

**MALAYAN BANKING BERHAD** (3813-K)  
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**OUR VISION**

To be a Regional Financial Services Leader

**OUR MISSION**

Humanising Financial Services from the Heart of ASEAN

our **5**year aspirations

1. Undisputed No.1 Retail Financial Services provider in Malaysia by 2015
2. Leading ASEAN wholesale bank eventually expanding further into Middle East, China & India
3. Domestic Insurance Champion and emerging regional player
4. Truly regional organisation, with ~40% of pre-tax profit derived from international operations by 2015
5. Largest Islamic bank in ASEAN

**CORE VALUES**



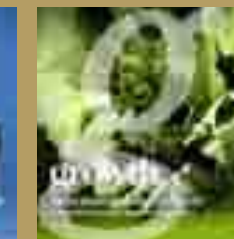
**Teamwork**

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



**Integrity**

We are honest, professional and ethical in all our dealings



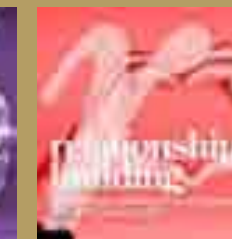
**Growth**

We are passionate about constant improvement and innovation



**Excellence & Efficiency**

We are committed to delivering outstanding performance and superior service



**Relationship Building**

We continuously build long-term and mutually beneficial partnerships

**Celebrating 50 Years, Close To You**

**1960-2010**

Serving 18.3 million customers from the heart of South East Asia and in key global financial centres, Maybank celebrates a Golden Jubilee of milestone achievement. The year 2010 sees us record our best ever performance. It is truly the Year of the Tiger as we set new benchmarks and expand our frontiers as Malaysia's regional financial services leader. Close To You – our anniversary theme, captures the spirit of the Maybank brand and how we continue to invest our vast experience and expertise in every community we serve, sharing in the lives, hopes and dreams of all our customers.

The invaluable insights gained into the true potential of all our communities – the will of people everywhere to make a better future for themselves and their families, inspire us in our quest to humanise financial services and grow our operations far beyond Malaysia's shores.



Annual Report 2010



This annual report is printed on recycled and environment friendly material.

# 50 *Years of Growth*

**Profit After Tax**

**>USD 1 BILLION**

**Total Assets**

**>USD 100 BILLION**

**Human Capital**

**>40,000 MAYBANKERS  
WORLDWIDE**

**Global Network**

**>1,750 OFFICES  
IN 14 COUNTRIES**

**Customers**

**>18 MILLION CUSTOMERS**

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## Corporate Framework



## Achievement

# notice of the 50<sup>th</sup> annual general meeting

Grand Ballroom,  
Level 1, Sime Darby  
Convention Centre,  
1A Jalan Bukit Kiara 1,  
60000 Kuala Lumpur  
on **Wednesday,**  
**29 September 2010**  
at **10.00 a.m.**

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**Insights**



**Reaching Out**



Investing in the  
human spirit



50 <sup>1960-2010</sup>  
YEARS - CLOSE TO YOU



## transformationjourney

Maybank's transformation journey began in 2008 to secure its leadership position in the financial industry locally and to improve its position regionally.



The transformation programme, named LEAP30, focused on three key strategies:

- Secure Maybank's position as the undisputed leader in financial services in Malaysia
- Strengthen regional presence through enhancing the quality of operations in seven out of 10 ASEAN countries Maybank operates in today, whilst continuing to look for opportunities in other growth markets in the region
- Become a talent and execution-focused company

The transformation programme was planned to be implemented over two horizons.

### Creating the Momentum: Wave I 2009/2010

The first wave covers consumer, enterprise, investment and Islamic banking, insurance, international business, operations and human capital development.

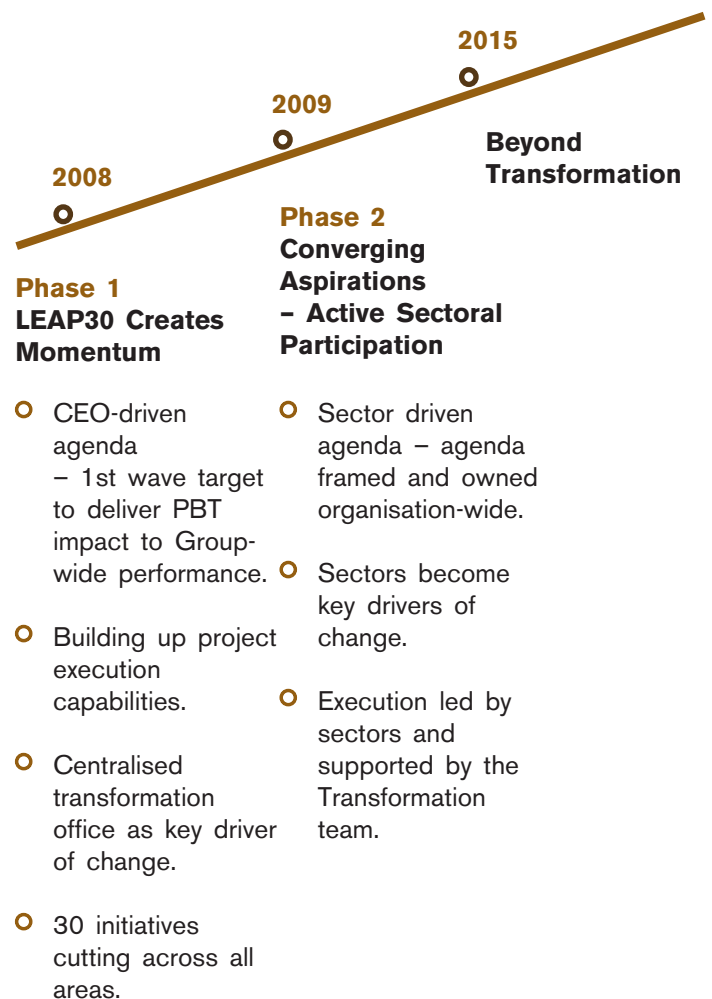
Early results in FY2010 saw over 100% increase in sales performance at branches participating in the initiatives, increased product penetration in our corporate client product portfolio and cost savings and avoidance in excess of RM140 million in procurement and reprioritisation of IT projects.

Actual financial benefits amounted to RM444 million and created a funding engine for the entire transformation programme.



### LEAP30 Financial Benefits

(RM'Million)	FY2009	FY2010
Profit Before Tax	40	324
Cost reduction	143	120
<b>Total Financial Benefits</b>	<b>183</b>	<b>444</b>
Investments	28	80
ROI	42%	305%



### Converging Aspirations: Wave II 2010-2015

By capturing synergies, efficiencies and energy across the business, individual sectors will now drive their own transformation initiatives to accelerate Group-wide performance. Change management skills will be embedded within the business to get the entire Bank engaged on the transformation journey.



In planning the second phase, Maybank has reframed its vision and aspirations to accelerate its journey of change to bring strategic transformation across the Group as it sets its sights on expanding its regional businesses leveraging on its three home markets – Malaysia, Singapore and Indonesia. The move underscores the importance of continuously improving profitability, market value and returns on capital.

We move boldly into the future focussed on our vision and mission to be a regional financial services leader through humanising financial services from the heart of ASEAN.



### Maybank's Strategic Objectives:

By 2015 to be:

- Undisputed No.1 Retail Financial Services provider in Malaysia
- The leading ASEAN wholesale bank eventually expanding further into the Middle East, China and India
- Domestic Insurance Champion and emerging regional player
- Truly regional organisation, with around 40% pre-tax profit derived from international operations
- Largest Islamic bank in ASEAN

With fifty years of experience, we can now leverage on our vast network and leadership position, reach out to and connect with people and communities, cultivate relationships and improve lives. We can be more than a bank with products and services. By continuously winning the trust of our customers and the ASEAN community, we will enhance our competitiveness.

With this aspiration and riding on the momentum of the transformation programme, we restructured to enable each sector to drive the reframed Group agenda. The previous LEAP30 Transformation Office is renamed Transformation Office and became part of the Enterprise Transformation Services (ETS), a larger unit providing support in transforming the bank.



### New House of Maybank – Group Corporate Structure to support aspirations





## corporate **milestones**

### 1960

- Maybank is incorporated on May 31 and begins operations at Mansion House in High Street in the heart of Kuala Lumpur on September 12.
- Malayan Finance Corporation (later Mayban Finance) is established, the first wholly bank-owned finance company to be set up at a time when the Malayan economy was dependent on rubber and tin.
- On November 28, Maybank's first overseas branch opens in Brunei Darussalam. Two more branches were later opened in Brunei – in Seria in 1983 and Gadong in 1999.
- Branches are opened in Singapore, with the first on South Bridge Road in December. **01**

### 1962

- The Hong Kong branch opens on February 12, followed by a branch in London on September 12.
- On February 17, Maybank lists on the Kuala Lumpur Stock Exchange.

## 1960s

Maybank is incorporated on 31 May 1960 and **begins operations** at Mansion House in High Street in the heart of Kuala Lumpur on 12 September 1960.



1970s

In October 1978, the Kuala Lumpur main branch is **computerised**, making Maybank the first Malaysian bank to computerise its savings and current accounts services.

### 1973

- In September, Maybank sets up its investment banking arm – Asian and Euro-American Merchant Bankers Bhd (ASEAMBANKERS). The bank is renamed Maybank Investment Bank in 2009. 02

### 1974

- Maybank introduces the first Rural Credit Scheme in Malaysia with 10 project field officers. The scheme aimed to bring the Bank and its services to the people in rural sectors, and to play its role in financing viable small-scale industries and businesses as well as Bumiputeras and Bumiputera concerns in line with the government's objectives to correct the economic imbalance among the populace.

### 1976

- As part of the Bank's continuing policy to provide financial services to rural communities, the first mobile bank unit is set up in Johor. 03

### 1977

- In June, Mayban-Phoenix Assurance Bhd – with the Bank holding 70% equity – is incorporated offering underwriting general insurance risks with an authorised capital of up to \$10 million. The remaining 30% is held by British Phoenix Assurance. On October 10, 1986, Mayban-Phoenix Assurance is renamed Mayban Assurance.

### 1978

- In October, the Kuala Lumpur main branch is computerised, making Maybank the first Malaysian bank to computerise its savings and current accounts services.



02



03

**1980**

- In December, Maybank launches its first credit card – the Maybank Visa Classic card.

**1981**

- In September, Maybank becomes the first Malaysian bank to set up an ATM at its Ampang branch in Kuala Lumpur.

**1983**

- Prime Minister Datuk Seri Dr Mahathir Mohamad lays the foundation stone of Menara Maybank – Maybank’s headquarters – in September. **04**

**1984**

- Maybank’s New York branch opens in September. **05**

**1986**

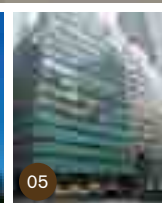
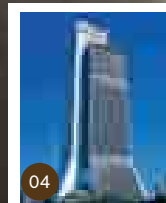
- Maybank introduces the nation’s first integrated and largest ATM network – Automated Banking Consortium or ABC linking Kwong Yik Bank, Mayban Finance and Maybank in Malaysia and Singapore, a total of 296 ATMs. **06**

- Maybank launches the first joint pilot EFTPOS service with a number of participating petrol stations.

**1988**

- In January, Balai Seni Maybank and the Maybank Numismatic Museum are officially opened by Tan Sri Dato’ Jaffar Hussein, Governor of Bank Negara Malaysia. This is followed by the official opening of Menara Maybank in June 1988 by the Prime Minister.
- Maybank becomes the first financial institution to introduce payment for new IPOs through ATMs.

**1980s**  
 In September 1981,  
 Maybank becomes  
 the first Malaysian bank  
 to set up an **ATM** at its  
 Ampang branch in  
 Kuala Lumpur.



## 1990s

In September 1992, **Maybank Autophone** is launched, making it the first local bank in the country to offer customers the convenience of conducting their banking transactions and payment of selected utility bills through a computerised telephone service.



### 1990

- Maybank sets up an offshore bank in Labuan International Offshore Financial Centre in October.

### 1992

- In January, Mayban Securities is formed.

### 1992

- In September, Maybank Autophone is launched, making it the first local bank in the country to offer customers the convenience of conducting their banking transactions and payment of selected utility bills through a computerised telephone service.

### 1993

- Mayban Ventures begins operations in February. In September, Aseam Leasing and Credit Bhd is incorporated, offering leasing and hire purchase activities.

### 1994

- Maybank (PNG) Ltd opens for business in Port Moresby in October, with a second branch opened in Lae in 1997. 07
- In November, Prime Minister Dato Seri Dr Mahathir Mohamad officially launches PT Maybank Nusa Internasional, a joint venture with PT Bank Nusa Internasional of Indonesia.

- A branch is opened in Phnom Penh in Cambodia, and two representative offices are opened in Beijing and Tashkent, capital of Uzbekistan in Central Asia.

### 1996

- In March, the Hanoi branch and a representative office in Ho Chi Minh City are officially opened. In October 2005 Ho Chi Minh City becomes an official branch making it the second branch in Vietnam.
- In March, Deputy Finance Minister Wong See Wah launches Maybank Bankassurans, the first such service in Southeast Asia offering insurance products to customers at bank branches.

### 1996

- Maybank sells Kwong Yik Bank to Rashid Hussain Berhad in December.

### 1997

- In July, Maybank becomes the first bank to launch the Malaysia Airlines Electronic Ticketing or MASET, marking the birth of ticketless air travel via payment at any Maybank Group ATM.
- Maybank acquires a 60% stake in PNB-Republic Bank of the Philippines, and renames it Maybank Philippines Inc. 08

**2000**

- Maybank launches Maybank2u.com in June, making it the first bank in Malaysia to introduce Internet banking services.
- Maybank acquires Pacific Bank Bhd and Phileo Allied Bank Bhd. In 2001, they were merged into Maybank's operations.

**2001**

- Maybank and Fortis International NV, one of the largest providers of integrated financial services in Europe, collaborate to set up Mayban Fortis Holdings Bhd. The partnership, with Maybank holding a 70% stake and Fortis 30%, sees the grouping of all Maybank's insurance companies under Mayban Fortis Holdings Bhd.
- In July, Maybank Tower, the new headquarters of Maybank Singapore, is officially opened by the republic's Deputy Prime Minister Brig-Gen (Rtd) Lee Hsien Loong. 09

- In November, Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi launches Dataran Maybank in Kuala Lumpur. Dataran Maybank houses the head offices of Mayban Finance, Mayban General Assurance, Mayban Fortis Holdings, Mayban Life Assurance, Mayban Life International, Mayban Securities and Mayban Futures.

**2002**

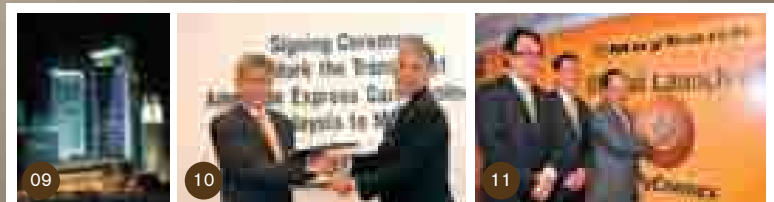
- In July, Mayban Takaful commences operations, making it the first Takaful company owned by a conventional bank in Malaysia. Its products are sold via Maybank and Mayban Finance branches under the bancassurance model.

**2003**

- Maybank officially launches its Bahrain branch, the first Malaysian bank to operate there.



**2000**  
 Maybank launches  
 Maybank **2u.com**  
 in June 2000, making it  
 the first bank in Malaysia  
 to introduce Internet  
 banking services.



**2004**

- In February, Maybank is the first local bank to introduce e-Dividend via Maybank2e, a comprehensive dividend payment system that streamlines dividend processing and payment through the Bank's enterprise cash management system, Maybank2e.net.
- In October, the entire operations and business of Mayban Finance Bhd is vested into Maybank.

**2005**

- The acquisition of Malaysia National Insurance Bhd, Malaysia's largest national insurer and its subsidiary, Takaful Nasional Sdn Bhd, Malaysia's premier Takaful provider, catapults Mayban Fortis to the position of second largest insurer in Malaysia. The merger culminates in the rebranding of the entire Insurance and Takaful group which takes the new brand name of Etiqa in November 2007.

**2006**

- In August, Maybank signs a business transfer agreement with American Express to be the sole issuer and manager of the American Express charge card and merchant acquiring businesses in Malaysia. **10**
- Maybank becomes the first Malaysian bank to provide its Region Link services for over-the-counter-cash withdrawal services in its offices in Malaysia, Singapore, Brunei Darussalam and the Philippines.

**2007**

- Maybank Group launches Etiqa, the new brand name for its conventional and takaful businesses under Mayban Fortis Holdings.

**2008**

- Maybank establishes its Islamic banking subsidiary, Maybank Islamic Berhad, in January.
- Maybank expands its international network with strategic acquisitions of stakes in Bank Internasional Indonesia, An Binh Bank of Vietnam and MCB Bank Ltd of Pakistan.

**2009**

- Maybank launches the country's first wireless (mobile) payment terminal facility to accept credit or debit payment at the point of delivery with Pizza Hut. Later in the year, Maybank, in partnership with Maxis, Nokia, Touch n Go and Visa, launches the first-in-the-world, contactless mobile payments using near field communications (NFC) via Nokia phones.
- In April, Maybank and Permodalan Nasional Berhad jointly launch Malaysia's first-ever service for making additional investments in ASB units via Internet banking.
- Maybank successfully completes a RM6 billion rights issue – the largest in Malaysian corporate history.

**2010**

- Maybank launches 50th anniversary celebrations in January.
- In March, Maybank becomes the first public listed company on Bursa Malaysia to announce a dividend reinvestment plan that allows shareholders of Maybank to reinvest their dividend into new ordinary shares of Maybank.
- First Malaysian bank to achieve more than USD100 billion in total asset size and USD1 billion in profit after tax.
- First to launch disabled friendly banking branches for wheelchair bound users nationwide. **11**
- Launches TradeConnex, first local bank in Malaysia to offer a comprehensive suite of conventional trade finance products online.
- Maybank Islamic launches Waqf, first structured community giving programme for customers by a financial institution in Malaysia.
- Maybank Singapore launches the first Islamic financing package for SMEs in Singapore offering fixed rates beyond the conventional three year period.



# notice of the 50<sup>th</sup> annual general meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of Malayan Banking Berhad (Maybank/the Company) will be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 29 September 2010 at 10.00 a.m. for the following businesses:-

## AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Reports of the Directors and Auditors thereon.  
**(Ordinary Resolution 1)**
2. To approve the payment of a Final Dividend of 44 sen per share less 25% income tax, for the financial year ended 30 June 2010 as recommended by the Board.  
**(Ordinary Resolution 2)**
3. To re-elect the following Directors, each of whom retires by rotation in accordance with Articles 96 and 97 of the Company's Articles of Association:-
  - i) Dato' Sri Abdul Wahid Omar  
**(Ordinary Resolution 3)**
  - ii) Tan Sri Datuk Dr Hadenan A. Jalil  
**(Ordinary Resolution 4)**
  - iii) Dato' Seri Ismail Shahudin  
**(Ordinary Resolution 5)**
4. To re-elect the following Directors, each of whom retires in accordance with Article 100 of the Company's Articles of Association:-
  - i) Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor  
**(Ordinary Resolution 6)**
  - ii) Dato' Mohd Salleh Hj Harun  
**(Ordinary Resolution 7)**
5. To approve the following directors' remuneration:-
  - (a) payment of directors' fees amounting to RM300,000 per annum for the Non-Executive Chairman, RM285,000 per annum for Non-Executive Vice-Chairman and RM190,000 per annum for each of the Non-Executive Directors for the financial year ended 30 June 2010; and
  - (b) increase in directors' meeting allowances for Board meetings from RM750 per meeting per director to RM1,500 per meeting per director and for Board Committee meetings from RM750 per meeting per director to RM1,000 per meeting per director effective 1 July 2009.  
**(Ordinary Resolution 8)**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 30 June 2011 and to authorise the Directors to fix their remuneration.  
**(Ordinary Resolution 9)**

**AS SPECIAL BUSINESS:**

To consider, and if thought fit, to pass the following Ordinary resolutions:-

**7. AUTHORITY TO DIRECTORS TO ISSUE SHARES**

“THAT subject always to the Companies Act, 1965, the Company’s Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being.” **(Ordinary Resolution 10)**

**8. ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK (“MAYBANK SHARES”) IN RELATION TO THE RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS SHAREHOLDERS OF MAYBANK (“SHAREHOLDERS”) TO REINVEST THEIR DIVIDEND TO WHICH THE DIVIDEND REINVESTMENT PLAN APPLIES, IN NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK (“DIVIDEND REINVESTMENT PLAN”)**

“THAT pursuant to the Dividend Reinvestment Plan as approved by the Shareholders at the Extraordinary General Meeting held on 14 May 2010, approval be and is hereby given to the Company to allot and issue such number of new Maybank Shares for the Dividend Reinvestment Plan until the conclusion of the next AGM upon such terms and conditions and to or with such persons as the Directors may, in their

absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Maybank Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (“VWAMP”) of Maybank Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.” **(Ordinary Resolution 11)**

9. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

**BY ORDER OF THE BOARD****MOHD NAZLAN MOHD GHAZALI**

LS0008977

Company Secretary

Kuala Lumpur

7 September 2010

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Duly completed Forms of Proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 27 September 2010 at 10.00 a.m.
4. For a Form of Proxy executed outside Malaysia, the signature must be attested to by a Solicitor, Notary Public, Consul or Magistrate.
5. Only members registered in the Record of Depositors as at 23 September 2010 shall be eligible to attend the AGM or appoint a proxy to attend and vote on his/her behalf.
6. If a proxy or proxies appointed is/are not a member of Maybank, please ensure that the proof of eligibility of the proxy or proxies is/are enclosed with the Form of Proxy submitted and the original counterpart of such proof of eligibility is/are presented by your proxy or proxies for verification purposes during the registration process.

**Payment of Final Dividend**

7. The proposed gross dividend as per Resolution 2 consists of an electable portion of 40 sen (30 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 51(c) to the financial statements.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad the final dividend, if approved, will be paid no later than three (3) months from the shareholders' approval. The Book Closure Date will be announced by the Company after the AGM.

**Abstention from Voting**

8. All the Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolution 8 in relation to the remuneration to Non-Executive Directors at the 50th AGM.

**9. Explanatory notes on Special Business:-**

- (i) **Ordinary Resolution 10 – Authority to Directors to Issue Shares**

The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to 10% of the issued and paid-up capital of the Company, which was approved at the 49th AGM held on 30 September 2009 and which will lapse at the conclusion of the 50th AGM held on 29 September 2010. A renewal of this mandate is sought at the 50th AGM under proposed Ordinary Resolution 10.

The proposed Ordinary Resolution 10, if passed, will give powers to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The purpose of the proposed mandate from shareholders is to provide the Bank flexibility to undertake any share issuance during the financial year that is not material in nature under exceptional circumstances i.e. in the event of any strategic opportunities involving equity deals which may require the Bank to allot and issue new shares on urgent basis – and which is only to be undertaken if the Board considers it to be in the best interest of the Company.

(ii) **Ordinary Resolution 11 – Dividend Reinvestment Plan**

This proposed ordinary resolution will give authority to the Directors to allot and issue shares for the Dividend Reinvestment Plan in respect of dividends declared in this AGM and subsequently until the next AGM. A renewal of this authority will be sought at the next AGM.

10. **Statement Accompanying the Notice of Annual General Meeting**

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A in Maybank's 2010 Annual Report.

Annexure A

## statement accompanying notice of the 50th annual general meeting

### (Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Profile of the Directors who are standing for re-election (as per Ordinary Resolutions 3 to 7 as stated above) at the 50th Annual General Meeting of Malayan Banking Berhad which will be held at Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 29 September 2010 at 10.00 a.m. are stated on pages 74 to 78 of the Annual Report 2010.

The details of any interest in the securities of Maybank and its subsidiaries (if any) held by the said Directors are stated on page 227 of the Annual Report 2010.

## financialcalendar

### 25 August 2009

Announcement of the audited results of Maybank and of the Group and announcement of the final dividend for the financial year ended 30 June 2009

### 8 September 2009

Notice of the 49th Annual General Meeting, Notice of Dividend Payment and Book Closure and issuance of annual report for the financial year ended 30 June 2009

### 30 September 2009

49th Annual General Meeting

### 15 October 2009

Book closure for determining the entitlement of the dividends

### 27 October 2009

Date of payment of the final dividend of 8 sen per share (less 25% Malaysian Income Tax) in respect of the financial year ended 30 June 2009

### 12 November 2009

Announcement of the unaudited results of Maybank and the Group for the first quarter of the financial year ended 30 June 2010

### 9 February 2010

Announcement of the unaudited results of Maybank and the Group for the second quarter and announcement of the interim dividend for the financial year ended 30 June 2010

### 5 March 2010

Book closure for determining the entitlement of the interim dividend

### 16 March 2010

Date of payment of the interim dividend of 11 sen per share (less 25% Malaysian Income Tax) in respect of the financial year ended 30 June 2010

### 29 April 2009

Notice of Extraordinary General Meeting in relation to the proposed recurrent and optional dividend reinvestment plan that allows shareholders of Maybank to reinvest their dividend to which the dividend reinvestment plan applies, in new ordinary shares of RM1.00 each in Maybank

### 13 May 2010

Announcement of the unaudited results of Maybank and the Group for the third quarter of the financial year ended 30 June 2010

### 14 May 2010

Extraordinary General Meeting in relation to the proposed recurrent and optional dividend reinvestment plan that allows shareholders of Maybank to reinvest their dividend to which the dividend reinvestment plan applies, in new ordinary shares of RM1.00 each in Maybank

### 20 August 2010

Announcement of the audited results of Maybank and of the Group and announcement of the final dividend for the financial year ended 30 June 2010

### 7 September 2010

Notice of the 50th Annual General Meeting and issuance of annual report for the financial year ended 30 June 2010

### 29 September 2010

50th Annual General Meeting

## enhancing **value** to **shareholders**

With the robust financial performance delivered in FY2010, Maybank has stood by its commitment to return greater value to its shareholders in the form of higher dividend payment together with continued capital appreciation of its shares.

FY2010 represented a year where Maybank strived to make good on the investments made by its providers of capital, both in fixed income through our capital securities raising exercise and in equity capital through our rights issue to shareholders in the previous financial year.

The confidence demonstrated by shareholders towards our long term strategy to seek for higher growth opportunities beyond the domestic market has been justified as BII recorded significant asset growth and increased its profit contribution to the Group while MCB Bank and ABBank have both contributed positively to our bottom line despite the challenges and uncertainties that prevailed at the onset of the acquisitions.

By delivering better profits every quarter than the year before, Maybank share price has risen steadily as more analysts upgraded their recommendations to "Buy". As a result, Maybank's foreign shareholding ratio rose from 11.20% to 12.66% during the year, a positive indication of greater interest from foreign institutional funds.

### **Dividend Reinvestment Plan**

With the record profit achieved in FY2010, Maybank has declared a higher gross dividend of 55 sen per share, a reflection of the Board's desire to reward shareholders following the previous year's gross dividend of 8 sen per share.

The Board, however, also recognises the need to balance providing healthy dividend income to shareholders while ensuring that future capital requirements of the company

are adequately met in order to preserve its financial strength and to grow its business. This is especially important since in response to the financial crisis, the Basel Committee on Banking Supervision is updating its guidelines for capital and banking regulations which as part of the forthcoming Basel III, banks are expected to be better capitalised via core equity.

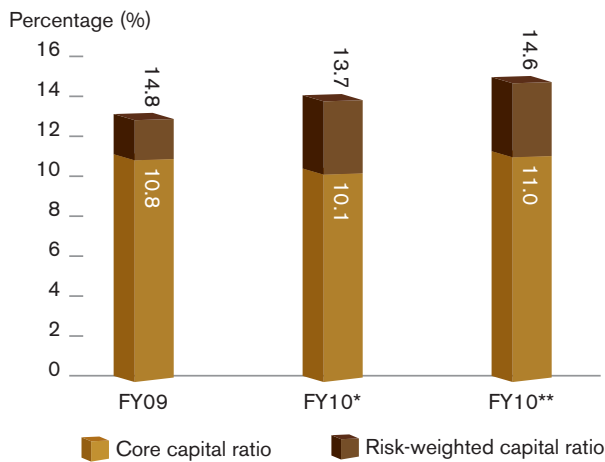
In view of this, the Board had during the financial year proposed and obtained approval for a Dividend Reinvestment Plan (DRP) that will be a part of Maybank's strategy to conserve and manage its capital. The DRP will enable Maybank to declare dividends in accordance to the dividend policy while allowing shareholders to either receive the dividend in cash or reinvest the dividend into new Maybank shares. The reinvestment in new Maybank shares will enhance value to shareholders as the shares are issued at a discount of up to 10% while for Maybank the reinvestment will help to preserve a portion of its capital declared as dividends.

Since the previous year's debt raising and rights issue, Maybank did not raise any additional capital during the financial year. The DRP would help in Maybank's capital management by issuance of new shares from reinvestment of the dividends declared.

