

## CONTENTS

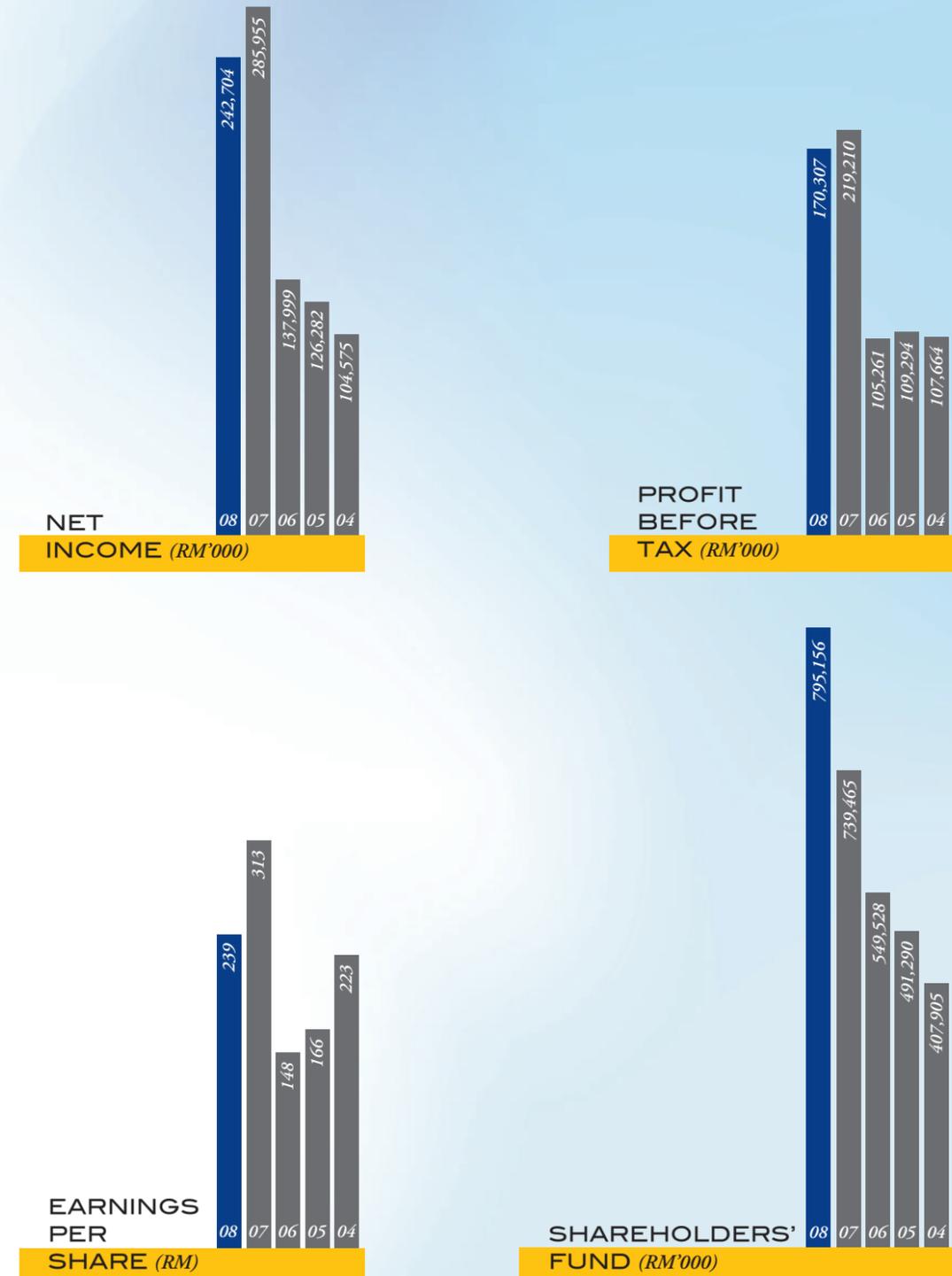
2		Five Years Financial Highlights
4		Profile of the Board of Directors
8		Chairman's Statement
14		Management Team
18		Corporate Highlights
24		Departmental Review
29		Products & Services
32		Corporate Governance Statement
43		Audit Committee of the Board
46		Risk Management Committee of the Board
48		Group Nomination Committee
50		Group Remuneration & Establishment Committee
52		Risk Management
58		Shareholder
59		Aseambankers' Group Structure
60		Malaysian Economic Review & Outlook

## STATUTORY STATEMENT OF ACCOUNTS

64		Director's Report
69		Statement by Directors
70		Statutory Declaration
71		Report of the Auditors
73		Balance Sheet
74		Income Statements
75		Consolidated Statement of Changes in Equity
77		Cash Flow Statements
79		Notes to the Financial Statements

	2008	2007	2006	2005	2004
GROSS INCOME (RM'000)	488,211	496,676	254,764	234,602	202,710
NET INCOME (RM'000)	242,704	285,955	137,999	126,282	108,135
PROFIT BEFORE TAX (RM'000)	170,307	219,210	105,261	109,294	107,664
TOTAL ASSETS (RM,000)	8,456,997	9,377,315	4,593,228	4,349,175	4,029,018
LOANS & ADVANCES (RM'000)	88,160	142,353	173,575	211,256	211,776
SHAREHOLDERS' FUND (RM'000)	795,156	739,465	549,528	491,290	407,905
CORE CAPITAL RATIO (%)	27.86	24.71	38.34	33.72	21.84
RISK WEIGHTED CAPITAL RATIO (%)					
CREDIT RISK	107.32	60.89	97.54	39.36	26.34
CREDIT AND MARKET RISK*	27.86	24.71	40.59	37.24	-
NET TANGIBLE ASSETS (NTA) PER SHARE (RM)	15.87	14.76	10.97	9.80	8.14
EARNINGS PER SHARE (SEN)	239	313	148	166	223

\*The Bank Negara Malaysia Guidelines on Market Risk Capital Adequacy Framework is effective from April 1, 2005.



**TAN SRI MOHAMED BASIR  
BIN AHMAD**

*Non-Independent  
Non-Executive Chairman*

*Date of Appointment*  
September 28, 1993

*Age*  
70 years

*Qualification*  
Bachelor of Arts (Hons) (University Malaya)  
Advanced Management Program  
(Harvard Business School, USA)  
Fellow of Malaysian Institute of Bankers  
Doctorate of Commercial Science (Hons)  
(Oklahoma City University, USA)

*Chairman*  
Malayan Banking Berhad (Maybank)  
Mayban Fortis Holdings Berhad  
PT Bank Maybank Indocorp  
PhileoAllied Securities (Philippines) Incorporated  
Maybank Philippines Incorporated  
MNI Holdings Berhad

*Other Directorship*  
Jernih Rimbun Sdn Bhd  
Malaysia-Philippines Business Council  
Maybank Education Foundation

*Experience*  
Previously attached to Bank Negara Malaysia  
and retired as an Adviser before appointed as  
a Director/Chairman of Maybank in 1993.

**DATO' SRI ABDUL WAHID  
BIN OMAR**

*Non-Independent Non-Executive Director  
Chairman of Credit & Underwriting Review Committee*

*Date of Appointment*  
July 9, 2008

*Age*  
44 years

*Qualification*  
Fellow of the Association of Chartered  
Certified Accountants (UK)  
Member of MIA

*Other Directorship*  
Malayan Banking Berhad (Maybank)  
Bursa Malaysia Berhad  
Perbadanan Usahawan Nasional Berhad  
Mayban Fortis Holdings Bhd

*Experience*  
Prior to joining the Maybank Group,  
he was the Group Chief Executive Officer  
of Telekom Malaysia Berhad since July 1, 2004.  
He was formerly the Managing Director/  
Chief Executive Officer of the UEM Group  
Berhad and UEM World Berhad as well as the  
Executive Vice Chairman of PLUS Expressways  
Berhad. Prior to his stint at UEM Group, he served  
Telekom Malaysia Berhad as the Chief Financial  
Officer in 2001. He previously served as a Director  
of Group Corporate Services cum Divisional  
Director, Capital Markert and Securities Amanah  
Capital Partners Berhad, Chairman of Amanah  
Short Deposits Berhad as well as a Director of  
Amanah Merchant Bank Berhad and several other  
companies in the financial services sector.

**DATO' AMINUDDIN MD DESA**

*Non-Independent Non-Executive Director  
Member of Credit & Underwriting Review Committee  
Member of Audit Committee  
Member of Risk Management Committee*

*Date of Appointment*  
January 31, 2008

*Age*  
46 years

*Qualification*  
Associate of Chartered Insurance Institute (UK)  
Associate of Malaysian Insurance Institute  
Advance Diploma in Business Studies (Insurance)  
Diploma in Accountancy

*Other Directorship*  
Malayan Banking Berhad (Maybank)  
Mayban Fortis Holdings Berhad  
MNI Holdings Berhad  
Etiqa Offshore Insurance (L) Ltd (*formerly known as  
MNI Offshore Insurance (L) Ltd*)  
Etiqa Takaful Berhad (*formerly known as  
Takaful Nasional Berhad*)  
Etiqa Insurance Berhad (*formerly known as Malaysia  
Nasional Insurance Berhad*)  
Labuan Reinsurance (L) Ltd

*Experience*  
He has over 20 years working experience  
in the insurance industry. He was the  
Chief Executive Officer of Takaful Nasional Bhd  
(now known as Etiqa Takaful Berhad) from  
2001 to 2005 prior to being appointed as  
Chief Executive Officer of Mayban Fortis  
Holdings Berhad in December 2005,  
a position held until November 30, 2007.

**HAJI MOHAMMAD BIN  
ABDULLAH**

*Independent Non-Executive Director  
Chairman of Risk Management Committee  
Member of Audit Committee*

*Date of Appointment*  
January 31, 2005

*Age*  
67 years

*Qualification*  
Member of MICPA  
Member of MIA

*Chairman*  
Malaysia Rating Corporation Berhad

*Other Directorship*  
Malaysian Bulk Carriers Berhad  
Budaya Tegas Sdn Bhd  
The British School of Kuala Lumpur Sdn Bhd  
3 K.M Sdn Bhd  
Enterprise Risks Consultants Sdn Bhd

*Experience*  
Previously the Chairman of Malaysian  
Reinsurance Bhd and Director of Maybank  
since 1995 prior to his retirement in  
September 29, 2007.

**HOOI LAI HOONG**

*Non-Independent Non-Executive Director  
Member of Risk Management Committee  
Member of Credit & Underwriting Review Committee*

---

*Date of Appointment*  
January 31, 2005

*Age*  
59 years

*Qualification*  
Bachelor of Science (Economics)  
(London School of Economics,  
University of London, UK)  
Fellow of Institute of Chartered  
Accountants (England & Wales)  
Member of MICPA

*Other Directorship*  
Capital Properties Berhad  
Island & Peninsular Berhad

*Experience*  
Previously the Deputy President of Maybank  
prior to her retirement on September 3, 2004.

**HAJI MOHD HASHIR BIN HAJI  
ABDULLAH**

*Independent  
Non-Executive Director  
Chairman of Audit Committee  
Member of Risk Management Committee*

---

*Date of Appointment*  
January 21, 2008

*Age*  
72 years

*Qualification*  
The Institute of Chartered Secretaries and  
Administrator (UK)  
The Institute of Chartered Accountants (Australia)  
The Institute of Certified Public Accountant  
(Malaysia)  
Fellow of Chartered Management Institute (UK)  
Fellow of Chartered Institute of Transport (UK)  
Advanced Management Program  
(Harvard Business School, USA)

*Other Directorship*  
Malayan Banking Berhad (Maybank)  
Maybank Islamic Berhad  
PT Bank Maybank Indocorp  
Mayban Ventures Sdn. Bhd.  
Maybank-JAIC Management Sdn. Bhd.  
H&H Abdullah Sdn. Bhd.  
Mayban Agro Fund Sdn. Bhd.

*Experience*  
Previously he was the General Manager and  
Chief Executive Officer of Kelang Port Authority  
prior to his retirement in 1991.

**SURACHET CHAIPATAMANONT**

*Chief Executive Officer & Director*

---

*Date of Appointment*  
July 3, 2006

*Age*  
40 years

*Qualification*  
Master of Science, Operation Research in Finance,  
(Columbia University, USA)  
Bachelor of Science in Electrical Engineering,  
(Columbia University, USA)

*Experience*  
Started his career with Bear, Stearns & Co Inc  
as a Financial Analyst in New York before moving  
to Peregrine Capital (USA) Inc as Associate,  
Corporate Finance and was subsequently  
promoted to Senior Manager, Regional Corporate  
Finance in Hong Kong.

In 1996, he joined J.P. Morgan Securities (Asia) Ltd/  
Morgan Guaranty Trust Co (Hong Kong) as an Associate,  
Corporate Finance. He was promoted to Vice-President,  
Financial Institution Group in 1999. He subsequently  
moved to J.P. Morgan Securities (South-East Asia) Ltd  
in Singapore as Head of Financial Institution Group  
(South-East Asia) Limited and left in 2004.



TAN SRI MOHAMED BASIR  
BIN AHMAD

*On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of ASEAMBANKERS and its Group of Companies for the financial year ended June 30, 2008.*

#### MALAYSIAN ECONOMIC REVIEW & OUTLOOK

Overall, the Malaysian economy registered healthy pace of growth in the financial year ending June 30, 2008. Real Gross Domestic Product (GDP) growth was 6.7% year-on-year in the third quarter of year 2007 and 7.3% year-on-year in the fourth quarter of year 2007, bringing the full-year 2007 economic growth to 6.3% (2006: 5.8%). The pace was sustained in the first half of year 2008, with growth of 7.1% year-on-year in the first quarter of year 2008 and 6.3% year-on-year in the second quarter of year 2008. For the financial year ended June 30, 2008, the economy expanded by 6.9%, better than the 5.6% growth recorded for the financial year ended June 30, 2007. Economic growth during the period under review was essentially domestic-driven, especially amid strong growth in private sector spending i.e. consumer expenditure and fixed capital formation.

The prospect for the financial year ended June 30, 2008 however is more challenging as global economic outlook is overshadowed by the unfolding financial crisis and sharp economic slowdown – if not recession – in the United States (US) that is the product of the sub-prime mortgage market collapse earlier.

#### THE DEBT CAPITAL MARKETS' LEAGUE TABLE POSITION & MARKET SHARE FOR THE FINANCIAL YEAR ENDED JUNE 30, 2008 PUBLISHED BY RAM AND MARC RANKED ASEAMBANKERS NO. 2 BY THE NUMBER OF ISSUES WITH THE NOTABLE MARKET SHARE OF 19.0% AND RANKED NO. 3 BY THE AMOUNT ISSUED WITH A MARKET SHARE OF 12.0%.

The International Monetary Fund (IMF) expects global growth to slow significantly in the second half of year 2008 before recovering gradually in year 2009. It projects global economic growth to ease to 4.1% in year 2008 and 3.9% in year 2009 after averaging 5.0% per annum in years 2004 to 2007.

At the same time, the surge in crude oil and soft commodity prices during the financial year prompted the Government to raise fuel-energy prices to reduce its fuel-energy subsidy bills on June 5, 2008. Consequently, inflation rate accelerated during the period from 1.6% year-on-year in July 2007 to 7.7% in June 2008.

Meanwhile, prolonged political uncertainties since the March 2008 General Election, also weighed on the economy in terms of policy direction, particularly over the implementation of major infrastructure projects and investment plans under the Ninth Malaysia Plan (9MP) and the five (5) Regional Development Corridors.

The slowing global economy, rising inflationary pressure as well as uncertainties over domestic political situation and policy directions are expected to take its toll on domestic demand, particularly consumer and business spending, on top of the expected subdued export growth.

