are undertaken in the ordinary course of business, on arm’s length basis and on commercial terms which are not more favourable to the related party than those generally available to and/or from the public and are not, in the Bank’s opinion, detrimental to the minority shareholders; AND THAT the Directors of the Bank be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Bank at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Bank after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.”

(Resolution 8)

8. Proposed Shareholders’ Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Investment Holdings Pte Ltd (“HLIH”) and Persons Connected with HLIH

“**THAT** approval be and is hereby given for the Bank and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(C) of the Bank’s Circular to Shareholders dated 5 October 2009 (“the Circular”) with HLIH and persons connected with HLIH, as set out in Section 2.2 of the Circular provided that such transactions are undertaken in the ordinary course of business, on arm’s length basis and on commercial terms which are not more favourable to the related party than those generally available to and/or from the public and are not, in the Bank’s opinion, detrimental to the minority shareholders; AND THAT the Directors of the Bank be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Bank at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Bank after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.”

(Resolution 9)

9. Proposed Renewal Of The Authority For The Purchase Of Own Shares By The Bank

“**THAT** subject to the Companies Act, 1965 (the “Act”), rules, regulations and orders made pursuant to the Act, provisions of the Bank’s Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Main Market Listing Requirements”) and any other relevant authority, the Directors of the Bank be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Bank’s issued and paid-up share capital on Bursa Securities subject further to the following:-

- (a) the maximum number of shares which may be purchased and/or held by the Bank shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Bank (“Shares”) for the time being;
- (b) the maximum fund to be allocated by the Bank for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Bank. As of 30 June 2009, the audited retained profits and share premium of the Bank were RM2,136.1 million and RM539.7 million respectively; and
- (c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting (“AGM”) of the Bank, unless earlier revoked or varied by ordinary resolution of the shareholders of the Bank in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the Main Market Listing Requirements or any other relevant authority;

AND THAT the Directors of the Bank be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

AND the Directors of the Bank be and are hereby authorised to deal with any Shares so purchased and any existing treasury shares (“the Said Shares”) in the following manner:-

- (i) cancel the Said Shares;
- (ii) retain the Said Shares as treasury shares;
- (iii) retain part of the Said Shares as treasury shares and cancel the remainder;
- (iv) distribute all or part of the Said Shares as dividends to shareholders, and/or resell on Bursa Securities and/or cancel all or part of them,

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements and any other relevant authority for the time being in force **AND THAT** the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Bank.”

(Resolution 10)

10. To consider any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the final dividend only in respect of :

- (a) shares transferred into the depositor’s securities account before 4.00 p.m. on 3 November 2009 in respect of ordinary transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHRISTINE MOH SUAT MOI (MAICSA No. 7005095)

Secretary

Kuala Lumpur

5 October 2009

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Bank and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Bank. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
- 2. The Form of Proxy must be deposited at the Registered Office of the Bank at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.

SPECIAL BUSINESS

3. **Ordinary Resolution 7 On Authority To Directors To Issue Shares**

The proposed Ordinary Resolution, if passed, will give a renewed mandate to the Directors of the Bank to issue ordinary shares of the Bank from time to time provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Bank for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Bank.

As at the date of this Notice, no new shares in the Bank were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 October 2008 and which will lapse at the conclusion of the Sixty-Eighth Annual General Meeting.

The Renewed Mandate will enable the Directors to take swift action in case of a need for corporate exercises or in the event business opportunities arise which involve the issue of new shares and to avoid delay and cost in convening general meetings to approve such issue of shares.

4. **Ordinary Resolutions 8 & 9 On Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

The proposed Ordinary Resolutions, if passed, will empower the Bank and/or its subsidiaries ("HLB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for HLB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Bank's opinion, detrimental to the minority shareholders of the Bank.

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 5 October 2009 which is dispatched together with the Bank's 2009 Annual Report.