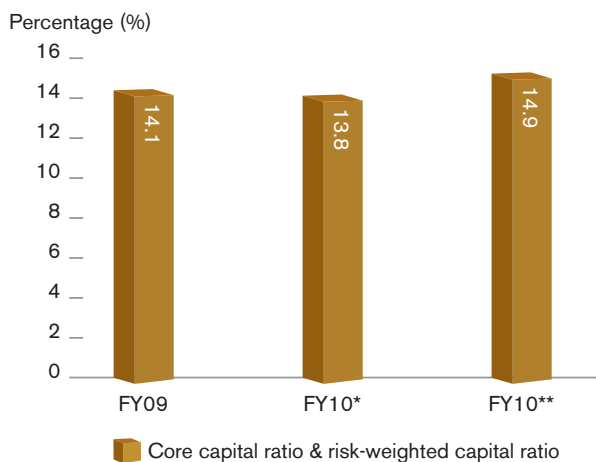
With the DRP, Maybank's capital adequacy ratio (risk weighted capital ratio after dividends), would remain healthy at between 13.71% and 14.58% at Group level and 13.78% and 14.91% at Bank level, depending on the amount of the dividend under DRP reinvested.

## Maybank's capital ratios

### Group



### Bank



\* Entire electable portion not reinvested under DRP  
 \*\* Entire electable portion reinvested under DRP

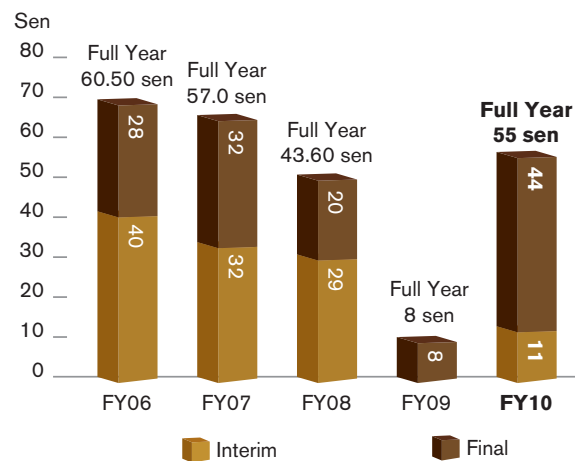
## Dividends

Maybank has a long-term dividend policy of between 40% and 60% dividend payout ratio based on the reported net profit attributable to shareholders.

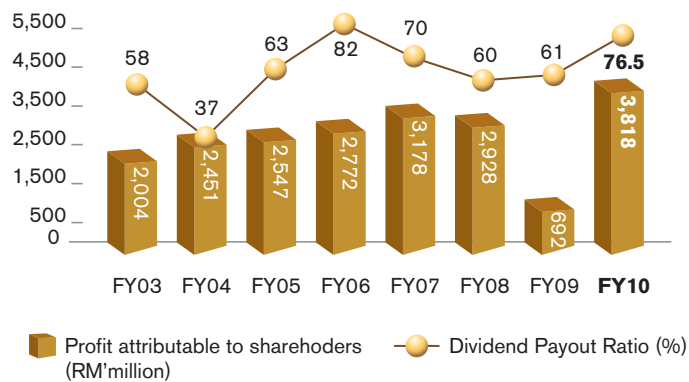
The Board of Directors has proposed a final gross dividend of 44 sen (33 sen net) per share. In addition to the interim dividend of 11 sen gross (8.25 sen net), the full year gross dividend amounts to 55 sen (41.25 sen net) compared to 8 sen (6 sen net) in the previous year. This translates to a dividend payout ratio of 76.5%, which is higher than the dividend policy's stated target of between a 40% and 60% dividend payout ratio, and higher than the previous year's dividend payout ratio of 61%.

Out of the net dividend of 33 sen, 30 sen will be the electable portion where shareholders can elect to fully reinvest into Maybank shares at a discount of up to 10% of the five-day volume weighted average market price of Maybank shares ex-dividend.

### Gross Dividends



### Profit Attributable to Shareholders and Dividend Payout Ratio



### Share Price Performance

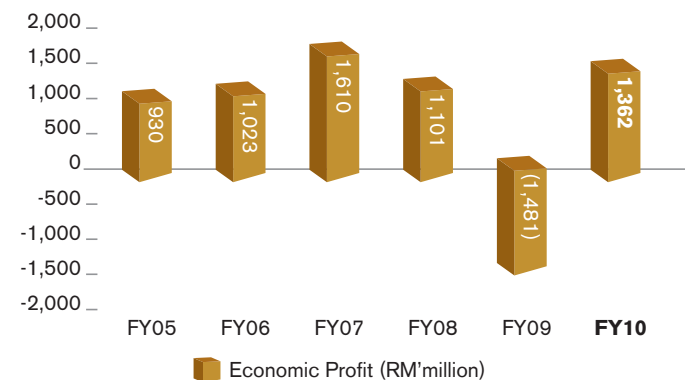
Apart from dividends paid to shareholders, enhancing our value to shareholders includes improving Maybank's share price performance. During the financial year, Maybank's share price rose 28.1%, outperforming the FBM KL Composite Index which rose 22.2%. However, Maybank's performance for FY2010 was lower against the KL Finance Index, which rose 38.7%. Please refer to pages 425 and 426 for further commentary and a chart on Maybank's share price performance for the year.

### Economic Profit

As part of the Transformation Programme for Government-linked Companies (GLCs) introduced by Khazanah Nasional, Maybank has tracked the performance of its Economic Profit since 2005. The transformation programme is an initiative to develop high-performing entities for the future prosperity of the country and Economic Profit is used as a key measure of value creation to shareholders by showing a company's return over and above its cost of capital.

For FY2010, Maybank's Economic Profit rebounded to RM1.36 billion from a deficit of RM1.48 billion the previous year mainly attributable to higher profit for the year despite the expanded equity base.

### Economic Profit



### Credit Rating

Maybank's financial strength, which was fortified by the rights issue in the previous year, was further strengthened by the robust profits during FY2010. With strong fundamentals, Maybank has retained its credit ratings on par with Malaysia's sovereign rating during the financial year as follows:

Standard and Poor's	A-
Fitch Ratings	A-
Moody's Investors Services	A3
RAM Ratings	AAA

The outlook for the long-term credit ratings for Maybank was maintained as Stable throughout the financial year by all four rating agencies. Maybank is regularly in contact with its credit rating agencies as well as regulators to ensure continued adoption of prudent capital management practices and remains committed towards maintaining its investment grade credit ratings.



corporate **profile**

**total net profit**

USD **1.2** billion

**market capitalisation**

USD **18.6** billion

**employing**

**40,000**

**serving over**

**18 million customers**

Maybank Group is the leading financial services provider in Malaysia catering to the needs of consumers, investors, entrepreneurs, non-profit organisations and corporations. The Group, which has expanded internationally, has the largest network among Malaysian banks of over 1,750 branches and offices in 14 countries, employing 40,000 Maybankers and serving over 18 million customers. It also has the distinction of holding the largest asset base – of more than USD100 billion; and market capitalisation – of USD18.6 billion; with total equity and total net profit of USD9.1 billion and USD1.2 billion respectively.

In 2008, the Bank established an Islamic banking subsidiary, Maybank Islamic, which today is the leading Islamic financial services provider in Malaysia with 17% of Islamic financing market share and is set to become a key player internationally.

Having occupied a stable and leading space in the Malaysian financial landscape for 50 years, the Group is currently on the second wave of a transformation journey to further strengthen its processes, systems and human resource capabilities. The objective is to offer unparalleled products and services targeted at customer needs so as to secure greater leadership in Malaysia and the region.

### A 50-Year Legacy

Ever since opening its doors in the heart of Kuala Lumpur on 12 September 1960, Maybank has been a partner to economic development in Malaysia. It has supported the country since the early years of independence, providing the financial services necessary to transform from an agrarian to a newly industrialised economy, consistently setting new benchmarks in product and service delivery.

From the beginning, Maybank has focused on being a bank for all Malaysians, going the extra mile to provide access to those who were not being served by any other financial institution. It was the first bank to offer a rural credit scheme, promoting the growth of small-scale industries. This was later supplemented by mobile units that were able to reach out to more Malaysians across the length and breadth of the country.

As the economy evolved and Malaysians began to globalise, taking their business ventures overseas, Maybank continued to be their trusted financial services provider. Its international expansion began from its very first year, when it opened branches in Brunei and Singapore. Two years later, it expanded to Hong Kong and London. Maybank is the only Malaysian bank in Papua New Guinea, and was the first to have set up base in Bahrain. It is also in Cambodia, China, Pakistan, the Philippines, the US, Uzbekistan and Vietnam.

Over the span of half a century, Maybank has steadily built an unshakeable foundation by focusing on the fundamentals of a healthy balance sheet and profitability, while maintaining best-in-class risk management and other essential support systems. From this secure vantage point, it has acquired a reputation for being an innovative, ICT-driven bank. Maybank has always adopted the latest information and communication technologies to create greater efficiency and flexibility of products and services which translate into enhanced convenience for its growing customer base.

Among its ICT-based milestones, Maybank was the first to computerise its savings and current accounts services; the first to introduce ATMs, and then to allow Malaysians to subscribe to new IPOs by paying through these machines; the first to introduce Internet banking; and, most recently, the first to launch a wireless mobile payment facility.



### Maybank's Leadership

Maybank celebrates its 50th anniversary in true style, having clear market leadership in almost all the business sectors it is involved in. This comprises commercial banking, investment banking, Islamic banking, offshore banking, insurance and takaful, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

Consumer banking remains one of the Group's largest revenue earners with a variety of services and products, including mortgage and automobile financing, credit and debit cards, bancassurance, wealth management as well as retail and Internet banking. Corporate Banking provides one-stop financial solutions tailor-made to the specific requirements of individual corporate clients from government linked companies (GLCs), public-listed Malaysian companies and multinational corporations. Business Banking caters to SMEs and commercial enterprises not listed on Bursa Malaysia, providing commercial finance, trade finance, cash management and factoring services. Maybank Islamic offers *Shariah*-compliant products and services to a growing Muslim and non-Muslim base in Malaysia and overseas. The Investment

Banking Group, spearheaded by Maybank Investment Bank, offers a complete range of investment solutions from corporate finance to debt capital markets, equity markets to research and strategic advisory. The Group's insurance business under the Etiqa brand encompasses all types of Life and General conventional insurance as well as Family and General Takaful plans via a robust agency force of more than 28,000 agents complemented by wide bancassurance and bancatakaful networks.

### Corporate Responsibility

As the leading financial services provider in Malaysia, Maybank feels it is only befitting to assume a leadership role as a responsible corporate citizen. Our tradition of corporate responsibility (CR) dates back to the very beginning, when we first served the rakyat fulfilling their banking, investing and financing needs. Over the years, issues of corporate governance, transparency and risk management have surfaced in the corporate arena and we have proactively incorporated global best practices into our operations. Today, our CR initiatives are truly integrated into the core of our business framework and strategy.

Our ambition of becoming a regional financial services leader underlines the need for sustainability via good governance and integration with local communities. A major focus of our community initiatives is education. While elevating the standard of education in rural schools, we provide scholarships to deserving Malaysians and offer them jobs within the Group upon graduation. In addition, Maybank provides financial aid to numerous homes and organisations for the underprivileged. We also donate generously to victims of natural disasters and make available our payment channels for contributions from the public.

Conscious of the need to protect the environment for a sustainable future, we are reducing our carbon footprint via energy saving, minimising the use of paper, and planting trees. Our employees play a big role in all our CR initiatives. Indeed, they play a huge role in our sustainability as a corporate organisation, and we acknowledge the invaluable contribution of our employees by engaging them in meaningful dialogue and training them to enhance their career progression.

We act as a responsible organisation towards our customers, suppliers and shareholders by upholding the highest level of integrity in all our dealings and ensuring fair play at every juncture of our operations. We believe that our focus on CR will not only benefit our various stakeholders but, by bringing us closer to our communities, will propel the Group to greater heights. Serving from the heart, we will reach for the sky.

# corporate **information**

## BOARD OF DIRECTORS

### TAN SRI DATO' MEGAT ZAHARUDDIN MEGAT MOHD NOR

(Appointed with effect from 1 October 2009)  
DPCM, PJN, PSM  
Non-Independent Non-Executive  
Chairman

### DATO' MOHD SALLEH HJ HARUN

(Appointed with effect from 18 November 2009)  
DSDK  
Independent Non-Executive  
Vice-Chairman

### DATO' SRI ABDUL WAHID OMAR SSAP, DSAP

Non-Independent Executive Director  
(President and CEO)

### TAN SRI DATUK DR HADENAN A. JALIL

PNBS, PSM, SIMP, JMN, DMSM,  
KMN, AMN  
Independent Non-Executive Director

### DATO' SERI ISMAIL SHAHUDIN SPMP

Independent Non-Executive Director

### DATO' DR TAN TAT WAI

PhD DMPN  
Independent Non-Executive Director

### ENCIK ZAINAL ABIDIN JAMAL

Non-Independent Non-Executive  
Director

### MR ALISTER MAITLAND

Independent Non-Executive Director

### MR CHEAH TEIK SENG

Independent Non-Executive Director

### DATO' JOHAN ARIFFIN

DPTJ  
Independent Non-Executive Director

### MR SREESANTHAN ELIATHAMBY

Non-Independent Non-Executive  
Director

## COMPANY SECRETARY

**Mohd Nazlan Mohd Ghazali**  
(LS0008977)

General Counsel & Company  
Secretary

## REGISTERED OFFICE

14th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone: (6)03-2070 8833  
Facsimile : (6)03-2032 4775  
(Investor Relations)  
: (6)03-2711 3421  
(Customer Feedback  
Management)  
: (6)03-7845 9858  
(Maybank Group  
Customer Care)  
: (6)03-2031 0071  
(Secretarial Services)

SWIFT : MBBEMYKL  
Website : <http://www.maybank.com>  
E-Mail : [publicaffairs@maybank.com.my](mailto:publicaffairs@maybank.com.my)

## SHARE REGISTRAR

**Malayan Banking Berhad**  
14th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone: (6)03-2074 7405  
Facsimile : (6)03-2072 0079

## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia  
Securities Berhad**  
(Listed since 17 February 1962)

## EXTERNAL AUDITORS

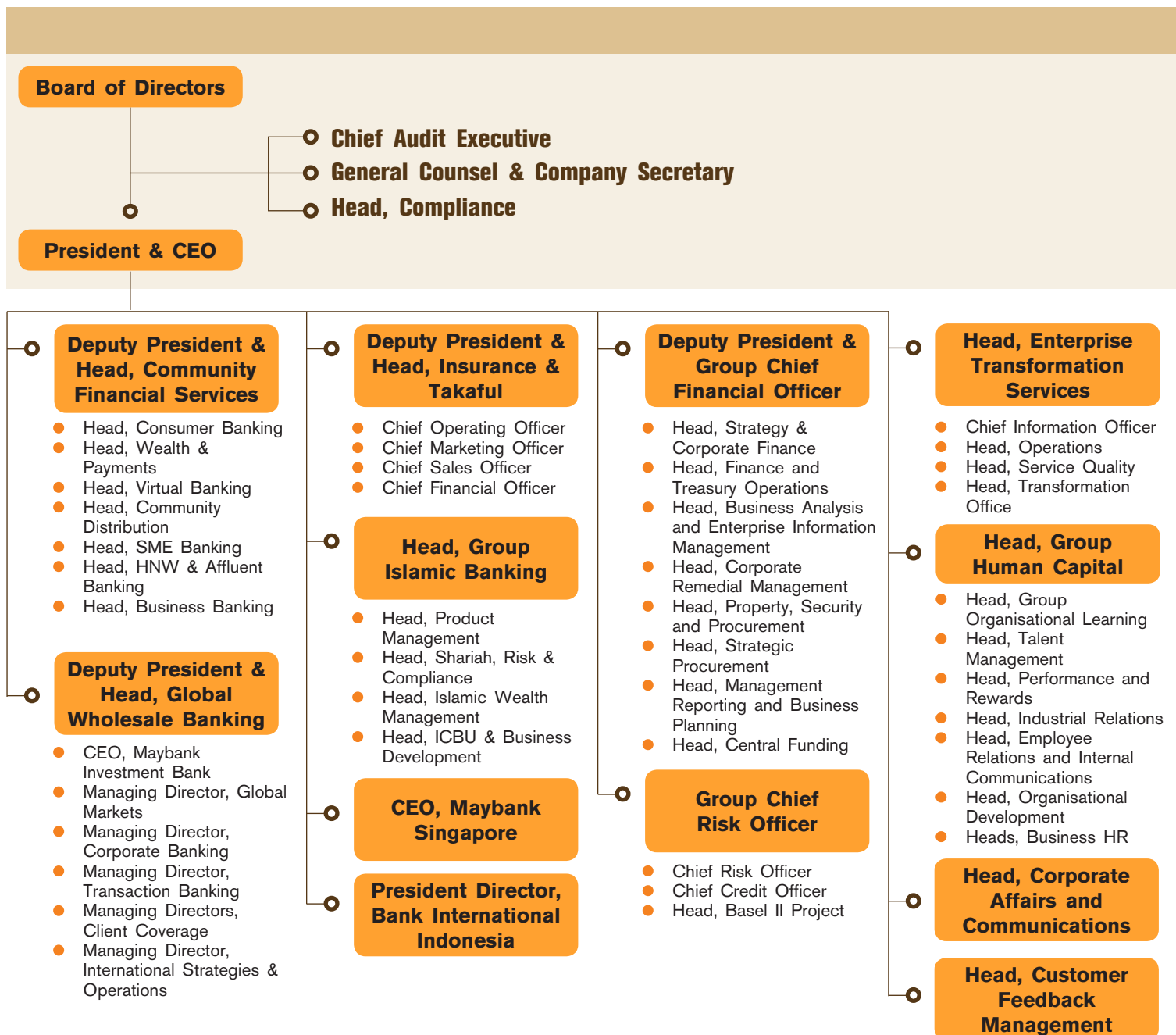
**Messrs. Ernst & Young**  
(AF : 0039)

Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone : (6)03-7495 8000  
Facsimile : (6)03-2095 9076/78

## AGM Helpdesk

Telephone : (6)03-2264 3883  
(Tricor Investor  
Services Sdn Bhd)  
: (6)03-2074 8256  
(Group Corporate  
Secretarial, Maybank)

# group organisation structure



# group corporate structure



Note: • Companies that are dormant, under member's voluntary liquidation, or have ceased operations are not listed in the Group Corporate Structure.  
 • The complete list of Maybank subsidiaries is on pages 417 to 424 of this Annual Report.





# mediamilestones2010

The Star, 09 Jul 2009

## Maybank eyes top 5 rank

Leap30 programme has realigned bank to be competitive



New Straits Times, 26 Aug 2009

## Maybank remains upbeat

Group sees better year after writedowns hit FY2009 profit

NST, Sunday, Malaysia, Banking, Fourth quarter compared with a

Utusan Malaysia, 31 Aug 2009

## Maybank peneraju sektor perbankan Malaysia



Berita Harian, 02 Jul 2009

## Maybank Islamic sasar pembiayaan perniagaan

Kosmo, 26 Aug 2009



## Maybank catat untung sebelum cukai RM1.67b

The Star, 02 Jul 2009

## Maybank Islamic to secure RM750mil via two new products



The Edge, 01 Sep 2009



New Straits Times, 09 Jul 2009

## Maybank tapping overseas markets for takaful tie-ups



New Straits Times, 03 Oct 2009

## RM500,000 boost for disaster relief fund



Maybank Islamic has donated RM500,000 to the Most Diving Centre for disaster relief fund.

Malaysian Reserve, 01 Oct 2009

## Maybank plans to open 200 BII branches by 2012

RM 7.1 BILION, 2009 accounted for 4% of Maybank's revenues, plus two points to 10% of its customer base.

Malaysian Reserve, 13 Nov 2009

## Maybank's IQ10 net profit rises 54% to RM882m

Maybank's net profit for the first quarter of 2010 rose 54% to RM882 million, compared to RM572 million in the same period last year.



International Business Review, 02 Dec 2009

## RIDING THE ISLAMIC WAVE

*Maybank Islamic carved a niche in growing Islamic finance market*



The Star, 18 Dec 2009

## Maybank completes An Binh stake buy

*It now owns the maximum allowed, 20% of the Vietnamese bank*



The Sun, 19 Nov 2009

## Maybank Islamic wins Most Outstanding Islamic Bank award

The Sun, 08 Jan 2010

# Maybank to increase overseas branches, offices to 2,000

Bank plans to open 100 new branches and offices in 2010, with a focus on emerging markets and growth of ASEAN members to reach 2,000 branches.

Smart Investor, 06 Feb 2010



## Maybank Opens Seventh Branch in Cambodia

Maybank Cambodia opened its seventh branch in Phnom Penh on February 6, 2010. The bank's expansion into Cambodia is part of its strategy to increase its presence in emerging markets.

The Edge Financial Daily, 08 Mar 2010

## Noh pulls off dramatic win over Choi at Malaysian Open



Malay Mail, 22 Feb 2010

## Maybank's BII embarks on rights issue

New Straits Times, 31 Mar 2010

## Tiger Corner a big hit with 'cubs'



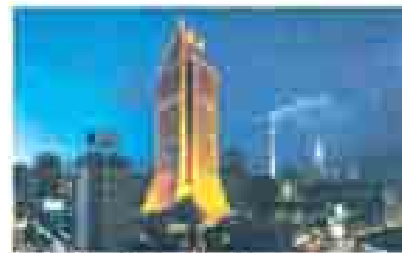
The Edge Financial Daily, 19 Feb 2010

## Maybank contributes RM1m to tiger conservation



The Star, 25 Mar 2010

## Five decades of service



Maybank is 50 years old and still going strong.

Maybank is Malaysia's largest financial services group.

Malaysian Reserve, 01 Apr 2010

Maybank dividend reinvestments to drive Basel 3 compliance

Borneo Post (KK), 04 Apr 2010

Maybank Islamic pays zakat of RM5.01 million

The Star, 03 Apr 2010



**Financing:** Maybank president and CEO Datuk Seri Abdul Wahid Omar (right) exchanging documents with Japan Bank for International Cooperation (JBIC) resident executive officer for Asia and Oceania, Ryuzichi Kaga. Maybank has signed an agreement with JBIC on April 1 for an additional US\$200mil financing facility, bringing to US\$400mil the total financing it has received from JBIC so far.

The Edge Financial Daily, 06 Apr 2010

Maybank Islamic to continue growth



Small text caption for the image above, likely describing the signing of a check or agreement.

Malay Mail, 01 Jun 2010



Eastern Times, 16 Apr 2010

Etiqa treats staff to a day of fun and excitement

The Star, 15 May 2010

Maybank eyes Indonesian listing

It also plans to open more branches in China, Cambodia and the Philippines

Berita Harian, 22 Apr 2010

Aktiviti MSAM pikat ramai pengunjung

Program beri pendedahan pelaburan, rancang kewangan

The Sun, 17 Jun 2010

RM16m for customer service: Maybank



corporate **highlights**

July 16

## july 2009

s	m	t	w	t	f	s
			1	2	3	4
5	6	7	8	9	10	11
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July 4



July 23

**Jul 1** Maybank Islamic launched two term financing facilities based on the syariah concept of Murabahah, namely, Commodity Murabahah Term Financing-i and Murabahah Term Financing-i.

**Jul 4** Etiqa Takaful contributed RM200,000 to build hostels and improve the multipurpose hall and classrooms at a Madrasah in Malacca.

**Jul 16** Maybank presented a BMW X6 worth over RM700,000 to the Grand Prize winner of the American Express Win a BMW Campaign. The six-month campaign from November 2008 – April 2009 attracted over 3 million entries.

**Jul 16** Maybank Singapore launched its first Islamic Term Deposit, Term Deposit-i, based on the commodity Murabahah principle. It is the first such Islamic product to pay fixed returns upfront.

**Jul 23** The nation's largest rewards redemption fair, Maybank TreatsFair, opened at the Mid Valley Megamall with more participating merchants and greater savings. The four-day annual fair provides an opportunity for Maybank cardmembers to redeem their points for products and services. Proceeds from an auction held were channelled to UNICEF and Mercy Malaysia.

**Jul 24** Maybank and Sony Malaysia launched a limited edition co-brand SonyCard Visa with FIFA branding. By spending on the card, customers stood to win tickets to the World Cup Semi Finals and Finals in South Africa.



July 24

## august 2009

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23	24	25	26	27	28	29



Aug 10



Aug 13

**Aug 3** Maybank Singapore introduced a customised flexible tenure with its Choice Date Time Deposit product which allows customers to choose their own placement period while the interest earned is calculated up to the maturity date of the deposit.

**Aug 7** Maybank introduced M2UMap to Malaysian customers. The free application containing built-in maps for Singapore and Malaysia can be downloaded onto iPhones and provides information on the location of Maybank branches, ATMs as well as Maybankard Dining Treats outlets in the two countries.

**Aug 10** Maybank opened its fifth branch in Cambodia at Chbar Ampov Town, southeast of Phnom Penh City.

**Aug 13** Maybank Islamic introduced Collateral Management Arrangement-i (CMA-i), a *Shariah*-compliant trade finance solution for commodity-based products for export or distribution in local markets as well as those imported into the country. Maybank

Islamic also introduced its Commercial Industrial Hire Purchase based on the *Shariah* contract Al-Ijarah Thumma Al-Bai for sole-proprietorships, partnerships, private limited and public limited companies.

**Aug 13** Maybank and Yayasan Sejahtera under the auspices of Putrajaya Committee on GLC High Performance (PCG) teamed up with New Straits Times Press to launch Tabung Maybank Sejahtera – a special fund set up during Ramadhan to support PCG's Sejahtera programme. The Bank contributed RM50,000 to the fund which is channelled to vulnerable communities in Malaysia. Maybank also offered its branches and delivery channels to enable the public to contribute to the programme.

**Aug 17** Maybank held a joint launch with Inland Revenue Board Malaysia (LHDN) of its online income tax payment service via Maybank2e.net for corporations.



Aug 17



Aug 27



Sept 2

## august 2009

s	m	t	w	t	f	s
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16	17	18	19	20	21	22
23	24	25	26	27	28	29

## september 2009

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20	21	22	23	24	25	26
27	28	29	30			



Sept 9

**Aug 19** Etiqa launched the Khairat scheme for women employees of the Kajang Prisons Department. It also set up a partnership with TuneTalk with the option of cross-selling products via TuneTalk's mobile and website advertising.

**Aug 25** Maybank completed the subscription of approximately 2.16 million additional shares in An Binh Bank (ABB) for a total consideration of about VND43.3 billion (RM8.5 million). Maybank maintained its 15% shareholding in ABB.

**Aug 25** Maybank Group announced a pre-tax profit of RM1.67 billion for the financial year ending 30 June 2009. Profit after tax and minority interest was RM691.9 million.

**Aug 27** Maybank presented cash incentives to 104 children of the employees in Klang Valley who excelled in their PMR, SPM and STPM examinations. Over 400 children nationwide received the Maybank Group Academic Excellence Award.

**Aug 27** 1 Utama selected Maybank as its pioneer partner in introducing yet another first in the shopping mall industry in Malaysia – the maybank2u.com lounge as well as the first credit card customer service centre located in a mall.

**Sept 2** Etiqa Takaful contributed RM358,072.59 in zakat payment to the Majlis Ugama Islam Sabah.

**Sept 5** Maybank Islamic added a new family of Islamic credit cards with the launch of its Petronas Ikhwan Card.

**Sept 9** Maybank and 1 Utama Shopping Centre launched the Rewarding Redemptions for Retail (RCubed) Free Shopping Programme, that allows Maybank customers to shop for free by redeeming their TreatsPoints at merchant outlets in the mall.

**Sept 11** Etiqa contributed RM102,478.69 in zakat payment to the Majlis Agama Islam Selangor.

**Sept 29** Maybank and Pizza Hut Malaysia launched the nation's first wireless payment terminal facility that accepts credit or debit payment at the point of delivery of pizza. A hand held device accepts cashless payment for credit or debit cards instead of cash upon delivery of a customer's order.

**Sept 30** Maybank held its 49th AGM in Kuala Lumpur. Tan Sri Mohamed Basir Ahmad retired as Chairman after serving 16 years in the capacity, and handed over to his successor Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor, who took office as Chairman effective 1 October 2009.



Oct 2

## october 2009

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18	19	20	21	22	23	24
25	26	27	28	29	30	31



Oct 2



Oct 14

**Oct 2** In response to the earthquake in Padang, Sumatra, Maybank partnered with Utusan Malaysia to relaunch the Tabung Gempa Nusantara Utusan-Maybank for victims of natural disasters in Sumatra. It opened its branches, Internet banking and ATMs as channels through which members of the public could contribute to the Fund. The Bank also supported NSTP-Media Prima in its Tabung Bencana NSTP-Media Prima for victims of natural disasters in the region by donating RM500,000 to kick-start the campaign. Bill also mobilised its employees for ground support to affected victims. Maybank also supported its employees affected by the natural disasters in the Philippines, Vietnam and Indonesia.

**Oct 8** Maybank launched the Maybankard MasterCard Platinum Debit for entrepreneurs and professionals. It is also the Bank's first debit card with higher daily spending limit.

**Oct 14** Maybank Investment Bank Berhad was lead arranger for Sime Darby Berhad's Islamic Medium Term Note of RM4.5 billion and Islamic Commercial Paper (ICP)/Islamic

Medium Term Note Programme of RM500 million with a Combined Master Limit of RM4.5 billion.

**Oct 19** Maybank opened its sixth branch in Cambodia, located at the Olympic area, Phnom Penh's largest business centre dominated by the city's Olympic Stadium landmark.

**Oct 20** Maybank and its employees donated RM17,000 to provide new playground facilities to residents of Tengku Budariah Children's Home, one of the seven homes in Malaysia adopted by Maybank under its Cahaya Kasih CSR programme in collaboration with the Ministry of Women, Family and Community Development.

**Oct 20** Maybank Singapore raised over S\$35,000 through its Maybank Card donation campaign for victims of the earthquake in Padang, Indonesia; Typhoon Ketsana in Vietnam and the Philippines; and the tsunami in Samoa. The Bank rewarded customers with five times the normal loyalty points for every dollar pledged which was converted into cash donation.