Consequently, we estimate that the Malaysia's real GDP growth will moderate to between 4.0% and 4.5% in the second half of year 2008, giving a full-year real GDP growth of 5.3% before stabilizing at around 5.1% in year 2009. Inflation rate quickened further to 8.5% year-on-year in the month of July 2008, and will likely to remain elevated until mid-2009 before easing in the second half of year 2009, resulting in a 6.0% inflation rate in year 2008 (2007: 2.0%) prior to a moderation to 4.7% in year 2009.

To prevent excessive downside to the economy, both monetary and fiscal policies are expected to be pro-growth during the financial year ended June 30, 2008. This will entail the prospect of an unchanged Overnight Policy Rate (OPR) for the most part of the financial year ended June 30, 2008, coupled with the people-oriented tax incentives and spending in the Budget 2009. Also, Government development spending should pick up following the 15.0% increase in development allocation to RM230.0 billion during the Mid-term Review of the 9MP. Meanwhile, more "non-interest rate" measures are expected to be announced to deal with inflation. Latest measures include the 0.8 sen to 0.22 sen reduction in petrol and diesel prices to reflect the current correction in crude oil prices, which partly reverses the 0.78 sen to RM1.00 hikes on June 5, 2008.

## BUSINESS ENVIRONMENT

The operating environment during the financial year ended June 30, 2008 started off strong, but later turned mixed as robust domestic demand were moderated by weakening exports and domestic uncertainties.

Nevertheless, the financial sector continues to record relatively healthy loans growth into June 2008 (6.5% year-to-date, 11.7% year-on-year) where both household and business loans grew 8.9% year-on-year and 14.4% year-on-year respectively. Asset quality of the banking system improved further with net non-performing loans (NPL) ratio declining to 2.7% as at June 30, 2008, from 4.1% as at June 30, 2007. System capitalization stayed strong with core capital and risk weighted capital ratios (RWCR) at 10.1% and 13.0% respectively as at June 30, 2008.

However, the second half of year 2008 will be very challenging for the financial services industry, particularly for the capital markets which in the month of June 2008 were impacted by the introduction windfall taxes on the independent power producers (IPP), and may further bear the brunt of an anticipated move to review toll road concessions in the country. Consequently, banking profits were affected by the sell-offs and hollowing out in the bond market in the second quarter of year 2008.

The impact on the equity market was much more pronounced. After the 11.0% rally from the start of the financial year to its peak of 1,516 points on January 11, 2008, the Kuala Lumpur Composite Index (KLCI) suffered from steep foreign selling amid political and policy uncertainties following the March 2008 General Election. Consequently, the KLCI has tumbled 25.9% to 1,070 points calendar year-to-date (as of August 26, 2008). The average daily trading value has fallen from RM2.04 billion in the second half of year 2007 (a 76.0% year-on-year growth) to only RM1.6 billion in the first half of year 2008.

## FIXED INCOME MARKET

In the bond market, a total of RM129.8 billion of bonds were issued by both the public sector and private sector during the financial year under review, up 35.0% from the previous financial year. This was largely due to the 60.6% increase in private debt securities (PDS) to RM74.0 billion, as public sector issuance rose by just 11.4% to RM55.8 billion, of which RM45.3 billion were the Malaysian Government Securities (MGS).

Bond yields were generally stable throughout the financial year. However, the bond market experienced major sell down beginning June 5, 2008 when the Government raised fuel-energy prices, causing MGS yields to increase and the yield curve to steepen in reaction to expectations of higher inflationary pressure going forward. However, Bank Negara Malaysia's (BNM) decision to keep OPR steady in the months of June and August 2008 on account of the downside risks to growth has brought MGS's yields down slightly, resulting in downward shifts of the yield curve.

Going forward, the MGS yield curve is expected to flatten considering the recent reduction of petrol prices in line with the falling crude oil prices, as well as slowing economic growth, all of which are expected to temper inflationary pressures.

## HIGHLIGHTS OF ACHIEVEMENTS AND ACCOLADES

ASEAMBANKERS is a respected player in the Malaysia market. Known in the industry as one of the most experienced players in the local market, the Investment Bank has a proud history of chalking up many firsts in innovation, perseverance and ability to resolve their client's unique financial solutions.

As a leading Investment Bank in Malaysia, ASEAMBANKERS always aims to be competitive in offering investment banking products and services and to strengthen its business coverage by leveraging on the Maybank Group's regional and international presence. In pursuing our aspiration to be the preferred Investment Bank, ASEAMBANKERS will continue to broaden its product capability and strengthen its competitive advantage as a total solution provider to our clients. Our present leading league table positions across debt and equity capital markets as well as merger & acquisitions (M&A) are indication that we are well on our way there.

ASEAMBANKERS' strength in the Capital Markets, Corporate Finance and Equity Markets is showcased with the number of innovative market deals structure. Indeed, once the formula of a new structure has been crafted, it becomes a commodity to the market. Therefore, the experience and expertise of the ASEAMBANKERS' Team has brought about continuous, innovative deals recently that have resulted in positive high league table rankings and awards for the Bank.

The outstanding growth of ASEAMBANKERS' performance was backed by a number of notable deals in the Debt Capital Market and reflected in league table positions. The Debt Capital Markets' league table position and market share for the financial year ended June 30, 2008 published by Rating Agency Malaysia (RAM) and Malaysian Rating Corporation (MARC) ranked ASEAMBANKERS No. 2 by the number of issues with the notable market share of 19.0% and No. 3 by the amount issued with a market share of 12.0%. For the Bloomberg Underwriter League Table, ASEAMBANKERS was ranked the top underwriter for Malaysian Domestic Bonds with notable market share of 28.8%.

Among the recent deals that the Investment Bank is proud about is the multiple award winning First Synthetic Securitisation and First Securitisation of Small and Medium Enterprise (SME) Loans for Malaysia and South East Asia. The deal was a Synthetic Securitisation of SME Loan of up to RM600.0 million in Nominal Value. The deal was issued by

Cagamas Berhad with Maybank as the originator, whereas ASEAMBANKERS was the Joint Principal Advisor / Joint Lead Arranger. It was a breakthrough for the Malaysia capital market and financial system. It enabled Malaysia to position itself as a model for SME funding in the South East Asia region. This deal was executed with the aim to develop and build the SME sector by providing it with competitive sources of funding.

In the stockbroking arena, Bursa Malaysia's performance in year 2007 was noted among the region's top performers with 31.8% gain. KLCI has demonstrated a promising up-trend consistently last year where it reached 1386.67 points in the month of June 2007 before recorded the new high mark of 1410.0 points in the month of October 2007. KLCI recorded 1445.03 points on the last trading day of the year (December 31, 2007).

In the month of January 2008, the KLCI index recorded the highest peak of 1466.67 points and later posted 9.5% drop after the 12th Malaysian General Election in March 2008. The total market capitalization has significantly increased from RM850.0 billion to RM1.10 trillion at the end of December 2007.

In tandem with the Bursa Malaysia's performance, ASEAMBANKERS recorded a total trading volume of 22.4 billion with 4.42% market share and the trading value of RM38.5 billion or equal 4.2% market share for the financial year ended June 30, 2008 against the total transaction recorded by all participating organization in Bursa Malaysia of 506.0 billion units of trading volume, and RM916.0 billion worth of trading value respectively.

ASEAMBANKERS is in a good position to strengthen its competitive advantage capability in establishing itself as an international player with its award winning Research Team. The Edge yearly poll awarded ASEAMBANKERS' Research Team as runner-up for Top Research House, Best Overall Analysts, Best Economist, whilst leading in several industry categories such as Consumer, Construction, Gaming, Oil & Gas, among others for the year 2007.

## PERFORMANCE HIGHLIGHTS

ASEAMBANKERS' total operating income for the financial year ended June 30, 2008 of RM242.7 million was 15.0% lower than RM285.9 million registered in the last financial year. In tandem, the net profit before tax was also lower at RM170.3 million, a 22.0% decline from RM 219.2 million the last financial year.

During the last financial year ended June 30, 2007 where ASEAMBANKERS had undergone the Investment Banking rationalization scheme, there was an exceptional gross dividend income of RM100.6 million received from an associate, Maydis Berhad. With the exclusion of the extraordinary income, ASEAMBANKERS' overall performances would have recorded significant improvements with 41.0% and 43.0% growth in total operating income and the net profit before tax respectively.

## BALANCE SHEET STRENGTH

ASEAMBANKERS' total assets have decreased to 9.81% from RM9.4 billion as at June 30, 2007 to RM8.4 billion as at June 30, 2008. This is due to a drop in deposits and placement with banks and other financial institutions, as well as decrease in cash and short-term funds.

The net NPL ratios have registered an improvement significantly from 6.83% as at June 30, 2007 to 4.13% as at June 30 2008. Although newly classified NPL has slightly increased to RM9.0 million against RM4.8 million as at June 30, 2007, but NPL recovered and regularized during the year has also significantly improved from RM10.4 million as at June 30, 2007 to RM 38.2 million as at June 30, 2008.

The loan loss reserve ratio has demonstrated slight changes from 27.78 as at last year to 27.60 as at June 30,

2008. The general allowance of 31.80% as a percentage of gross loans and advances less specific allowance in the financial year ended June 30 2008 was higher as compared to 27.78% in the financial year ended last year. ASEAMBANKERS' RWCR (credit and market risks), posted an increase from 24.71% as at June 30, 2007 to 27.86% as at June 30, 2008.

## DIVIDENDS

The Board of Directors is not recommending any dividends for the financial year ended June 30, 2008.

## THE WAY FORWARD

In line with the Maybank Group's vision, ASEAMBANKERS is not only focused on expanding its investment banking business locally but also in markets where its parent, Maybank is already present. Further, the Company's strategy for regional expansion will be covering opportunities in the neighboring countries and to leverage on existing group presence internationally to strengthen foothold on investment banking activities.

Closer to home, ASEAMBANKERS has been focusing more on Singapore as the next market of growth for investment banking. ASEAMBANKERS is also looking at the Indochina market, having already a presence in this region via Maybank.

With the strength, experience and exposure both locally and internationally, ASEAMBANKERS is looking forward to a bigger role internationally. As more local companies expand their wings internationally, ASEAMBANKERS' aspires to grow in tandem by fulfilling and providing individualized, innovative solutions of its clients' unique financial needs to resolve financial challenges and demands.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to congratulate ASEAMBANKERS' Management and staff for another excellent year, as evidenced by the profit performance and the accolades received, in spite of challenges faced. I would also like to thank my fellow Board members for their visionary leadership in steering the Bank to its current position in the industry. To our valued clients and business partners, we thank you for a mutually beneficial relationship, built on trust. We look forward to a more fruitful year ahead to serve you in more comprehensive and seamless way as professional investment bankers.

On behalf of fellow Board members, I would like to acknowledge the leadership and contribution of the Board members who resigned during the year, namely Tan Sri Amirsham A Aziz, Dato' Mohammed Hussein and the late Dato' Richard Ho Ung Hun; and the recent resignations of Puan Hooi Lai Hoong and Encik Surachet Chaipatamanont. We thank all for the valuable stewardship, experience and knowledge shared during their tenure as Directors that were essential to

the success of ASEAMBANKERS. A special word of thanks to our former Chief Executive Officer, Encik Surachet Chaipatamanont who had served and led ASEAMBANKERS for more than two (2) years.

We would also like to express our deepest condolences to the family of the late Dato' Richard Ho Ung Hun who passed away in February 2008 and the recent demise of his wife, Datin Mary Ho in September 2008. Dato' Richard was exemplary in his service and wise counsel to the Group.

The directorship vacancies have since been filled up with a few distinguished individuals. With that, I would like to welcome the newly appointed Directors, namely Dato' Sri Abdul Wahid Omar, Dato' Aminuddin Md Desa and Tuan Haji Mohd Hashir Hj Abdullah as part of the Team.

Last but by no means the least, my most sincere appreciation to the various Regulatory Authorities and Government Ministries and Departments for the invaluable guidance and advice rendered.



MOHAMED BASIR BIN AHMAD

Chairman

September 15, 2008



**SURACHET CHAIPATANONT**  
*Chief Executive Officer & Director*

*As at August 29, 2008*



**TRACY ONG**  
*Chief Commercial Officer*

**QUALIFICATION**

Bachelor of Economics (Hons) (University Malaya)

**DIRECTORSHIP**

Mayban Investment Management  
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.  
Aseam Malaysia Nominees (Asing) Sdn. Bhd.  
MIDF Consultancy and Corporate Services  
Sendirian Berhad

**EXPERIENCE**

Tracy joined ASEAMBANKERS in 1985. In 1999, she was appointed Head of Corporate Banking; and was later transferred to Maybank as Head of Multinational and Malaysian Business until 2004. She is presently overseeing the Corporate Investment Banking of ASEAMBANKERS and Maybank.



**ANTHONY LIM CHOON ENG**  
*Head, Equity Markets*

**QUALIFICATION**

Master of Applied Finance (Macquarie University, Sydney, Australia)  
Fellow of Institute of Banking and Finance (Melbourne, Australia)  
Senior Associate, Securities Institute of Australia (Sydney, Australia)

**DIRECTORSHIP**

Mayban Securities Nominees (Tempatan) Sdn. Bhd.  
Mayban Securities Nominees (Asing) Sdn. Bhd.  
Mayban Futures Sdn. Bhd.  
Maysec Sdn. Bhd.  
Maysec (Ipoh) Sdn. Bhd.  
Budaya Tegas Sdn. Bhd.  
Mayban Securities (Jersey) Limited  
Mayban Securities (H.K) Limited  
Phileo Allied Securities (Philippines) Inc.

**EXPERIENCE**

Anthony has more than 17 years of working experience in the Banking and Financial industry both locally and overseas. Prior to joining ASEAMBANKERS in January 2007, he was the Executive Director, Operations of Mayban Securities Sendirian Berhad, a position he had assumed since 2005. Anthony joined the Maybank Group upon his return from Australia in 1996 as Chief Executive Officer of Mayban Futures Sdn. Bhd. Following that, he was appointed as the Head of Group Market Risk Management in 2001.



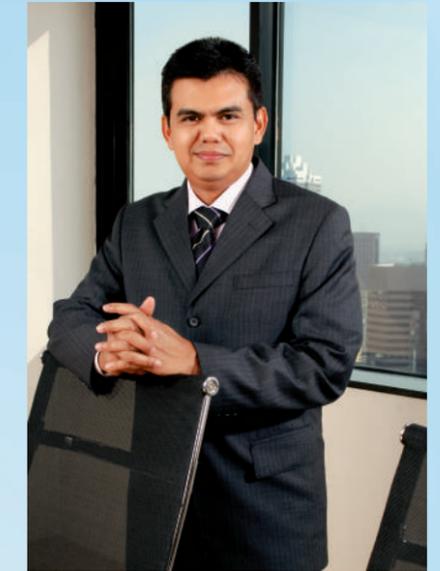
**JOHN CHONG ENG CHUAN**  
*Head, Debt Markets*

**QUALIFICATION**

Bachelor of Economics (Hons)  
(University of Queensland, Australia)

**EXPERIENCE**

John Chong has more than 14 years experience in the origination and structuring of Private Debt Securities, Project Finance and Asset Backed Securitisation transactions.



**WAN ASMADI WAN AHMAD**  
*Head, Islamic Capital Markets*

**QUALIFICATION**

Masters of Business Administration (Finance)  
(Temple University, Philadelphia, USA)  
Bachelor of Business Administration (Accounting)  
(Temple University, Philadelphia, USA)

**DIRECTORSHIP**

Mayban Securities (Jersey) Limited

**EXPERIENCE**

Wan Asmadi has more than 13 years of experience in various facets of Investment Banking which includes corporate finance, advisory services, stockbroking, equity placements and presently Islamic Capital Markets.

He also had prior experience in oil and gas, accounting and taxation.



**LIM SIEW ENG**  
*Head, Corporate Finance*

**QUALIFICATION**

Bachelor of Economics (Hons)  
(University Malaya)  
Post-Graduate Diploma in Finance  
(University of South Bank, London, UK)

**EXPERIENCE**

Siew Eng has more than 21 years experience in corporate advisory activities. Prior to joining ASEAMBANKERS in 2004, she was with Malaysian International Merchant Bankers Berhad.