5. **Ordinary Resolution 10 On Proposed Renewal Of The Authority For The Purchase Of Own Shares By The Bank**

The proposed Ordinary Resolution, if passed, will empower the Directors to exercise the power of the Bank to purchase its own shares ("Proposed Share Buy Back") by utilising its financial resources not immediately required. The Proposed Share Buy Back may have a positive impact on the market price of the Bank's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Bank.

Please refer to the Share Buy-Back Statement dated 5 October 2009 which is dispatched together with the Bank's 2009 Annual Report for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements)

• **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming Sixty-eighth Annual General Meeting of the Bank.

THE VALUE OF HERITAGE

THE POWER OF VISION

BUILDING UPON THE
STRENGTH OF THE NATION





FORM OF PROXY

I/We _____
of _____
_____ being a member/members of HONG LEONG BANK BERHAD,
hereby appoint _____
_____ of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixty-eighth Annual General Meeting of the Bank to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 27 October 2009 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is to vote either on a show of hands or on a poll as indicated below with an "X":

RESOLUTIONS		FOR	AGAINST
1.	To declare a final dividend of 15 sen per share less tax		
2.	To approve the payment of Directors' fees		
3.	To re-elect Mr Chew Peng Cheng as a Director		
4.	To re-elect Ms Yvonne Chia as a Director		
5.	To re-elect YBhg Dato' Mohamed Nazim bin Abdul Razak as a Director		
6.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Bank and authorise the Directors to fix their remuneration		
Special Business			
7.	To approve the ordinary resolution on authority to Directors to issue shares.		
8.	To approve the Proposed Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and Persons Connected with HLCM.		
9.	To approve the Proposed Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Investment Holdings Pte Ltd ("HLIH") and Persons Connected with HLIH.		
10.	To approve the Proposed Renewal Of The Authority For The Purchase Of Own Shares By The Bank.		

Dated this day of 2009

Number of shares held _____

Signature of member _____

Notes:-

- If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
- If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
- A proxy need not be a member of the Bank and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Bank.
- A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Where a member of the Bank is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Bank standing to the credit of the said securities account.
- In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.
- In the event two (2) proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

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AFFIX
STAMP

The Company Secretary
Hong Leong Bank Berhad
(Company No. 97141-X)

Level 8, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

1st Fold Here



To : Corporate Branding & Communications
 Hong Leong Bank Berhad
 Level 3A, Wisma Hong Leong
 18 Jalan Perak
 50450 Kuala Lumpur
 Malaysia

Homepage : www.hlb.com.my
 Contact person : Ms Allison Wong
 Email : YMWong@hlbb.hongleong.com.my
 Telephone No. : 603-2164 2828 (ext 8819)
 Facsimile No. : 603-2164 1607

Please send me a printed copy of Hong Leong Bank Berhad 2009 Annual Report.

Name of Shareholder :
 I.C./Passport/Company No. :
 CDS Account No. :
 Correspondence Address :

 Telephone No. :

Signature of Shareholder

.....
 Date

Note to Shareholders :

The printed copy of the Annual Report will be forwarded to you within 4 market days from the date of receipt of your request.

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AFFIX
STAMP

Corporate Branding & Communications

Hong Leong Bank Berhad

(Company No. 97141-X)

Level 3A, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

1st Fold Here

How to run the CD-ROM

- * Insert the CD-ROM drive

For PC user

- * Double click on 'My Computer'
- * Double click on CD -ROM drive
- * Double click on icon marked 'Hong Leong Bank Berhad 09 AR'

For Mac user

- * Double click on 'Hong Leong Bank Berhad 09 AR'
- * Double click on icon marked 'Hong Leong Bank Berhad 09 AR'

Minimum system requirements

- * Windows 95™ or later
- * Pentium II processor recommended
- * 32MB RAM or more
- * Power Macintosh and above
- * 32MB RAM or more

Application requirements

- * Adobe® Acrobat® Reader™ 7.0 or later

Note:

This application is available in the CD-ROM under the directory 'INSTALL or SETUP.'

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