Oct 19



Oct 20



## november 2009

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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					



Nov 10

**Nov 8** Etiqa set up its government business unit within the Ministry of Finance building in Putrajaya to facilitate its operations with the Housing Loan Management Division of the government, and to serve the protection needs of the government sector and its employees.

**Nov 10** Etiqa opened a new branch office in Kamunting, Taiping.

**Nov 12** Maybank Group announced a pre-tax profit of RM1.16 billion for the three months ended 30 September 2009. Profit after tax and minority interest was RM881.8 million.

**Nov 19** Maybank launched the 1Malaysia Momentum (M3) Structured Deposit, a capital protected investment plan for those seeking potential gain regardless of market conditions, with a target fund size of RM100 million. The five-year investment product guarantees 100% capital protection if the Floating Rate Negotiable Instruments of Deposit is held to maturity or autocalled.

**Nov 28** Etiqa staff and agents joined 400 Pantai Dalam residents in the Hari Raya Haji celebration held at Masjid Al-Ikhlasih, sharing and spreading the spirit of goodwill, especially among the poor and needy.



Dec 12



Dec 17



Jan 5

## december 2009

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## january 2010

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Jan 7

**Dec 9** Maybank launched the Extra Rewards Deposit Campaign, pioneering an assured reward programme to all qualified depositors who had a RM500 increase each month in the Bank's conventional or Islamic savings or current account. Top savers during the four-month campaign also stood a chance to win monthly prizes of electronic products as well as Grand Prizes comprising cruise packages to exotic holiday destinations.

**Dec 10** Etiqa launched the Triple Lifestyle Protector (TLP), providing guaranteed benefit coverage, regular cash payout of 15% of the sum insured every three years beginning from the 5th policy anniversary and payout of 100% of sum insured upon maturity.

**Dec 12** Maybank Singapore organised a Youngstarz Children's Colouring & Drawing contest, matching every entry received with a food pack to a needy child. A total of 1,100 food packs were given away.

**Dec 17** Maybank and MoneyTree (M) Sdn Bhd signed an agreement for a year-long financial literacy programme to promote financial education and awareness among the young as well as to instil the spirit of entrepreneurship among tertiary students via the Maybank-MoneyTree Young Entrepreneur Startup (Y.E.S.) Challenge.

**Dec 31** Maybank launched the MaxiHome and MaxiShop Fixed Rate mortgage packages for periods of three, five or 10 years starting from as low as BLR-1.8% for MaxiHome, and BLR-1.40% for MaxiShop.

**Jan 4** Maybank Singapore joined AXS' bill payment platform, D-Pay, to offer customers more options and greater convenience in paying their bills.

**Jan 5** Maybank opened its seventh branch in Cambodia in the upmarket Phnom Penh district of Toul Kork consisting of affluent residences, government ministries, universities and commercial businesses.

**Jan 7** Maybank announced its 50th Anniversary Celebration programme in the Year of the Tiger. Themed *Close to You*, the year-long activities will focus on strengthening bonds with consumers and the community.

**Jan 27** Etiqa Insurance and Takaful established a partnership with Universiti Utara Malaysia (UUM) to offer the first Malaysian bachelor's degree programme for insurance and takaful agents.

## february 2010

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28						



Feb 8

**Feb 6** Etiqa contributed four houses costing a total of RM240,000 to Rumah Pendidikan At Tohiriah in Port Dickson, Negeri Sembilan, providing for more than 60 orphans and needy children along with their caretakers and educators.

**Feb 8** In conjunction with the Bank's 50th Anniversary, Maybank provided a RM1 million grant to the Malaysian Conservation Alliance for Tigers (MYCAT) for a two-year outreach and research programme on tiger conservation in Malaysia.

**Feb 9** Maybank Group announced a pre-tax profit of RM2.56 billion for the half-year ended 31 December 2009. Profit after tax and minority interest was RM1.88 billion.

**Feb 19** Maybank announced that its subsidiary BII would embark on a rights issue to raise gross proceeds of approximately Rp1.407 trillion.

**Feb 24** Maybank Singapore launched the three-year Maybank Blue Skies Structured Deposit, linked to the performance of Singapore blue chips. Customers will receive one per cent fixed payout every year for the three years, and guaranteed principal deposit at maturity.



Mar 4-7



Mar 19



Mar 24

## march 2010

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21	22	23	24	25	26	27
28	29	30	31			



Mar 29



Mar 31

**Mar 4-7** Maybank was title sponsor for the fifth year of the Maybank Malaysian Open 2010 held at the Kuala Lumpur Golf & Country Club. More than 150 golfing professionals from the European and Asian Tours participated.

**Mar 9** Maybank revised its Base Lending Rate (BLR) from 5.55% p.a to 5.80% p.a. The Base Financing Rate (BFR) of Maybank Islamic Berhad was similarly revised from 5.55% to 5.80%. The interest rate revisions were based on an adjustment in the Overnight Policy Rate.

**Mar 15** Maybank Singapore partnered with Western Union, a global leader in money transfer services, to offer its Worldwide Remittance Service at 12 branches to customers and non-customers.

**Mar 19** Maybank Singapore received the Excellence in Employee Engagement award from Asian Banker, outperforming other top global banks.

**Mar 19** Maybank Philippines opened a new branch at Cebu-Mandaue in Metro Cebu, southern Philippines, its second branch in Cebu. A week later, Maybank Valenzuela was opened.

**Mar 24** Maybank clinched top place and the Gold award in the Finance category at the inaugural Putra Brand Awards, where winning brands were selected by a consumer polling system.

**Mar 25** Maybank announced a Dividend Reinvestment Plan (DRP), the first listed company in Malaysia to introduce a recurrent and optional dividend reinvestment plan that provides shareholders the option to receive their dividend in cash or reinvest the dividend into new Maybank shares.

**Mar 29** Maybank signed its second agreement with the Japan Bank for International Cooperation (JBIC) for an additional USD200 million funding facility, bringing to USD400 million the total financing received from JBIC. The new facility will be used to support customers who have business relations with Japanese enterprises.

**Mar 31** Maybank gave away Malaysian Grand Prix 2010 tickets worth over RM650,000 to winners of the PETRONAS Maybankard Visa Campaign. The Grand Prize was a Paddock Club Ticket and privileges worth over RM14,000 for the live event on 4 April 2010.

**Mar 31** Maybank was the first bank in Singapore to achieve a triple certification for Singapore Quality Class, Service Class and People Developer Organisation in Business Excellence from SPRING Singapore.

## april 2010

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Apr 3

**Apr 3** Etiqa's zakat contribution of RM193,300.00 to the Baling community saw five families receiving new homes, three families having their homes renovated, the renovation of a surau and 185 children receiving school uniforms.

**Apr 12** Maybank Philippines opened its Las Piñas branch, in a highly-developed suburban city in Manila.

**Apr 15** Maybank Islamic Berhad launched Islamic Fixed Deposit or i-FD, a hybrid deposit product which combines the features of a General Investment Account (GIA-i) and Profit Non Account-I (PNA-i) based on the Shariah concept of Murabahah.

**Apr 20-26** Maybank was again the premier partner of Permodalan Nasional Berhad's Minggu Amanah Saham Malaysia 2010 Roadshow held in Kuching, Sarawak.

**Apr 25** Over 120 employees from Etiqa headquarters and the East Coast Region took part in a beach clean-up at Teluk Cempedak in Kuantan, Pahang.

**Apr 29** Maybank announced the completion of the rights issue exercise of BII comprising 6,253,554,529 new ordinary shares of Rp22.5 each (Rights Shares) at an issue price of Rp225 which amounted to Rp1.407 trillion (Rights Issue). The subscription received amounted to 6,279,215,402 Rights Shares totalling Rp1,412,823,465,450, which resulted in an over subscription of the Rights Shares.



Apr 20-26

## may 2010

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23	24	25	26	27	28	29



May 18

**May 5** Maybank completed the transfer of 69.5% equity in Mayban Fortis to Etiqa International while the remaining 30.95% is held by Fortis Insurance International N.V.. Etiqa International is a wholly-owned subsidiary of Maybank.

**May 13** Maybank Group announced a pre-tax profit of RM4.01 billion for the nine-month period ended 31 March 2010. Profit after tax and minority interest was RM2.91 billion.

**May 14** Maybank held an extraordinary general meeting which approved the Bank's proposed Dividend Reinvestment Plan (DRP) to be implemented in conjunction with the announcement of the 4th quarter results in August 2010.

**May 18** Maybank revised its base lending rate upwards by 25 basis points to 6.05% in line with the increase in the Overnight Policy Rate (OPR). The base financing rate (BFR) of Maybank Islamic Berhad was similarly increased by 25 basis points to 6.05%.

**May 18** Maybank Singapore launched the Privilege Plus Savings Account for customers aged 50 years and above, offering a higher interest rate and free Personal Accident insurance.

**May 18** Winners of the Maybankard MasterCard Platinum Debit received their prizes at a ceremony held at Menara Maybank. The Grand Prize was an all expense paid four-day London trip worth over RM50,000 for two. Maybank also announced a new auto-bill payment service for the Maybankard MasterCard Platinum Debit.

## may 2010

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16	17	18	19	20	21	22
23	24	25	26	27	28	29



May 21

**May 21** Maybank announced the issue of its second millionth Maybankard Visa Debit card within just two years of its launch. To celebrate this milestone, Maybank announced new on-line shopping & payment and auto-bill payment services.

**May 23** Maybank announced a proposed conversion to Shariah banking and a corresponding reduction in share capital of its 96.83% owned subsidiary PT Bank Maybank Indocorp (BMI) in Indonesia.

**May 31** The Prime Minister of Malaysia Dato' Sri Mohd Najib Tun Abdul Razak visited Menara Maybank to celebrate the 50th anniversary of Maybank's incorporation with its employees.



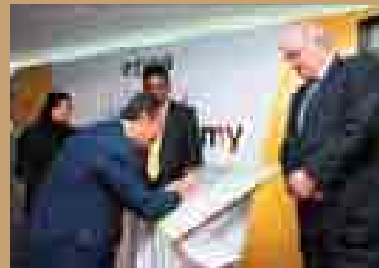
May 31



June 11

## June 2010

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20	21	22	23	24	25	26
27	28	29	30			



June 16



June 18-19

**June 2** Maybank presented over RM642,000 worth of prizes to winners of the first phase of its 50th Anniversary Rewards Campaign and Extra Rewards Deposit Campaign.

**June 11** Maybank signed on as a main sponsor of The Golden Bull Award organised by Nanyang Siang Pau, a leading Chinese daily to recognise outstanding SMEs in the country.

**June 14** Maybank Singapore launched the Pocket Me GIRO, an industry first, which rounds up a customer's payment to the nearest S\$5, and gives the customer the difference between the rounded up amount and the billed amount.

**June 16** Maybank officially launched its disabled-friendly branches which have specially built ramps as well as ATM and cash deposit machines for wheelchair bound customers. In addition, it also offer designated counters with personnel on hand to render special assistance.

**June 16** Etiqa launched the Etiqa Academy in Bangunan Datuk Zainal which will serve as a centre for learning and development for its 26,000 agents nationwide.

**June 18-19** Etiqa, in partnership with Supercamp Malaysia, initiated a pilot academic programme for children of employees which focuses on imparting academic and life skills.

**June 19** Etiqa Takaful donated RM106,000 to Madrasah Rahmaniah in Tumpat, Kelantan, to build and equip a canteen. The madrasah provides hostel facilities for underprivileged students and orphans. Etiqa staff also joined forces with the students to spruce up the madrasah's compound.

**June 22** Maybank Singapore was the first bank in Singapore to offer Islamic Term Financing for SMEs, and the only bank to offer fixed rates for up to 10 years, beyond the conventional three years.



June 24

**June 24** Maybank opened its eighth branch in Cambodia, in Battambang, the second largest city in the country after Phnom Penh. Battambang is the main commercial hub of the northwestern region of Cambodia.





**We'll be there innovating new ways to help our children save and grow their money.**

Thank you for sharing your lives, hopes and dreams with us. Celebrating 50 years, close to you.





## innovation & leadership

Malaysia's financial services icon has been making waves since its inception in 1960. Over the years, Maybank has achieved many milestone moments, all of which support our vision of becoming a leading regional financial services group by 2015.

# LARGEST

**Financial Services** provider in Malaysia

# NO.1

**Bank In Malaysia** by assets and reach

# FIRST

**Bank In Malaysia** to cross USD100 billion in total asset size and USD1 billion in profit after tax in 2010

# PIONEER

**In Internet Banking** services in Malaysia in 2000



- **Largest** banking network in Malaysia with 386 branches, 17 trade finance centres, 39 business centres, 37 share investment centres and 22 private banking centres
- **No.1** Islamic bank in Malaysia by assets
- **No.1** Islamic financial services provider in Asia Pacific
- **Largest** rights issue of RM6 billion in Malaysia
- **First** to launch disabled banking branches in Malaysia for wheelchair bound users in 2010
- **First** public listed company in Malaysia to implement a dividend reinvestment plan for shareholders in 2010
- **First** to launch online facility for making additional investments in ASB units with PNB in 2009
- **Malaysia's** Most Valuable Brand in 2008 & 2007
- **First** to launch Malaysia's dual purpose Bankcard in partnership with Visa International in 2008
- **First** to launch complete mobile money service in Malaysia with Maxis in 2007
- **First** to introduce the structured commodity financing solution for business customers in 2007
- **First** to offer online mobile banking via SMS followed by M2U Mobile Services using GPRS/3G phones in 2006
- **First** bank at a petrol station in 2004
- **First** to launch Malaysia's Internet banking kiosk, Maybank2u.com Internet Kiosk in 2003
- **First** Malaysian bank to open a branch in Shanghai, People's Republic of China in 2000
- **First** in Malaysia and South East Asia to offer common ATM and over-the-counter services in Malaysia, Singapore, Brunei and the Philippines in 2000
- **First** to introduce View & Pay service in Malaysia using credit card and direct debit via Internet with Mesiniaga Bhd in 2000
- **First** to offer the convenience of ticket-less travel for domestic flights on MAS through MAS Electronic Ticketing (MASET) in 1997
- **Pioneer** in bancassurance in South East Asia in March 1996
- **First** Malaysian bank to set up ATMs in Malaysia in 1981
- **Pioneer** in computerisation of banking operations in Malaysia in 1978
- **First** to introduce mobile bus banking services in 1976
- **First** to introduce a rural credit scheme in 1974

## awards & recognition



### 2010

- **Malaysian Institute of Human Resource Management**
  - HR Excellence Category (Gold Award)
  - HR Innovation Category (Silver Award)
- **Malaysian Rating Corporation Berhad**
  - Top Lead Managers Award (Jan-Jun 2010)
    - No. 1 by Issue Count
    - No. 1 by Issue Value
- **Asiamoney Private Banking Poll**
  - Best Domestic Private Banking in Malaysia
  - Overall Best Domestic Private Bank in Malaysia (Asset under management of US\$1 million – US\$5 million)
  - Overall Best Private Bank in Malaysia (Asset under management of US\$5.01 million – US\$25 million)
- **Credit Guarantee Corporation Malaysia**
  - Top SMI Supporter Award
  - Best Financial Partner Award
- **Reader's Digest Trusted Brands Awards**
  - Bank Category – Gold Award
  - Credit Card Issuing Bank – Gold Award



- **Association of Accredited Advertising Agents Malaysia / Malaysia's Most Valuable Brands - Putra Brand Awards 2010.**
  - Finance Gold Award : Maybank
- **The Asset Triple A Award**
  - Best SME Bank in Malaysia
  - Best e-Commerce Bank in Malaysia
- **Asian Banker Excellence in Retail Financial Services Awards**
  - Best Improved Retail Bank in Asia for 2009
  - Excellence in Employee Engagement for Asia Pacific, Central Asia and Gulf Regions (Maybank Singapore)
- **Asiamoney**
  - Best FX Bank in Indonesia
- **Euromoney Awards**
  - Best Private Banking Services Overall - Malaysia
- **KLIFF Islamic Finance Awards**
  - Most Outstanding Retail Islamic Bank Award (Maybank Islamic Berhad)

## pastawards

### 2009

- **Malaysian Rating Corporation Berhad**
  - Top Lead Managers Award (Jan-Dec 2009)
    - No. 1 by Issue Count
    - No. 2 by Issue Value
- **Finance Asia Country Awards**
  - Best Cash Management Bank
  - Best Trade Finance Bank
- **Euromoney Awards**
  - Best Local Bank – Malaysia
  - Best Private Banking Services Overall – Malaysia
- **The Asset Triple A Award**
  - Best Cash Management Bank in Malaysia
- **The Asset Triple A Award. Islamic Finance Award (Maybank Investment Bank)**
  - Most Innovative Islamic Finance Deals – WCT Engineering Berhad RM300 million Sukuk Musyarakah with warrants
  - Best Innovative Islamic finance deals – Cagamas RM2 billion Sukuk Commodity Murabahah
- **Global Finance**
  - Best Foreign Exchange Bank in Malaysia
  - Best Trade Finance Provider in Malaysia
  - Best Sub-Custodian Bank in Malaysia
- **International Takaful Award (Etiqa Takaful Berhad)**
  - Best Bancassurance Takaful Award
- **KLIFF Islamic Finance Awards**
  - Most Outstanding Islamic Bank Award (Maybank Islamic Berhad)
  - Most Outstanding Takaful Company (Etiqa Takaful Berhad)
  - Most Innovative Deal of the Year & Tawarruq Deal of the Year – Cagamas Berhad's RM915 million Medium Term Notes (Maybank Investment Bank)
  - Sovereign Deal of the Year & Indonesia Deal of the Year – Republic of Indonesia; Perusahaan Penerbit SBSN Indonesia I USD650 million Global Sukuk Indonesia (Maybank Investment Bank)
  - Ijarah Deal of the Year & Qatar Deal of the Year – Qatar Airways Syndicated Financing Islamic Finance Facility (Maybank Investment Bank)
- **Investor Magazine (Maybank Indocorp)**
  - Best Bank for asset size Rp1 trillion – Rp10 trillion category
- **Ministry of Human Resources, Malaysia**
  - Caring Employer Award – Winner
- **Asiamoney Private Banking Poll**
  - Overall Best Domestic Private Bank in Malaysia (Asset under management of USD1 million and above)
- **Trade Finance Magazine Awards for Excellence**
  - Best Local Trade Bank in Malaysia
  - Best Islamic Trade Bank in Asia (Maybank Islamic Berhad)
- **Reader's Digest Trusted Brands Award**
  - Bank – Gold Award
  - Credit Card Issuing Bank – Gold Award
  - Islamic Financial services – Gold Award (Maybank Islamic Berhad)
- **RAM Lead Managers Islamic Award (Maybank Investment Bank)**
  - Issue Value (2008) – 1st position
  - Number of Deals (2008) – 3rd position
- **RAM Lead Managers Islamic Award (Maybank Investment Bank)**
  - Number of Deals (2008) – 3rd position
  - Issue Value (2008) – 2nd position

- **Lafferty Cards Award**
  - Best New Product for Maybankard Visa Debit
  - Best Debit Card for Maybankard Visa Debit
- **Best Visa Program Innovation - Maybank Mobile NFC**
- **Carre (Center for Customer Satisfaction & Loyalty) Call Center Award**
  - Service Excellence for Credit Card Customers (BII)
- **Marketing Magazine and Carre - Center for Customer Satisfaction and Loyalty Service Quality Award**
  - Gold Award (BII)
- **Indonesian Institute for Corporate Directorship, Centre for International Private Enterprise Washington, DC and Business Review Magazine. Good Corporate Governance Award (BII)**
  - The Best Individual Indicators Responsibility of the Board
- **SWA Magazine and Stern Stewart & Co. (100 Public Companies Rank in the SWA 100 2009). Indonesia Best Wealth Creators Award (BII)**
  - One of the Best Public Companies Based On WAI™ (Wealth Added Index) Method
- **Infobank and MRI Awards (BII)**
  - Best Banking Service Excellence Monitor Award – 2nd Placing
  - Best ATM – 3rd Placing
  - Best Phone Handling, Phone Banking Machine – 2nd Placing
  - The Best Phone Banking Officer
- **Infobank Magazine Golden Trophy 2009 (BII)**
  - “Very Good” Financial Performance 2004-2008
- **Finance Asia Country Awards for Achievement**
  - Best Cash Management Bank
  - Best Trade Finance Bank
  - Best Foreign Exchange Bank
- **Trade Finance Magazine**
  - Best Local Trade Bank in Malaysia
- **The Asset Triple A Transactional Banking Awards**
  - Best Cash Management Bank for Malaysia
  - Best Trade Finance Bank for Malaysia
- **Asian Banker Excellence in Retail Financial Services Award**
  - Excellence in Automobile Lending in the Asia Pacific, Gulf Region and Central Asia Asiamoney
- **Asiamoney**
  - Best Domestic Provider for Structured Currency Products, Malaysia
  - Best Local Currency Cash Management Services, Malaysian Ringgit
  - Best Local Cash Management Bank, Malaysia as voted by small and medium corporates
- **Reader's Digest Trusted Brands**
  - Bank – Gold Award
  - Credit Card Issuing Bank – Gold Award

## 2008

- **Alpha Southeast Asia**
  - Best Merger & Acquisition (M&A) Deal in South-East Asia
  - Best Trade Finance in Malaysia
  - Best Cash Management in Malaysia
  - Best Financial Supply Chain Bank in Malaysia
- **Global Finance**
  - Best Bank in Malaysia
  - Best Trade Finance Bank in Malaysia
  - Best Foreign Exchange Bank in Malaysia
  - Best Sub-Custodian Bank in Malaysia
- **2008 Asiamoney Polls**
  - Best Local Currency Cash Management Services



- **CGC Top SMI Supporter Award**
  - **Asia Pacific Brands Foundation The BrandLaureate Awards**
    - Best Brands in Premium Payment Cards (American Express)
    - Best Brands in Services. Insurance and Takaful (Etiqa)
  - **Lafferty Asia Bank Corporate Reporting Awards**
    - Best Annual Report – Malaysia
  - **Association of Accredited Advertising Agents Malaysia / Interbrand**
    - Malaysia's Most Valuable Brands 2008 (Top placing)
  - **Asia Pacific Brands Foundation The BrandLaureate Awards (Maybank2u.com)**
    - Best Brands – Banking Online
  - **Contact Centre Association Malaysia. National Gold Award (Maybank2u.com)**
    - Best In-House Contact Centre (Over 50 seats)
    - Best Mystery Call Shopper Excellence Award
  - **Euromoney Islamic Bank Award (Maybank Investment Bank)**
    - Best Sukuk Deal
  - **KLIFF Islamic Finance Awards**
    - Most Outstanding Islamic Retail Banking (Maybank Islamic Berhad)
    - Most Outstanding Takaful Company (Etiqa Takaful)
  - **International Takaful Award 2008 (Etiqa Takaful)**
    - Best Takaful Marketing
  - **Islamic Finance News Awards 2008**
    - Most Innovative Deal of the Year – WCT Berhad RM300.0 million Islamic Serial Redeemable Sukuk with Detachable Warrants
- 2007**
- **Alpha Southeast Asia**
    - Best Trade Finance Bank in Malaysia
  - **Asia Pacific Brands Foundation**
    - Brand Laureate SMEs Best Supporters Award 2007
  - **Association of Accredited Advertising Agents Malaysia/ Interbrand**
    - Malaysia's Most Valuable Brands 2007 (Top placing)
  - **Prime Minister's CSR Awards 2007**
    - Outstanding Work in Best Workplace Practices (Honourable Mention)
  - **Asiamoney Cash Management Poll 2007**
    - Best Local Currency Cash Management Services (By Currency) – Malaysia: MYR
    - Best Local Cash Management Bank in Malaysia as voted by Small-Sized and Medium-Sized Corporates
  - **Malaysian Business**
    - Corporate Governance Award 2006 – CSR Award Winner
    - Corporate Governance Award – Merit Award
  - **The Asset Triple A Award**
    - Best Cash Management Bank in Malaysia
  - **Global Finance**
    - Best Trade Finance in Malaysia
  - **Global Custodian Magazine**
    - "Top Rated" Cross Border and "Commended" Domestic under the Emerging Markets Agent Bank Review
  - **CGC Top SMI Supporter Award**
  - **National Council for Occupational Safety and Health Award**
    - Finance, Real Estate & Insurance Sector Award
    - OSH Excellence Award
  - **Reader's Digest Trusted Brand Gold Award**
  - **Best @ Show Awards – Malaysian e-Banking Awards '07 (Maybank2u.com)**
    - Best e-Banking Leader & Best e-Payment Channel
  - **Malaysian Rating Corporation Berhad**
    - Islamic Bonds Issue Count – 1st Place
    - Islamic Bonds Issue Value – 3rd Place

- **RAM Lead Manager Awards – Islamic (Maybank Investment Bank)**
    - Number of Deals – 2nd Place
    - Issue Value – 3rd Place
  - **RAM Lead Manager Awards – Lead Manager (Aseambankers Malaysia Berhad)**
    - Number of Deals – 2nd Place
    - Issue Value – 3rd Place
  - **RAM Awards of Distinction (Aseambankers Malaysia Berhad)**
    - Industry Recognition Award
    - Blue Print Awards. New Structured Finance Benchmark Deal
  - **RAM Lead Manager Awards – Islamic (Aseambankers Malaysia Berhad)**
    - Number of Deals – 2nd Place
    - Issue Value – 3rd Place
  - **Islamic Finance News Awards: Deals of the Year (Aseambankers Malaysia Berhad)**
    - Best Country Deals Malaysia
  - **IRD Awards (Aseambankers Malaysia Berhad)**
    - Asian Deal of the Year Award
  - **IFR Asia Awards (Aseambankers Malaysia Berhad)**
    - Malaysia Capital Markets Deal of the Year Award
  - **The Asset Triple A (Aseambankers Malaysia Berhad)**
    - Best Domestic Securitisation Deal of the Year Award
- 2006**
- **Dewan Bahasa dan Pustaka's Anugerah Citra Laporan Tahunan 2006**
  - **Corporate Governance Asia Annual Recognition Award 2006**
  - **Global Finance Award**
    - Best Foreign Exchange Bank in Malaysia
  - **The Asset Asian Award**
    - Best Cash Management Bank
  - **Malaysian Institute of Human Resource Management & Kelly Services Malaysia**
    - Outstanding HR Achievement Award
  - **Sheikh Mohammed bin Rashid Al Maktoum Islamic Finance Award**
    - Global Continuing Contribution to Islamic Retail Development
  - **Reader's Digest Trusted Brand Gold Award**
  - **Malaysian Business Awards**
    - Best Corporate Social Responsibility Award
    - Best Corporate Governance Award (Second placing)
  - **CGC Top SMI Supporter Award**
  - **Euromoney Award for Excellence (Aseambankers Malaysia Berhad)**
    - Best M&A House in Malaysia
  - **Islamic Finance News Award. Deal of the Year (Aseambankers Malaysia Berhad)**
    - Mudharabah Deal of the Year
  - **Sheikh Mohammed bin Rashid Al Maktoum Islamic Finance Award (Aseambankers Malaysia Berhad)**
    - Regional Continuing Contribution to Islamic Finance R&D (Asia)
  - **RAM League Award (Aseambankers Malaysia Berhad)**
    - Islamic – 1st Place (Issue Value) – 3rd (Number of Deals)
    - 3rd Place (Number of Deals)
    - 3rd Place (Issue Value)
  - **IR Magazine (Maybank Singapore)**
    - Best IR in Singapore market by a Malaysian company

## five-year group financial summary

Year ended 30 June	2006	2007	2008	2009	2010
<b>OPERATING RESULT (RM'Million) <sup>1</sup></b>					
Operating profit	3,997	4,370	4,571	3,064	<b>5,249</b>
Profit before taxation	3,988	4,364	4,086	1,674	<b>5,370</b>
Profit after taxation and minority interest	2,772	3,178	2,928	692	<b>3,818</b>
Profit after taxation and minority interest before impairment of goodwill/associate	2,772	3,178	2,928	2,665	<b>3,818</b>
<b>KEY BALANCE SHEET DATA (RM'Million) <sup>1</sup></b>					
Total assets	224,284	256,667	269,101	310,739	<b>336,700</b>
Loans, advances and financing	131,454	140,865	164,614	185,783	<b>205,555</b>
Total liabilities	206,807	236,799	249,009	284,971	<b>308,035</b>
Deposits from customers	136,278	163,677	187,112	212,599	<b>236,910</b>
Commitments and contingencies	130,383	175,392	204,217	221,587	<b>232,273</b>
Paid-up capital	3,797	3,889	4,881	7,078	<b>7,078</b>
Shareholders' equity	16,869	19,198	19,302	24,899	<b>27,877</b>
<b>SHARE INFORMATION <sup>1</sup></b>					
<u>Per share (sen)</u>					
Basic earnings <sup>3</sup>	52.1	58.5	53.3	12.0	<b>53.9</b>
Diluted earnings <sup>3</sup>	51.9	58.3	53.3	12.0	<b>53.9</b>
Gross dividend	85.0	80.0	52.5	8.0	<b>55.0</b>
Net assets (sen)	444.3	493.6	395.5	351.8	<b>393.9</b>
Share price as at 30 June (RM)	10.7	12.0	7.1	5.9	<b>7.6</b>
Market capitalisation (RM'Million)	40,628	46,668	34,411	41,760	<b>53,510</b>
<b>FINANCIAL RATIOS (%) <sup>1</sup></b>					
<u>Profitability Ratios/Market Share</u>					
Net interest margin on average interest-earning assets	2.8	2.8	2.7	2.8	<b>2.9</b>
Net interest on average risk-weighted assets	3.8	3.7	3.5	3.4	<b>3.5</b>

Year ended 30 June	2006	2007	2008	2009	2010
<b>FINANCIAL RATIOS (%) <sup>1</sup> (CONT'D.)</b>					
Net return on average shareholders' funds	16.7	17.6	15.2	3.1	<b>14.5</b>
Net return on average assets	1.3	1.3	1.1	0.2	<b>1.2</b>
Net return on average risk-weighted assets	2.0	2.0	1.6	0.3	<b>1.6</b>
Cost to income ratio	39.7	42.8	44.4	52.8	<b>49.8</b>
Gross loan to deposit ratio	96.5	86.1	88.0	87.4	<b>86.8</b>
Net non-performing loans ratio (3-month classification)	3.8	3.0	1.9	1.6	<b>1.2</b>
Domestic market share in:					
Loans, advances and financing	20.3	19.6	18.1	17.8	<b>17.6</b>
Deposits from customers – Savings Account	28.9	30.6	28.0	26.6	<b>27.7</b>
Deposits from customers – Current Account	21.1	21.4	21.5	21.3	<b>20.5</b>
<b>CAPITAL ADEQUACY RATIOS (%)</b>					
(after deducting proposed final dividend) <sup>2</sup>					
Core capital ratio <sup>5</sup>	9.7	9.0	10.1	10.8	<b>10.1 – 11.0</b>
Risk-weighted capital ratio <sup>5</sup>	13.3	13.7	12.7	14.8	<b>13.7 – 14.6</b>
<b>VALUATIONS ON SHARE <sup>1</sup></b>					
Gross dividend yield (%)	7.9	6.7	7.4	1.4	<b>7.3</b>
Dividend payout ratio (%)	83.9	71.5	60.4	61.4	<b>76.5</b>
Price to earnings multiple (times) <sup>4</sup>	20.5	20.5	13.2	49.2	<b>14.0</b>

<sup>1</sup> Comparative figures were reclassified to conform with current year presentation.