**ROSALIND KONG SIEW KUEN**  
*Head, Sales & Distribution*

**QUALIFICATION**

Bachelor of Business Administration (Hons)  
(Simon Fraser University, Vancouver, Canada)

**EXPERIENCE**

Rosalind has more than 7 years experience of dealing in Private Debt Securities and Malaysian Government Securities. Prior to joining ASEAMBANKERS in 2005, she was with AmMerchant Bank Berhad.



**MAZLAN BABA**  
*Head, Risk Management*

**QUALIFICATION**

Master in Business Administration  
(University of New Haven Connecticut, USA)  
Bachelor in Business Administration  
(University of Miami, USA)  
Diploma in Business Studies  
(MARA Institute of Technology, Malaysia)

**EXPERIENCE**

Mazlan joined ASEAMBANKERS in 1985 and was attached to the Project Finance and Advisory Department. He was transferred to Maybank in 1999 and was attached to the Group Remedial Division until 2003. He is presently heading the Risk Management Department overseeing Credit, Market and Operational Risks.



**FAUDZIAH ISMAIL**  
*Head, Corporate Services*

**QUALIFICATION**

Fellow of the Institute of Chartered Secretaries & Administrators, UK  
Fellow of the Malaysian Institute of Chartered Secretaries & Administrators

**DIRECTORSHIP**

Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.  
Aseam Malaysia Nominees (Asing) Sdn. Bhd.

**SECRETARYSHIP**

Maysec Sdn. Bhd.  
Maysec (KL) Sdn. Bhd.  
Maysec (Ipoh) Sdn. Bhd.  
Maydis Bhd.  
Mayban Futures Sdn. Bhd.  
Mayban Securities (Tempatan) Sdn. Bhd.  
Mayban Securities (Asing) Sdn. Bhd.  
Aseam Malaysia Nominees (Tempatan) Sdn Bhd.  
Aseam Malaysia Nominees (Asing) Sdn. Bhd.  
Budaya Tegas Sdn. Bhd.

**EXPERIENCE**

Faudziah has more than 5 years experience as Company Secretary prior to joining ASEAMBANKERS on May 2, 1987. Currently, she is overseeing the Secretarial, Licensing, Authorised Depository, Custodian and Nominees functions.



**RAJA FAKRAN RAJA AHMAD SUPIAN**  
*Head, Corporate & Strategic Planning*

**QUALIFICATION**

Bachelor of Arts (Hons) in Economics  
University of Newcastle Upon Tyne,  
United Kingdom

**EXPERIENCE**

Raja Fakran has about 10 years experience in Corporate Planning including 6 years within the financial industry. His experience covers organisational strategy formulation and implementation, business opportunities evaluation, product and market strategy and project management. Prior to joining ASEAMBANKERS, Raja Fakran was attached to Takaful Nasional Berhad (now known as Etiqa Takaful Berhad) holding similar portfolio.



**VINCENT KHOO BOO AIK**  
*Head, Research*

**QUALIFICATION**

Chartered Financial Analyst (CFA Institute)  
Master of Business Administration in Finance  
(University of Cincinnati, Ohio, USA)  
Bachelor of Arts in Economics  
(The College of Wooster, Ohio, USA)

**EXPERIENCE**

Vincent has more than 16 years experience in equity research, including a 4-year stint in the US. Before joining ASEAMBANKERS, he covered the consumer, auto, technology and gaming sectors at various research houses and was also Head of Research at a local brokerage. He was rated as one of the Top Analysts in the Edge Malaysia's Broker Polls 2007 (in the overall, consumer and gaming categories) and also one of the top 10 Analysts in Asiamoney's 2007 Brokers Poll. He had previously also been rated as a Top Consumer Analyst in the 1998 and 2000 Asiamoney Polls.

## JULY 2007

**Alam Maritime Resources Berhad**

- Issuance of RM500.0 million Sukuk Ijarah Medium Term Notes Facility
- Issuance of RM100.0 million Murabahah Commercial Papers / Murabahah Medium Term Notes Programme

## AUGUST 2007

**K-One Technology Berhad**

- Acquisition of 20.0% equity interest in Moltec Precision Sdn Bhd for a total cash consideration of RM4.59 million.

**Dreamgate Corporation Berhad**

- Issuance of RM200.0 million Commercial Papers / Medium Term Notes Programme

## SEPTEMBER 2007

**Permodalan Nasional Berhad (PNB)**

- Take-over offer by PNB to acquire all the outstanding shares of RM1.00 each in Island & Peninsular Berhad not held by PNB for a total cash consideration of RM1.65 billion.

**Sabah Credit Corporation**

- Issuance of RM500.0 million Commercial Papers / Medium Term Notes Programme

**Media Prima Berhad**

- Issuance of RM180.0 million Commercial Papers Programme
- Issuance of RM170.0 million Bank Guaranteed Medium Term Notes Programme

**Quill Capita Trust**

- Acquisitions of Wisma Technip and part of Plaza Mont' Kiara for a total cash consideration of RM215.0 million and placement of up to 251,440,000 new units in Quill Capita Trust

## OCTOBER 2007

**Cagamas SME Berhad**

- Issuance of RM600.0 million Synthetic Securitisation of Small Medium Enterprise Loans

**MBF Cards (M'sia) Sdn Bhd**

- Issuance of RM600.0 million Commercial Papers / Medium Term Notes Programme

**Eskan RMBS Company BSC (C)**

- Issuance of BD30.0 million Residential Mortgage-Backed Securities

## NOVEMBER 2007

**SP Setia Berhad**

- Issuance of RM500.0 million Redeemable Serial Bond with Warrants

## DECEMBER 2007

**Binariang GSM Sdn Bhd**

- Issuance of RM19.0 billion Sukuk Musyarakah Islamic Commercial Papers / Medium Term Notes Programme

**Taliworks Corporation Berhad (Taliworks)**

- Acquisition of 55.0% equity interest in Cerah Sama Sdn Bhd for a total cash consideration of approximately RM55.54 million
- Issuance of up to RM225.0 million nominal value of Convertible Bonds

**Perspective Lane (M) Sdn Bhd**

- Mandatory General Offer to acquire all the remaining ordinary shares in Tradewinds Corporation Berhad and Tradewinds Hotels & Resort Sdn Bhd, Tradewinds (M) Berhad and Tradewinds Plantations Berhad for a total cash consideration of RM1.97 billion

## DECEMBER 2007

**Tradewinds Corporation Berhad (TWC)**

- Acquisition of 100.0% equity interest in Edisi Minda Sdn Bhd, Erat Kilauan Sdn Bhd and Simbol Arif Sdn Bhd for a total cash consideration of RM145.0 million
- Offer for Sale by TWC of 53.02% equity interest in Tradewinds (M) Berhad to shareholders of TWC for a total cash consideration of RM597.34 million

**Taliworks Corporation Berhad**

- Issuance of RM225.0 million Convertible Bonds

**MNRB Holdings Berhad**

- Issuance of RM200.0 million Islamic Medium Term Notes Programme

## JANUARY 2008

**DRB-HICOM Berhad**

- Acquisition of 20.09% equity interest in Edaran Otomobil Nasional Berhad (EON) and mandatory offer by Hicom Holdings Berhad (HICOM) for the remaining shares in EON not already held by HICOM for a cash consideration RM2.10 per EON share

**Amanahraya Real Estate Investment Trust**

- Acquisition of five (5) parcels of leasehold and freehold lands together with the buildings and structure erected on the lands for a total consideration of RM308.67 million
- Placement of up to 100,000,000 new units in AmanahRaya Estate Investment Trust

## JANUARY 2008

**Titan Chemicals Corp. Bhd**

- Reverse takeover of PT Fatrapolindo Nusa Industri Tbk. by way of subscription in cash of up to RP1,778.89 billion in PT Fatrapolindo and disposal of 100.0% equity interest in Chemical Brothers Limited for a total cash consideration of USD188.4 million

**SP Setia Berhad (SP Setia)**

- Issuance of RM500.0 million nominal value of 2.0% Redeemable Serial Bonds with 168,151,302 detachable provisional rights to allotment of warrants
- Bonus issue of 336,302,604 new SP Setia shares on the basis of one (1) bonus share for every two (2) existing SP Setia shares

## FEBRUARY 2008

**WCT Engineering Berhad**

- Voluntary Offer to acquire all the remaining equity interest and Convertible Debt Securities in WCT Land Berhad which are not already held by WCT Engineering Berhad for a total consideration RM503.58 million

**Magnum Corporation Berhad**

- Independent Adviser in relation to privatisation of Magnum by Multi-Purpose Holdings Berhad via a selective capital repayment and reduction exercise under Section 64 of the Companies Act, 1965

## MARCH 2008

**DRB-HICOM Berhad**

- Disposal of 20.2% equity interest in EON Capital Berhad to Primus Pacific Partners 1 L.P for a total cash consideration of RM1.34 billion

**PNB REIT**

- Establishment of PNB Real Estate Investment Trust with an approved fund size of 644.0 million units

## MARCH 2007

**WCT Engineering Berhad**

- Issuance of RM300.0 million Islamic Serial Redeemable Bonds with Detachable Provisional Rights to Allotment of Warrants

## APRIL 2008

**YTL Power International Berhad**

- Issuance RM2.2 billion Redeemable Bonds with Detachable Warrants

**Lingkaran Trans Kota Sdn Bhd (LITRAK)**

- Issuance of RM1.545 billion Islamic Commercial Papers / Medium Term Notes Programme

**WCT Engineering Berhad**

- Issuance of RM300.0 million value of Islamic Serial Redeemable Sukuk with up to 145,902,376 detachable warrants on a bought deal basis to Primary Subscriber
- Issuance of RM300.0 million Islamic Commercial Papers / Medium Term Notes Programme

## MAY 2008

**PNB Structured Investment Fund**

- Launch of PNB Structured Investment Fund with an approved fund size of 3.0 billion units

**Malayan Banking Berhad**

- Acquisition of approximately 15.0% equity interest in An Binh Commercial Joint Stock Bank, Vietnam for a total cash consideration of approximately VND 2.1 trillion (approximately RM430.0 million)

**Atlan Holdings Bhd**

- Conditional take-over offer to acquire all the remaining ordinary shares in Naluri Corporation Berhad

## MAY 2008

**DHTI Capital Sdn Bhd**

- Issuance of RM120.0 million Islamic Commercial Papers / Islamic Medium Term Notes Programme

## JUNE 2008

**Malayan Banking Berhad**

- Issuance of RM3.5 billion Non-Innovative Hybrid Tier 1 Capital

**Malayan Banking Berhad**

- Acquisition of up to 20.0% equity interest in MCB Bank Limited, Pakistan for a total cash consideration of approximately PKR44.29 billion (approximately RM2.17 billion)

**KNM Group Berhad (KNM)**

- Acquisition of 100.0% equity interest in Borsig Beteiligungverwtungsgesellschaft for a total cash consideration of Euro Dollar 350.0 million (approximately RM1.67 billion);
- Renounceable rights issue of 263,735,925 new ordinary shares of RM0.25 each in KNM (Rights Shares) on the basis of one (1) Rights Share for every four (4) existing shares held in KNM .

**YTL Power International Berhad**

- Issuance of RM2.2 billion Nominal Value of Redeemable Bonds with up to 2,205,127,393 detachable warrants on a bought deal basis to Primary Subscriber

## CORPORATE INVESTMENT BANKING

In line with our focal point of customer centricity, Corporate Investment Banking (CIB) continued to uphold the principle of “Optimizing Opportunities, Delivering Solutions” to our esteemed clientele base of the Maybank Group and is proud to record our commendable performance one year from our rollout in January 2007.

CIB is also proud to report that several notable deals totaling RM32.0 billion was concluded during the period under review with the accomplishments duly highlighted under the respective product teams of Debt Markets, Corporate Finance and Equity Markets. This further testifies the alignment of our client coverage model and objective of being a total financial solutions provider.

ASEAMBANKERS continued to be ranked in the top two (2) position in the Bloomberg’s Mergers & Acquisitions (M&A) league table for the first half of year 2008. Amongst the notable successes in our client coverage model includes the DRB-Hicom Group where we originated, structured and implemented M&A transactions of approximately RM3.3 billion during the financial year. For Tradewinds Group, we advised and funded the M&A requirements of approximately RM1.9 billion which saw the demerger of Tradewinds Malaysia Berhad from Tradewinds Corporation Berhad where three (3) mandatory general offers were triggered and completed fully in March 2008.

CIB is also proud to record the successful execution for substantial equity fund raising exercises via rights issue for the KNM Group of RM1.054 billion and IOI Properties Berhad of RM932.0 million amidst challenging environment. During the period under review, ASEAMBANKERS had also originated and successfully concluded fund raising transactions such as YTL Power International Berhad’s RM2.2 billion Bonds and Warrants, SP Setia Berhad’s RM500.0 million Redeemable Serial Bonds with

Warrants, Ann Joo Resources Berhad’s Renounceable Rights Issue of New Warrants and others as duly highlighted under the respective product teams.

In addition to the successes highlighted, CIB was also instrumental in advising an innovative Structured Investment Fund which is the first of its kind in Malaysia. PNB Structured Investment Fund (PNB SIF) with a fund size of RM2.5 billion is conceivably the first stapled Unit Trust Fund with investments in a combination of Structured Products and Real Estate Investment Trust (REIT) ever launched in Malaysia.

Moving ahead, CIB would continue to lead and drive the Group’s initiatives in our regional expansion into Indonesia, Indo-China and Greater China. This is in line with our vision to become the preferred Investment Bank both locally and regionally.

## DEBT MARKETS

Debt Markets arranged a total of fourteen (14) domestic transactions during the financial year with a nominal value of RM10.8 billion and an off-shore transaction with a nominal value of approximately RM300.0 million. As at June 30, 2008, Bloomberg ranked ASEAMBANKERS as the top underwriter for Malaysian domestic bonds, commanding a market share of 28.8%.

ASEAMBANKERS originated numerous landmark debt capital market transactions during the financial year.

### Notable Transactions

In October 2007, ASEAMBANKERS arranged and launched the issuance of South East Asia’s first Synthetic Securitisation utilizing Small-Medium Enterprises (SME) loans as an asset class amounting to RM600.0 million. Maybank is the originator with Cagamas SME Berhad acting as the issuer for this transaction.

At the international level, ASEAMBANKERS executed the first Residential Mortgage-Backed Securities (RMBS) transaction in Bahrain and in the Gulf Cooperation Council (GCC) region in October 2007. The maiden transaction amounting to BD30.0 million (approximately RM300.0 million) is for Eskan Bank, which is owned by the Bahrain Government.

Another achievement for ASEAMBANKERS was our role as Joint Lead Manager in the RM19.0 billion Sukuk Musyarakah Islamic Medium Term Notes Issuance Programme for Binariang GSM Sdn Bhd in December 2007. The Programme was Malaysia’s largest corporate bond issue and one of the largest Asian corporate bonds issues ex-Japan.

ASEAMBANKERS lead arranged three (3) Bonds with Warrant Issuances in the financial year, underlying our expertise in structuring Equity Linked Issuances. These were SP Setia Berhad’s RM500.0 million Redeemable Serial Bond with Warrants in November 2007, WCT Berhad’s RM300.0 million Islamic Serial Redeemable Sukuk with Warrants in March 2008 and YTL Power International Bhd’s RM2.2 billion Redeemable Bonds with Warrants in April 2008. WCT Berhad’s issuance was the first Islamic Bond with Warrant Issuance in the world, based on the principle of Musyarakah.

ASEAMBANKERS also arranged Lingkaran Trans Kota Sdn Bhd’s RM1.55 billion Sukuk Musyarakah Islamic Commercial Papers / Medium-Term Notes Issuance Programme in April 2008. The Programme was structured to refinance the Issuer’s existing debt securities programmes and redeemable unsecured loan stocks via a comprehensive buyback and refinancing exercise.