<sup>2</sup> The Bank Negara Malaysia Guidelines on Market Risk Capital Adequacy Framework are effective from 1 April 2005.

<sup>3</sup> Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on 20 February 2008.

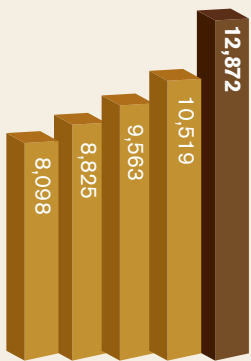
<sup>4</sup> Price to earnings multiple (times); (2009) 12.8 times (before impairment of goodwill/associate).

<sup>5</sup> The capital adequacy ratios for 2010 present the two range of extreme possibilities, i.e.

(i) where the full electable portion is not reinvested; and

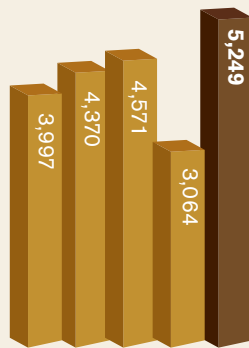
(ii) where the full electable portion is reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan.

## five-year group growth summary



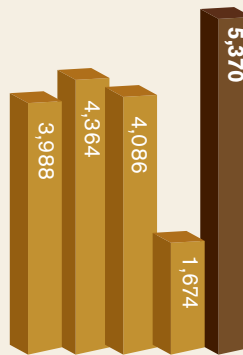
2006 2007 2008 2009 2010

**Net Income**  
RM' Million



2006 2007 2008 2009 2010

**Operating Profit**  
RM' Million



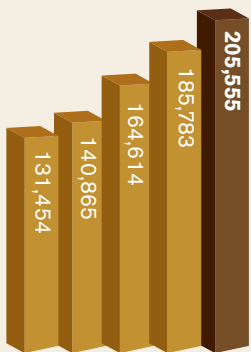
2006 2007 2008 2009 2010

**Profit Before Taxation**  
RM' Million



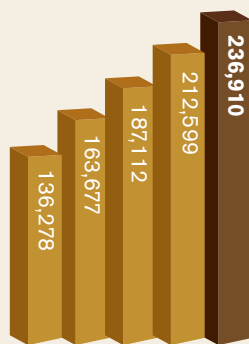
2006 2007 2008 2009 2010

**Total Assets**  
RM' Million



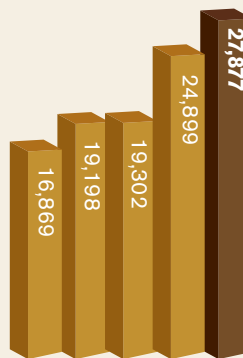
2006 2007 2008 2009 2010

**Loans, Advances  
and Financing**  
RM' Million



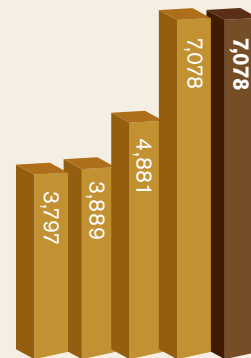
2006 2007 2008 2009 2010

**Deposits from  
Customers**  
RM' Million



2006 2007 2008 2009 2010

**Shareholders' Equity**  
RM' Million



2006 2007 2008 2009 2010

**Paid-up Capital**  
RM' Million

## key interest bearing assets and liabilities

	2009			2010		
	As at 30 June RM'million	Effective Interest Rate %	Interest RM'million	As at 30 June RM'million	Effective Interest Rate %	Interest RM'million
<b>Interest earning assets</b>						
Loans, advances and financing	185,783	5.54	10,181	205,555	6.22	10,228
Cash and short-term fund & deposits and placements with financial institutions	29,907	1.32	935	37,623	1.43	486
Securities held-for-trading	1,489	3.09	31	2,651	3.39	62
Securities available-for-sale	47,877	4.06	1,880	42,576	4.18	1,688
Securities held-to-maturity	8,361	3.96	166	8,943	4.97	425
<b>Interest bearing liabilities</b>						
Deposits from customers	212,599	1.25	4,275	236,910	1.63	3,524
Deposits and placements of banks and other financial institutions	28,782	1.21	1,128	23,258	1.24	405
Borrowings	2,502	3.44	163	2,825	3.19	165
Subordinated obligations	8,672	4.44	328	8,069	3.87	358
Capital securities	6,048	6.56	372	5,979	6.56	398

## financial highlights

	Group		Bank	
	2009	2010	2009	2010
<b>PROFITABILITY (RM'Million) <sup>1</sup></b>				
Operating revenue	17,586	<b>18,560</b>	13,065	<b>13,280</b>
Operating profit	3,064	<b>5,249</b>	2,687	<b>4,787</b>
Profit before taxation	1,674	<b>5,370</b>	383	<b>4,787</b>
Profit/(loss) after taxation and minority interest	692	<b>3,818</b>	(331)	<b>3,553</b>
Profit after taxation and minority interest before impairment of goodwill/subsidiaries/associate	2,665	<b>3,818</b>	2,457	<b>3,553</b>
<b>KEY BALANCE SHEET DATA (RM'Million) <sup>1</sup></b>				
Total assets	310,739	<b>336,700</b>	238,277	<b>248,392</b>
Securities portfolio	57,727	<b>54,170</b>	47,020	<b>47,544</b>
Loans, advances and financing	185,783	<b>205,555</b>	144,432	<b>151,470</b>
Total liabilities	284,971	<b>308,035</b>	215,767	<b>223,135</b>
Deposit from customers	212,599	<b>236,910</b>	163,453	<b>175,380</b>
Commitments and contingencies	221,587	<b>232,273</b>	201,854	<b>213,216</b>
Paid-up capital	7,078	<b>7,078</b>	7,078	<b>7,078</b>
Shareholders' equity	24,899	<b>27,877</b>	22,510	<b>25,257</b>
<b>SHARE INFORMATION <sup>1</sup></b>				
<u>Per share (sen)</u>				
Basic earnings (sen) <sup>3</sup>	12.0	<b>53.9</b>	(5.7)	<b>50.2</b>
Diluted earnings (sen) <sup>3</sup>	12.0	<b>53.9</b>	(5.7)	<b>50.2</b>
Gross dividend (sen)	8.0	<b>55.0</b>	8.0	<b>55.0</b>
Net assets (sen)	351.8	<b>393.9</b>	318.0	<b>356.8</b>
<b>FINANCIAL RATIOS (%) <sup>1</sup></b>				
<u>Profitability Ratios</u>				
Net interest margin on average interest-earning assets	2.8	<b>2.9</b>	2.4	<b>2.4</b>
Net interest on average risk-weighted assets	3.4	<b>3.5</b>	2.7	<b>2.9</b>
Net return on average shareholders' funds	3.1	<b>14.5</b>	(1.7)	<b>14.9</b>
Net return on average assets	0.2	<b>1.2</b>	(0.1)	<b>1.5</b>

	Group		Bank	
	2009	2010	2009	2010
<b>FINANCIAL RATIOS (%) <sup>1</sup> (CONT'D.)</b>				
Net return on average risk-weighted assets	0.3	<b>1.6</b>	(0.2)	<b>1.9</b>
Cost to income ratio	52.8	<b>49.8</b>	48.5	<b>43.9</b>
<b>CAPITAL ADEQUACY RATIOS (%)</b> (after deducting proposed final dividend) <sup>2</sup>				
Core capital ratio <sup>5</sup>	10.8	<b>10.1-11.0</b>	14.1	<b>13.8-14.9</b>
Risk-weighted capital ratio <sup>5</sup>	14.8	<b>13.7-14.6</b>	14.1	<b>13.8-14.9</b>
<b>ASSET QUALITY RATIOS <sup>1</sup></b>				
Net non-performing loans ratio (3 month classification) (%)	1.6	<b>1.2</b>	1.7	<b>1.3</b>
Loan loss coverage (%)	112.9	<b>124.5</b>	114.9	<b>120.9</b>
Gross loan to deposit ratio (%)	87.4	<b>86.8</b>	88.4	<b>86.4</b>
Deposits to shareholders' fund (times)	8.5	<b>8.5</b>	7.3	<b>6.9</b>
<b>VALUATIONS ON SHARE <sup>1</sup></b>				
Gross dividend yield (%)	1.4	<b>7.3</b>	-	-
Dividend payout ratio (%)	61.4	<b>76.5</b>	-	-
Price to earnings multiple (times) <sup>4</sup>	49.2	<b>14.0</b>	-	-
Price to book multiple (times)	1.7	<b>1.9</b>	-	-

<sup>1</sup> Comparative figures were reclassified to conform with current year presentation.

<sup>2</sup> The Bank Negara Malaysia Guidelines on Market Risk Capital Adequacy Framework are effective from 1 April 2005.

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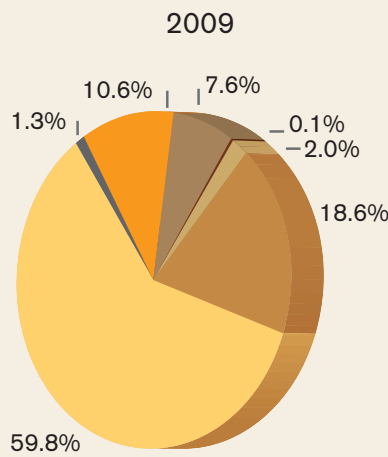
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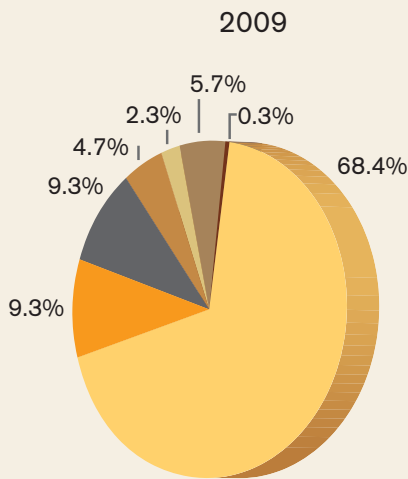
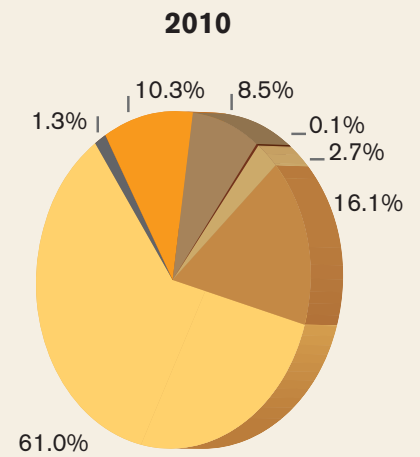


# simplified group **balancesheet**



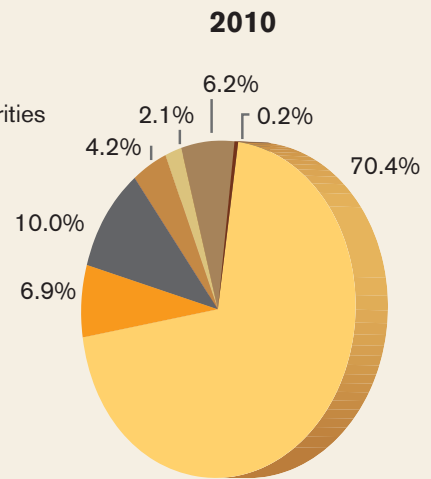
## ASSETS

- Cash and short-term funds
- Securities purchased under resale agreements
- Deposits and placements with financial institutions
- Securities portfolio
- Loans, advances and financing
- Statutory deposits with Central Banks
- Others assets (including intangible assets)



## LIABILITIES & EQUITY

- Deposits for customers
- Deposits and placements of banks and other financial institutions
- Obligations on securities sold under repurchase agreements, bills and acceptances payable and other liabilities
- Subordinated obligations and Capital Securities
- Share capital
- Reserves
- Minority interests



## group quarterly performance

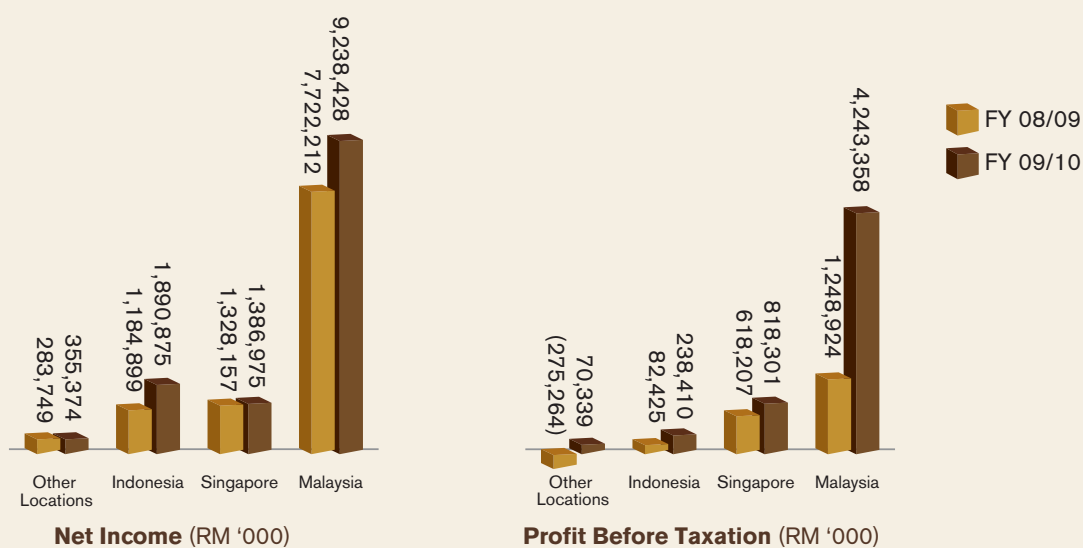
FINANCIAL PERFORMANCE	2009				
	Q1 RM'million	Q2 RM'million	Q3 RM'million	Q4 RM'million	YEAR RM'million
Operating revenue	3,752.8	4,709.5	4,265.1	4,858.9	17,586.3
Net interest income (including income from Islamic banking business)	1,547.0	1,849.1	1,867.0	1,880.7	7,143.8
Operating profit	617.1	938.0	625.4	883.0	3,063.5
Profit before taxation and zakat	881.8	960.3	653.9	(821.7)	1,674.3
Net profit attributable to equity holders of the Bank	572.1	734.6	503.3	(1,118.1)	691.9
Earnings per share (sen) *	7.1	13.3	9.2	(17.6)	12.0
Dividend per share (sen)	–	–	–	8.0	8.0

FINANCIAL PERFORMANCE	2010				
	Q1 RM'million	Q2 RM'million	Q3 RM'million	Q4 RM'million	YEAR RM'million
Operating revenue	4,565.1	4,671.3	4,586.5	4,737.3	18,560.2
Net interest income (including income from Islamic banking business)	2,009.2	2,039.0	2,009.5	2,147.9	8,205.6
Operating profit	1,130.4	1,365.0	1,429.1	1,324.1	5,248.6
Profit before taxation and zakat	1,156.2	1,400.0	1,455.1	1,359.1	5,370.4
Net profit attributable to equity holders of the Bank	881.8	993.5	1,030.4	912.5	3,818.2
Earnings per share (sen)	12.5	14.0	14.5	12.9	53.9
Dividend per share (sen)	–	11.0	–	44.0	55.0

\* Adjusted for rights issue completed on 30 April 2009.

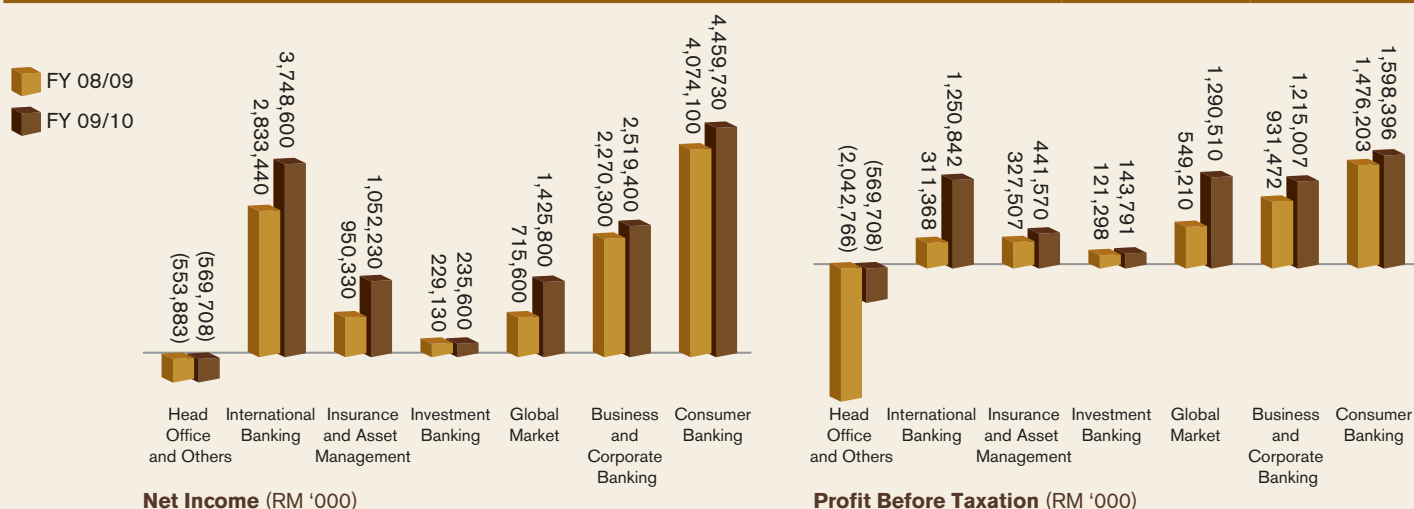
segment **information****ANALYSIS BY GEOGRAPHICAL LOCATION**

	2009 RM'000	2010 RM'000
<b>NET INCOME</b>		
Malaysia	7,722,212	<b>9,238,428</b>
Singapore	1,328,157	<b>1,386,975</b>
Indonesia	1,184,899	<b>1,890,875</b>
Other Locations	283,749	<b>355,374</b>
	10,519,017	<b>12,871,652</b>
<b>PROFIT BEFORE TAXATION</b>		
Malaysia	1,248,924	<b>4,243,358</b>
Singapore	618,207	<b>818,301</b>
Indonesia	82,425	<b>238,410</b>
Other Locations	(275,264)	<b>70,339</b>
	1,674,292	<b>5,370,408</b>



**ANALYSIS BY ACTIVITY**

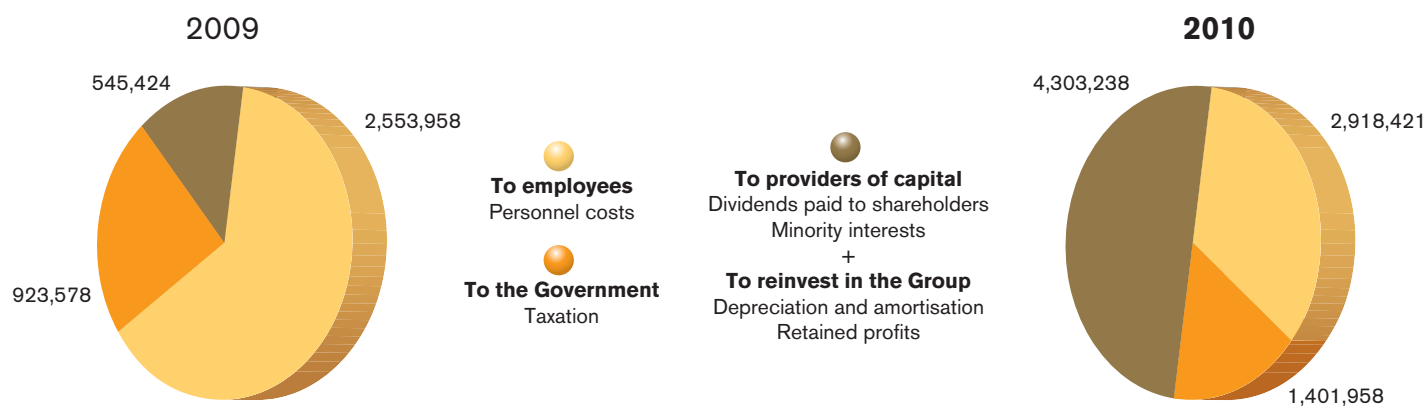
	2009	2010
<b>NET INCOME (RM'000)</b>		
Consumer Banking	4,074,100	<b>4,459,730</b>
Business and Corporate Banking	2,270,300	<b>2,519,400</b>
Global Market	715,600	<b>1,425,800</b>
Investment Banking	229,130	<b>235,600</b>
Insurance and Asset Management	950,330	<b>1,052,230</b>
International Banking	2,833,440	<b>3,748,600</b>
Head Office and Others	(553,883)	<b>(569,708)</b>
	10,519,017	<b>12,871,652</b>
<b>PROFIT BEFORE TAXATION (RM'000)</b>		
Consumer Banking	1,476,203	<b>1,598,396</b>
Business and Corporate Banking	931,472	<b>1,215,007</b>
Global Market	549,210	<b>1,290,510</b>
Investment Banking	121,298	<b>143,791</b>
Insurance and Asset Management	327,507	<b>441,570</b>
International Banking	311,368	<b>1,250,842</b>
Head Office and Others	(2,042,766)	<b>(569,708)</b>
	1,674,292	<b>5,370,408</b>



# statement of value added

## VALUE ADDED

	2009 RM'000	2010 RM'000
Net interest income	5,919,506	<b>6,770,873</b>
Net income from Islamic Banking business	1,224,321	<b>1,434,744</b>
Other operating income	3,375,190	<b>4,666,035</b>
Operating expenses excluding staff costs, depreciation and amortisation	(2,726,673)	<b>(3,158,863)</b>
Allowance for losses on loans, advances and financing	(1,698,814)	<b>(1,187,977)</b>
Impairment losses	(2,170,074)	<b>(23,030)</b>
Share of results of associated companies	99,504	<b>121,835</b>
<b>Value added available for distribution</b>	<b>4,022,960</b>	<b>8,623,617</b>
<b>DISTRIBUTION OF VALUE ADDED</b>		
To employees:		
Personnel costs	2,553,958	<b>2,918,421</b>
To the Government:		
Taxation	923,578	<b>1,401,958</b>
To providers of capital:		
Dividends paid to shareholders	722,410	<b>1,008,613</b>
Minority interests	58,839	<b>150,283</b>
To reinvest to the Group:		
Depreciation and amortisation	278,534	<b>334,788</b>
Retained profits	(514,359)	<b>2,809,554</b>
<b>Value added available for distribution</b>	<b>4,022,960</b>	<b>8,623,617</b>



# management's discussion & analysis of financial performance

## ANALYSIS OF SIGNIFICANT BALANCE SHEET MOVEMENTS

### Total Assets

For the financial year ended 30 June 2010, outstanding assets of the Group expanded by 8.4% or RM26.0 billion while at the Bank level, it increased 4.2% or RM10.1 billion. For the previous year, the corresponding growth rates were 15.5% at Group level and 8.7% at Bank level. The bulk of the Group's growth in assets was derived from the expansion of net loans and advances which grew by RM19.8 billion or 10.6% and RM7.0 billion or 4.9% for the Group and the Bank respectively.

As at end June 2010, net loans and advances represented 61.0% of total Group assets, higher than the 59.8% as at end June 2009.

### Securities Purchased under Resale Agreements

As at end June 2010, the Group held RM371.2 million of securities purchased under resale agreements.

### Deposits and Placements with Financial Institutions

The Group's deposits and placements with financial institutions grew by RM2.6 billion to RM8.9 billion or 41.5% as Customer deposits growth outpaced the growth in loans and advances.

### Securities

The investment securities portfolio of the Group decreased by RM3.6 billion or 6.2% mainly due to a reduction of shorter tenor Available-for-Sale holding (RM5.2 billion) as interest rates were expected to rise in the first half of 2010. Securities Held-for-Trading increased by RM1.2 billion which was partially offset by the reduction in Available-for-Sale portfolio. Around 79% of the securities portfolio comprised securities Available-for-Sale and a further 16.5% securities Held-to-Maturity while 4.9% of the securities portfolio is Held-for-Trading.

### Life, General Takaful and Family Takaful Fund Assets

After a growth of 7% or RM1.1 billion in the previous year, this balance sheet item grew by a similar 7% to RM18.0 billion.

### Loans, Advances and Financing

The Group's net loans and financing for FY2010 expanded by 10.6% or RM19.8 billion compared to 12.9% or RM21.2 billion the previous financial year. The Group's gross loans grew 10.3% compared to 13.0% the previous year with domestic and overseas loans growth of 11.0% and 8.8% respectively.

The domestic operations growth of 11.0% was better than the 6.5% recorded in the previous year as consumer loans expanded by 15.0% on the back of the RM3.3 billion or 28.6% growth in securities loans, mainly for the purchase of relatively low-risk Amanah Saham Bumiputera units, and the RM2.6 billion or 13.2% increase in vehicle loans. The Group's overall domestic loans market share stood at 17.6% compared to 17.8% the previous year.

Mortgage loans grew by RM3.1 billion or 9.8% compared to 3.3% in the previous year with market share at 13.4% compared to 13.9% the previous year.

Credit card receivables for the financial year rose RM0.6 billion or 16.0%, outperforming the industry's 11.3% growth leading to market share rising to 12.8% from 12.7% the previous year.

Automobile financing for domestic operations recorded a growth of 12.2% compared to 11.0% in the previous financial year and outperformed the industry's growth of 8.5%. With growth exceeding the industry, the market share for financing of motor vehicles rose to 17.4% from 16.8% in June 2009.

As at June 2010, the overseas operations loan book accounted for 32.3% of the Group's loan base from 32.8% in the previous year.

The gross loans book for Singapore recorded a growth of 3.4% or RM1.3 billion after registering a growth of 6.2% in 2009. While for Indonesia, mainly due to Bank Internasional Indonesia, gross loans grew 37.7% or RM4.7 billion to RM17.1 billion. In the other overseas locations, total gross loans declined 3.7% or RM0.4 billion mainly due to the reduction in loan exposure in the US and United Kingdom following the financial crisis.

The Group's Islamic gross financing and advances grew by 31.2% or RM8.2 billion during the year. Islamic banking constitutes a growing portion of the Group's banking business, accounting for 16.3% of gross loans and financing from 13.7% the previous year. Islamic gross financing accounted for 24.0% of domestic gross loans, rising from 20.3% recorded in the previous year.

Sustained efforts implemented to continuously improve asset quality have been effective. The Group's gross NPL ratio declined to 2.9% from 3.5% the previous year. The Group's net NPL ratio declined to 1.2% from 1.6% the previous year. The Group's net NPLs declined by RM0.5 billion to RM2.3 billion as at June 2010. The Group's NPL reserve cover (net of IIS) rose to a healthy 124.5% compared to 112.9% the previous year.

### **Total Liabilities**

Outstanding liabilities of the Group grew by 8.1% or RM23.1 billion to RM308.0 billion, as the Bank grew by 3.4% or RM7.4 billion to RM223.1 billion. For the Group, the bulk of the overall increase was attributed to a growth in deposits from customers.

### **Deposits from Customers**

The Group's customer deposits expanded by 11.4% or RM24.3 billion to RM236.9 billion while at the Bank level it grew by RM7.3% or RM11.9 billion to RM175.4 billion.

The Group's strong franchise contributed to a growth of 9.1% for demand deposits and 9.9% for savings deposits. The Bank's domestic operations remained the leader in both demand and savings deposits with market shares of 20.7% and 27.4% compared to 21.3% and 26.6% respectively in the previous year. Fixed deposits grew by 10.0% compared to 12.3% in the previous year.

The Group's overall deposit funding mix improved slightly as the Group's 'higher cost' fixed deposits declined to 55.1% of total customer deposits from 55.8% in June 2009.

### **Deposits and Placements of Financial Institutions**

This item fell by 19.2% or RM5.5 billion due to increase in deposits from customers (RM24 billion) which resulted in less sourcing of funds from interbank market.

### **Recourse Obligations on Loans sold to Cagamas**

For the Group, this item rose RM0.1 billion after a decline of RM0.8 billion or 59.5% the previous year and was part of the Group's routine funding strategy.

### **Shareholders' Equity**

The Group's shareholders' equity rose by 12.0% or RM3.0 billion to RM27.9 billion. The increase was mainly due to increase in retained profits for the year.

## ANALYSIS OF INCOME STATEMENT

### Net Interest Income

Net interest income of the Group increased by RM851.4 million or 14.4%. The average net interest margin was 2.82% from 2.72% the previous year due to lower interest expenses in the Malaysian operations, especially interest expenses from fixed deposits, and lower interest expenses in the Singapore operations as well as full year contribution from Bank Internasional Indonesia (BII) for FY2010.

### Islamic Banking

Net income from the Group's Islamic Banking operations increased by RM210.4 million or 17.2% to RM1.4 billion. The increase was mainly due to growth of assets in Islamic business, specifically hire purchase and residential mortgages.

### Non-Interest Income

Non-interest income for the year grew by RM1.29 billion or 38.2% compared to the previous corresponding financial year. In the year under review the higher non-interest income was contributed by an increase in fee based income from BII, brokerage, and investment banking business, commission and fee income from expansion of credit card business, foreign exchange profit from strengthening of the Ringgit against major currencies and gain from the sale of securities as well as an unrealised gain on the revaluation of derivatives amounting to RM306.2 million against a loss of RM248.2 million in the previous year.

### Overhead Expenses

The Group's overheads expenses rose by RM852.9 million or 15.3% over that of the corresponding year as a result of an increase in personnel cost, full-year contribution from BII and expansion of BII, higher establishment costs, and credit card related expenses due to higher transaction volume. The Group's cost to income ratio declined to 49.8% from 52.8% previously as net income growth outpaced the growth in expenses. Personnel costs increased by RM364 million or 14.3% due to an increase in salary, EPF, bonus and training. Establishment costs increased by RM66.2 million as a result of higher cost from depreciation and rental. On a comparable basis, the Group's adjusted cost to income ratio (without insurance claims and unrealised loss) would be 47.8% against 49.1% for the previous financial year.

### Loan and Financing Loss and Provisions

Loan loss and provisions of the Group amounted to RM1.2 billion, which is RM510.8 million or 30.1% lower than that of the previous year. This decrease was primarily due to high general provisions made in the final quarter of FY2009 resulting from the weak global economic situation.

### Taxation

The effective tax rate of the Group is 26.1% which is higher than the statutory rate of 25% mainly due to non-deductible expenses.



## board of directors



*from left to right*

- Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor
- Dato' Mohd Salleh Hj Harun
- Dato' Sri Abdul Wahid Omar
- Tan Sri Datuk Dr. Hadenan A. Jalil
- Dato' Seri Ismail Shahudin



from left to right

- Dato' Dr. Tan Tat Wai
- Zainal Abidin Jamal
- Alister Maitland
- Cheah Teik Seng
- Dato' Johan Ariffin
- Sreesanthan Eliathamby
- Mohd Nazlan Mohd Ghazali (General Counsel & Company Secretary)

## profile of directors



**Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor**  
(61 years of age – Malaysian)

*B.Sc (Hons) in Mining Engineering, Imperial College of Science & Technology, University of London;  
Associate of the Royal School of Mines, UK*

**Non-Independent Non-Executive Director** (Chairman)

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Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor was appointed as a Director and Chairman of Maybank on 1 October 2009. He was an Independent Non-Executive Director of Maybank from July 2004 to February 2009.

He built an outstanding career in the oil and gas industry for 31 years with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Managing Director, Shell Exploration and Production B.V. prior to his retirement in early 2004. He was also the Chairman of Maxis Communications Berhad from January 2004 to November 2007, Etiqa Insurance & Takaful from January 2006 until February 2009, Malaysian Rubber Board from February 2009 to May 2010 and Director of Capital Market Development Fund from January 2008 to January 2010.

His current directorships in companies within the Maybank Group include being Chairman of Maybank Investment Bank Berhad and President Commissioner of PT Bank Internasional Indonesia Tbk. He is also a Director of Woodside Petroleum Ltd, a company listed on the Australian Securities Exchange, and a Director of the International Centre for Leadership in Finance.

He attended all 16 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Tan Sri Dato' Megat Zaharuddin has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



**Dato' Mohd Salleh Hj Harun**  
(66 years of age – Malaysian)

*Member of the Malaysian Institute of Certified Public Accountants; Fellow of the Institute of Bankers Malaysia*

**Independent Non-Executive Director**

*(Vice Chairman)*

Dato' Salleh was appointed as a Director and Vice Chairman of Maybank on 18 November 2009. He serves as Chairman of the Credit Review Committee of the Board.

He started his career as a Senior Accountant with the Treasury between 1971 and 1974 prior to joining the Maybank Group in 1974 as Investment Manager in Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad), before moving to Bank Rakyat for a short stint in 1978. Thereafter, Dato' Salleh returned to the Maybank Group where he served in various senior capacities culminating as Executive Director of Maybank from 1994 to 2000. Upon his retirement from the Maybank Group in 2000, he was then appointed as a Deputy Governor of Bank Negara Malaysia, a post he held up to 2004. Since then, he held directorships in the RHB Group including as Chairman of RHB Insurance Berhad until November 2009.

His current directorships in companies within the Maybank Group include being Chairman of Mayban Fortis Holdings Berhad, Etiqa Insurance Berhad, Etiqa Takaful Berhad, Mayban Investment Management Sdn Bhd and Maybank Philippines Inc. He is also a Director of Titan Chemicals Corporation Berhad and Scicom (MSC) Berhad.

He attended all 14 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Dato' Salleh has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

**Dato' Sri Abdul Wahid Omar**  
**(46 years of age – Malaysian)**

*Fellow of the Association of Chartered Certified Accountants (UK); Member of the Malaysian Institute of Accountants*

**Non-Independent Executive Director**

Dato' Sri Abdul Wahid Omar was appointed as the President & CEO and Executive Director of Maybank on 1 May 2008. He serves as Chairman of the Group Executive Committee and Group Management Credit Committee and as a member of the Credit Review Committee of the Board.

Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from 1 July 2004 to May 2008. He was also 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. This was preceded by serving at Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He was previously a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other financial services companies.

His current directorships in companies within the Maybank Group include as Director of Mayban Fortis Holdings Berhad, Maybank Investment Bank Berhad and PT Bank Internasional Indonesia Tbk. His directorships in other companies include as Chairman of Malaysia Electronic Payment System Sdn Bhd and as Director of Bursa Malaysia Berhad, Perbadanan Usahawan Nasional Berhad, Cagamas Holdings Berhad and ASEAN Finance Corporation Limited.

Dato' Sri Abdul Wahid Omar is also currently the Chairman of the Association of Banks in Malaysia, Vice Chairman of the Institute of Banks Malaysia, and a panel member of Lembaga Tabung Haji and Kumpulan Wang Persaraan (KWAP).

He attended all 21 Board Meetings held during the financial year ended 30 June 2010.

Dato' Sri Abdul Wahid Omar has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.





**Tan Sri Datuk Dr Hadenan A. Jalil**  
**(64 years of age – Malaysian)**

*PhD, Henley Management College, UK;  
Master of Business Management, Asian Institute  
of Management, Philippines; Bachelor of  
Economics, University of Malaya*

**Independent Non-Executive Director**

Tan Sri Datuk Dr Hadenan A. Jalil was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Audit Committee and as a member of the Credit Review, Nomination and Remuneration, and Employee Share Option Scheme Committees of the Board.

Tan Sri Datuk Dr Hadenan A. Jalil was Auditor General from 2000 to 2006. He served with the Government for 36 years in various capacities in the Treasury, the Ministry of International Trade and Industry and the Ministry of Works prior to his appointment as Auditor General.

His current directorships in companies within the Maybank Group include as Director of Maybank Islamic Berhad. He is also Chairman of ICB Islamic Bank Ltd (Bangladesh), Protasco Berhad and PNB Commercial Sdn Bhd, and Director of Unilever (Malaysia) Holdings Sdn Bhd and University Tun Abdul Razak Sdn Bhd as well as a member of the Audit Committee, Johor Corporation.

He attended 18 of the 21 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Tan Sri Datuk Dr Hadenan A. Jalil has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



**Dato' Seri Ismail Shahudin**  
**(59 years of age – Malaysian)**

*Bachelor of Economics, University of Malaya*

**Independent Non-Executive Director**

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Dato' Seri Ismail Shahudin was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Nomination and Remuneration Committee and as a member of the Credit Review, Risk Management, and Employee Share Option Scheme Committees of the Board.

He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and Maybank where he was appointed Executive Director in 1997. He left Maybank in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad.

His current directorships in companies within the Maybank Group include as Chairman of Maybank Islamic Bank. He is also a director of several public listed companies which include PLUS Expressways Berhad, Mutiara Goodyear Development Berhad, SMPC Corporation Berhad, EP Manufacturing Berhad, and Aseana Properties Limited, a company listed on the London Stock Exchange.

He attended 20 of the 21 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Dato' Seri Ismail Shahudin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

**Dato' Dr Tan Tat Wai**  
**(63 years of age – Malaysian)**

*PhD in Economics, Harvard University, USA; Master of Economics, University of Wisconsin (Madison), USA; Bachelor of Science in Electrical Engineering & Economics, Massachusetts Institute of Technology, USA*

**Independent Non-Executive Director**

Dato' Dr Tan Tat Wai was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Risk Management Committee and as a member of the Nomination and Remuneration, and Employee Share Option Scheme Committees of the Board.

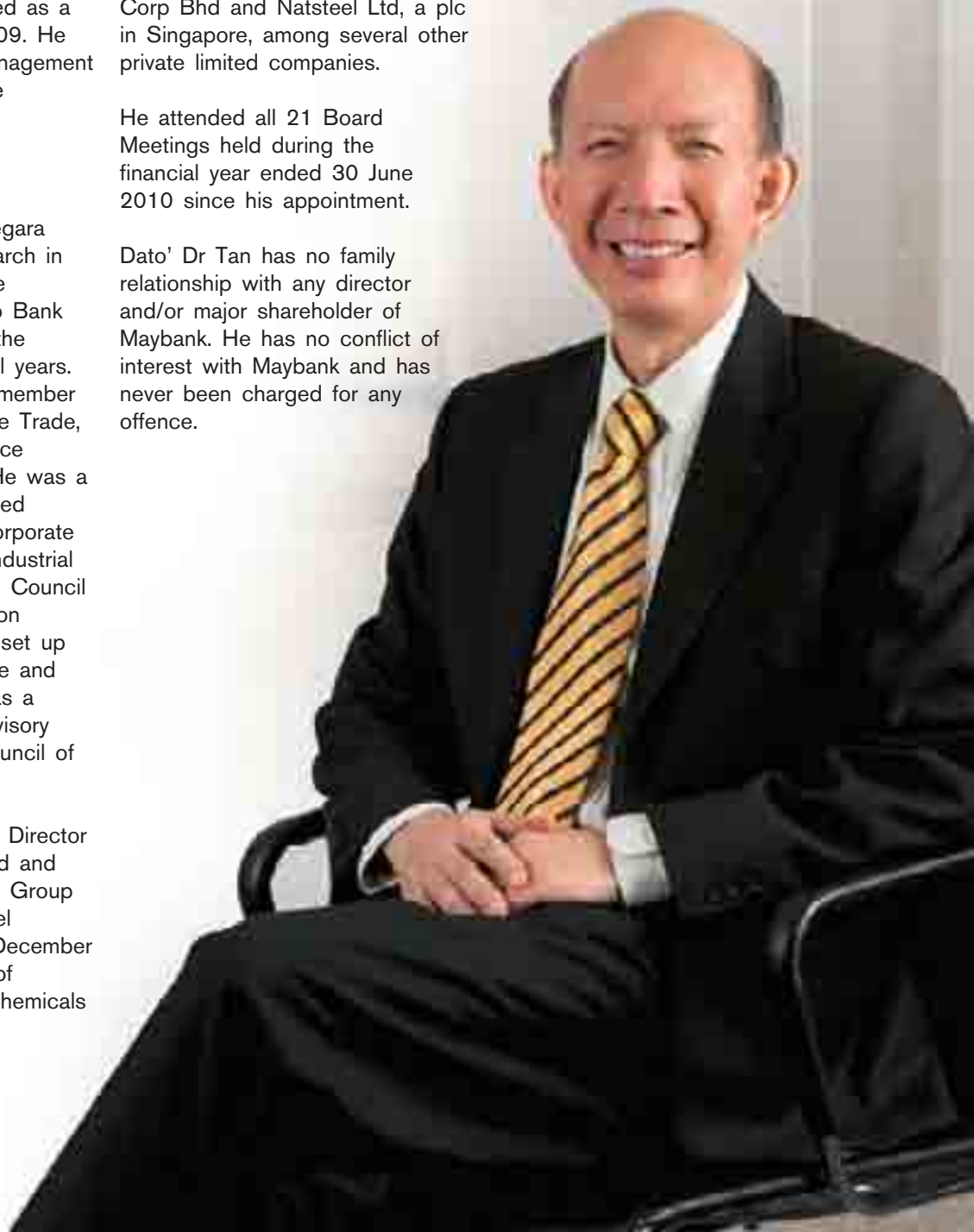
He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies. Subsequently, he assumed the role of a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government appointed Malaysian Business Council; the Corporate Malaysia Roundtable; the Penang Industrial Council; the Industrial Co-ordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry. He represented Malaysia as a member of the APEC Business Advisory Council (ABAC) and sat on the Council of Wawasan Open University.

Within the Maybank Group, he is a Director of Maybank Investment Bank Berhad and Mayban Trustees Berhad. He is the Group Managing Director of Southern Steel Berhad, a post he has held since December 1993. He also sits on the Boards of Shangri-La Hotels (M) Bhd, Titan Chemicals

Corp Bhd and Natsteel Ltd, a plc in Singapore, among several other private limited companies.

He attended all 21 Board Meetings held during the financial year ended 30 June 2010 since his appointment.

Dato' Dr Tan has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.







**Zainal Abidin Jamal**  
**(56 years of age – Malaysian)**  
*LL.B (Honours), University of Singapore*  
**Non-Independent Non-Executive Director**

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Zainal Abidin Jamal was appointed as a Director of Maybank on 22 July 2009. He serves as a member of the Audit, Credit Review, Nomination and Remuneration, and Employee Share Option Scheme Committees of the Board.

He is a practicing corporate and commercial lawyer and established his firm, Zainal Abidin & Co, in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Prior to that, he had practised in Singapore where he was enrolled in 1980 as an Advocate and Solicitor of the Supreme Court of Singapore and had also served as a First Class Magistrate in Brunei Darussalam.

His current directorships in companies within the Maybank Group include as Chairman of Mayban Trustees Berhad and Director of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Maybank Islamic Berhad, Maybank International (L) Limited, and Mayban International Trust (L) Ltd. He also serves on the Boards of Konsortium Transnasional Berhad, Park May Berhad, Lam Soon (M) Berhad and Kesas Holdings Berhad, PNB Asset Management (Japan) Co Ltd, PNB International Limited, PNB-SBI ASEAN Gateway Investment Management Limited and several other private limited companies.

He attended 20 of the 21 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Zainal Abidin Jamal has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

**Alister Maitland**  
**(69 years of age – Australian)**

*Degree in commerce from Victoria University, NZ;  
AMP Graduate, Harvard Business School, USA*

**Independent Non-Executive Director**

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Alister Maitland was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Nomination and Remuneration, and Employee Share Option Scheme Committees of the Board.

In his career spanning 35 years in Australia, New Zealand and the UK, he has held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries.

His current directorship in companies within the Maybank Group includes as Chairman of Maybank (PNG) Ltd. He is also Chairman of Folkestone Ltd and a Director of Lihir Gold Ltd.

He attended all 18 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Alister Maitland has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



**Cheah Teik Seng**  
**(56 years of age – Malaysian)**

*Bachelor of Science, University of Manchester, UK;  
Fellow of the Institute of Chartered Accountants in England  
and Wales*

**Independent Non-Executive Director**

Cheah Teik Seng was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Audit and Risk Management Committees of the Board.

As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. Since leaving government service, he took on various roles in the banking and financial services industry both locally as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and BNP Paribas holding the position of Managing Director for a tenure of nine years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and partner of Aktis Capital Singapore Pte Ltd.

His current directorships in companies within the Maybank Group include as Chairman of Mayban Ventures Sdn Bhd, Mayban Ventures Capital Company Sdn Bhd, Mayban Agro Fund Sdn Bhd, as well as Director of Maybank Investment Bank Berhad.

He sits on the boards of the Investment Panel of Kumpulan Wang Persaraan (KWAP) and in various private equity companies in Hong Kong, China and Malaysia. He is also an Independent Non-Executive Director of two hedge funds.

He attended all 18 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Cheah Teik Seng has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.





**Dato' Johan Ariffin**  
**(51 years of age – Malaysian)**

*B.A. Economics, Indiana University, USA;  
MBA, University of Miami, USA*

**Independent Non-Executive Director**

Dato' Johan Ariffin was appointed as Director of Maybank on 26 August 2009. He serves as a member of the Audit and Credit Review Committees of the Board.

He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies while venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009.

His current directorships in companies within the Maybank Group include as Chairman of Maybank International (L) Limited and Mayban International Trust (L) Ltd as well as Director of Mayban Fortis Holdings Berhad, Etiqa Insurance Berhad and Etiqa Takaful Berhad.

He is currently also Chairman of Mitraland Properties Sdn Bhd and a National Council member of the Real Estate Housing Developers' Association Malaysia (REHDA), besides serving on the boards of several other subsidiaries of Lembaga Tabung Haji.

He attended all 18 Board Meetings held in the financial year ended 30 June 2010 since his appointment.

Dato' Johan Ariffin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

**Sreesanthan Eliathamby****(49 years of age – Malaysian)***LLB (Hons), University of Malaya;  
BCL (Postgrad degree in Law),  
University of Oxford, UK***Non-Independent Non-Executive Director**

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Sreesanthan Eliathamby was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Risk Management Committee of the Board.

He is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co.

Within the Maybank Group, he sits on the boards of Maybank (PNG) Ltd, Mayban Ventures Sdn Bhd, Mayban Ventures Capital Company Sdn Bhd and Mayban Agro Fund Sdn Bhd and as well as a member of the Supervisory Committee of An Binh Bank in Vietnam, an associate company of Maybank.

He is also a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board. He currently sits on the Boards of the Chemical Company of Malaysia Berhad, Scomi Group Berhad, Guinness Anchor Berhad and Sime Darby Berhad.

He attended all 18 Board Meetings held in the financial year ended 30 June 2010 since his appointment.



Sreesanthan Eliathamby has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



**Mohd Nazlan Mohd Ghazali**

*General Counsel &  
Company Secretary  
Head of Corporate & Legal  
Services, Maybank*

Mohd Nazlan is the General Counsel & Company Secretary of Maybank, and is also its Head of Corporate & Legal Services. He graduated with a Bachelor of Arts in Jurisprudence as well as Master of Arts, both from the University of Oxford. He is also a Barrister at Law (Lincoln's Inn) and an Advocate & Solicitor of the High Court of Malaya.

He was a Partner and Head of Equity Capital Markets at Zaid Ibrahim & Co, specialising mainly on corporate, financial services and securities law matters, particularly in respect of corporate transactions such as capital raisings and M&As before joining Maybank in 2005. Prior to that, he was with the Securities

Commission of Malaysia (SC) for about 7 years until 2000 and his last position was the General Manager of the Enforcement Division, with overall responsibility over the investigation, prosecution and complaints departments. He had also earlier served the Executive Chairman's Office and the Issues & Investment Division whilst at the SC. Mohd Nazlan started his working career in 1991 at Messrs Shook Lin & Bok, handling corporate, conveyancing and banking law matters.

## group executive committee



**Dato' Sri Abdul Wahid Omar**  
*President & CEO*

Dato' Sri Abdul Wahid Omar, aged 46, has helmed Maybank Group as its President & CEO since May 2008. He is a Fellow of the Association of Chartered Certified Accountants (UK) and a Member of the Malaysian Institute of Accountants.

Prior to joining Maybank, he was Group Chief Executive Officer of Telekom Malaysia Berhad from July 2004. He was formerly Managing Director/Chief Executive Officer of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad. He also served at Telekom Malaysia Berhad as Chief Financial Officer in 2001.

His track record in corporate and financial management began with the banking

sector in 1988 when he joined the Corporate Banking Department of Bumiputra Merchant Bankers Berhad. He later served as Director of Group Corporate Services and Divisional Director, Capital Market & Securities, in Amanah Capital Partners.

Dato' Sri Abdul Wahid is a Board member of several Maybank Group companies including Maybank Fortis Holdings Berhad, Maybank Investment Bank Berhad and PT Bank Internasional Indonesia Tbk. He is also Chairman of the Association of Banks in Malaysia and Malaysian Electronic Payment System (1997) Sdn Bhd (MEPS), as well as a Director of Bursa Malaysia Berhad, Cagamas Holdings Berhad and Perbadanan Usahawan Nasional Berhad.



**Khairussaleh Ramli**  
*Deputy President &  
Group Chief Financial Officer*

Khairussaleh Ramli, aged 42, became Chief Financial Officer of Maybank Group in November 2008 and oversees the Bank's Finance & Treasury Operations, Management Reporting & Business Planning, Strategy & Corporate Finance, Central Funding Business Analysis & Information Management, Risk Management, Basel II Project, Corporate Remedial Management and Strategic Procurement.

Khairussaleh graduated from Washington University, USA, with a Bachelor of Science in Business Administration.

Prior to joining Maybank, Khairussaleh served Telekom Malaysia Bhd (TM) for about two years. His last position there was Group Chief Strategy Officer where he was responsible for the overall group strategy, business development and corporate finance, and the strategic management of a portfolio of subsidiaries. He sat on the Boards of VADS Berhad, a public-listed company and



### **Lim Hong Tat**

*Deputy President & Head,  
Community Financial Services*

Lim Hong Tat, aged 51, is Deputy President & Head of Community Financial Services.

As Head of Community Financial Services, he is responsible for the overall management and performance of the Bank's SME, emerging corporates and consumer segments as well as sales and distribution. This covers community banking, product innovation and industrialisation, customer segmentation, virtual banking, wealth management and payment services, sales and distribution and business strategy, planning and development.

He holds a Bachelor of Economics (Business Administration) (Hons) degree from the University of Malaya. Being a Maybank scholar, he joined the Bank upon graduation in 1981.

He has 29 years of experience covering all aspects of banking, having managed branches, regional banking, credit cards and international banking operations including holding senior management positions as Director/President and CEO of Maybank Philippines Inc, Head of International Banking, and Head of Consumer Banking in Maybank Group. He is a member of the Board of Mayban Offshore Corporate Services (Labuan) Sdn Bhd. In addition, he is the Chairman of FPX Gateway Sdn Bhd, a subsidiary of MEPS.

subsidiary of TM and Measat Global Berhad. He was also the Project Director for the demerger exercise of the TM Group.

Khairussaleh spent eight years with Bursa Malaysia Berhad from 1998 to 2006, holding various positions before rising to the position of Chief Financial Officer in 2004. He was a key team member in the consolidation of exchanges and clearing houses, the Joint Project Director for the exchange demutualisation exercise and led the IPO and listing of Bursa Malaysia on the exchange.

Khairussaleh served the Public Bank Group for seven years from 1990 to 1997, gaining experience in corporate banking, stock broking and research and futures broking. His last position in the group was Executive Director of PB Futures Sdn Bhd.

Khairussaleh was voted Malaysia's CFO of the Year in a poll conducted by Finance Asia in 2010.





**Abdul Farid Alias**

*Deputy President & Head,  
Global Wholesale Banking*

Abdul Farid Alias, aged 42, was appointed as Deputy President & Head, Global Wholesale Banking of Maybank Group on 1 July 2010. His areas of responsibility cover the corporate banking, investment banking, transaction banking,

client coverage, global markets and international business.

Abdul Farid has a Master of Business Administration, Finance from Denver University, USA. He graduated from Pennsylvania State University, University Park, USA, with a Bachelor of Science in Accounting. He joined Maybank as Head of International on 1 January 2009.

He is a member of the Board of Directors of Maybank Philippines and Maybank (PNG) Limited, a subsidiary of Maybank and sits on the Boards of MCB Bank Limited and An Binh Bank, associate companies of Maybank in Pakistan and Vietnam respectively. He is the Chairperson for the Permanent Committee on ASEAN Inter-Regional Relations, ASEAN Banking Council (ABC) and is a member of the ABA Policy Advocacy Committee of the Asian Bankers Association. Recently, he was appointed as a member of the Malaysia-Pakistan Business Council.

Over the course of his career, he has been attached to Aseambankers Malaysia Berhad, Malaysia International Merchant Bankers Berhad (MIMB), Schrodgers Ltd and Jardine Fleming, which was subsequently acquired by Chase Manhattan Bank and later merged with JP Morgan in 2000. He was in the Investment Banking division of JP Morgan from 1997 until 2005, serving in Kuala Lumpur and Singapore.

He joined Khazanah Nasional Bhd in March 2005 and was responsible for monitoring Khazanah's investments in Indonesia. He was a member of the Board of Commissioners of PT Bank Lippo Tbk and PT Excelcomindo Pratama Tbk, both of which are listed on the Indonesian Stock Exchange. He was also a member of the Board of Directors of UEM World Berhad, PLUS Expressways Berhad and UEM Builders Berhad.



**Dato' Aminuddin Md Desa**

*Deputy President & Chief  
Executive Officer, Etiqa  
Insurance and Takaful,  
Head, Insurance and Takaful*

Dato' Aminuddin, aged 48, was appointed as Chief Executive Officer of Etiqa Insurance and Takaful and Head of Insurance and Takaful of Maybank Group in October 2008. He is an Associate of the Chartered Institute of Insurance (UK) as well as an Associate of the Malaysian Insurance Institute. He graduated with an Advanced Diploma in Business Studies in 1985.

He joined Maybank Group in 2005 upon the acquisition of Malaysia National Insurance Berhad by Mayban Fortis Holdings Berhad. Prior to joining Maybank, he was CEO of Takaful Nasional Sdn Berhad (now Etiqa Takaful Berhad) from December 2001.

Dato' Aminuddin was instrumental in merging Maybank's insurance and takaful arm with Malaysia National Insurance and Takaful Nasional and in its rebranding as Etiqa.

At Maybank, Dato' Aminuddin is a Board member of Mayban Fortis Holdings Berhad.

Geoff Stecyk, aged 40, is Head of Enterprise Transformation Services (ETS). He strategises, directs and drives the enterprise operations of the new House of Maybank having created a platform comprising Information Technology, Operations and Service Quality that supports the Group's Transformation and long-term strategic objectives. He joined Maybank in November 2008 as Chief Transformation Officer leading the LEAP30 Performance Improvement Programme.



**Geoff Stecyk**  
*Head, Enterprise  
Transformation Services*

Geoff holds a Bachelor of Commerce, (Marketing/Finance) from the University of Alberta, Canada.

Prior to joining Maybank, he was National Head of Bancassurance with American International Assurance (AIA) China from 2006 to 2008. Prior to that, he was Executive Vice President, Business Integration with Southern Bank Berhad from 2001 to 2004. He was involved in the transformation of the bank which covered all major areas of the retail and SME banking with an emphasis on driving immediate earnings growth to fund the structural transformation over the medium term.



**Ibrahim Hassan**  
*Chief Executive Officer,  
Maybank Islamic Berhad  
Head, Group Islamic Banking*

Ibrahim Hassan, aged 54, is the Chief Executive Officer of Maybank Islamic Berhad, a position he has held since January 2008. He has been with the Group for more than 30 years, having joined Maybank in 1978.

Ibrahim holds a Bachelor's degree in Economics (Hons) from University of Malaya.

As Head of Group Islamic Banking, he is responsible for managing and overseeing the overall Islamic banking franchise of Maybank which operates

on a parallel platform, leveraging on its infrastructure and delivery channels. This includes business strategy, product development, product delivery and marketing support as well as Shariah compliance management.

At present, Ibrahim is the Deputy Chairman of the Association of Islamic Banks in Malaysia.

Prior to his appointment as Head, Group Islamic Banking, he held various positions in the Group.

Between 1996 and 2006, he was Chief Executive Officer of Maybank Discount, Head of International Banking, and Head of Treasury and Market Risk. This was after spending more than 10 years managing treasury and dealing business operations at Maybank's overseas branches in Hong Kong, London and New York. Ibrahim was also instrumental in the formation of Maybank Islamic Berhad, the Islamic banking arm of the Group, in 2008.

Nora Abd Manaf, aged 45, has been the Head of Group Human Capital of Maybank Group since October 2008. Her responsibilities encompass direction setting for Group Human Capital and guiding Maybank's People Transformation initiatives.

She is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and holds a postgraduate degree in Human Resource Development from Cornell University, USA. Nora is a certified Trainer Gallup Strengths Level II Coach.

Nora is also actively involved in the country's financial and business employers' circles as Chairman of the Malayan Commercial Banks' Association (MCBA), Chairman of the Human Resource Management and Development Group (HRMDG) under the sponsorship



**Nora Abd Manaf**  
*Head, Group Human Capital*

of the Institute of Bankers Malaysia (IBBM) and Bank Negara Malaysia (BNM), as well as Council Member of the Malaysian Employers Federation (MEF).