In June 2008, ASEAMBANKERS arranged Maybank’s RM3.5 billion Non-Innovative Hybrid Tier 1 Capital Securities. The issuance has successfully set a number of precedents in the Malaysian financial scene. Not

only does this transaction represent the nation’s first ground-breaking Non-Innovative Hybrid Tier 1 based on a stapled securities structure, it is also Maybank’s first Hybrid Tier 1 capital-raising from the Private Debt Securities market.

### League Table

ASEAMBANKERS continued to be ranked among Malaysia’s top Lead Managers by both RAM Rating Services Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC).

For the year 2007, ASEAMBANKERS topped MARC’s league table for lead managing the most number of Islamic Private Debt Securities. ASEAMBANKERS was also honoured by RAM for being among the top three (3) Lead Managers in four (4) categories namely, Conventional Bonds by issue value, Conventional Bonds by number of deals, Islamic Sukuk by issue value and Islamic Sukuk by number of deals categories.

ASEAMBANKERS received several awards from RAM in the year 2007, most notably the Special Merit and Blueprint Awards. The Special Merit Award is a special acknowledgement award presented to an institution that has made an outstanding contribution towards elevating the country’s repute in the global financial market. The Blueprint Award was awarded for New Structured Finance Benchmark Deal for the RM600.0 million Synthetic Securitization of Small Medium Enterprise (SME) loans issued by Cagamas SME Berhad. In addition, ASEAMBANKERS also received the Outstanding Deal of The Year award for the RM22.0 billion Senior and RM3.02 billion Cumulative Non-Convertible Junior Sukuk Musyarakah issued by Binariang GSM Sdn Bhd.

### International Awards

During the financial year, ASEAMBANKERS received several international awards which showcased our ability to arrange and structure transactions of international standard.

Maybank's USD300.0 million Subordinated Bank Capital Sukuk, joint lead managed by ASEAMBANKERS was named as the Best Sukuk Deal in the Euromoney Islamic Finance Awards (2008) and the Best Country Deal (2007) from The Islamic Finance News.

ASEAMBANKERS also won the Thomson International Securitisation Report's (ISR) Asian Deal of the Year 2007 Award for the inaugural RM600.0 million Synthetic Securitisation of Maybank's SME loans. The award was the first bestowed upon an Asian Institution by ISR. The previous winners were dominated by European and American entities because of the size and structures of their deals. This transaction also won the prestigious IFR Asia Malaysia Capital Markets Deal of the Year (2007) Award and The Asset Magazine Deal of The Year Best Domestic Securitization (2007).

### Continued Growth

Moving forward, having a strong network of investors established by the Institutional Sales Team and backed by our in-house Research Team, Debt Markets will continue to strive in providing a comprehensive and leading edge financial services for a wide spectrum of corporate clients, domestically as well as regionally.

### CORPORATE FINANCE

The total value of all the Mergers and Acquisitions (M&A) transactions successfully completed during the financial year is approximately RM13.15 billion. Some of the notable transactions include:

- Mandatory General Offer by Perspective Lane (M) Sdn Bhd to acquire all the remaining ordinary shares in Tradewinds Corporation Berhad, Tradewinds Hotels & Resorts Sdn Bhd, Tradewinds (M) Berhad and Tradewinds Plantations Berhad for a total cash consideration of RM1.97 billion;
- Acquisition of 100.0% equity interest in Edisi Minda Sdn Bhd, Erat Kilauan Sdn Bhd and Simbol Arif Sdn Bhd by Tradewinds Corporation Berhad for a cash consideration of RM145.0 million;
- Offer for Sale by Tradewinds Corporation Berhad (TWC) of 53.02% equity interest in Tradewinds (M) Berhad to shareholders of TWC for a total consideration of RM597.34 million;
- Acquisition of up to 20.0% equity interest in MCB Bank Limited, Pakistan by Maybank for a cash consideration of approximately PKR44.29 billion (*approximately RM2.17 billion*);
- Acquisition of approximately 15.0% equity interest in An Binh Commercial Joint Stock Bank, Vietnam by Maybank for a cash consideration of approximately VND2.1 trillion (*approximately RM430.0 million*);

- Acquisition of 100.0% equity interest in Borsig Beteiligungverwaltungsgesellschaft MBH by KNM Process Systems Sdn Bhd, a wholly-owned subsidiary of KNM Group Berhad for a cash consideration Euro 350.0 million (*approximately RM1.67 billion*);
- Conditional Take-Over Offer by Permodalan Nasional Berhad to acquire all the remaining 702,838,655 ordinary shares of RM1.00 each in Island & Peninsular Berhad for a total consideration of RM1.65 billion;
- Voluntary Offer by WCT Engineering Berhad to acquire all the remaining equity interest in WCT Land Berhad for a total consideration of RM503.58 million; and
- Acquisition of 20.09% equity interest in Edaran Otomobil Nasional Berhad including a Mandatory General Offer by Hicom Holdings Berhad for a cash consideration of RM369.65 million.

### ISLAMIC CAPITAL MARKETS

#### Products and Services

Islamic Capital Markets Division (ICM) covers all Islamic capital markets businesses, offering a wide range of investment strategies and solutions across all asset classes to an extensive group of clients across the region and around the world. We offer integrated investment strategies and solutions to clients with comprehensive range of Shariah-compliant investments, including relevant insight, research and knowledge of Islamic finance.

As one of the leading global Islamic capital market players, has been involved in the various

innovative Islamic capital market products both in Ringgit and non-Ringgit issues. ICM undertakes the origination and structuring of Shariah-compliant debt and equity financial instruments in meeting the growing demand from the local and international issuers and investors. Our involvement in the Sukuk market both domestically and globally can be affirmed by the numerous awards and recognition that were conferred to ASEAMBANKERS. Acknowledging the growth potentials, ASEAMBANKERS is further equipping itself with Islamic capabilities for other facets of Islamic finance including Islamic REITs, Islamic stockbroking and Islamic Private Equity Funds.

#### Departmental Review

ICM was set up in July 2007 with the objective of bringing ASEAMBANKERS to the forefront of the Islamic capital markets industry by tapping on the strengths of ASEAMBANKERS' leadership position in both domestic and global market and Maybank's prominent presence in the Islamic banking sphere via the offerings of innovative Islamic capital market solutions to the clients across various industries.

The Division comprises of strong team members with diverse backgrounds, backed by efficient and smooth execution teams who have capabilities in various facets of the Islamic financial markets. The Division is divided into Shariah, Product Development and Research Department and Islamic Debt Markets Department of which each department is specialist in their respective fields to provide the edge for ASEAMBANKERS in the Islamic capital market arena. With this new setup, ASEAMBANKERS had completed numerous notable deals in the Islamic capital markets for the financial year ended June 30, 2008.

### Notable Deals and Accolades

December 2007 saw ASEAMBANKERS participating as the Joint Lead Manager for one of the largest Sukuk issue in the world by Binariang GSM for the RM19.0 billion Sukuk Musharakah Islamic Commercial Paper/Medium Term Notes Issuance Programme. The Sukuk issue was two (2) times oversubscribed by investors, indicating the wide acceptance by investors considering the large size of the offer.

In March 2008, ASEAMBANKERS had solely lead arranged the RM300.0 million Sukuk Musharakah with detachable provisional rights to allotment of Warrants issued by WCT Engineering Berhad (WCTE). The deal was another significant milestone in the global Islamic capital markets sphere. WCTE's Sukuk Musharakah with Warrants is deemed as the first Sukuk of its kind in the world. The innovative structure is a testament of ASEAMBANKERS' ability and creativity to structure investment offerings that will best suit the issuers and investors needs.

### League Table

ASEAMBANKERS continues to mark its presence in the Malaysian Islamic capital markets. For the year 2007, ASEAMBANKERS topped the MARC's league table for managing the most number of Sukuk deals and was ranked third (3rd) in terms of issue value. As for the RAM's league table, ASEAMBANKERS was recognized to be on the second (2nd) place for lead managing seven (7) Sukuk deals and third (3rd) place in terms of issue value amounting to RM9.2 billion in the Islamic Sukuk category for the year 2007.

To further strengthen ASEAMBANKERS' position in the Malaysian Islamic capital markets, for the first half of year 2008, ASEAMBANKERS has successfully consolidated its second (2nd) place for Malaysian Ringgit Islamic Bonds in the Bloomberg's Underwriter League Table. For the same period, RAM had also ranked ASEAMBANKERS as number two (2) in term of issue value and third (3rd) placing in terms of number of deals. This is a good beginning for ASEAMBANKERS' Islamic Capital Markets to further excel in the next financial year.

### CORPORATE FINANCE

Corporate Finance has been a core business of ASEAMBANKERS since its inception. Over the years, we have developed leading edge advisory and origination skills and built an impressive track record in the Malaysian capital market.

- **Takeovers, Mergers & Acquisitions**

To advise on take-overs, mergers, expansion and alliances. These include acquisitions, joint ventures, mergers, management buy-outs, take-overs (including mandatory and voluntary general offers), reverse take-overs and demergers.

- **Initial Public Offerings**

To advise on public issues of new securities and/or offers for sale of existing securities in companies and real estate investment trusts seeking listing and quotation on the Main Board, Second Board or MESDAQ Market of Bursa Malaysia Securities Berhad.

- **Debt Restructuring**

To advise on financial solutions to companies which are unable to meet debt obligations.

- **Secondary Offerings**

To advise on issuance of securities which includes raising of funds through rights issues, restricted issues, private placements and special issues of both equity and equity-linked instruments such as redeemable preference shares, convertible loan stocks, convertible bonds and warrants.

- **General Corporate Advisory**

To advise on waivers from general offers, independent advice, bonus issues, capital repayment, employee share option schemes, listing transfer, valuation of companies or business, etc.

- **Project Advisory**

To advise parties on financial solutions relating to infrastructure and privatization projects.

### DEBT MARKETS

Debt Markets has been successful in developing innovative and comprehensive on-shore (Ringgit) and offshore (non-Ringgit) funding solutions to provide clients the flexibility and means to tap both the local and international debt markets.

- **Islamic Private Debt Securities (PDS)**

Debt Markets, together with the Islamic Capital Market team, structures Islamic financing products for a host of local and international clients. The products offered are tailored to fulfill Shariah requirements and meet GCC standards so as to increase the breadth and depth of the local Islamic capital markets and the ultimate development of the international Islamic markets.

- **Project and Structured Finance Transactions**

Debt Markets originates, advises and executes unique financing structures that are based on risk assessment and mitigation in projects to achieve higher levels of credit rating and gearing. The resulting structures add value by increasing a project's equity return. These structures are particularly suited for projects in the infrastructure, energy and utility sectors.

- **Asset-Backed Securities (ABS)**

Debt Markets develops asset-backed and mortgage-backed securitisation structures, synthetic securitisation, collateralised debt obligations and other structured ABS products. Assets securitised include bank loans (term loans, mortgages, hire purchases and leases), bond obligations, credit card receivables, whole business features revenues, public utilities and government revenues.

- **Underwriting & Primary Issues**

Debt Markets is able to price issues competitively balancing investors' appetite against current economic conditions. The collective underwriting capability of the Group, well complemented by a strong distribution network ensures the successful subscription of issues by a wide base of investors.

**Loan Syndication**

Our proven expertise and extensive experience in arranging loan syndication covers the arrangement and coordination of the overall syndication process and managing the funding transaction together with other syndicated lenders.

**SALES AND DISTRIBUTION**

The Institutional Sales and Trading Markets are the two essential sub unit desks in S&D. Its primary role is to distribute fixed income and treasury products originated by Debt Capital Market and Treasury whereby the other unit concentrates in trading the interest rate products. The Institutional Sales consists of experienced sales personnel with an extensive distribution network covering local and offshore markets i.e. Singapore, Hong Kong and Middle East. The Trading Markets comprise of an experienced team who is one of the more active participants in the fixed income and interest swaps markets.

**Primary Market**

The Institutional Sales has strong rapport with institutional investors like financial institutions, government agencies, insurance companies and fund management companies locally as well as in major financial markets such as Singapore, Hong Kong and Middle East. With this extensive distribution network coverage, it enables ASEAMBANKERS to be one of the top lead arrangers and underwriters in the Malaysian capital market. The recent issuance of YTL Power Generation to the tune of RM2.20 billion to a market, which was experiencing uncertainty, was evidence of our position as one of the top lead arrangers. ASEAMBANKERS has started to leave its footprint in the international market with its recent local currency issuance in Bahrain i.e. the BD30.0 million issue of Eskan Bank and the USD issuance of USD300.0 million Maybank Sukuk.

**Secondary Market**

ASEAMBANKERS is one of the most active and key player in the Malaysian fixed income markets. The year in review has been a challenging year with huge volatility seen due to uncertainty in the political arena and mounting inflationary pressures. The desk has established itself to be one of the active pricing provider for its own issuances as well as others to promote liquidity in the secondary market.

**EQUITY MARKETS****Placement and Distribution**

Equity Capital Market undertakes the Bank's centralised role of sales and distribution channel for both primary and secondary issues of equity and equity-linked instruments.

In ensuring effective and successful equity placement efforts, Equity Capital Market continues to strengthen its networking with investors or various risk appetite and investment preference, including reputable local and international institutions, Fund Managers and high net-worth individuals.

Equity Capital Market also provides support to Corporate Investment Banking Department and Corporate Finance Department in marketing and structuring of new proposals by providing inputs in terms of the pricing of equity and equity-linked instruments as well as providing insights from an equity market perspective.

**Underwriting**

Equity Capital Market undertakes the Bank's centralised role of underwriting of equity and equity-linked instruments for both primary and secondary issues.

**RESEARCH**

Recognised as a leading investment research house, ASEAMBANKERS' Research covers a broad spectrum of products, from unique, "original ideas" to in-depth thematic conferences and workshops, expository economic reports and timely market presentations. Our research is aimed at providing timely, independent research material to empower investors with economic and market knowledge, and is organised in four (4) broad categories:

**Equity Research – Fundamental**

Targeted at institutional clients, with bottom-up fundamental research coverage of more than 80 listed companies listed on Bursa Malaysia, sector and industry-level research, as well as market outlook and investment strategy.

**Equity Research – Technical / Retail**

Extensively tracking technical indicators and chart analysis of equity securities, world indices, currency and commodity trends - providing timely, responsive daily, weekly and monthly trading ideas for retail as well as institutional clients

**Economics**

Providing value added insights and in-depth analysis of developments, policies, issues and outlook in the Malaysian, regional and global economies.

**Fixed Income**

Assisting institutional investors in managing their bond portfolios by providing insights on various risks in a bond portfolio such as market, credit and event risks. Coverage includes the Malaysian Government bond market as well as the Private Debt Securities market.

**NOMINEES AND REGISTRATION SERVICES**

- Acts as nominee to ease administrative procedures for institutional and retail clients; and
- Provision of registration services for the Central Depository System (CDS), collection of dividend and other entitlements such as bonus and rights.



Good corporate governance is a fundamental part of the culture and business practices of ASEAMBANKERS. The Board and Management of ASEAMBANKERS uphold the value of good corporate governance by continuously advocating transparency, accountability, responsibility and adhering to the highest ethical standards in striving to enhance long-term shareholders' values and safeguarding the stakeholders' interest.

ASEAMBANKERS' corporate governance statement is structured on the Guidelines on Corporate Governance for Licensed Institutions (Revised BNM/GP1) and best practices of the Securities Commission's (SC) Malaysian Code on Corporate Governance (Revised 2007) as follows:

**PRINCIPLE 1:**

**Every Licensed Institution Should Be Headed By An Effective Board, Which Assumes Specific Responsibilities. The Vision, Strategy And Corporate Values Of The Licensed Institution Should Be Clearly Specified And Understood.**

**A) VISION**

As stewards of the Bank, the Board of Directors sets out in its mid-term vision to have undisputed leadership in Malaysia across all attractive products/segments, to strengthen our regional presence, to become a talent and execution – focused company and expand into regional markets with the long-term vision of being a regional powerhouse.