Nora was honoured at the Asia HRD Congress 2009 for her outstanding contributions in Human Resource Development.

Prior to joining Maybank, she was with the Standard Chartered Group for over nine years, where her last held position was Head of Human Resources, Scope International (a wholly-owned subsidiary of Standard Chartered UK Plc). Prior to that, she was seconded to Permata Bank as Executive Vice President, Strategic Initiatives. Other roles in Standard Chartered Group included a leadership development head role in London as well as in Hong Kong on integration work post Standard Chartered Bank's acquisition of Chase Retail bank. Prior to Standard Chartered, Nora worked in diverse industries and disciplines from telecommunications and education to consulting, finance and semiconductors.



**Tengku Dato' Zafrul  
Tengku Abdul Aziz**  
*Chief Executive Officer,  
Maybank Investment Bank  
Berhad*

Tengku Dato' Zafrul Tengku Abdul Aziz, aged 37, was appointed Chief Executive Officer of Maybank Investment Bank effective 16 June 2010. He holds a BSc (Hons) in Economics and Accounting from Bristol University, UK, and a Master of Finance & Economics from Exeter University, UK. He has wide investment banking and corporate experience having served in leadership positions in key institutions over the last 14 years.

Prior to joining Maybank Investment Bank, Tengku Zafrul was the Group Director of K & N Kenanga Holdings Berhad, as well as a board member of Kenanga Investment Bank Berhad, Kenanga Capital Sdn Bhd and Capital Investment Bank (Labuan) Limited. He was appointed a Director of Credit Agricole in the early years of his career. He has also previously served as CEO of Tune Money Sdn Bhd, Head of Investment Banking in Citigroup Malaysia, Group Managing Director of ECM Avenue Berhad and CEO of Avenue Securities.

Tengku Zafrul is regarded as one of Malaysia's enterprising young leaders. He serves as Chairman of Leaders for Tomorrow (L4T) and Deputy President of the Kuala Lumpur Business Club (KLBC). He was awarded the Malaysian Business Leadership Award 2009 for Investment Banking, the APEA 2008 Most Promising Entrepreneurship Award by Enterprise Asia and the Technology Business Review Asean CEO Award 2008.


**Pollie Sim Sio Hoong**

*Chief Executive Officer,  
Maybank Singapore*

Pollie Sim, aged 49, took the helm of Maybank Singapore in July 2006. She holds a Master of Business Administration from Brunel University of West London and a Diploma in Management Studies from the Singapore Institute of Management.

She held senior positions within Maybank Group in Consumer Banking & Business Banking, Corporate Planning, Human Resources, Accounts & Finance and IT. She was instrumental in leading and developing Maybank's retail banking business in Singapore, which today accounts for about 50% of Maybank Singapore's earnings. Prior to Maybank Singapore, Pollie was Chief Executive Officer of Mayban Finance (S) Ltd.

Her current key appointments include Director of Mayban Nominees (S) Pte Ltd, a subsidiary of Maybank, Singapore Unit Trusts Ltd, Bosbury Pte Ltd, Sorak Financial Holdings Pte Ltd and Heartware Network. She is also a Council Member of the Association of Banks in Singapore and a member of the Singapore Unit Trust Investment Committee.


**Ridha Wirakusumah**

*President Director,  
PT Bank Internasional  
Indonesia Tbk*

Ridha Wirakusumah, aged 47, has served as President & Director of PT Bank Internasional Indonesia Tbk (BII) since March 2009.

He holds an Electrical Engineering degree and an MBA from Ohio University and is a candidate for a Doctor in Business Administration (DBA) from City University of Hong Kong.

Before joining BII, Ridha was President and CEO of AIG Consumer Finance for Asia Pacific based in Hong Kong. Under his leadership, AIG Consumer Finance acquired four finance companies in India, the Philippines and Thailand and initiated two credit guarantee companies in China. He also served as Chairman of the Board of AIG-owned banks in Hong Kong, the Philippines and Thailand.

Prior to AIG, Ridha held various positions with increasing responsibility at General Electric Company. He joined the Company with GE Capital in Atlanta in 1995. His last position was Head of Banking for GE Money in Asia and President and CEO of GE Consumer Finance Asia (Ex Japan and China). Under his leadership, GE Money Asia assets grew six-fold with a return on equity (ROE) of 29%. He also led GE in acquiring numerous finance companies and banks across Asia.

Before joining GE, Ridha was Head of Corporate Finance at Bankers Trust Indonesia. Ridha started his career in Citibank in 1987 and left as Vice President in charge of Financial Institutions and Public Sector.



**We're there with you  
in over 1,750 offices  
across Southeast Asia  
and the world's financial capitals.**

Thank you for sharing your lives, hopes and dreams with us. Celebrating 50 years, close to you.





# chairman's statement

## dear shareholders,

We have grown over the last five decades from being not just one of the local pioneers in the industry but to become the financial services leader in Malaysia and deservedly recognised as a Malaysian icon.



We continued our focus on financial performance and sustaining a strong capital position and this has allowed the Group to capitalise on several opportunities that arose during the year and as part of our regional expansion strategies.

### Performance

In our financial year 2010, the world economies only grew 3% amidst signs of recovery from the earlier unprecedented global financial crisis and liquidity crunch, which led to a recession in the major economies of the world. In the same period, the Malaysian economy achieved a growth of 2.1% aided by the RM67 billion stimulus package by the Government. GDP growth in the other countries where the Group has significant business operations ranged from -2% to 8%.

In this environment, the Group recorded a revenue of RM12.87 billion, an increase of 22.4% compared to last year. Significant growth in revenue for the year was achieved through strong growth in loans (10.3%) especially from our Consumer Banking sector (15%), and strong performance from our Singapore (8.6%) and Indonesia (33.3%) operations. Our three acquisitions in Indonesia, Pakistan and Vietnam contributed 6.3% of the profits.

Corresponding to the increase in revenue, net profit after tax and minority interest has risen to RM3.82 billion, a new record. The Group has also been able to deliver growth in profitability with further improvement in asset quality.

### Regional Expansion

Our contributions from overseas operations have been healthy, reaching some 30% of revenues and 23% of profits for the year, or increase of 32% and 302% respectively from the previous year. By 2015, we expect Malaysia to only contribute 60% of profits, as our regional operations grow faster in line with greater opportunities.

Our regional aspirations would not detract from our re-focus to strengthen our leading position in Malaysia. Hence, to help enable these, as at 1 July 2010, we have reorganised ourselves under the umbrella of the "House of Maybank" to drive the three key businesses regionally, namely Community Financial Services, Global Wholesale Banking and Insurance & Takaful.

### Customers and the Community

Maybank has maintained the momentum established in recent years by focusing on its customers with service excellence and contributing to the community.

We strive to achieve the highest level of customer satisfaction in Malaysia, through the "Serve from your HEART" campaign, which started in April 2010, to enhance service standards and our corporate image. This initiative is to re-establish our brand identity and strengthen our presence in the heart of our customers.

To commemorate the Year of the Tiger in the Chinese calendar and our 50th year in the market, Maybank which bears the face of the Malayan tiger as our iconic emblem, is taking action by entering into a partnership with the Malaysian Conservation Alliance for Tigers (MYCAT) in an effort to bring the plight of the Malayan Tiger to the forefront. This is one of the steps we are taking in ensuring the diversity of our natural environment.

### Shareholder

Our focus on creating value for you is gaining traction through the efforts undertaken. This has resulted in an encouraging total shareholder return (TSR) increase of 31.7%.

During the year we received shareholder support for an optional Dividend Reinvestment Plan, an effort to conserve capital ahead of the regulation under Basel III, which is expected to come into effect by the end of 2012. Implementation of the plan will be carried out in stages in the coming year or so. We will also be proposing to pay a final dividend of 44 sen per share which translates to a payout ratio for the year of 76.5%.

### Looking Forward/Outlook

The Group will continue to face keen competition amid further industry liberalisation/consolidation, regulatory changes and the backdrop of increasing interest rates. We will seek to increase market share in selected business segments across the Group to grow revenue while maintaining margins.

The economies in Malaysia and the major countries where the Group operates are expected to grow strongly in financial year 2011, with GDP growth ranging from 4% to 10%. Our core commercial banking operations are expected to continue the good performance recorded this year. The investment banking and insurance divisions are expected to advance further on the back of better capital market activities and improved internal capability and capacity. And we will continue the aggressive expansion of our Islamic asset base from the current level of 13.2% of total Group assets.

We have been proud of our heritage, for which I would like to thank all our stakeholders. I believe we have a good foundation to build that truly regional franchise.



**Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor**  
*Chairman*



# president and ceo's statement

## dear shareholders,

**After a challenging FY2009, I have great pleasure in being able to report that Maybank is not only back on its feet but has made a great leap forward over the year under review. As we celebrate our 50th anniversary in 2010, we are, to borrow from the symbol associated with such anniversaries, as good as gold!**

Maybank has proven our worth as a bank built on an unshakeable foundation capable of withstanding crises, and always delivering on our promises. In our 50-year existence, we have established ourselves firmly in Malaysia where we are the leading bank in terms of total assets (RM336.7 billion), deposits and net loans. We are also among the largest corporations listed on Bursa Malaysia.

We also have the most extensive international network of over 1,750 branches and offices in 14 countries serving more than 18 million customers.

The icing on our anniversary cake, however, has to be our profit for the year under review, the highest we have ever achieved. Group profit before tax (PBT) grew from RM1.67 billion in 2009 to RM5.37 billion. Net profit after tax and minority interest (PATAMI) surged to RM3.82 billion from RM691.9 million. In terms of normalised profits,

our PBT this year of RM5.01 billion is a 31.7% increase from RM3.81 billion previously. In the last financial year, our results were impacted by the RM1.97 billion impairment charge on our investments in Bank Internasional Indonesia (BII) and MCB Bank in Pakistan.

All key business segments recorded higher revenues, leading to a 22.4% increase in total Group revenue to RM12.87 billion. This was supported by a 10.3% growth in loans, led by domestic Consumer Banking (15%), Indonesia operations (33.3%) and Singapore (8.6%). Net interest income grew 14.4% to RM6.77 billion, mainly due to a full year's contribution from BII (which posted a PBT of RM217.3 million, up from RM49.3 million), and lower interest expense in the Malaysian and Singapore banking operations.

Both the Malaysia and Singapore operations improved significantly. In Malaysia, PBT increased to RM4.24 billion from RM1.25 billion, while in Singapore PBT increased to SGD338.0 million from SGD247.7 million. Maybank also benefitted from the funds raised through the rights issue completed at the end of April 2009, which has contributed to a strong Capital Adequacy Ratio of 14.7%.

Income from Islamic Banking also increased by 17.2% to RM1.43 billion, as a result of growth in assets which now total RM44.16 billion, comprising 13.1% of Group total assets. The Group also gained from a higher contribution from Insurance, Takaful & Asset Management of RM442 million compared to RM328 million last year; and improved performance of Investment Banking with PBT of RM144 million compared to RM121 million last year.

Non-interest income increased by a significant 38.2% to RM4.67 billion led by a surge in investment & trading income, commissions, service charges & fees, foreign exchange and net premium written as well as unrealised gain on cross-currency swaps.

Although our overhead expenses increased 15.3% to RM6.41 billion, this was to be expected following our regional expansion. The rate of increase is, however, reasonable compared to the growth in net income of 22.4%.

### **The Transformation Journey**

Results such as we have achieved do not materialise from business as usual. As I had reported last year, Maybank in 2008 embarked on a Transformation journey focusing on 30 initiatives to improve our people, processes and systems. We have three ultimate 'destinations' – to be the undisputed leader in financial services in Malaysia, to

strengthen our regional presence, and to become a talent and execution-focused company.

We are definitely making headway in reaching our goals. By the end of December 2009, we had accrued up to RM40 million from higher sales and increased product penetration while saving more than RM140 million by reducing newly classified non-performing loans, improving our procurement procedures and generally effecting greater efficiency through IT governance.

Upon completion of the first wave of this Transformation in May 2010, we brought together all leaders and senior management from across the Group to take stock of what had been accomplished and the best way to proceed. While agreeing that much had been achieved, we noted that we would enhance the Transformation if it were carried out in a more integrated manner. Rather than have individual sectors working independently, we opted to create a more holistic approach in which the entire organisation would move forward as one.

Thus, the new House of Maybank was created which re-aligns the Group's operations into three business pillars – Global Wholesale Banking, serving the corporate, commercial and non-retail banking segments; Community Financial Services, focusing on retail financial services to the SME and Consumer portfolios; and Insurance & Takaful. This new structure encourages greater cross-border cooperation and strategising which will necessarily result in more innovative cross-selling and bundling of products and services. There has also been a transfer of ownership of initiatives to the different business units from the Transformation Office, which now adopts a more supervisory role.

Interestingly, the new House of Maybank takes us forward – in terms of greater efficiency, savings and sales; whilst reaffirming the vision of our pioneers to contribute to the economic prosperity of the nation and its people. It is easy in today's age of ICT to lose the human touch. But Maybank believes to lose this is to lose our edge. Hence, we have made a conscious decision to emphasise the human element at all our touch points, everywhere we operate – to serve our customers from the heart and to provide them with unparalleled service.

### Humanising our Services

Our new positioning calls for us to get closer to communities, enrich their lives and help them realise their dreams. We already have the most extensive reach in the country – with over 380 branches and 2,800 ATMs serving some 9 million customers. In 18 locations, we are the only bank serving the communities. But we plan to further expand our network so that every Malaysian has access to Maybank. No community is too small for Maybank, and no customer too insignificant. In the past financial year, we launched more banking services for the under-served segments of the country, and introduced five disabled-friendly branches nationwide.

Even with our corporate clients, we want to be their trusted partner which really understands their business. In Community Financial Services, we have segmented our customers according to their profiles – high net-worth, affluent, mass, SME and Emerging Corporates – and are channelling more sophisticated but relevant, segment-appropriate products to them.

In Insurance & Takaful, we adopt “The Etiqa Way” of helping our customers to protect their assets and build a better future by serving with professionalism, empathy and integrity. In our quest to become the national insurance

champion by end 2010, we will reactivate certain structured products and develop new plans. To support growth of this sector, we will diversify Etiqa's portfolio of assets beyond Malaysia and into selected regional markets.

Of course, the best plans and strategies require the best people to implement them. In order for Maybank to get closer to our communities – namely all our stakeholders – and in order to be effective, we ensure our personnel are competent, professional and deliver a consistently high level of service. Human capital development is top priority at Maybank. Over the years, we have adopted a performance-based rewards culture in our human capital talent management efforts.

When we embarked on our Transformation, however, the emphasis on people development and empowerment became more pronounced. We ran Group Human Capital Workshops, engaging our employees in HOT (honest, open and trusting) dialogue regarding their views and aspirations. Many of our employees' suggestions have been taken on board and implemented. The results have been encouraging; by the end of first quarter 2010, we were obtaining positive feedback from customers, and certain sales at branches were even doubling.

### Islamic Banking

One of our aspirations is to further grow our Islamic business. Although Maybank Islamic is already the largest Islamic financial services provider in the country, we are targeting Islamic to make up no less than a third of Maybank's domestic financing by year 2015. To achieve this, our Islamic assets have to increase at double the rate of conventional assets. While ambitious, this goal is certainly within our reach.

Beginning with the coming financial year, we are implementing an Islamic First strategy across Malaysia that will see our front-liners introduce Islamic products before conventional ones as a matter of course. We are also converging all Islamic products across the Group under the Maybank Islamic banner and promoting it aggressively to create a stronger brand that consumers can immediately identify with. Our objective is to grow from being No. 1 in Malaysia to being the largest Islamic bank in ASEAN by 2015.

Our acquisition of BII in Indonesia and MCB Bank in Pakistan will support our expansion in these large Islamic markets. At the same time, we will capitalise on opportunities that exist to promote Islamic banking in the relevant international operations. Ultimately, Maybank supports the government's vision of establishing Malaysia as a global Islamic financial centre.

### Regional Expansion

Maybank already has a strong base in the region. We are considered the 'fourth local bank' by our customers in Singapore; with BII, we have an extensive presence in Indonesia; and have achieved a foothold in the Philippines, Cambodia, Vietnam and Brunei. We are, however, further expanding in all these countries and plan to cover the entire ASEAN market, as well as the Middle East, China and India, at the right time and at the right opportunity. Our vision is to be a regional financial services leader by 2015.

Towards this end, we are launching a regional Centre of Excellence aimed at enhancing global markets trading activities, particularly in structured products. We will also be ramping up the universal wholesale banking model in Singapore and Indonesia with innovative investment

banking products. Supporting these will be a fully integrated end-to-end regional trade finance and cash management platform.

We will be supported in our expansion plans by effective IT infrastructure and risk management systems. I had mentioned in the last annual report that Maybank was migrating to the Internal-Ratings Based (IRB) approach for credit risk and Standardised approach for operational risk under Basel II. I am pleased to say that as of July 2010, Maybank and Maybank Islamic have fully migrated to the Basel II IRB approach for credit risk. This major achievement for the Group reflects our commitment to adopt international practices. Maybank now joins a select group of international banks in early adoption of the IRB approach in Southeast Asia.

### Achievements

The Group's excellent performance over the year has not gone unnoticed. We received the Gold Award in the Finance Category of the Putra Brand Awards from the Association of Accredited Advertising Agents Malaysia (4As), organised in association with the Malaysia's Most Valuable Brands. In addition, we have received numerous other awards, both local and international which attest to our service excellence. These include Asiamoney's Best Domestic Private Banking in Malaysia and Euromoney's Best Private Banking Services Overall for Malaysia as well as the Most Outstanding Retail Islamic Bank Award to Maybank Islamic in the KLIFF Islamic Finance Awards.

### Prospects

As the pick-up in the Malaysian and regional economies become firmer, prospects are looking bright for the

financial year 2011. The Malaysian Institute of Economic Research (MIER) has revised upwards its GDP growth forecast for 2010 from 5.2% to 6.5%. Our own research team is even more bullish for Malaysia with GDP growth forecast of 7.5% for 2010 and 6.1% for 2011. This will obviously provide a boost to Maybank's core commercial banking operations. At the same time, strengthened capital markets are expected to support the investment banking and insurance business.

Competition will no doubt intensify with liberalisation of the industry, and the entry of more foreign banks as well as consolidation of domestic banks. However, we are confident of having hit upon the right formula of investing in our fundamentals to reap the returns in the long term. Our vision of becoming a regional Islamic bank also acts as a strategic differentiator. We are in the midst of converting our subsidiary PT Bank Maybank Indocorp in Indonesia into a Shariah bank.

Net interest margin, under pressure due to competition but cushioned by the recent interest rate hikes, is expected to remain relatively stable, while our steadfast focus on loans and its management should enhance asset quality. The Group will continue to manage our capital efficiently, following the adoption of Basel II and as we prepare for Basel III.

In Community Financial Services, we will grow our franchise for all our consumer businesses and stimulate the SME segment. In Global Wholesale Banking, we will support the growing needs of our corporate clients arising from the higher private and public investment as envisaged in the 10th Malaysia Plan. Regionally, we will continue to spread our franchise, leveraging on the strong foundations we have established in our three home markets of Malaysia, Singapore and Indonesia. In Indonesia, especially, there is great potential for further growth as BII continues to grow its loans by more than 20% per annum.

In summary, barring unforeseen circumstances, we expect to perform even better in the financial year ending June 2011 than we did this year.

### Acknowledgements

Maybank is about people – anyone and everyone touched by us in one way or another. Our success over the past year, and in our 50-year history, is due to the diligence, commitment and support of all our stakeholders. And I would like to take this opportunity of our Golden Jubilee to thank everyone who has contributed to what Maybank has become today – Malaysia's regional financial services leader.

Special thanks, however, is due to our Chairman, Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor, whose integrity and experience add to the depth and wisdom of our leadership. Heartfelt gratitude also goes to our other board members and management, who have been incredibly committed to our transformation; and our 40,000 employees, who have put in the hours and put up with the inevitable challenges in our exciting journey towards a stronger, more energised Maybank. Mention must also be made of the continued support of Bank Negara Malaysia, the Securities Commission, other regulatory authorities, our partners and clients for their confidence in our ability to deliver.

On behalf of the Group, I thank all of you the way we would like to serve you – from our heart.



**Dato' Sri Abdul Wahid Omar**  
President & CEO

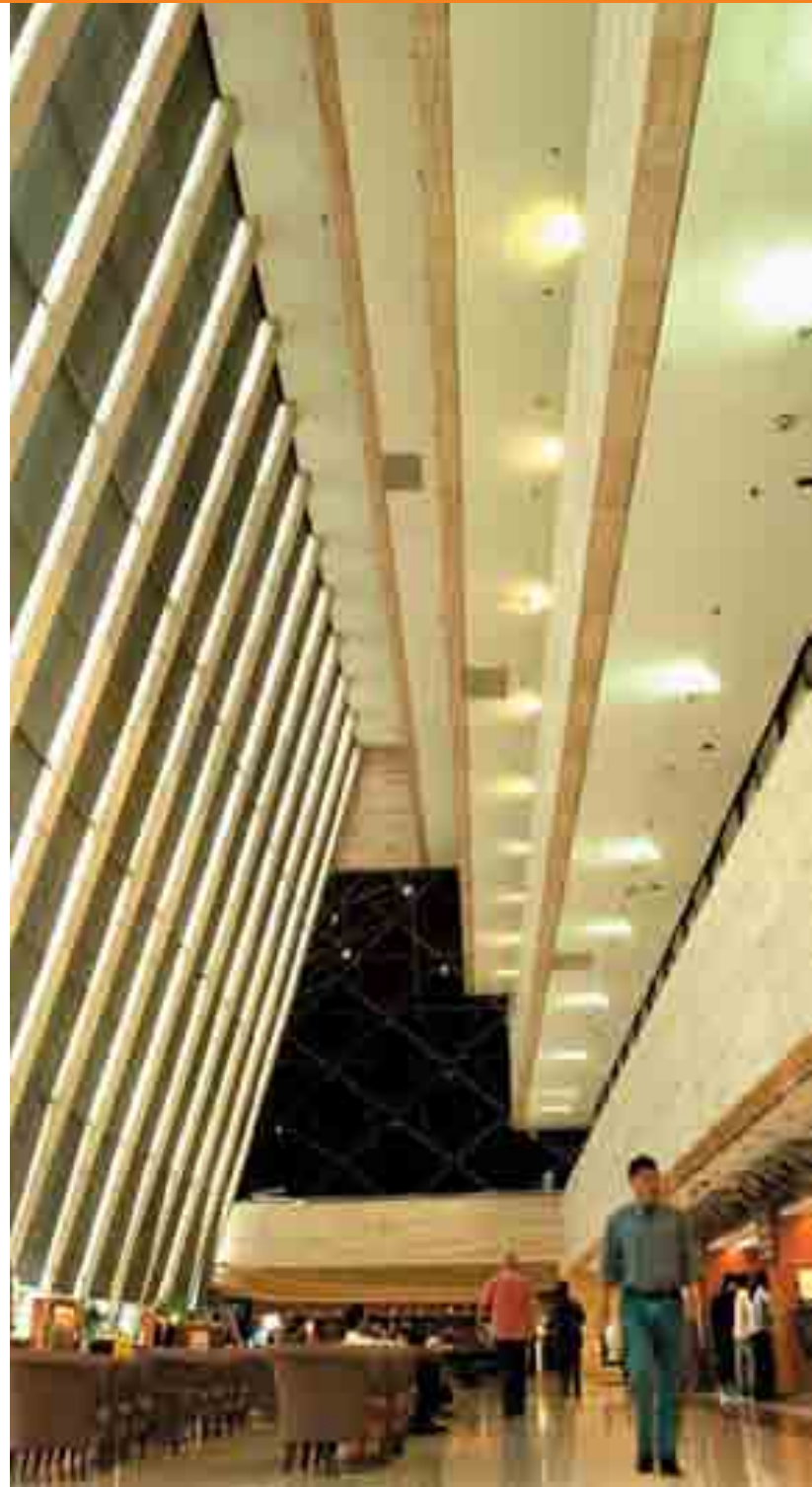


*review of operations*

# consumer**banking**



Consumer Banking forms the cornerstone of Maybank. It is through Consumer Banking that we are in touch with the community and provide the financial solutions they need. This sector, which contributes 30% of the Group's total profit before tax, offers a diverse range of products and services which continue to evolve. However, key drivers remain the mortgages, automobile loans, unit trust and cards financing portfolios as well as current and saving account (CASA) deposits.



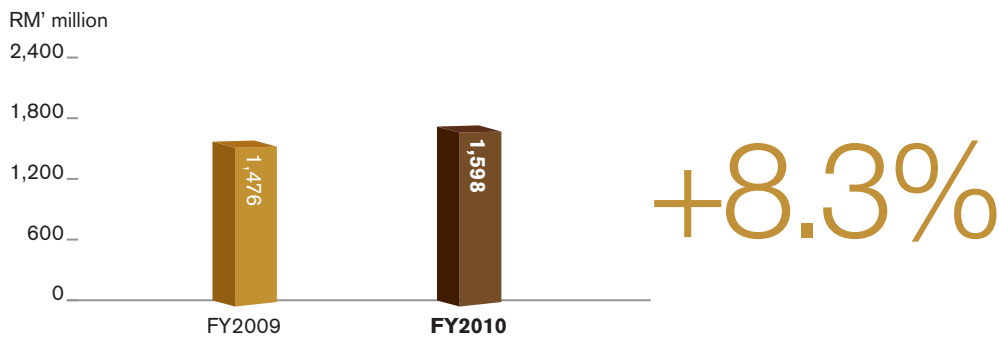


## Financial Performance

Retail Operations	FY2010	FY2009	Growth Inc / Dec
Pre-Tax Profit (RM'mil)	1,598	1,476	8.3%
<b>Gross Loans, Advances &amp; Financing (RM'bil)</b>	<b>77.1</b>	<b>67.1</b>	<b>14.9%</b>
Core Product			
○ Mortgage	34.6	31.5	9.8%
○ Auto Loans	22.7	20.3	12.2%
○ Retail Lending	15.6	11.7	33.3%
○ Cards	4.1	3.6	14.7%
<b>Retail Deposits (RM'bil)</b>	<b>75.0</b>	<b>71.1</b>	<b>5.4%</b>
Core Product			
○ CASA	35.5	33.3	6.8%
○ Fixed Deposits	39.4	37.9	4.1%
<b>Gross NPL Ratio (%)</b>	<b>2.8%</b>	<b>4.2%</b>	<b>-1.4%</b>
Core Product			
○ Mortgage	5.4%	7.6%	-2.2%
○ Auto Loans	0.7%	1.1%	-0.4%
○ Retail Lending	0.5%	0.9%	-0.4%
○ Cards	1.3%	1.8%	-0.5%

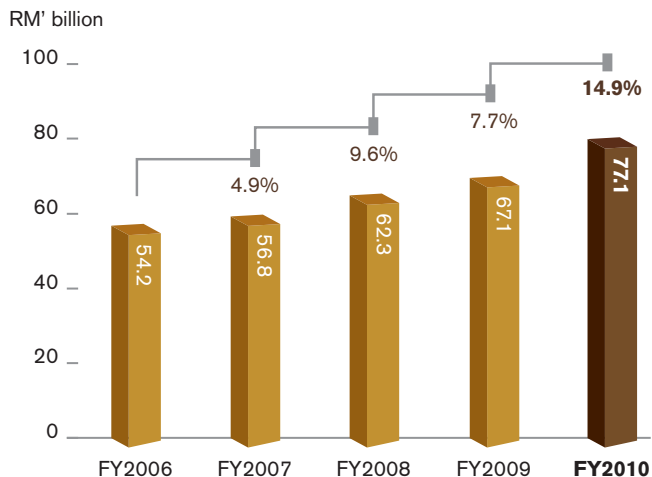
During the year under review, Consumer Banking reported a profit before tax of RM1.60 billion, 8.3% higher than the RM1.48 billion a year ago, on the back of commendable growth in the Bank's consumer loan segment and retail deposits business.

### Consumer Banking – Profit before tax

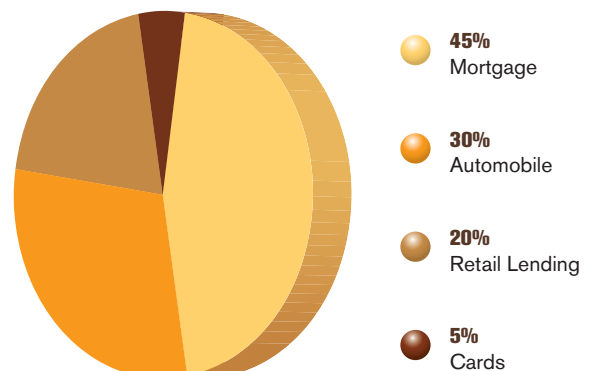


Consumer loans grew 15% within a competitive business environment, outstripping the industry growth of 13.8% thanks to effective strategic initiatives. Each of the key portfolios – namely unit trust, mortgage and automobile loans – registered double digit growth surpassing the RM2 billion mark. Mortgages, automobile loans, unit trust and cards financing remained the main drivers of the consumer loans segment, making up 98% of the total portfolio.

### Consumer Banking Loans



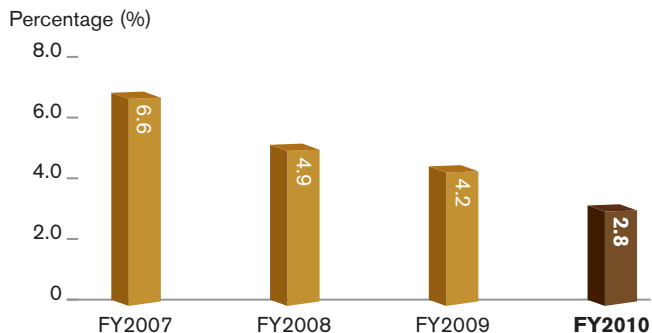
### Loans Composition



Deposits for current accounts and savings accounts (CASA) as well as fixed deposits increased by 6.8% and 4.1% respectively, contributing to an overall increase in retail deposits of 5.4% and surpassing the total industry retail deposit growth of 2.8%.

Gross non-performing loans (NPLs), meanwhile, continued to decrease steadily. From a high of 6.6% in 2007 it has more than halved to 2.8% as a result of pro-active loan management, aggressive rescheduling and restructuring, and focus on the acquisition of quality loans.

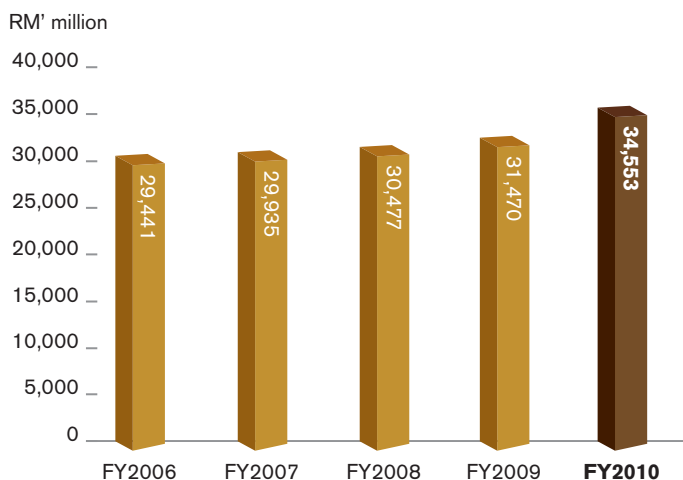
### Consumer Banking NPL Ratio



### Mortgage Financing

Mortgage financing forms the core of Maybank's Consumer Banking sector, accounting for 45% of the total consumer loan portfolio of RM77 billion in 2010. As at 30 June 2010, loans outstanding in the mortgage portfolio amounted to RM34.6 billion, representing an increase of 9.8% from RM31.5 billion the previous year.

### Mortgage: Loans Outstanding



The adoption of a new customer acquisition strategy allowed the Bank to pursue greater market share more aggressively. There was a significant improvement in terms of loans approval, acceptance and disbursement over the last financial year, with an increase of 21%, 48% and 43% respectively.

Focusing on prime property, Maybank leveraged on the strength of our Mortgage MaxiHome brand and our extensive network to reach out to high net-worth individuals while ensuring asset quality and profitability. As a result of our strategy to re-balance the mortgage portfolio and improve asset quality, the NPL ratio improved from 7.64% to 5.43% while that for loans disbursed after July 2006 stands at 1.0%. Residential properties valued at RM250,000 and above represented 43% of total residential loans compared to 37% a year ago.

We continued to strengthen our strategic alliances with key developers for exclusivity and to leverage on corporate ties and commonalities. Among the Bank's partners are top-tier developers Sime Darby Property Berhad, Sunrise Berhad, the Sunway Group, IJM Land Berhad, SP Setia Berhad, Mah Sing Group, Bukit Kiara Properties and UEM Land, all of which have proven track records in delivering quality homes. These strategic alliances position Maybank's MaxiHome and MaxiShop – with its attractive financing packages, and innovative and flexible features – as the preferred financial solutions provider for individuals looking to acquire quality property.

To further entrench ourselves in the premier market, Maybank continued to act as the main sponsor for prestigious industry events such as the FIABCI Malaysia Property Awards, Edge Malaysia Top Property Developers Awards, Mapex Exhibition and i-Property Home & Interior Expo.

In conjunction with our 50th anniversary, Maybank on 1 January 2010 launched an attractive fixed rate loan scheme which guarantees sustainable cash flow in the initial years of property purchase or new business startup, and protects customers against increases in the Base Lending Rate (BLR). This is especially pertinent given the anticipated upswing in the interest rate regime. The key product, Maybank MaxiHome and MaxiShop FlexiOD, offers competitive interest rates, a high margin of financing and the flexibility for customers to self-manage their loans and cash flow, as their savings and current accounts and home loan are merged into one account. What is more, customers can make extra payments at any time with no limit or penalty while interest can be earned for credit balances. The product also comes with free personal accident insurance and medical coverage.

Given the intense competition and low interest rate regime, Maybank set up a Retention Team to keep track of and refine anti-attrition initiatives. We have dedicated teams to plan, develop and drive retention strategies while

monitoring their effectiveness. These strategies will empower staff to achieve faster turnaround times, and foster greater consistency in practice. There will also be a greater sense of accountability at all levels.

As part of our corporate responsibility, we support Bank Negara's priority sector housing loan, and financed a total of 3,142 units or 124% of the 2,525 units committed during the financial year. Maybank is also participating in the Ministry of Finance's Syarikat Jaminan Kredit Perumahan (SJKP) guaranteed housing loan scheme and is currently working with Kuala Lumpur City Hall to enable current tenants of its housing projects purchase their units under the SJKP scheme.

### Automobile Financing

During the year under review, aggressive marketing campaigns with dealers and distributors, strategic focus on our core customer segments and creating awareness of preferred models and products in the market contributed to the continued success of the automobile financing business.

The automobile financing segment registered a gross balance outstanding of RM22.7 billion, an increase of RM2.5 billion or 12% from RM20.3 billion the previous year. Within the automotive financing sector which grew 8%, Maybank was one of the fastest-growing brands. Our market share for the purchase of transport vehicles improved from 16.8% to 17.4%, while we dominated the floor stocking and block discounting markets at 80% and 78% share respectively.

Retail hire purchase remained the primary contributor to automobile financing, accounting for 98% of the segment's total revenue. Other core areas included commercial hire purchase, blanket hire purchase, corporate auto scheme, floor stocking and block discounting.

The Hire Purchase System (HPS), a loan origination system for Retail Hire Purchase, contributed significantly to Maybank's positive performance. In addition to that, the introduction of HPS mobile connectivity allows the system to be accessed from anywhere, thus shortening the turnaround time for approvals and making the Maybank brand more compelling and competitive.

Maybank also expanded its network by opening 11 new Auto Finance windows during the year, bringing the total footprint for automobile financing to 80 throughout Malaysia.

To manage the loan portfolio, the Bank re-launched its reschedulement package and closely monitored newly disbursed accounts. These initiatives, along with other proactive prevention and recovery activities, led to a drop in the Auto NPL to 0.7% from 1.1% a year ago, against an industry rate of 1.2%.

Among the major events organised were the Car of the Year Award (COTY), Travel Around the World Contest (with Cycle & Carriage Bintang) and the Honda Nationwide Roadshow.

## Cards Financing

FY2010 was remarkably good for Maybankard. The credit and debit card businesses grew by double digits in all areas, firmly entrenching Maybank's leadership.

Maybankard continued to outperform the industry and significantly widened its lead at the top notwithstanding the highly competitive market and the introduction of the Services Tax. The Bank's market share in cards increased to 17%, billings to 22%, receivables 14% while merchant sales further strengthened to 29%.

The financial year witnessed a 20% growth in cardmembers' billings, driven primarily by differentiated products such as the Visa Petronas Card, Ikhwan Card, American Express Gold Credit Card and Visa Debit as well as effective marketing activities. For example, a 15% cash rebate was offered for American Express cards at 12 key malls over a period of four months.

Merchant sales recorded a healthy growth of 23% year-on-year with new key merchants on board from the insurance, healthcare, education and electrical segments, supported by existing departmental stores and expansion in hypermarkets.

In keeping with tradition, Maybankard created waves with new and innovative products such as the Maybankard MasterCard Platinum Debit Card, Wireless Cards Payment with Pizza Hut and American Express Gold Credit Card. Each was a market first, offering great and unparalleled value to customers by leveraging on cutting-edge technology. According to the Malaysian Book of Records, Pizza Hut Malaysia is the first restaurant chain in the country to offer delivery service with wireless card payment facility.

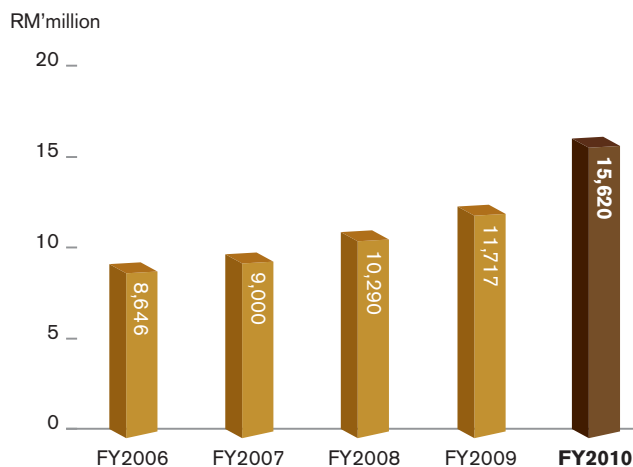
Other milestones included the issuance of over 2.5 million Visa Debit cards in a period of just over two years; and the launch on 9 October 2009 of the exclusive Maybankard MasterCard Platinum Debit to premier conventional and Islamic savings or current account holders. The card raises the daily spending limit to a new high of RM10,000.

Credit asset quality for Maybank improved due to sophisticated decision engines and structured collection approach which lowered our NPL ratio to 1.3%, far below the industry level of 1.9%.

## Retail Financing

The Retail Financing segment comprises four sub-segments of unit trust, salary financing, retail business and share financing. As of June 2010, loans outstanding amounted to RM15.6 billion, representing an increase of 33.3% from the previous year's RM11.7 billion, and continuing with the upward trend observed over the last five financial years.

### Retail Financing: Loans Outstanding



Growth was driven mainly by the unit trust portfolio, which forms 87.5% of total Retail Financing. Among the other portfolios, salary financing (salary loans to government employees), which started in FY2009, also recorded significant growth of RM209 million.

Various marketing initiatives were carried out to reach targeted segments, including roadshows – some in collaboration with government agencies such as SMIDEC – and participating in exhibitions or campaigns with regional offices and with strategic partners. These proved to be lucrative. At the Minggu Saham Amanah Malaysia (MSAM) 2009, organised by PNB, the Bank generated

RM108 million in new loans. New telemarketing and direct mail strategies were also employed to reinforce the brand's presence.

Regular communication with our regional offices, meanwhile, ensured these branches maintained a high level of performance. Maybank also embarked on a Group Retail Broking unification initiative to consolidate share trading activities across the board and to offer customised products to targeted customers to better suit their needs.

Further lending initiatives include education/study loan and tailor-made financing/loan schemes to targeted segments of customers.

Among the campaigns for the year were the Labur & Menang, M2u Online Stocks Cash Accounts and a low interest rate campaign for Share Margin Financing.

## Wealth Management

The operating environment during the financial year was conducive for the wealth management business of Maybank. As conditions for global and domestic financial services stabilises, with more transparent regulatory guidelines, investors' sentiment improved.

Maybank Wealth Management solutions are being offered via our extensive Private Banking Centre network across the nation. We provide a wide range of products and services catering to the entire spectrum of needs of our high net-worth customers, encompassing cross-border transactions and seamless offerings within the Maybank Group. At the end of the financial year, we had a total of 24 Private Banking Centres and five Private Banking lounges nationwide.

We grew our high net-worth customer base by 11.7% over the year, while the total financial assets for this segment of customers grew by 13.1%. These achievements are due to Maybank's extensive reach,

a sound financial foundation and an increasing sales and service workforce dedicated to the wealth management segment. We adopt an open architecture framework, which sources best of breed products and services internally and externally to enhance value for this niche sector.

### Bancassurance

Maybank Bancassurance is the first Malaysian bancassurance provider and the best to date. It is ranked No. 1 in the bancassurance business, with a gross new business premium of RM692.8 million or 23.7% of market share. It has maintained an impressive performance year after year as a result of excellent, professional and personalised service to the community.

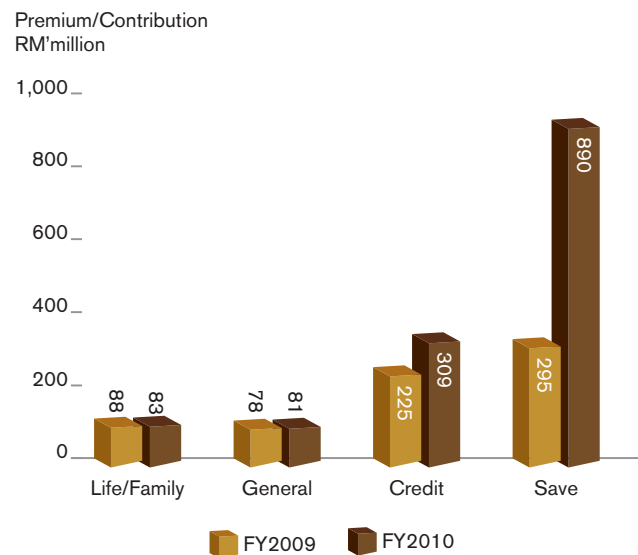
The production performance of Bancassurance in FY2010 improved in all the domains. However, Single Premium Investment Linked under the Save & Invest domain, topped the rest with total sales of RM890 million, compared to RM295 million in the previous year. Sales of Life Credit also improved significantly, from RM225 million in FY2009 to RM309 million, as a result of various campaigns held throughout the year.

Nine products were launched in the financial year under the Bancassurance product portfolio. These were Earn Gold, PCI Secure Saver, PCI Secure Saver VIP, Takaful Wallet Aid, Hero 15, Takaful Hero 15, Dana Najiyah, Financial Institution Income Fund and Dana Aqeel.

The top sales product for the year were the PCI Series which recorded more than RM709 million in sales.



### Bancassurance Production Performance by Domain







Hero 15 and Takaful Hero 15 are innovative general insurance plans offering personal accident coverage and support in times of untoward incidents. Both have received good response with sales of RM7.6 million.

To further boost sales and offering greater value added services to our customers, we are expanding our product accessibility via various channels. These include and capitalising on our branch network, M2U, ATM and Maybank Group Contact Centre in reaching out to our customers and offering different banking channel options for different customer preferences.

## Funding & Deposits

The Bank continued to lead in the retail deposit market with a 18.6% market share and 24% of the lower cost CASA market. This has been achieved largely by focusing on three key areas: innovative solutions, unparalleled convenience (Maybank has 436 customer touch points, 4,640 self service terminals and 24/7 Maybank2u.com and contact centres), and aggressive campaigns to attract new customers and up-sell to existing ones.

During the year, the Bank introduced the Islamic Fixed Deposit, offering fixed profit rates with the option of reinvesting the profits earned into the principal.

To better serve our customers, we introduced service with a HEART (Humility, Efficiency, Appreciation, Respect and Trust). At the same time, we simplified our paperless,

hence environment-friendly, account opening process which reduced the average waiting time from over 30 minutes to under 10 minutes. In addition, we reduced the need for customers to physically visit our branches to open accounts, by doing so online at Maybank2u.com.

In order to better manage our deposit portfolio and to drive our low cost deposits, we introduced 405 Deposit Champions across our branches nationwide. These Deposit Champions focus on supporting deposit initiatives at their branches and localising national campaigns.

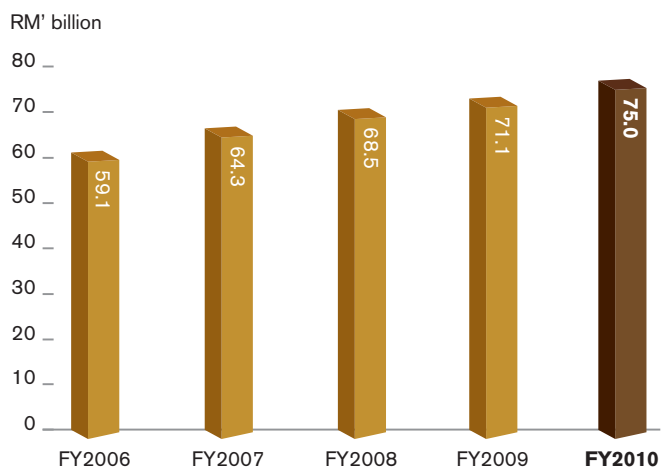
Two thematic campaigns were introduced that covered all deposit products – the Extra Rewards and Deposit Delight Campaigns. These accounted for more than 80% of our deposit growth. Meanwhile, four fixed deposit (FD) campaigns – FD Bonus 1, 2, 3 and Special FD – raked in over RM2 billion in FDs. Together, these campaigns resulted in over 1.4 million new accounts and RM4 billion in net retail deposit growth, which is about 5.4% higher than in the previous year.

These accomplishments resulted in recognition by Asian Banker of Maybank being “the Best Improved Retail Bank in Asia”.

Although the deposit market continued to be challenged by investment related products from financial institutions and even Permodalan Nasional Berhad and Bank Negara Malaysia, which offer higher returns, we remained ahead in deposit growth. Going forward, the Bank is confident of

maintaining our edge in retail deposits. For FY2011, we are targeting growth of over 10% through various strategies covering products, processes, people and promotions.

### Consumer Banking Retail Deposit Trend



### Payment Systems

The Payment business, comprising Payment Services, Remittances, ATM Services and Forex Business, continued to perform well with total fee-based revenue of RM434 million, a growth of 4% year-on-year notwithstanding the challenging economic condition and reduction in revenue following the abolition of the Inland Exchange Commission.

During the financial year under review, numerous initiatives and marketing campaigns were undertaken focusing on product innovation and tactical promotions to enhance and support the business.

#### ○ Payment Services

Maybank continues to expand the scope of the Payment Services business through the introduction of the Autodebit Clientele module to capture and assist SMEs that have limited IT capabilities in Autodebit accounting system. Autodebit fee-based revenue grew by 18% from the previous year. In addition, promotion campaigns and bulk-selling seminars saw an increase of 11,491 new payee corporations in Maybank's Autocredit service.

#### ○ Remittances

Demand for international money transfer services and the emergence of new Remittance Service Providers paved the way for the creation of Maybank Money Express (MME), which provides fast, cheap and reliable remittance service. Maybank is the first local bank to provide a home grown web-based remittance service for instant international money transfer. Within 60 days of operations, MME had created touch points in Indonesia, Vietnam and Cambodia. We will soon be entering the Philippines, Singapore, Brunei and Pakistan corridors. To provide better service to migrant workers, our foreign business partners have seconded native speaking ambassadors at our branches. This is very much in line with Maybank's aspiration to humanise our financial services from the heart of ASEAN.

#### ○ ATM Services

Maybank continued to strengthen our Self Service Terminal (SST) offering by enhancing cross border linkages to allow for cash withdrawal from Diners Cards and additional prepaid reload functions for payee corporations such as U-mobile, Tune Talk and MOL. On top of transactional withdrawal charges, an additional option of bankcard annual fee was introduced to allow customers to better manage their bankcard fees. Overall, we saw a 4.5% increase in revenue from ATM services.



### ○ Forex Business

To further enhance the Foreign Currency Notes (FCN) business, a more competitive and affordable pricing model was introduced at selected pilot Forex Booths. The FCN business grew 2.4% from the previous year.

### Internet Banking

Proactive initiatives and continuous investments in Internet banking have acquired for Maybank more than half the Malaysian online market. Maybank2u.com (M2U) remains the leader in Internet banking, with 55.16% market share as at June 2010. M2U has an active user base of 1.43 million as at June 2010 with a year-on-year growth of 21%. Customers find M2U attractive because of the ability to pay for purchases online, conduct transactions, obtain electronic bills and statements, pay their income tax and make investments (e.g. in ASB) online. All this has been made easier with a new, more lifestyle-based M2U website design.

In the year under review, M2U focused on cost savings and revenue generation. It achieved revenue of RM30 million in fee-based income from commissions and service charges from M2U payee corporations (41% of total income), eGIRO service charges (35%), online prepaid

commissions (12%) and online foreign telegraphic transfer (FTT) service charges, including gains in forex conversions (6%).

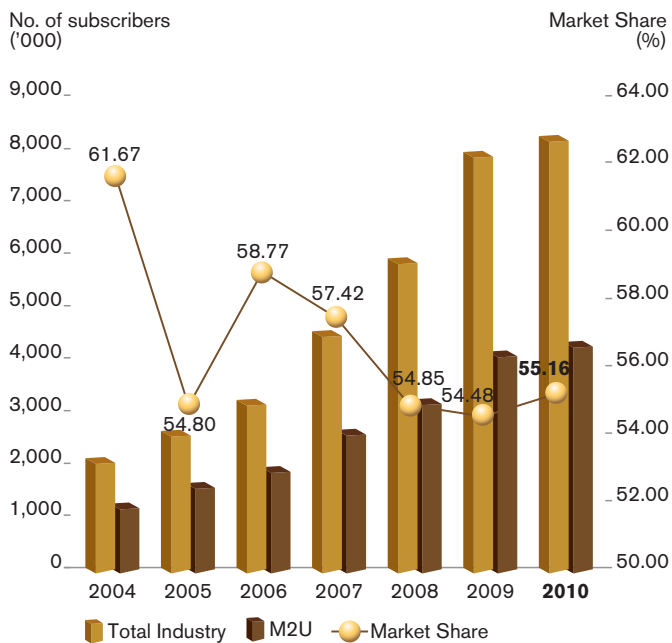
At the same time, M2U achieved RM6.8 million in cumulative/non-audited cost savings as at June 2010 from its migration to eStatements, which eliminated the need to print customers' account statements and mail them. More than 600,000 customers are receiving their statements online.

M2U continued to expand its online facilities, offering customers the ability to purchase insurance products eMotor Takaful and Personal Accident policies, switch their telecommunication lines (DiGi & Celcom) and to make use of the new web-based M2U Mobile Banking platform.

With the Electronic Bill Payment & Presentment, we provide a single consolidated platform for storing, archiving and retrieving statements and bills issued by various business units within the Maybank Group and certain M2U merchants, including TNB, Telekom and DiGi. For added customer convenience, we introduced the facility for customers to reset their forgotten M2U password.

The M2U merchant programme expanded with the addition of 38 new payment services.

### Internet Banking: M2U versus Industry

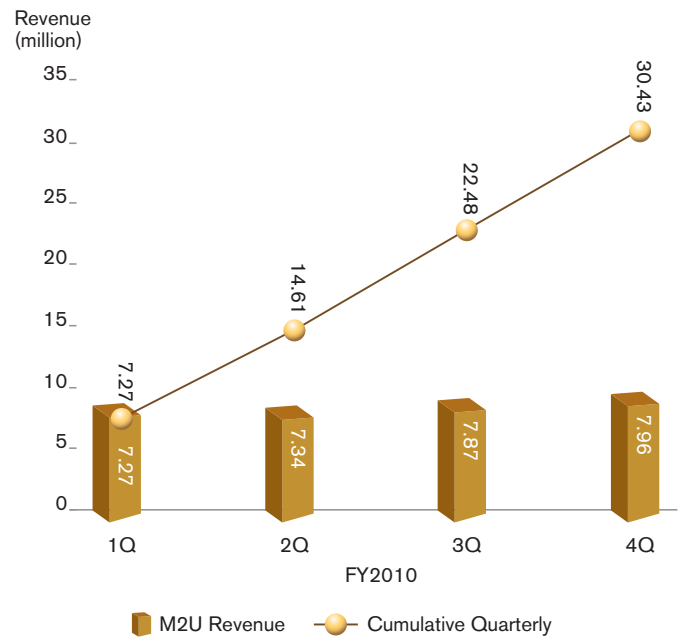


Source: Payment Statistics BNM.

Our services have also been extended to Singaporeans. We currently have 37 Malaysian payees in our M2U Singapore website to allow Singaporeans to pay their insurance, Astro, Johor Bahru property assessment, telecommunications and utilities bills. There are another 38 payees in the pipeline including clubs and travel agencies.

A significant new product was mobile banking on Internet. Launched on 19 January 2010, this service does not require separate registration and installation. All existing M2U users who have mobile phones with web browsing capability will be able to access this service unlike the old midlet/java-based M2U Mobile Banking. This simplified mobile banking service is proving to be popular; capturing a user base of more than 20,000 customers in less than 6 months.

### M2U Revenue



**M2U Customer Segmentation**

Segment	%
Ultra High Network	0.02
Private Banking / High Network	1.56
Priority Banking	10.10
Aspiring Affluent	26.54
Basic	61.41

We work closely with CyberSecurity Malaysia to ensure the safety of transactions conducted online. Our practice of TAC requirement as dual factor authentication and providing immediate security alerts via SMS for the transfer of funds was much welcomed by our online bank users and helped build client confidence. To further inspire customer confidence, we recently embarked on Real Time Authentication, which allows customers to ascertain that the M2U website is genuine before proceeding to enter sensitive information.

**Maybank Group Customer Care**

The Maybank Group Customer Care (MGCC) serves as the face of the Bank while acting as the voice of the customer. The high level of professionalism of our front-liners and the excellent service delivered to customers have built an unparalleled image and created strong customer loyalty. Maybank is the only local financial institution that funnels all of its Contact Centre-related business under one roof, catering to the various needs of customers for all the facilities offered, namely credit cards, charge cards, insurance, unit trust, CASA and ATM.

Total monthly calls to MGCC rose from an average of 600,000 in the last financial year to an average of 800,000 in the five months leading up to June 2010.

We receive an average 18,000 calls per day. From 2006 to date, the number of calls rose by 40%, growing in tandem with Maybank’s business and, more specifically, the growth in the credit card base, the number of accounts and marketing activities.

**Channel Management**

Maybank’s Consumer Banking is anchored by our strong franchise, which encompasses the most extensive branch and ATM network coverage in Malaysia, accounting for 19% and 29% of the respective markets. As at the end of FY2010, our consumer banking reach comprised 436 touch points and 4,640 self service terminals nationwide.

In FY2010, the Bank opened one Service Centre, one Forex Booth and one Private Banking Centre while installing 45 Off-Bank ATMs throughout Malaysia.

At the same time, we launched a new alternative banking channel, in the form of a Credit Shop at AEON Melaka on 5 February 2010. The Credit Shop provides sales and advisory functions and self service terminals for easy access, convenience and value-add services to enrich our customers’ experience.

A key initiative effective 1 July 2010 was the launch of the Community Bank nationwide which provides a single touch point to meet the community’s financial needs. The branch manager serves as a local community leader who participates actively in local events. The branch provides a wider range of products and services inclusive of SME business and Auto Financing. The branch also offers Private Banking and Priority Banking services, while the Share Investment Kiosk will be introduced at selected branches for customers to obtain stock market updates and trade online.

The Bank has also embarked on a five-year Branch Transformation Project involving a new retail design for more than 2,000 existing Maybank touch points. The aim is to have an effective merchandising and marketing communication programme for services offered at Maybank branches as well as to position Islamic banking at all the touch points. The transformation will also position Maybank branches as key community destinations for preferred financial services. Implementation of a pilot Branch Transformation Project is targeted by January 2011.

### Customer Relationship Management

Customer relationship management (CRM) is crucial in the financial services industry where competition is intense. At Maybank, CRM is treated as a core function, reflecting our customer-centric business approach. We have invested in an Analytical Customer Relationship Management (aCRM) system to transform the business fully and drive business by leveraging on the strategic use of information about our customers.

By understanding our customers' behaviour better, we will improve the customer experience, hence increase customer loyalty, retention and profitability. Our aCRM enables us not only to meet current expectations, but also future expectations in a proactive manner. From the analytical tool employed, we hope to obtain a complete picture of a customer's lifecycle, which will enable us to grow our value chains.



### Customer Experience

In today's competitive marketplace there is little difference between products and services. The key differentiator between one company and another is – quite simply – the relationship with the customer!

Customers form the centre of an organisation's universe; they define quality. They expect performance, reliability, competitive prices, on-time delivery, service, clear and correct transaction processing and more. In every customer interaction, the 'customer experience' is decided by the customer's perception. Maybank's objective is to manage expectations and delight our customers by fulfilling their needs thus improving their perception and loyalty towards the organisation. This is one of the objectives of the new House of Maybank.

## Customer Service Initiatives

Customer experience depends a lot on service quality. To improve our service quality, in April 2009 Maybank launched the *GUEST & Telephone Etiquette Programme*, followed by the *We S.E.R.V.E Programme* in December 2009. Both programmes focus on the basic values of hospitality, friendliness and skills in handling customer complaints.

Our overall service improvement initiatives have been formulated within the following framework:

- Creating a service improvement team or committee
- Developing service standards
- Communicating the details of the service initiative to the organisation
- Developing and implementing training programmes for all employees
- Developing and implementing a service recognition programme

All service initiatives implemented will be constantly monitored to ensure success and to reinforce a service culture in Maybank. Gaps identified from the measurements will be used as a guide for improved service level.

## Prospects

The steadily improving economic outlook since 2009 augurs well for Consumer Banking in general. In particular, the improved economy is expected to be accompanied by a buoyant property market. Take-up rates have gradually risen since the first quarter of 2009. Indeed, by the second quarter, the take-up rate of newly launched property reached a three-year high of 31.7%.



Developers are accordingly confident of rolling out more projects in the coming year, and have even set higher sales targets, bringing forward launches and replenishing their land banks. They are assured not only by positive consumer sentiment but also the current affordable mortgage rates which are likely to sustain demand for residential property going forward. A further catalyst for the property sector is the government's announcement that EPF contributors can use their current and future savings in Account 2 for property purchases.