**B) CORPORATE VALUES**

To achieve these visions and in line with the re-energised Maybank Group Core Values, the

Board sets the following to direct the activities of the Bank:

**Teamwork**

We work together as a team based on mutual respect and integrity

- Work as a team to provide the optimal total customer solution
- Work as a team based on mutual respect and trust
- Create a highly engaged team
- Encourage others to express opinions and ideas
- Work towards common goals and objectives
- Communicate effectively to achieve Group synergy and Group spirit
- Readily share experience and resources to achieve shared goals

**Integrity**

We are honest, professional and ethical in all our dealings

- Be trustworthy and genuine in dealing with customers
- Place high value on customer privacy and financial security
- Uphold high standards of personal integrity and professionalism
- Be accountable for own actions
- Be honest and ethical
- Contribute to strong governance
- Comply with law and statutory requirements

**Growth**

We are passionate about constant improvement and innovation

- Provide superior returns to customers and grow their business
- Focus on professional and personal growth by continuous learning
- Encourage innovation and creativity by thinking out of the box
- Look for opportunities to improve
- Make decisions that drive long term growth

**Excellence & Efficiency**

We are committed to delivering outstanding performance and superior service

- Deliver to customers as promised and beyond what is expected
- Be responsive and offer quick turnaround
- Have a sense of urgency

- Be cost efficient and risk aware in everything that we do
- Achieve service and operational efficiency
- Deliver sustainable outstanding performance

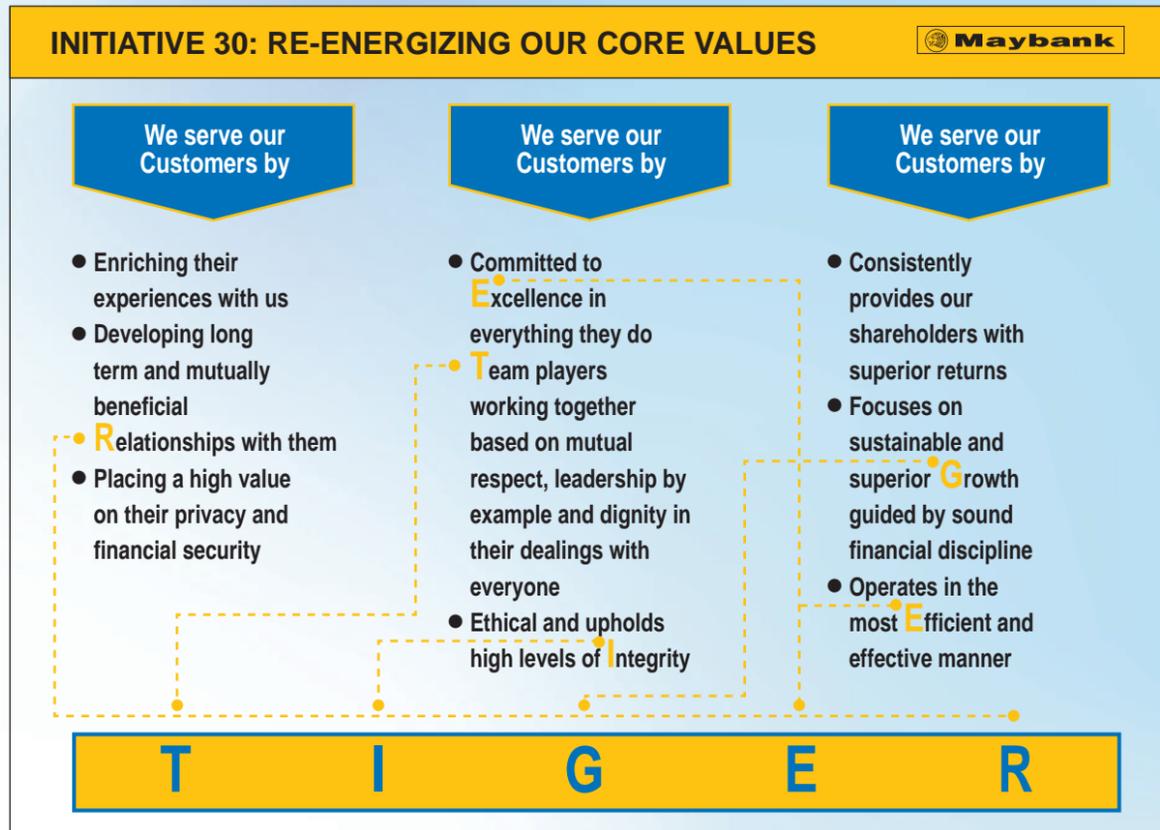
**Relationship building**

We continuously build long term and mutually beneficial partnerships

- Show appreciation, respect and customer centricity
- Develop long-term and mutually beneficial relationships
- Build customer loyalty and understand their expectations
- Develop strong and friendly working relationship with colleagues to achieve business goals
- Embrace and support diversity of workforce (eg gender, race, experiences, views)
- Build mutually beneficial relationship with all stakeholders

ASEAMBANKERS observes the Maybank Group Core Values as illustrated below:

WALK THE TALK! <span style="float: right;">Maybank</span>					
	<b>T</b> Teamwork	<b>I</b> Integrity	<b>G</b> Growth	<b>E</b> Excellence & Efficiency	<b>R</b> Build Relationship
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Always provide the optimal total customer solution</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure customer privacy and trust - prerequisite banking relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Provide superior value to customers and grow business</li> </ul>	<ul style="list-style-type: none"> <li>• Be responsive, offer quick turnaround with sense of urgency</li> </ul>	<ul style="list-style-type: none"> <li>• Show appreciation, respect and customer centricity</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Work towards common goals and objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Be honest, ethical and accountable</li> </ul>	<ul style="list-style-type: none"> <li>• Focus and invest in professional and personal growth</li> </ul>	<ul style="list-style-type: none"> <li>• Be cost efficient and risk aware</li> </ul>	<ul style="list-style-type: none"> <li>• Invest time in listening and working with your colleagues</li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>• Communicate effectively to achieve group synergy, group spirit</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to strong governance</li> </ul>	<ul style="list-style-type: none"> <li>• Make decisions that drive long term growth</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve service and operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Embrace and support diversity</li> </ul>



C. THE BOARD'S RESPONSIBILITY

The Board at all times ensures compliance to the provisions of the Companies Act 1965, Banking And Financial Institutions Act 1989, Capital Markets and Services Act 2007, Rules of Bursa Malaysia Securities Berhad, the Memorandum and Articles of Association of the Company including the guidelines as may be issued by relevant authorities from time to time. In providing counsel and oversight, the roles and responsibilities of the Board includes:

1. Setting corporate values and clear lines of responsibilities and accountability that are communicated throughout the organization within which Senior Management are to operate.
2. Reviewing and approving strategies and business plans which include the annual

budget, significant financial expenditures, new investments, divestments, mergers and acquisitions, establishment of subsidiaries, joint ventures or strategic alliances both locally as well as outside the country.

3. Identifying and approving comprehensive policies, processes and infrastructure with respect to the management of all risk categories including but not limited to credit, market, liquidity, operational, legal and reputation risks.
4. Reviewing the adequacy and integrity of the Bank's internal control system and management information system, including systems for compliance with applicable laws, regulations, rules and guidelines.

5. Approving policies and procedures on the prevention of money laundering and terrorist financing.

The Directors are committed to the collective decision-making processes of the Board while debating issues openly and constructively, and challenging the opinion of others.

PRINCIPLE 2:

**There Should Be An Effective Board Composition, With A Strong Independent Element Where No Individual Or Small Groups Of Individuals Should Be Allowed To Dominate The Board's Decision Making.**

The Board of Directors of ASEAMBANKERS is led by six (6) Directors comprising two (2) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director. The Board is allowed, in accordance with the Articles of Association, to expand its membership up to fourteen (14) members, but not less than five (5) members at any one time.

The Board composition generates an ideal safeguard to curtail any possible domination by any individual or small group of individuals over decision-making, which may impeach a Board's credibility and reasoning. Each Director ensures that no decision or action taken has the effect of placing his interest before that of the Bank. The wide spectrum of skills and experience embedded within each Director's persona provide an aid to achieving the Bank's objectives and ultimately cultivates comfort over the firm control of an accountable and competent Board.

The presence of Independent Non-Executive Directors of high caliber carries significant weight in the Board's deliberations and has also enhanced valuable insight to the independent view, advice and judgment as well as protection over the interest of other parties. Independent Directors also debate issues openly and constructively and are free to question and challenge the opinion of others. They bring clear judgment because they have no relationship with the Bank

or others that could create or be perceived to create conflicting interest.

The Board recognizes that to continue to be effective and relevant in a regulated and competitive industry, members must fully satisfy the fit and proper test, including having the attributes and criteria relating to matters such as relevant qualification, professional standing and background as well as experiences in the financial, business, legal and technical fields.

In this respect, the Policy on Fit and Proper Criteria for Appointment as Chairman, Directors and Chief Executive Officer of Licensed Institutions in Maybank Group ("Fit and Proper Policy") acts as a guide for the Board not only to determine the overall suitability of a candidate as a Director but to identify the gaps in skills of the current Board.

The bio-data and credentials of each individual Board members are disclosed from page 4 to 7 of this Annual Report.

PRINCIPLE 3:

**There Should Be A Clear Division Of Responsibilities At The Helm Of A Licensed Institution, Which Will Ensure A Balanced And Clear Lines Of Role, Responsibility, Authority And Accountability Throughout The Licensed Institution.**

As a measure to realize more effective management system functions of the Board, the roles of both the Chairman and the CEO are assigned to two (2) separate individuals. The distinction on the different but complementary jobs of both the Chairman and CEO are clearly defined, thereby reducing the possibility of that the overlapping roles may cause.

The role of the Chairman continues to be presided by a Non-Executive Chairman to maintain the balance of power and authority. The responsibility of the Chairman is to oversee and ensures that the plans and policies formulated by the Board are properly implemented. He establishes a closer relationship of trust with the CEO, providing support and advice while respecting executive responsibility.

The CEO on the other hand, supports and works with the Chairman to the attainment of the objectives of such plans and policies.

**PRINCIPLE 4:**

**There Should Be A Formal And Transparent Process For The Appointment Of Directors To The Board And The Appointment Of Chief Executive Officer.**

**A) APPOINTMENT AND RE-ELECTION TO THE BOARD**

The Articles of Association governs the terms of appointment and re-election of the Directors to the

Board. As dictated in the Articles of Association, one third of the Directors shall retire from their office at each Annual General Meeting (AGM) and they shall be eligible to be re-elected by the shareholders.

Retiring Directors are also subject to a formal assessment of their performance by the Nomination Committee at the Group level which makes its recommendation to the Board for the Directors for re-election at the AGM. For the last financial year, a review of retiring directors was formally undertaken on June 27, 2007 by the Nomination Committee at the Group level.

Directors in office at the date of this Annual Report are as follows:

Name of Director	Appointed	Independent	Last Elected	Retiring and Seeking Election in 2008
Tan Sri Mohamed Basir Ahmad	September 28, 1993	No	September, 2006	Yes (Under Sec 129)
Dato' Richard Ho Ung Hun (resigned wef October 5, 2007)				
Datuk Amirsham A Aziz (resigned wef March 18, 2008)				
Dato' Mohammed Hussein (resigned wef January 31, 2008)				
Hooi Lai Hoong (resigned wef September 1, 2008)	January 31, 2005	No	October, 2007	No
Haji Mohammad bin Abdullah	January 31, 2005	Yes	October, 2007	Yes (Under Article 75)
Haji Mohd Hashir bin Haji Abdullah	January 21, 2008	Yes	-	Yes (Under Sec 129)
Dato' Aminuddin Md Desa	January 31, 2008	No	-	Yes (Under Articles 81(a))
Dato' Sri Abdul Wahid Omar	July 9, 2008	No	-	Yes (Under Articles 81(a))
Surachet Chaipatanont	July 3, 2006	No	-	No (Article 115 of M&A)

The Board recognizes the urgent need to refresh its composition, and its determination to ensure the Board continues to lead and manage the Bank effectively.

**B) SERVICE CONTRACT AND FORMAL EVALUATION OF THE CHIEF EXECUTIVE OFFICER**

Encik Surachet Chaipatanont was appointed as the CEO and Director of ASEAMBANKERS with effect from July 3, 2006. As approved by Bank Negara Malaysia (BNM), his appointment is valid for a period of two (2) years. His contract was extended for another three (3) months to expire on September 30, 2008.

The responsibility of the CEO involves overseeing the day-to-day operations and business management towards achieving the Bank's business objectives. The CEO manages key corporate resources of the Bank and regulates the flow of important information to Directors. This is in line with the prime intention to preserve the collective best interest of the shareholders.

The Nomination Committee at the Group level formally evaluate and recommend the appointment of the CEO to the Board of ASEAMBANKERS, who in turn will undertake their independent evaluation. The Remuneration and Establishment Committee at the Group level on the other hand, will use this evaluation as a point of reference in the course of its deliberations when considering the remuneration package of the CEO.

**PRINCIPLE 5:**

**Directors Must Be Persons Of Caliber, Credibility And Integrity With The Necessary Skills And Experience And Be Able To Devote Time And Commitment.**

**A) DIRECTORS ARE PERSONS OF CALIBER, CREDIBILITY AND INTEGRITY**

The appointment of the Board members is guided by the revised Guidelines on Directorship in the Banking Institutions (Revised BNM/GP1) and other guidelines as may be issued by BNM, the SC and Bursa Malaysia Securities Berhad's Rules

from time to time. The Bank's policy endorses and acknowledges a formal and transparent procedure for the election and appointment of members to the Board. The Board ensures that it selects persons with a broad range of skills and experience appropriate to the needs of ASEAMBANKERS. They should also be of good standing in the community and be prepared to uphold the ethical values of the Company.

The Nomination Committee at the Group level conducts evaluation or screening process on the individual candidate and subsequently makes recommendations to the Board for approval. The appointment further obtains written consent from BNM as required under Section 55(1) and Section 57(2) of Banking and Financial Act (BAFIA). As provided by the Articles of Association, newly appointed Directors would be subject to re-election at the first AGM following their appointments.

**B) DIRECTORS ORIENTATION AND CONTINUING EDUCATION**

ASEAMBANKERS provides for an orientation program for each new Directors appointed to the Board. This is to ensure that the newly appointed Directors are fully conversant and well informed about the Company and the external environment in which it operates with a strong command of issues relevant to the business.

This is in accordance with Revised BNM/GP1 Guidelines, which requires all new Directors to participate in an in-house orientation and education program within three (3) months of their appointments to the office.

Additionally, the Directors participate in continuous education program and seminars to keep abreast with the relevant changes in laws and regulations and ever-changing business environment as well as to develop and refresh their knowledge and skills to ensure optimum contribution to the Board.

**PRINCIPLE 6:****Board Should Meet Regularly And Be Duly Furnished With Complete And Timely Information.**

The Board meets at least once a month to discuss the key issues relating to the operations of the Bank. The Board also meets at other times when matters requiring its approval are raised and the timing is

such that it is not prudent or possible to wait for a regularly scheduled meeting.

All the Board members attended more than 75.0% of the Board meetings held in the financial year. The Directors' attendance record at the Board meetings for the last financial year for the Directors who are still in office at the end of the financial year is as follows:

Name of Director	Number of Board Meeting Attended
Tan Sri Mohamed Basir Ahmad	12/13
Hooi Lai Hoong ( <i>resigned wef September 1, 2008</i> )	12/13
Haji Mohammad bin Abdullah	12/13
Haji Mohd Hashir bin Haji Abdullah ( <i>appointed wef January 21, 2008</i> )	6/6
Dato' Aminuddin Md Desa ( <i>appointed wef January 31, 2008</i> )	4/5
Surachet Chaipatanont	13/13

The Board has a schedule of matters for the Board's information/deliberation at upcoming Board meeting as distributed by the Company Secretary to all members in advance of meetings to enable thorough consideration of the issues facing the Board. This also helps to facilitate the efficient use of the meeting time. However, this does not preclude any Director from including any other matters in the agenda.

The Management endeavors to provide the Board with materials which are concise yet able to provide sufficient information to assist in making informed decisions. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that materials on these matters are distributed only at the Board meeting.

The Board in exercising its functions is assisted with the services of the Company Secretary, who ensures that the Board is furnished with all the required updates and information at all material times. The

Board also has unrestricted access to all records and management staff of the Bank. If deemed necessary, the Board may obtain independent expert advice at the Bank's expense.

**PRINCIPLE 7:****There Should Be A Formal And Ongoing Assessment Of The Effectiveness Of The Board As A Whole, The Directors And The Chief Executive Officer.**

The Nomination Committee at the Group level is responsible for the annual assessment of the effectiveness of the Board as a whole and its various Board Committees based on a combination of evaluation parameters which among others include, the overall performance of the Group vis-à-vis the corporate scorecard targets, peer institutions practices and the need to retain required expertise.

The evaluation process is used constructively as a mechanism to improve Board effectiveness, maximize strengths and tackle weaknesses if any and the results of the Board's evaluation is shared with the Board as a whole.

**PRINCIPLE 8:****There Should Be A Formal And Transparent Procedures For Fixing The Remuneration Packages Of Board Members, Chief Executive Officer And Senior Management, And The Remuneration Policies And Practices Should Be In Line With The Licensed Institution's Ethical Values, Objectives And Culture.**

The Remuneration and Establishment Committee at the Group level is responsible for revising and recommending the annual fees and meeting allowances for Non-Executive Directors. The maximum aggregate remuneration for Non-Executive Directors is set out on page 115 and it can be varied only at a general meeting.

As for the Senior Management, the Remuneration and Establishment Committee at the Group level is guided by the need to "attract and retain" the best talents while seeking to ensure the rewards are linked to Group and individual performances as embodied in the applicable Balance Scorecards. The Executive Directors have no role in determining their own remuneration.

Senior Management's basic remuneration is determined by their respective Job Bands and generally ranks at a premium to market rates. Share option entitlements (which have to be paid for) and bonus payments are dependent upon the attainment of the pre-determined performance hurdles cited in the individual Balance Scorecards.

**PRINCIPLE 9:****Persons Empowered With Decision Making Authority (Including Directors) Should Exercise Care To Avoid Situations That May Give Rise To A Conflict Of Interest Situation.****A) Compliance Charter**

The Board is committed to the Group's core values and has in place a Compliance Charter since May 1, 2003, which identifies the appropriate professional conduct for its dealings with shareholders, management, employees and clients according to the applicable laws and the Company's policies. In addition, each Department has an Operational Manual or conduct that is monitored and enforced by their systems and procedures. The Board reviews the Compliance Charter and its contents on an ongoing basis.

Included in the Charter are ASEAMBANKERS' Code of Ethics and Conduct, Anti-Money Laundering Activities Policy, Chinese Wall Policy, Reporting Procedures for Fraud and Defalcation, Related Party Transactions Policy and the Whistle Blowing Policy.

**B) Conflicts of Interest Management**

ASEAMBANKERS, being an investment bank that offers multiple equity, capital and debt market services, is subject to the regulatory governance from BNM, SC and Bursa Securities Malaysia Berhad. Pursuant to the amendments made to the Rule of Bursa Securities that took effect from November 8, 2006 in relation to issuance of Guidelines on Investment Banks by BNM and the SC, ASEAMBANKERS must abide by the relevant governing laws and regulatory requirements on the management of Conflict of Interest. ASEAMBANKERS has developed an overall framework for management of conflicts of interest as follows:

- i) Harvesting of Current or Potential Conflict Relationship
- ii) Centralization of the Conflict Management Database

## iii) Chinese Wall Policy

The general principles of this policy are:

- Governance on Safeguarding The Flow of Material Non-Public Price Sensitive Information
- Governance on Managing Conflict of Interest
- Governance on the Watch List and Restricted List; and Governance on Employee/Director Trading

## C) Anti-Money Laundering Initiatives

As a continuous commitment to enhance its internal policy and procedures, ASEAMBANKERS have since revised its AML/CFT policy to effect the revisions made to the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and also performed risk profiling in identifying the red flags for any suspicious transaction in the stockbroking and its clients, post Legal Day 1.

As part of our effort to further enhance our Systematic Approach To Identify Suspicious Transaction Checklist (SAFE), ASEAMBANKERS has developed an in-house risk based Customer Due Diligence (CDD) procedures applied to our stockbroking activities since second quarter of 2008.

The risk-based CDD procedures entails and embeds the principle of 'the greatest risks receive the highest attention' whereas the second variable being 'where risks are low, simplified or reduced controls may be applied'. Such customization are able to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate to the risks identified. This will also aide in identification of the suspicious transaction connected to the stockbroking's existing and prospective clients.

## D) Human Capital Development

In addition to setting the appropriate governance structure in place in light of the enlarged activities of the investment bank, the Board views seriously human capital development with the aim of enhancing continuously the understanding of the staff's obligations and responsibilities so that they discharge their fiduciary duties with the right standards and levels of care that is expected of them.

## PRINCIPLE 10:

**There Should Be A Clear Separation Between Shareholders And Management So As Not To Impede Sound Corporate Governance.**

The day-to-day operations of ASEAMBANKERS are clearly stipulated in the CEO's responsibilities, together with the Senior Management and thus clearly delineates shareholder's involvement on the matter, save the alignment to Maybank Group's overall oversight as the bank holding company.

The Board at all times ensures compliance to the provisions of the Companies Act 1965, the Banking and Financial Institutions Act 1989, Capital Markets and Services Act 2007, Rules of Bursa Malaysia Securities Berhad, the Articles of Association of the Bank including the guidelines as may be issued by relevant authorities from time to time to provide the required business directions. The Board performs the task of management assigned to it in adherence to the pillars of business judgment, to establish fulfillment of care and diligence, good faith, proper purpose and for the best interest of the Bank.

The Board specifically reserves the approval for all matters involving business direction and operations of the Bank, and other formal determinations that are required by the Group's constitutional documents, by statute or by other external regulations. All other remaining authorities are delegated to the oversight of the CEO/Management. This delegation is supported by appropriate controls, which are documented in various policies and resolutions by the Board. The CEO remains accountable to the Board authority that is delegated to him.

## PRINCIPLE 11:

**There Should Be A Robust Auditing Requirements And The Auditor, Board And Management Need To Maintain Professional And Objective Relationships.**

ASEAMBANKERS establishes a sound system of internal control to safeguard its shareholders' investment and the Bank's assets. The Directors acknowledge their overall responsibility to ensure that the Group maintains an appropriate system of internal controls and their responsibility to continuously review its level of effectiveness.

Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Bank's specific needs and the risks to which it is exposed.

The Internal Auditors perform independent objective assurance and consulting activity which enables the Board to make decisions related to the Bank's policy, endorsement of Manager's proposals and to ensure that it is always probable to continue to carry on with its business. The information is also relevant as it assists the Directors to exercise its duty to supervise and prevent conflict of interest or fraud against the Bank.

The Audit Committee of the Board (ACB) receives the reports from the Internal Auditor on a regular basis for consideration and ensures that timely and appropriate corrective actions are undertaken. In addition, significant business units through a program of self-assessment also provide assurance on the maintenance of financial controls and compliance with policies.

The Board establishes formal and transparent relationship with the External Auditors through the ACB. The ACB meets and discusses with the External Auditors at least once a year without the presence of the Management Team. In compliance with BNM Guidelines, the Audit Engagement Partner will rotate upon serving five (5) years from the date of his appointment.

The Board, through the Audit Committee maintains a transparent and professional relationship with the Bank's Auditors, both external and internal. The accounts of ASEAMBANKERS are audited by Messrs. Ernst & Young. The Auditors are appointed by the shareholders on an annual basis, through recommendation of the Audit Committee and the Board.

A full report of the Audit Committee of the Board outlining its role in relation to Internal and External Auditors is set out on pages 43 of this Annual Report.

## PRINCIPLE 12:

**Licensed Institution Should Engage In Regular, Effective And Fair Communication With Shareholders/ Stakeholders.**

ASEAMBANKERS strives to maintain a good relationship with its investors, shareholders and clients by having regular meetings throughout the year to discuss business opportunities.

The Bank's website [www.aseam.com.my](http://www.aseam.com.my) also provides a broad range of information to stakeholders. This website continues to foster the Bank's corporate image and is a helpful source of information to third parties on ASEAMBANKERS updated and current activities.

## PRINCIPLE 13:

**Conducting Corporate Governance In A Transparent Manner Can Reinforce Sound Corporate Governance.**

The Board delegates some of its functions to various Committees of the Board with a view to assist in the fulfillment of its responsibilities. Each Committee established at ASEAMBANKERS' level comprises at least three (3) members and is governed by a written charter approved by the Board. The Chairman of various Committees report to the Board of any resolution agreed at its meeting and such reports are incorporated in the Board meeting. Minutes of each Committee meeting are also circulated to the Board.

The Board Committees established at ASEAMBANKERS are as follows:

#### 1. Audit Committee of the Board (ACB)

The establishment of the ACB, which is in accordance with the BNM/GP1, functions to review the financial condition, internal controls, performance and findings of the Internal Auditors and recommend appropriate remedial actions. The ACB is chaired by Tuan Haji Mohd Hashir Haji Abdullah, an Independent Non-Executive Director and comprises of two (2) other members, one of whom is also an Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.

In addition, the ACB also oversees compliance with the relevant laws, regulations and internal codes of conduct.

#### 2. Risk Management Committee (RMC)

The RMC oversees Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk inherent in the business, and ensures that proper risk management process is adopted.

The RMC is chaired by Tuan Haji Mohammad bin Abdullah, an Independent Non-Executive Director and comprises two (2) other Non-Independent Non-Executive Directors.

The Terms of Reference of the ACB and RMC are stated on page 43 to 47 of this Annual Report.

#### 3. Credit and Underwriting Review Committee (CURC)

The CURC assists the Board in reviewing or modifying the Credit and Underwriting proposals, which has been approved by the Credit and Underwriting Committee, where the CURC view that such proposals would possibly expose ASEAMBANKERS to undue excessive risks.

The CURC is chaired by Dato' Sri Abdul Wahid bin Omar, a Non-Independent Non-Executive Director and comprises of one (1) Non-

Independent Non-Executive Director and one (1) Independent Non-Executive Director.

#### 4. Nomination Committee and Remuneration and Establishment Committee at Group level

In 2004, BNM has granted an exemption to ASEAMBANKERS as a subsidiary to Maybank from complying with the requirement to establish the Nomination Committee and the Remuneration and Establishment Committee; and approved that the above Committees operate at Group level. Decisions made by these Group Committees were subsequently tabled and approved at ASEAMBANKERS' Board level.

The Nomination Committee at the Group level recommends appointments to the Board, whether for new Directors or re-appointment of existing Directors, and the Remuneration and Establishment Committee at the Group level ensures that remuneration packages are designed in such a way that Directors and Executives have incentives to enhance shareholders' value.

The Terms of Reference of the Group Nomination Committee and the Group Remuneration and Establishment Committee are stated on page 48 to 51 of this Annual Report.

#### PRINCIPLE 14:

**Board is collectively responsible and accountable for the veracity of disclosures and management of risk.**

This Corporate Governance Statement is entrenched as part and parcel of the Bank's internal policies and practices in accordance to the BNM/GP1 and best practices of the SC's Malaysian Code Corporate Governance.

The Board also recognizes that good governance practices and procedures can always be improved and they would continuously review the standards at ASEAMBANKERS throughout the year ahead.

This statement is made in accordance with the Board's resolution dated September 18, 2008.

#### Chairman

Haji Mohd Hashir Haji Abdullah (*Independent Non-Executive Director*)

#### Members

Mohammad bin Abdullah (*Independent Non-Executive Director*)

Dato' Aminuddin Md Desa (*Non-Independent Non-Executive Director*)

#### Secretary

Faudziah Ismail

#### Quorum

Two (2) members

#### Size and Composition

The Committee shall consist of at least three (3) members, appointed by the Board from amongst its Non-Executive Directors of the Bank, majority of which must be independent.

The Chairman must be an Independent Non-Executive Director and should be reviewed and if necessary rotated once in every three (3) years.

#### Frequency of Meetings

Meetings shall be held at a frequency to be decided by the Committee but not less than once every quarter.

#### Authority

The Committee may invite any person to be in attendance to assist in its deliberations. At least once a year, the Committee shall meet with the External Auditors without the presence of the Management and Executive Directors.

#### Objective

To provide independent oversight of ASEAMBANKERS' financial reporting and internal control system and ensuring checks and balance within ASEAMBANKERS.

#### Roles and Responsibilities

The Committee is authorized by the Board to do the following:

- (i) Investigate any activities or matters within its Terms of Reference.
- (ii) Have the resources, which are required to perform its duties.
- (iii) Have full and unrestricted access to any information and documents relevant to its activities.
- (iv) Have direct communication channels with External Auditors, person(s) carrying out the internal audit function or activity and to Senior Management of the Bank and its subsidiaries.
- (v) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- (vi) Convene meetings with External Auditors, without the attendance of the Executives, to consider any matters that the Auditors believe should be brought to the attention of the Directors and Shareholders.

### Specific Duties

The Audit Committee shall be responsible to review, appraise, recommend (where applicable) and report to the Board of Directors on the following:

- (a) With the External Auditors, the scope of the audit and audit plan of both the internal and External Auditors.
- (b) With the External Auditors, the adequacy of the established policies, procedures and guidelines on internal control systems.
- (c) With the External Auditors, the effectiveness of internal controls systems, risk management processes and the internal and/or External Auditors' evaluation of these systems and in particular the External Auditors' management letter and management's response.
- (d) With the External Auditors, their audit report.
- (e) The scope of the internal audit programme, internal audit findings and recommend actions to be taken by Management;
- (f) Evaluate performance and review relevant Human Resource related issues of the Chief Internal Auditor and Head of Audit, Investment Banking.
- (g) The internal audit programme, processes, as well as summary of the findings from investigation undertaken and whether or not appropriate remedial action is taken or the recommendations of the internal audit function.
- (h) The quarterly results and year-end financial statements focusing particularly on the changes in accounting policy, significant and unusual events as well as compliance with accounting standard and other legal requirements including prompt publication of the financial accounts.
- (i) Any related party transactions and conflict of interest situation that may arise within the Bank or Group including any transactions, procedures or course of conduct that raises questions of management integrity.
- (j) The nomination or re-appointment of the External Auditors and their fees as well as matters pertaining to resignation, termination or change of the External Auditors
- (k) Prepare an Audit Committee Report at the end of each financial year, if deem necessary and this report will be set out clearly in the Annual Report.
- (l) Approve the provision of non-audit services to be provided by the External Auditors and ensure that there are proper check and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the Auditors.

### Responsibilities in Relation to AMLA\*

The Audit Committee shall be responsible to review the internal control issues identified by the Auditors and regulatory authorities and to evaluate the adequacy and effectiveness of the internal controls for its Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) measures. The Committee's duty shall at least include the following:

- (a) Ensuring independent audits are conducted to check and test the effectiveness of the policies, procedures and controls for AML/CFT measures;
- (b) Ensuring effectiveness of internal audit function in assessing and evaluating the AML/CFT controls;
- (c) Ensuring the AML/CFT measures are in compliance with the AMLA, its regulations and the relevant guidelines; and
- (d) Assessing whether current AML/CFT measures which have been put in place are in line with the latest developments and changes of the relevant AML/CFT requirements.

\* *Anti Money Laundering Act 2001, the AMLA Regulations and the relevant guidelines on AML/CFT issued by Bank Negara Malaysia as well as the relevant laws and regulations of other relevant supervisory authority, if any.*

**Chairman**

Haji Mohammad bin Abdullah (*Independent Non-Executive Director*)

**Members**

Haji Mohd Hashir bin Haji Abdullah (*Independent Non-Executive Director*)

Dato' Aminuddin Md Desa (*Non-Independent Non-Executive Director*)

**Secretary**

Faudziah Ismail

**Size And Composition**

A minimum of three (3) members.

**Frequency of Meetings**

At least once every quarter.

**Quorum**

Two (2) members.

The Committee may invite any person to be in attendance to assist in its deliberations.

**Objective**

To oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning.

**Role and Responsibilities**

The Committee shall be responsible for the following:

- (i) To review and assess adequacy of risk management strategies, policies and risk tolerance for Board's approval.
- (ii) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively.
- (iii) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Investment Banking (IB) risk taking activities.
- (iv) To review Management's periodic reports on risk exposure, risk portfolio composition and risk management activities.
- (v) To formulate and recommend to the Board policies to identify, measure, monitor, manage and control the following risk components, among others:

**(a) Credit /Market Risk**

The risk of loss due to borrower or counter-party defaults. The risk of loss relating to the change in value of financial instrument or portfolio due to change in the value of market variables, such as interest rates, foreign exchange rates, credit spread, equity prices and commodity prices.

**(b) Liquidity Risk**

The risk of loss arising from being unable to fund the portfolio of assets at appropriate maturities and rates and unable to liquidate position in a timely manner at a reasonable price.

**(c) Operational Risk**

The risk of loss resulting from inadequate or failed internal process or systems, human factors or external events. Internal process includes aspect relating to accounting / book-keeping, reporting, business procedures / process, tax, legal compliance and personnel management.

**(d) Legal Risk**

The risk of loss arising from the uncertainty of legal proceedings, such as bankruptcy and potential legal proceedings.

**(e) Reputational Risk**

The risk of loss of reputation in the eyes of the public at large, customers or authorities, due to inefficiency in handling assignments, inability to complete assignments or non adherence to the authorities' rules and guidelines which may lead to customer's complaint and caution / warning / reprimand by the authorities.

**Specific Duties**

The Committee shall be responsible for the following:

1. To oversee the formal development of policies within the Bank, encompassing all products and businesses, and ensuring the development of policy, manual and procedures.
2. To set the framework and parameters relating to lending and collateral policy.
3. To monitor, assess and advise on the risk portfolio composition of the Bank.
4. To periodic review of the IB's capital structure, the impact of risk and stress scenarios and the adequacy of capital vis-a-vis its risk profile.
5. To assess the risk-return trade-off.
6. To review reports of the credit review process, asset quality and ensure that corrective action is taken.
7. To review and evaluate the various products engaged by the banking institution to ensure that it is conducted within the standards and policies set by the Board.
8. To review and assess the appropriate levels of capital for the IB as well as monitor adherence of the targeted capital ratios.
9. To approve the operating guidelines and trading limits for the money market and trading operations including derivatives.
10. To review and assess the adequacy of risk mitigation processes (*including insurance coverage*).
11. To review and recommend strategic actions to be taken by the IB arising from Basel II implementation for the Board's approval.
12. To review and approve new products and ensure compliance with the prevailing guidelines issued by Bank Negara Malaysia or other relevant regulatory bodies.
13. To consider and approve the appointment of professional external advisors / consultants in areas falling within the jurisdiction of the Committee subject to a cap (*to be determined by the Board*) per appointment (*regardless of whether budgeted or unbudgeted*) and to notify the Board of the same.
14. To promote risk awareness and give advice to the Board on the information, instruction and training requirements of staff.
15. To undertake such other responsibilities as may be delegated by the Board from time to time.

**Chairman**

Haji Mohd Hashir bin Haji Abdullah (*Independent Non-Executive*)

**Members**

Datuk Abdul Rahman bin Mohd Ramli (*Non-Independent Non-Executive*)

Datuk Zainun Aishah binti Ahmad (*Non-Independent Non-Executive*)

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (*Independent Non-Executive*)

Datuk Syed Tamim Ansari bin Syed Mohamed (*Independent Non-Executive*)

**Secretary**

Mohd Nazlan Mohd Ghazali

**Size and Composition**

The Committee shall consist of Non-Executive Directors, the majority of whom are Independent.

**Quorum**

Minimum Three (3) members with at least two (2) Independent Directors.

**Frequency of Meetings**

At least twice a year.

**Specific Responsibilities of the Committee include, amongst others, the following:**

1. To recommend to the Board suitable persons for appointment as Board members of Maybank and its subsidiary companies and to oversee the general composition of the Board (taking into account the size, skill and balance between Executive Directors and Non-Executive Directors);
2. To recommend to the Boards of relevant subsidiaries the appointment, confirmation, promotion and termination of Chief Executive Officers (CEO) of subsidiaries which are regulated by Bank Negara Malaysia (BNM) which require their appointments to be approved by BNM;
3. To recommend to the Boards the appointment of the CEO and key Senior Management of the Group;
4. To assess the performance and effectiveness of individual and collective members of the Boards of the Group, its subsidiaries and the respective Board Committees, as well as to recommend to the Board measures to upgrade the effectiveness of the Boards and Board Committees;
5. To review the performance of the Board members of Maybank and its subsidiary companies and consider the procedure for the assessment thereof, and to recommend measures to upgrade the effectiveness of the Boards;
6. To review the individual contribution of each Director to the effectiveness of the Board and to consider the procedure for the assessment thereof, as well as the performance of the CEO and the key management personnel; and
7. To ensure that all the Directors receive appropriate and continuous training to keep abreast with the latest development in the industry.

**Activities Undertaken During the Year**

The Committee had deliberated key matters during the financial year, which include, amongst others, the following:

1. Deliberation and recommendation to the Board on the appointment of new Directors, the new President & CEO and Chief Financial Officer (both Executive Directors) and the key Senior Management of the Group.
2. Deliberation of the results of the Annual Directors, Board and Peer Assessment exercise throughout the Maybank Group and recommendations on the actionable improvement programme to the Board.
3. Review of the composition of the Board, Board Committees and Boards of subsidiaries within the Group.
4. Review and deliberate on the re-election and retirement of Directors at the Annual General Meeting (AGM) and on the re-appointment of Directors submitted to BNM.
5. Deliberation and recommendation to the Board on the Balanced Score Card and Long-Term Initiatives for the financial year ended June 30, 2008 for the President & CEO and key Senior Management of the Group.
6. Deliberation on the performance assessment of the President & CEO and key Senior Management of the Group.
7. Review of the Term of Reference of the Nomination Committee.

**Chairman**

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (*Independent Non-Executive*)

**Members**

Datuk Abdul Rahman bin Mohd Ramli (*Non-Independent Non-Executive*)

Datuk Zainun Aishah binti Ahmad (*Non-Independent Non-Executive*)

Tan Sri Dato' Sri Chua Hock Chin (*Independent Non-Executive*)

**Secretary**

Mohd Nazlan Mohd Ghazali

**Size and Composition**

The Committee shall consist of an Independent Director as the Chairman and shall comprise of Non-Executive Directors of whom the majority are independent.

Where the Chairman is unable to attend a meeting, the members shall elect a person among themselves who is an Independent Director as Chairman.

The Committee may invite any person to be in attendance to assist in its deliberation.

**Quorum**

Three (3) members.

**Frequency of Meetings**

At least once every quarter.

**Broad Responsibility**

The Committee is responsible for the formulation of an effective human resource strategy, including initiatives to the development and management of human capital with the objective of attracting, developing and retaining the best talent for the Maybank Group.

**Specific Responsibility of the Committee include amongst others, the following:**

1. To recommend to the Board, a Performance Management Framework / Model, including the setting of appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year;
2. To recommend to the Board, a learning strategy for the Group, including learning programmes for Executive Directors of Maybank and a Leadership Development Framework for the Group;
3. To recommend to the Board, the organisational structure and commensurate job grades and ranges for employees in the Group; and
4. To recommend to the Board, the remuneration package, the compensation and benefits policies and the Terms and Conditions, including the job grade for Senior Management Officers.

**Activities Undertaken During the Year**

The Committee had deliberated key matters during the financial year which include amongst others, the following:

1. Deliberation and recommendation on compensation package for appointments of key management positions across the Maybank Group;
2. Deliberation on the quantum of compensation based on the performance assessment of members of Senior Management of the Group for the financial year ended June 30, 2008;
3. Review of the Compensation Framework and Long Term Incentive Plan Design and the cost-benefit analysis for Maybank Group;
4. Deliberation and recommendation on the Maybank Group Variable Bonus Plan;
5. Review of the Flexi-Benefit Plan and the cost-benefit analysis for the employees of Maybank Group; and
6. Review of the Terms of Reference of the Remuneration and Establishment Committee.

ASEAMBANKERS' Integrated Risk Management Framework encompasses credit, market and operational risk.

In line with the framework, ASEAMBANKERS risk management structure is functionally and organizationally independent of business division; and the Board of Directors (Board) through Risk Management Committee (RMC) maintains the overall responsibility for risk oversight within ASEAMBANKERS.

The RMC is responsible for formulating and recommending to the Board policies to identify, measure, monitor, manage and control the risk components. For the financial year ended 30 June 2008, the RMC has convened eight (8) meetings.

Currently, the RMC comprises of:

Chairman	(1) Tuan Haji Mohammad bin Abdullah
Members	(2) Dato' Aminuddin bin Md Desa (3) Tuan Haji Mohd Hashir bin Abdullah (who replaced Puan Hooi Lai Hoong effective from September 1, 2008)

Consistent with the Maybank Group, ASEAMBANKERS' risk management approach is premised on the following concept of three (3) lines of defense: -

#### FIRST LINE OF DEFENSE – RISK TAKING UNITS

*Responsible for the day-to-day management of risk in their business activities.*



#### SECOND LINE OF DEFENSE – RISK CONTROL UNIT (GROUP RISK MANAGEMENT)

*Responsible for setting the risk management framework and developing tools and methodologies for the identification, measurement, monitoring and pricing of risk.*



#### THIRD LINE OF DEFENSE – INTERNAL AUDIT

*Provides independent assurance of the effectiveness of the risk management approach.*

## CREDIT RISK MANAGEMENT

**CREDIT RISK** is the risk of non-payment due to the inability or unwillingness of a customer or counter party to meet its financial obligations to the Bank. Exposure to credit risk arises primarily from lending, underwriting, treasury activities and share trading. The Credit Risk Unit is entrusted with the overall responsibility in setting the credit risk management framework, managing credit risks and credit portfolio of ASEAMBANKERS which includes the following:

- **Credit Risk Identification and Measurement**
  - New Product Approval Programme.
  - Employ various risk management tools such as Credit Risk Rating System (CRRS), Stress Testing, etc.
  - Pre-approval evaluation of credit applications, opening of shares trading account (*includes Know Your Customer rule*) and Margin Trading Financing Facility.
- **Credit Risk Policy**
  - Develop and review credit risk policies (*e.g. Credit Policy on Authorization Powers, Policy on Defaulted Bonds, Shares Trading Policy on Shares Valuation, Single Counter Exposure Limit and Margin Trading Financing*), processes and procedures to ensure sound risk management practices.
- **Credit Risk Monitoring and Control**
  - Adopts a set of policies / limits which are in line with the Maybank Group to avoid undue concentration of credit risks on countries, business segments, economic sectors, single customer groups, banks, counter parties, single counter exposure limit and margin position, etc.
  - Monitors Dealers' Representatives and clients' shares trading position and overall Bank's exposure to shares trading through Online Risk Management System (ORMS).
  - Restricted trading on selection of shares so as to limit the exposure on these shares.
- **Credit Risk Reports**
  - The credit risk reports are escalated to the RMC, Board and other relevant committees.

## MARKET RISK MANAGEMENT

**MARKET RISK** is the risk of fluctuations in the value of the positions / portfolios resulting from changes in market rates and market prices, such as interest rates, foreign exchange rates and share prices.

The Market Risk Framework outlines the process of identifying, measuring, monitoring, controlling and reporting market risk exposures. This framework facilitates ASEAMBANKERS to manage its market risk exposures in a systematic and consistent manner.

- **Market Risk Identification and Measurement**
  - New Product Approval Programme.
  - Employ various risk management tools to quantify market risk such as Value-at-Risk, Earnings-at-Risk, Economic Value at Risk, Stop Loss, Stress Testing, etc.

- **Market Risk Policy**
  - Develop and review market risk policies, processes and procedures to ensure sound risk management practices.
- **Market Risk Control and Monitoring**
  - Establish various market risk limits and triggers to cap / manage market risk exposures within acceptable risk levels and daily / periodic monitoring to ensure adherence to approved risk limits and policies.
  - Monitors Dealers' Representatives and clients' shares trading position and overall Bank's exposure to shares trading through ORMS.
- **Market Risk Reporting**
  - The market risk reports are escalated to the RMC, Board and other relevant committees.

**Liquidity Risk and Funding Risk**, which are component of market risk are monitored with New Liquidity Framework (NLF) simulation and is further mitigated with the ultimate source of funding from Maybank.

**OPERATIONAL RISK MANAGEMENT**

**OPERATIONAL RISK** is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. In managing of operational risks, the business and support units are the primary parties responsible for the management of day-to-day operational risk inherent in their respective functional areas.

ASEAMBANKERS under the Maybank Group has established an Operational Risk Management (ORM Framework), which aimed to provide the overall operational risk strategic direction and ensure that a consistent and effective ORM and measurement process is adopted throughout the Bank.

The ORM Framework comprises of:

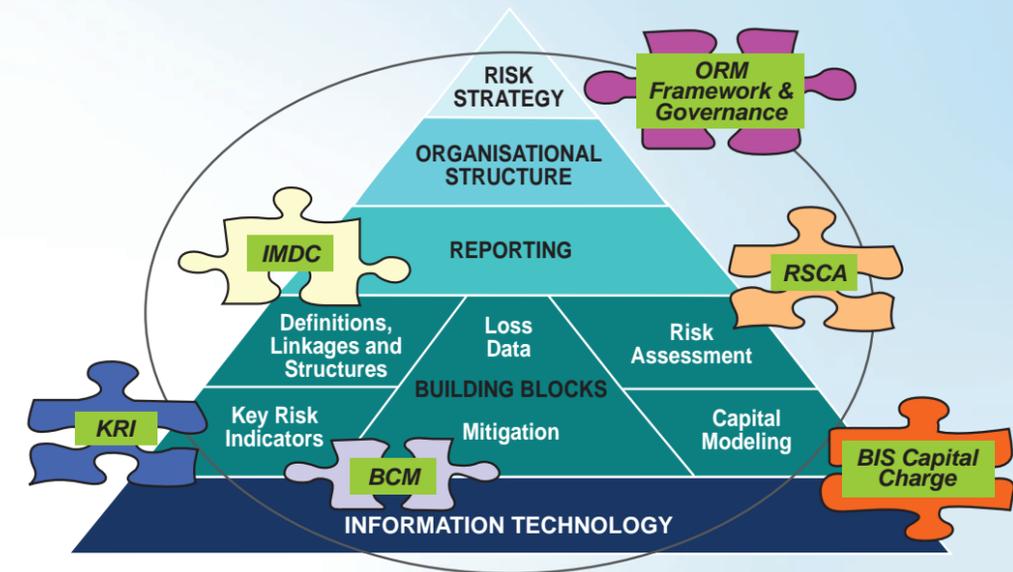
- **Risk Strategy** - Drives the other components within the ORM Framework.
- **Organizational Structure** - The bank-wide foundation for all ORM activities.
- **Reporting** - Encompasses the reporting of operational risk data to the Board, RMC, relevant committees, Management and also to the business lines.
- **Building Blocks** – Specific efforts to gather, define, group, assess, mitigate and model the operational risks that affect the Bank.
- **Information Technology** - The foundation and facilitator of the ORM Framework.

The Operational Risk Unit is entrusted with the overall responsibility in setting the ORM Framework, managing operational risks and facilitate the implementation of the ORM Framework in the Bank:

- **Operational Risk Identification and Measurement**
  - New Product Approval Programme.
  - Implementation of a risk management tool referred to as Risk and Control Self-Assessment (RCSA) to identify the operational risks inherent to the respective departments in the Bank.
  - Implementation of a risk management tool referred to as Incident Management Data Collection (IMDC) to log in operational risk incidents occurred in the Bank.

- **Operational Risk Policy**
  - Develop and review operational risk policies, frameworks, processes and procedures to ensure sound risk management practices.
- **Operational Risk Monitoring and Control**
  - Implementation of a risk management tool referred to as Key Risk Indicators (KRI) to monitor and track the key operational risks.
- **Operational Risk Reports**
  - The operational risk reports are escalated to the RMC, Board and other relevant committees.

ASEAMBANKERS together with the Maybank Group currently utilizes numerous ORM tools specifically designed for the Bank and Maybank Group. The ORM tools currently used are IMDC, RCSA and KRI. The following diagram illustrates how the ORM tools fit in the ORM Framework.



Note: BIS – Bank for International Settlement

**BUSINESS CONTINUITY MANAGEMENT (BCM)**

- BCM is part of operational risk mitigation building block that focuses on strengthening the Bank's business resilience and building human capital capability and confidence in responding to a crisis arising from major operational disruption.
- BCM compliments efforts of the disaster recovery team which oversees the technological aspect by focusing on people centric aspects such as people safeguarding measures and building human capital capability through training, simulation exercises and heightened awareness. BCM initiates streamlining crisis communication to all our stakeholders.

## KEY INITIATIVES FOR BASEL II

### 1. CREDIT RISK INITIATIVES

ASEAMBANKERS in line with the Maybank Group intend to migrate directly to the Foundation Internal Ratings-Based (FIRB) Approach for Credit Risk by 2010.

The on-going critical initiatives currently undertaken by credit risk includes:

- **Credit Risk Rating System (CRRS)**

The CRRS Project has been implemented since April 2006 with the following capabilities:

- Determination of credit risk rating and the computation of Expected Loss (EL);
- Consistent and optimized approach to credit risk rating for Corporate and Commercial Borrowers; and
- Basel II compliant on FIRB Approach.

- **Risk Data Management Systems Project (RDMS)**

The RDMS Project will be implemented at the end of August 2008 and is equipped with a Basel II capital calculator and risk-reporting tool, which will provide a foundation for the implementation of the Risk-Adjusted Performance Management.

- **Group Collateral Management System (GCMS)**

The GCMS Project has been implemented in October 2007 with the following capabilities:

- Basel II compliant for the purpose of credit risk mitigation;
- Facilitate the consolidation of all collateral information to provide a holistic portfolio view of collaterals; and
- Facilitate timely monitoring and reporting of collateral positions.

- **Group Exposure Management System (GEMS)**

Phase I of the project has been implemented in May 2008 while Phase II of the project will be fully implemented in September 2008 with the following capabilities:

- An automated aggregation of exposures to correlated borrowers; and
- As a foundation for global portfolio management.

### 2. MARKET RISK INITIATIVES

- **Treasury Project Management Office (TPMO)**

Given that the market is heading towards more sophisticated hybrid / structured products, Maybank Group recognized that there is a need to enhance its Treasury infrastructure capabilities in order to adequately meet the current and future business requirements. In view of this, TPMO had been formed to accelerate the progression that aimed to improve the Group-wide treasury-related infrastructure capabilities. The TPMO project kicked off in May 2008, where a Project Working Committee was established to ensure timely implementation of the project.

### 3. OPERATIONAL RISK INITIATIVES

- **Risk Awareness Communications Program** is an on-going initiative, which is conducted to all new staff of ASEAMBANKERS via the Induction Programme to further educate and heighten their understanding of risks.

- **Group-Wide Integrated Operational Risk Management Solutions Project (ORM Solutions Project)** is aimed at preparing ASEAMBANKERS to be in compliance with BASEL II requirements as well as to enhance the Bank's capabilities of identifying, assessing and managing operational risks. The initiatives currently undertaken under the ORM Solutions Project are:

- Establishment of a consistent ORM Framework and Governance throughout the Group, which was endorsed by ASEAMBANKERS respective committees. The framework will be reviewed and revised as and when required to ensure its effectiveness and relevancy.

- Preparation and Computation of Operational Risk Capital Charge Requirements under BASEL II and BNM.

- Implementation of IMDC, RCSA and KRI.

- **Desktop Review Exercise** was conducted on the critical business units (whose maximum tolerable downtime were classified as 48 hours and below) and the Crisis Support Management Team to validate the BCM strategy. This encompasses a discussion of actions to be taken in response to surprise scenario challenges injected.

- **Disaster Recovery Plan Testing** was conducted on the critical systems and applications to support the critical business units identified together with the Outsourced Agents to validate its functionality against the recovery time objective.



ASEAMBANKERS is wholly owned by Malayan Banking Berhad (Maybank).

Maybank is the largest financial services group in Malaysia and is listed on Bursa Malaysia. Its shareholders' funds is RM19.3 billion, with total assets exceeding RM269.10 billion as at June 30, 2008. It is ranked 141\* among the top 1,000 banks in the world.

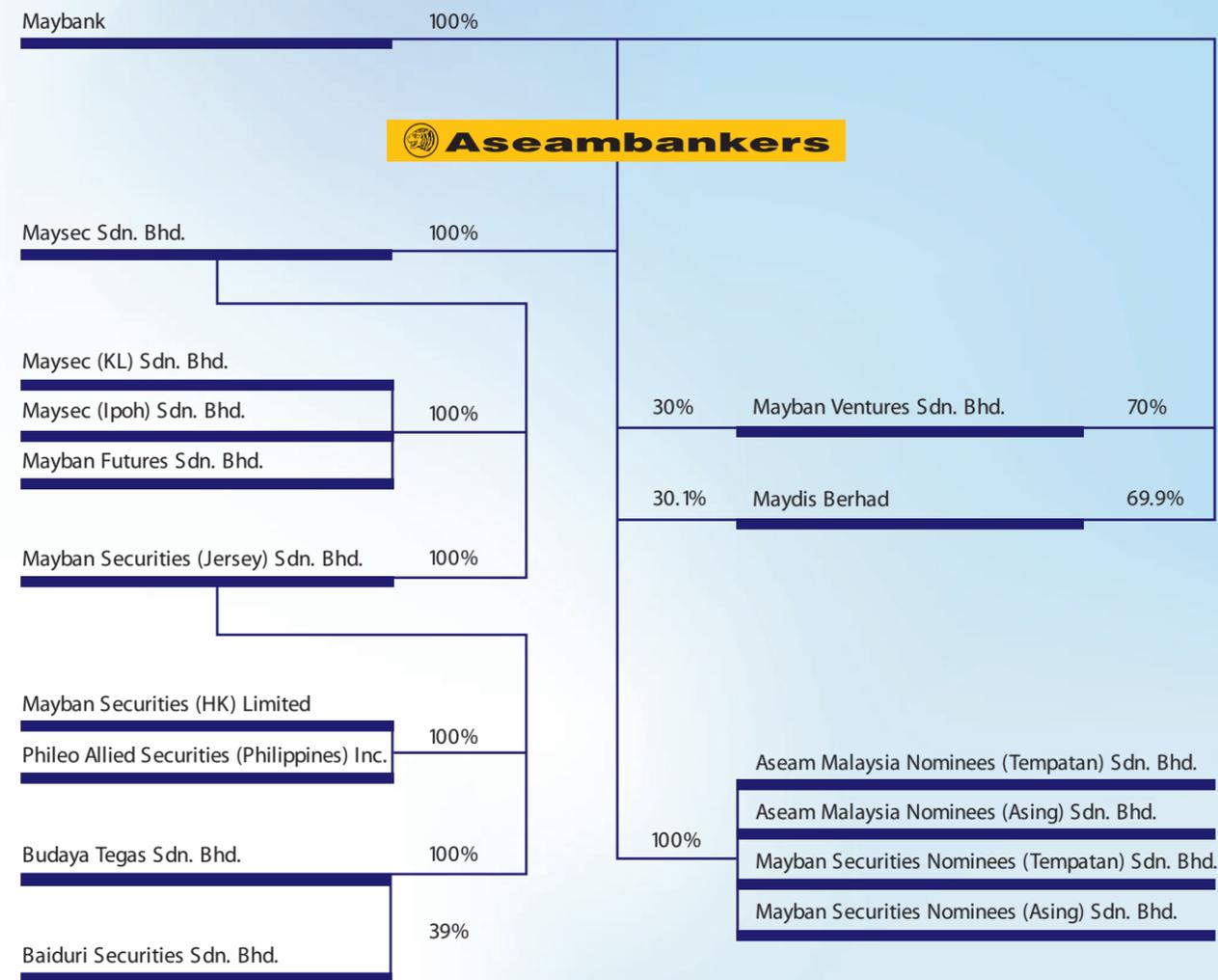
The Maybank Group offers a comprehensive range of financial solutions, services and products including commercial banking, investment banking (including stock broking), offshore banking, hire purchase / auto finance, insurance, asset management, fund management, venture capital, leasing, factoring, trustee services and nominee services.

Maybank Group has the largest branch network in Malaysia with more than 361 branches and over 2,000 Automated Teller Machines (ATM). In addition, it has 22 branches in Singapore, 3 in Brunei, 1 each in Hong Kong, London, New York, Bahrain, Phnom Penh, Hanoi and Shanghai, as well as representative offices in Beijing and Ho Chi Minh City. It has commercial banking subsidiaries in Papua New Guinea (with branches in Port Moresby and Lae), 45 branches in Philippines and 3 in Indonesia.

Maybank became the first Malaysian bank to embark on the computerisation programme and has since maintained its position as a leader in innovative financial services. Maybank has achieved various milestones in innovative products and services, amongst which are:

- 1) First bank in Malaysia to introduce Internet banking services (Maybank2u.com) and an integrated web-based cash management portal (Maybank2e.net)
- 2) First bank in Asia to offer personalised financial planning service (Bankassurans)
- 3) First bank in Malaysia to offer ticketless travel convenience for domestic flights on Malaysia Airlines (MAS Electronic Ticketing or MASET)

\* Source : The Banker, July 2008.



Overall, the Malaysian economy registered healthy pace of growth in the financial year ended June 30, 2008. Real Gross Domestic Product (GDP) growth was 6.7% year-on-year in third quarter of year 2007 and 7.3% year-on-year in fourth quarter of year 2007, bringing the full-year 2007 economic growth to 6.3% (2006: 5.8%). The pace was sustained in the first half of year 2008, with growth of 7.1% year-on-year in first quarter of year 2008 and 6.3% year-on-year in second quarter of year 2008. For financial year ended June 30, 2008, the economy expanded by 6.9%, better than the 5.6% growth recorded for financial year ended June 30, 2007. Economic growth during the period under review was essentially domestic-driven, especially amid strong growth in private sector spending i.e. consumer expenditure and fixed capital formation.

The prospect for the financial year ended June 30, 2008 however is more challenging as global economic outlook is overshadowed by the unfolding financial crisis and sharp economic slowdown – if not recession – in the United States (US) that is the product of the subprime mortgage market collapse earlier. The International Monetary Fund (IMF) expects global growth to slow significantly in the second half of year 2008 before recovering gradually in year 2009. It projects global economic growth to ease to 4.1% in year 2008 and 3.9% in year 2009 after averaging 5.0% p.a. in years 2004 to 2007.

At the same time, the surge in crude oil and soft commodity prices during the financial year prompted the Government to raise fuel-energy prices to reduce its fuel-energy subsidy bills on June 5, 2008. Consequently, inflation rate accelerated during the period from 1.6% year-on-year in July 2007 to 7.7% in June 2008.

Meanwhile, prolonged political uncertainties since the March 2008 General Election, also weighed on the economy in terms of policy direction, particularly over the implementation of major infrastructure projects and investment plans under the Ninth Malaysia Plan (9MP) and the five (5) regional development corridors.

The slowing global economy, rising inflationary pressure as well as uncertainties over domestic political situation and policy directions are expected to take its toll on domestic demand, particularly consumer and business spending on top of the expected subdued export growth.

Consequently, we estimated that the Malaysia's real GDP growth will moderate to between 4.0% and 4.5% in the second half of year 2008, giving a full-year real GDP growth of 5.3% before stabilising at around 5.1% in year 2009. Inflation rate quickened further to 8.5% year-on-year in July 2008, and will likely remained elevated until mid-2009 before easing in second half of year 2009, resulting in a 6.0% inflation rate in year 2008 (2007: 2.0%) prior to a moderation to 4.7% in year 2009.

To prevent excessive downside to the economy, both monetary and fiscal policies are expected to be pro-growth during financial year ending June 30, 2009. This will entail the prospect of an unchanged Overnight Policy Rate (OPR) for the most part of financial year ending June 30, 2009, coupled with the people-oriented tax incentives and spending in the Budget 2009. Also, Government development spending should pick up following the 15.0% increase in development allocation to RM230.0 billion during the Mid-term Review of the 9MP. Meanwhile, more “non-interest rate” measures are expected to be announced to deal with inflation. Latest measures include the 0.8 sen to 0.22 sen reduction in petrol and diesel prices to reflect the current correction in crude oil prices, which partly reverses the 0.78 sen to RM1.00 hikes on June 5, 2008.

## BUSINESS ENVIRONMENT

The operating environment during the financial year ending June 30, 2009 started off strong, but later turned mixed as robust domestic demand were moderated by weakening exports and domestic uncertainties.

Nevertheless, the financial sector continues to record relatively healthy loans growth into June 2008 (6.5% year-to-date, 11.7% year-on-year) where both household and business loans grew 8.9% year-on-year and 14.4% year-on-year respectively. Asset quality of the banking system improved further with net non-performing loans (NPL) ratio declining to 2.7% as at June 2008, from 4.1% as at June 2007. System capitalisation stayed strong with core capital and risk weighted capital ratios at 10.1% and 13.0% respectively as at June 2008.

However, second half of year 2008 will be very challenging for the financial services industry, particularly for the capital markets which in June 2008 were impacted by the introduction windfall taxes on the independent power producers, and may further bear the brunt of an anticipated move to review toll road concessions in the country. Consequently, banking profits were affected by the sell-offs and hollowing out in the bond market in second quarter of year 2008.

The impact on the equity market was much more pronounced. After the 11.0% rally from the start of the financial year to its peak of 1,516 points on January 11, 2008, the Kuala Lumpur Composite Index (KLCI) suffered from steep foreign selling amid political and policy uncertainties following the March 2008 General Election. Consequently, the KLCI has tumbled 25.9% to 1,070 points calendar year-to-date (as of August 26, 2008). The average daily trading value has fallen from RM2.04 billion in second half of year 2007 (a 76.0% year-on-year growth) to only RM1.67 billion in first half of year 2008.

## FIXED INCOME MARKET

In the bond market, a total of RM129.8 billion of bonds was issued by both the public sector and private sector during the financial year under review, up 35.0% from the previous financial year. This was largely due to the 60.6% increase in Private Debt Securities (PDS) to RM74.0 billion, as public sector issuance rose by just 11.4% to RM55.8 billion, of which RM45.3 billion were the Malaysian Government Securities (MGS).

Bond yields were generally stable throughout the financial year. However, the bond market experienced major sell down beginning June 5, 2008 when the government raised fuel-energy prices, causing MGS yields to increase and the yield curve to steepen in reaction to expectations of higher inflationary pressure going forward. However, BNM's decision to keep OPR steady in the June and August 2008 on account of the downside risks to growth has brought MGS's yields down slightly, resulting in downward shifts of the yield curve.

Going forward, the MGS yield curve is expected to flatten considering the recent reduction of petrol prices in line with the falling crude oil prices, as well as slowing economic growth, all of which are expected to temper inflationary pressures.