Within this positive climate, we anticipate minimal impact of the revised 5% Real Property Gains Tax on the sale of property within the first five years of purchase. While the mortgage financing business naturally stands to benefit from these changes, we intend to further enhance the sector by regrouping our products to suit the needs of different customer segments. We are also committed to improving our turnaround time and services, and reinforcing our presence among business partners through strategic advertising, promotions and alliances.

In the online business, meanwhile, the environment is becoming increasingly challenging with the presence of non-banking competitors such as telcos, Tune Money, myBayar and FPX payment gateway providing services for online ticketing, online travel and bill payments. However, we are confident that Maybank2u.com, as a market leader, will be able to maintain our leadership position with heightened efficiency and further expansion of our online facilities.

Maybank continues to see huge potential in wealth management in Malaysia from increasing affluence. The government's aim to reach high-income economy status by year 2020 serves only to further accelerate capital growth in the country. We are strengthening our customer touch points by opening more Private Banking Centres in

strategic locations nationwide and increasing the competencies of sales and service workforce. Hence, we are well placed to gain a better understanding of the high net-worth and affluent customer segment to enable us to effectively cater even to their most discerning needs.

We also plan to strengthen our Bancassurance business by expanding our pool of financial executives and introducing new, exciting products. Under our product mapping initiatives, we have already identified certain products for the Life business. To match our service with our product offering, we will be motivating our sales staff with attractive rewards for high performance. Under the House of Maybank, Bancassurance is targeting greater penetration of the SME market.





*review of operations*  
**business banking**



Business Banking caters to two main customer segments – SME and Commercial. These customers are provided with the full range of financial services from Trade Finance and Cash Management to Factoring.

Business Banking is supported by a network of 39 Business Centres and 17 Trade Finance Centres throughout the country.

During the financial year, we focused on improving total returns from the two main segments and increasing the quality of assets. We maintained a lead in Trade Finance, where we have captured 21.2% of the market, while loans grew by 6% or RM1.5 billion, a marked improvement from the previous financial year when we experienced a contraction in the business as a result of the economic slowdown.

### Performance Review

Business Banking recorded a total income in the year under review of RM1.79 billion, lower than the RM1.91 billion in the previous financial year which included the Corporate accounts. Operating profit crossed the RM1 billion mark to reach RM1.12 billion. Profit before tax (PBT) stood at RM857.5 million.

Gross non-performing loans (NPL) also improved, from 11.3% to 10.2%.

### Business Banking Loans

This sector recorded loans growth of 7.4% led by a 17.8% rise in term loans. Loans grew by RM1.5 billion, to close the financial year at RM28.0 billion in loan assets. As at June 2010, Maybank overall SME loans stood at RM13.8 billion. Business Banking's Customer Satisfaction Index (CSI) improved by 7% from 29% (FY2009) to 36% (FY2010).

The portfolio of loans remained well diversified with 27% going to the finance, insurance & real estate sector, 23% to manufacturing, 15% to construction, 12% to wholesale & retail trade, 8% to transport & communication and 4% to primary agriculture.

### Cash Management and Trade Finance Businesses

Cash management has become increasingly demanding where companies have to efficiently manage liquidity across their businesses. Maybank's flagship and award winning B2B cash management system, Maybank2e.net, continues with its leadership in managing these complex customer requirements, financial supply chain and working capital activities, under a well integrated platform. The capabilities of Maybank2e.net include six different modules: Information Management, Payables Management, Receivables Management, Liquidity Management, Financial Supply Chain and Corporate Services.

Our cash management solutions customer base grew 39% to over 16,000 during the year.

Apart from our cash management offering, Maybank over the years has been most active in the global trade financing scene. At the end of our financial year, Maybank's total domestic trade finance portfolio stood at RM24.9 billion. Overall, our trade finance segment leads the industry with a 21.2% market share, domestically.

In August 2010, we launched TradeConnex, a solution which enables the integration of cash and trade on Maybank2e.net. Maybank is the first local bank in Malaysia to offer a comprehensive suite of conventional trade finance products through this launch. This service provides customers with trade financing solutions for international and local trade on par with global banks all over the world. It also enables customers to submit their trade

finance applications for processing of Import & Export Letters of Credit, Collections and Financing including other products of Banker's Guarantees and Counter Guarantees online.

In addition to the traditional, paper-based processing mode of trade finance services, this new service will provide Maybank customers with the alternative of an online banking environment leveraging on cutting edge technology. It also offers customers a new level of convenience as it allows for easy and secured connectivity from anywhere across the globe. This service comes with many in-built features such as validation, security controls and paperless processing which help to minimise errors, save time and provide customers with greater control over their trade financing activities. As part of the Maybank2e.net platform, it will also enhance our Bank-customer relationship by enabling online interactive engagement.

Maybank intends to expand this service to its regional offices so that customers can enjoy seamless trade finance solutions throughout the Group's network. Maybank will continue to introduce other trade finance products, step up customer promotions and expand our overseas trade finance capabilities to support the anticipated growth in trade between Malaysia and its trading partners particularly in the ASEAN region. This electronic trade finance service is one of these initiatives, which we expect will help grow our trade finance market share in this financial year.





Maybank has received numerous awards for its Maybank2e.net and trade finance services. These include the Finance Asia Country Awards for “Best Cash Management Bank and Best Trade Finance Bank”; Global Finance award for “Best Trade Finance Provider in Malaysia” and Trade Finance Magazine Awards for Excellence for “Best Local Trade Bank in Malaysia” and “Best Islamic Trade Bank in Asia (Maybank Islamic Berhad).”

### Prospects

FY2011 will see continued competition from banks operating in the SME and Commercial segments. In order to counter price-cutting measures, Maybank will focus on building a strong relationship with all our customers and fulfill their needs in the most innovative and cost-effective way.

*review of operations*  
**corporate banking**

Corporate Banking was made as a separate sector in 2008 to create greater added value for our corporate clients – namely government linked companies (GLCs), public-listed Malaysian companies and multinational corporations – through synergistic partnerships within the Maybank Group. The aim is to provide one-stop financial solutions that are tailor-made to the specific requirements of individual corporate clients from the three business groups.



Corporate Banking's strength lies in the relationships Maybank has built and nurtured with clients over the years. Our team of dedicated and skilled officers possess vast experience in loan origination, trade finance, project finance and capital market instruments. Having developed a deep understanding of our clients' business operations and the competitive markets they operate in, our team is able to advise and deliver innovative financial solutions to meet their needs.

### Financial Performance

Corporate Banking loans grew 8.2% from the previous year, while its fee-based income increased 42.3%. Corporate Banking's asset quality also improved, mainly as a result of robust and proactive management of watch-list and special mention accounts. The sector ended the year with an NPL ratio of 1.3% compared to 1.9% in the previous year. The philosophy to 'be risk aware, not risk averse' has been deeply ingrained in our Relationship Managers, and was a key factor in strengthening the quality of our assets.

### Strategy & Initiatives

From the beginning, the new sector embraced a holistic coverage model to deliver comprehensive yet customised financial solutions to corporate clients. Leveraging on Maybank's vast internal network and delivery channels, Corporate Banking has the advantage of cross-sector co-ordination and collaboration to deliver superior product offerings.

During the year, Corporate Banking increased its long-term productivity by optimising current and new tools and targets. Strategies included attracting a larger and more diverse customer base, and ensuring they stay with the Bank through the implementation of an effective Relationship Monitoring Model. At the same time, emphasis was placed on increasing fee-based income by assuming a greater advisory role in its relationship with customers and establishing itself in the capacity of partner. There was also specific focus on achieving capital-efficient business growth and loan pricing to reflect economic risks.

### Prospects

The corporate world continues to evolve in a highly competitive and rapidly globalising environment. In order to succeed in this complex environment, corporations require and are demanding improved service coupled with more sophisticated products and integrated solutions. Corporate Banking has every intention of fulfilling these requirements. We will continue to be innovative and to offer our clients revolutionary products and services that not only meet their expectations, but exceed them.

Operating under the Global Wholesale Banking (GWB) pillar of the new House of Maybank effective 1 July 2010, Corporate Banking is committed to 'humanising' our relationship with our corporate customers. We recognise that this entails delivering a superior value proposition to our customers, and have made it our mission to do so, thus able to realise their dreams.

## *review of operations* globalmarkets

In May 2009, the Group revamped its treasury and renamed it Global Markets, underlining Maybank's firm commitment to becoming a leading regional financial services provider. Global Markets offers holistic and integrated trading strategies across the Bank's wide geographical locations. It supports regional expansion by providing a cohesive force to unite the branches and operating units outside of Malaysia.



### **Performance Review**

Global Markets' operations are made up of eight trading centres led by Malaysia, spreading throughout Singapore, Indonesia, the Philippines, Hong Kong, Labuan, London and New York. For FY2010, Global Markets achieved a profit before tax of RM1.29 billion, marking an increase of 135% from the previous year, and contributing 24% of the Group's profit before tax.

The sterling performance of this sector was due to intensive sales efforts in gaining greater market share, complemented by a favourable trading environment.



### ASEAN Mission

In line with the new Global Wholesale Banking operating model, and supported by optimal systems and infrastructure, Global Markets' mission is to be the emerging markets' bank in ASEAN. Towards this end, the strategy is to strengthen Global Markets' product offerings and replicate these across the region in order to attain leadership as a top regional trading house. This will further provide Global Markets the capability to launch a regional Centre of Excellence.

Global Markets has initiated efforts to build a foundation to launch an integrated sales model across the Asia-Pacific region. Reinforcement of cross-border initiatives in promoting foreign exchange and interest rate exotic capabilities is creating an avenue to grow non-interest income.

Global Markets continues to play a pivotal role in supporting both Consumer and Corporate Banking strategies from the asset as well as the liability perspectives.

The investment of a seamless Straight Through Processing (STP) Global Markets Risk Management System across the trading centres will provide efficiency in the global management of risk and credit exposures.



*review of operations*  
**islamic banking**

Maybank Islamic Berhad (MIB) operates as a wholly-owned and full-fledged licensed Islamic bank helping the Maybank Group stay strong, profitable and recognised as the leading Islamic financial services provider domestically and among the top Islamic financial institutions internationally.



Only in its third year of operations, and within the competitive economic environment of FY2010, Maybank Islamic achieved commendable financial results. The Bank now serves almost 4 million customers in retail and commercial banking, with its market share in Shariah-compliant assets, financing and customer deposits growing by 16%, 24% and 24% respectively as at May 2010.

### Strategy and Objectives

Maybank Islamic has 12 stand-alone branches in Malaysia in addition to the access it has to all the Group's domestic branches and sales personnel. The connection with an established bank network means the Bank enjoys ready-made infrastructure and resources such as time-tested risk-management systems and treasury operations. Its competitive edge is further boosted by the economies of scale offered by the parent Maybank.

From its vantage point, Maybank Islamic undertook a number of initiatives during the year aimed at achieving its long-term vision of becoming a world leader in Islamic banking.

Following Bursa Malaysia's launch in August 2009 of *Bursa Suq Al-Sila'* – the world's first *Shariah*-compliant commodity trading platform – MIB introduced a new commodity-based *Murabahah* financing contract (typically involving crude palm oil via the *Bursa Suq Al-Sila'*). It also embarked on an aggressive drive to strengthen its fundamentals. We conducted deposit campaigns to improve the financing to deposit ratio, sourced medium-term funds to ensure liquidity, reduced fixed-rate exposure via hedging and enhanced asset quality and risk management. MIB also adopted the Group's stringent capital management guidelines to support robust business expansion.

A notable achievement during the year was the continued expansion of financing and deposit segments. Customers nationwide – Muslims and non-Muslims, including new-to-bank customers – showed greater interest in Islamic banking, proving Maybank Islamic as their preferred financial services provider.

### Financial Performance

In FY2010, MIB's gross attributable income increased to RM1.85 billion from RM1.54 billion in the previous year. Its profit before tax and zakat also grew healthily by 12% to RM533 million. The Bank's total *Shariah*-compliant assets stood at RM45 billion with total net financing amounting to RM34 billion. Total gross financing expanded by 34% to register a sizeable portfolio of RM36 billion, consisting of 67% consumer and 33% business financing.

The automobile sector continued to be the major contributor to financing, growing 17% for the year. Other key financing portfolios were ASB-i and term financing.

Customer deposits, on the other hand, increased 42% to reach RM35 billion, spearheaded by a huge growth of 54% in business deposits. This resulted from aggressive funding strategies which included joint campaigns with Maybank Group, and incentives and promotions targeted at SMEs. The consumer to business ratio of MIB's deposit portfolio was 39:61.

Focusing on liquidity, MIB generated some medium-term funds by selling its housing financing to Cagamas to match its fixed-rate exposure. To further minimise market risk from the fixed rate portfolio, it hedged its investments using the Islamic Profit Rate Swap (IPRS). Such activities improved the financing to deposit ratio (FDR) from 105% in the last financial year to 97%.

The bank's asset quality is healthy, with gross and net non-performing financing (NPF) ratios easing to 2.69% and 0.88% respectively as at end June 2010, from 2.83% and 1.03% as at end June 2009. Over the past year, the newly set up Islamic wealth management sector of Maybank Islamic accrued a total asset base of RM650 million.

As a separate entity, MIB is adequately capitalised with a core capital ratio of 9.14% and risk-weighted capital ratio of 10.66%.

## New Products

During the year under review, MIB launched a number of products and services, including the following:

### Islamic Fixed Deposit-i (IFD-i)

This hybrid deposit product combines the features of a General Investment Account (GIA-i) and a Profit Now Account-i (PNA-i) based on the *Shariah* concept of *Murabahah* (cost-plus sale). It uses a specific *Shariah*-compliant commodity as the underlying asset for the sale and purchase transaction between customers and the bank.

### Commodity Murabahah Term Financing-i (CMTF-i) and Murabahah Term Financing-i (MTF-i)

These *Shariah*-compliant term financing products provide alternatives to customers to acquire completed or under-construction assets such as landed property (residential and commercial), plant and machinery, vessels and commercial vehicles. CMTF-i can be applied for working capital and refinancing purposes.

## Waqf

This presents an opportunity for institutional and retail customers to participate in structured community-giving programmes as part of their wealth distribution strategy. *Waqf* allows them to earn upside potential on their surplus funds without risking their capital as well as to create a self-funding stream for corporate social responsibility and corporate contribution programmes. *Waqf* from Maybank Islamic provides a wealth of opportunities for both Muslims and non-Muslims to contribute to society and reap the benefits.

## Marketing & Promotions

MIB participated in several initiatives to increase awareness of the brand in general and its products more specifically. MIB made its presence felt at the Malaysia International Halal Showcase (MIHAS) held at MATRADE, and was a premium sponsor of Minggu Saham Amanah Malaysia (MSAM), an annual event organised by Permodalan Nasional Berhad (PNB).

Together with Maybank, MIB launched intense deposit campaigns such as the Save Big & Win Big based on Islamic and conventional banking, which aimed at increasing deposit contributions from retail and individual customers. MIB also took part in special Maybank 50th anniversary campaigns such as Extra Reward Deposit, Deposit Delight and Fixed Deposit Special.

In retail financing, the focus was on Islamic Mortgage Campaign and the launching of ASB Labur & Menang, offering Bumiputra customers the opportunity to accumulate long-term wealth through a unique financing arrangement. In addition, MIB ran a staff campaign and a Ramadhan campaign to promote the Ikhwan Card.

## Prospects

For FY2011, MIB is embarking on an Islamic First Strategy to offer customers Islamic banking products as the first choice in order to encourage greater take-up rates. The goal is to expand the Islamic financing base to a third of domestic total financing portfolio by 2015 from 24% currently. Islamic assets and deposits are also expected to contribute to a third of the Group's assets and deposits respectively.

MIB supports the government's aspiration to establish Malaysia as the global Islamic financial centre and capitalise on incentives under the Malaysia International Islamic Financial Centre (MIFC) to establish a firmer foothold in the region. An Islamic banking business strategic blueprint will be developed to map the way for MIB's regional expansion.

With the support it receives from the Group, Maybank Islamic expects to achieve an annual financing growth of about 25% in FY2011 and become the largest Islamic bank in ASEAN by 2015.



*review of operations*  
**investment banking**

Maybank Investment Bank (Maybank IB) keeps the wheels of the corporate sector well oiled by aiding companies to obtain funds for expansion, and providing corporate finance advisory for transactions such as initial public offerings (IPOs), mergers and acquisitions, business turnaround and transformation. Maybank IB organises and conceptualises equity, debt and traditional loan products, including the whole suite of Shariah solutions.

Maybank IB's activities are supported by a strong research team that analyses the different sectors and keeps a pulse on emerging trends that impact the local and global economy. Its client portfolio spans the entire range from high net-worth individuals to institutional investors, fund managers and large corporations.

The aim of Maybank IB is to be the undisputed leader in investment banking by offering innovative and optimal solutions which meet clients' needs, and to tap into the growing regional financial services market.

### **Performance Review**

Investment Banking's performance improved substantially, led by a dedicated management team that provides clear direction to spur growth within the sphere of 'pure-play' investment banking, delivering value-add services to meet clients' needs in a challenging capital market.

Maybank Investment's equities' ranking in the Bursa Trading Value League Table moved up from 9th position in FY2009 to 4th in FY2010 with a market share of 6.94%. Maybank IB performed well in IPOs, fund raising and placements, and was involved in several major Malaysian corporate deals with a total transactional value of RM16.16 billion in FY2010.

A milestone transaction was the relisting of Maxis in November 2009, for which Maybank IB was a joint lead manager and joint managing underwriter. The exercise raised RM11.2 billion (USD3.3 billion), making it the largest IPO in Malaysian history and the single largest IPO ever in Southeast Asia. Undertaken in record time, it increased the market capitalisation of Bursa Securities by approximately RM40 billion. It was also the first Malaysian IPO to introduce the participation of cornerstone investors



as part of the institutional offering. In fact, Maybank IB secured the single largest cornerstone investor, whose participation amounted to 20% of the entire offering.

Maybank IB was also involved in two landmark placements for Khazanah Nasional Berhad. In December 2009, it acted as the sole placement agent for Khazanah's divestment of 2% stake in Tenaga Nasional Berhad, successfully placing 86.75 million TNB shares and raising RM702.67 million in what was the largest Malaysian share placement in 2009. Despite the short time to market, the placement attracted very strong interest with final allocation being made to more than 30 institutions.

Maybank IB continued to build on its strong position as a leading debt house, issuing a total of 13 debt deals valued at RM13.62 billion. It was the sole principal adviser, lead arranger and manager for UMW's maiden sukuk issuance valued at RM800 million, marking the company's debut in the Islamic capital market. It also arranged and managed a RM4.5 billion ICP/IMTN Programme for Sime Darby Bhd; a RM4 billion IMTN Programme for Syarikat Prasarana Negara Bhd; and a RM3 billion MTN and Sukuk Programme for the National Bank of Abu Dhabi, which has the highest international credit rating among banks in the Middle East.

Maybank IB was also involved in structured finance and loan syndications worth RM3.05 billion during the financial year. In addition, it provided its services to a number of mergers and acquisitions (M&As) with a total transactional value of RM5 billion. Among the more major deals, Maybank IB was the principal adviser to Malaysian Airline System Berhad for the acquisition, sale and leasing of aircraft and engines for a transaction value of RM3.19 billion.

Overall, the investment banking sector recorded an improvement in PBT by 18.8% from RM121 million in FY2009 to RM144 million in FY2010.

## Operations

Due to the bearish environment in 2009, the business focus was on building Maybank IB's capabilities, especially in the provision of advisory services. Maybank IB embarked on an extensive recruitment drive, bringing in a number of highly experienced talent, some with international experience.

Islamic financing remained a prominent growth area, and in June we launched our Islamic Stockbroking Window Services, H.O.T Broking. H.O.T. represents *honest* views on Shariah-compliant stocks; *open* channels via our Maybank2u online platform, Share Investment Centres and selected Maybank branches; and *transparent* information from purchasing of stocks to trade settlement removing the elements of uncertainty. H.O.T broking provides prudent investment in the stock market as opposed to trading. It is about ensuring consistent returns by finding value and grounding investment decisions on high dividend returns, growth stories and sustainability.

Maybank IB is increasingly being recognised as a key market player as evidenced by its recent award, together with Japan's Nomura Holdings, to partner Bursa Malaysia in the highly coveted Invest Malaysia 2010, held on 30 & 31 March. The objective of this annual event is to broaden investors' horizons with key investment opportunities available in the Malaysian capital market, and to promote Malaysia as ASEAN's premier investment destination.

*review of operations*  
**insurance & takaful**

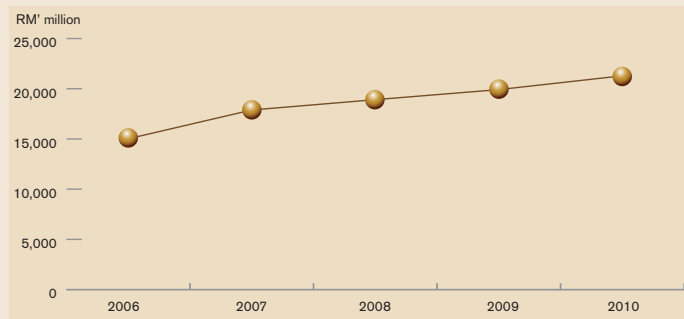
Maybank's Insurance & Takaful business under Etiqa offers all types and classes of Life and General conventional insurance as well as Family and General Takaful plans through multi-channel distribution. It has a strong agency force comprising over 28,000 agents with a total of 28 branches domestically, inclusive of one Government Business branch. In addition, Etiqa has a wide bancassurance & bancatakal distribution network, with more than 450 Maybank branches and other third-party banks.



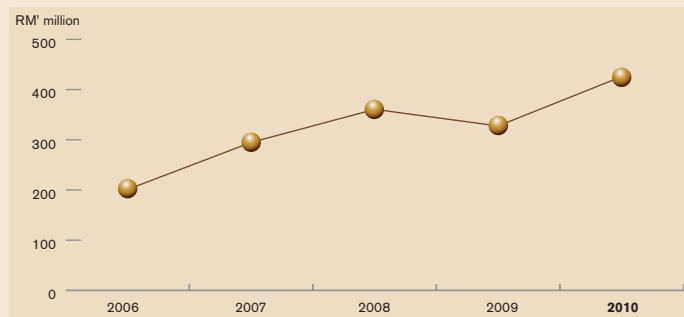
Etiqa also rides on mechanism marketing channels via cooperatives, brokers and online to reach all segments of the market with various payment entries be it over the counter, online or salary deduction through Biro Angkasa. Backed by Malaysia's largest bank, Etiqa stands in good stead to achieve its aspiration of becoming the No. 1 insurer in Malaysia by December 2010.

### Financial Performance

#### Total Assets



#### Profit Before Tax (PBT)



During the year under review, Insurance and Takaful registered a combined gross premium/contribution of RM4.6 billion, up 27% from the previous year. As a result, Etiqa maintained its pole position in the market in both Life/Family New Business Premium and General Insurance/Takaful Gross Premium. It is also number one in the Takaful business.



The Life/Family business grew in all product classes registering 33% growth overall. Credit business increased 63% over the previous year, mainly due to business from Maybank and a third party bank. Single Premium performance improved 54%, while Regular Premium grew by 8% and Group Life by 17%.

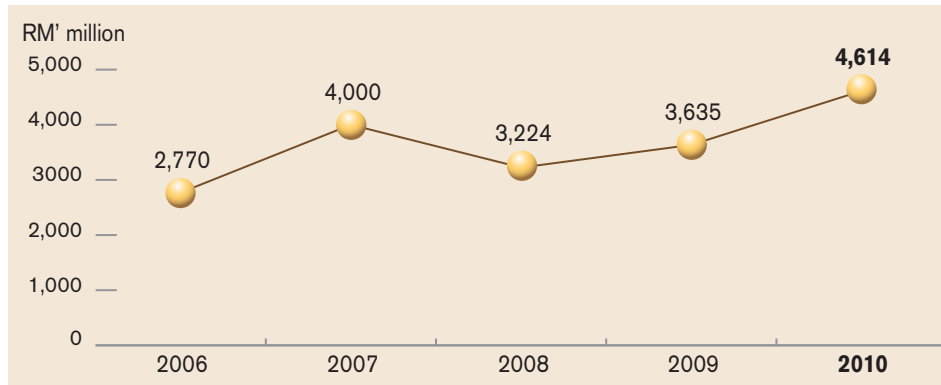
General business grew in all product classes with an overall growth of 16%, primarily attributed to a 23% growth in Marine, Aviation and Transit (MAT) insurance and 18% increase in Motor insurance. The General business portfolio continued its market leadership in claims, with its claim ratio improving to 55.3% from 59.6%, bettering the industry average of 60.4% (as at March 2010).

The Takaful business continued to increase, and grew 32% from the previous year, with a gross contribution almost touching the RM2 billion mark. This represents a significant contribution of 42% to the top line, from 41% last year. Family Takaful and General Takaful increased 30% and 40% respectively. Growth in Family was driven by the Credit business from the Bancassurance channel, which grew 79%, while growth in General Takaful was attributed to the Motor and MAT businesses.

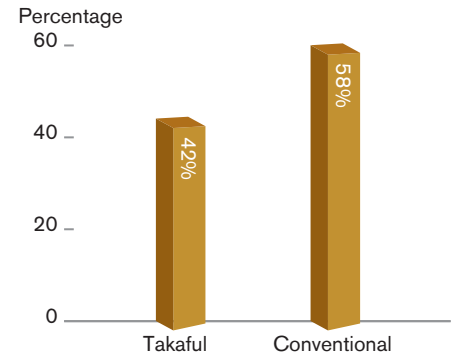
Together, the Insurance and Takaful segments registered a 28% growth in profit before tax to RM422 million, with the Takaful segment contributing 26% or RM106.9 million to the PBT. Etiqa maintained first ranking in Life/Family New Business, General Insurance/Takaful and overall Takaful Business.



**Gross Premium Contribution**



**Gross Premium Contribution Breakdown**



**Etiqa Insurance & Takaful**

April 2009 – March 2010	Etiqa's Market Share
No. 1 in Life/Family New Business	18.9
No. 1 in General Insurance/Takaful	10.1
No. 1 in Takaful Business	43.7

**Strategies & Initiatives**

The Etiqa Strategic Paper (ESP), produced in November 2008, focuses on 11 work-streams and 29 initiatives of which 15 initiatives have been completed and the other 14 are in progress. Of the three main revenue generating work-streams – Agency, Banca and Enterprise Corporate – Agency has achieved 81% of its target for the year while the other two work-streams have achieved 100% success.

The ultimate aim of Etiqa is to humanise Insurance and Takaful and become the national insurance champion. Towards this end, a programme was launched, focusing on three supporting pillars:

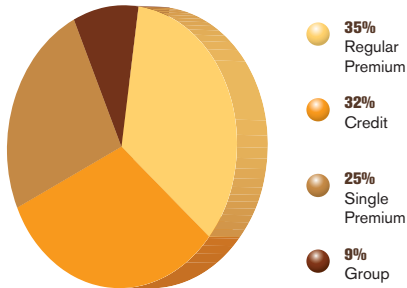
**Culture & People** – to institutionalise the Etiqa Way internally and deliver the brand promises externally.

**Product, Services & Distribution** – to develop and deliver products and services with brand attributes and personality that will generate revenue to become the national insurance champion.

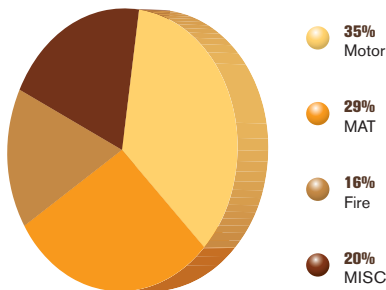
**Capabilities** – to build up infrastructure, staff competencies and financial strength to deliver on the brand promise and shareholders return.

Innovative business processes introduced by Insurance and Takaful have set new standards in the industry. In-built controls and decision-making parameters enable Straight-Through Processing (STP), such as automated underwriting that allows for the issuance of standard policies, rule-based escalation and rule-based exception handling. Financial processing has been integrated with core business transactions, allowing for cashless auto credit and debit. The entire processing organisation-wide is paperless thanks to imaging and workflow solutions. Etiqa's paperless Motor initiatives are said to be a first for the industry. The new web-enabled infrastructure also enables online applications and other transactions and accessibility from anywhere, anytime.

**Premium Contribution: Life/ Family Business**



**Premium Contribution: General Business**



**International Presence**

Supporting the Group's aspiration to be a regional player, efforts were channelled towards enhancing Etiqa's operations in Singapore, Brunei and also in its joint venture in Pakistan, Pak-Kuwait Takaful Company Limited (PKTCL).

The Singapore operations completed its rebranding in July 2009 and is now known as Etiqa Insurance Berhad. It provides the full range of general insurance products serving the retail and corporate segment. It recorded gross premiums of RM121 million, decreasing 10% from the previous year due to a realignment of components in the motor portfolio.

The main distribution channel comprised agencies, which contributed to 69% of the gross premium revenue. Bancassurance, in particular from Maybank, contributed to 8%. In terms of business mix, the portfolio was well represented, with Motor contributing to 47%, Miscellaneous Accident 31%, Fire 12%, Engineering 7% and Marine 3%.



The Brunei operations grew 11% with gross premiums of RM9.3 million. In order to better serve the market and increase its visibility, the branch was relocated to new premises.

Through its 32.5% stake in Pak Kuwait Takaful Company Limited (PKTCL), Etiqa was the first takaful company to operate in Pakistan in 2005. PKTCL offers a wide range of general takaful businesses for the corporate and retail sectors, especially in the motor, property and marine portfolios. The company has embarked on a five-year transformation plan to become more vibrant in the retail, small and medium-risk markets delivering service excellence.

**Prospects**

The industry's resilience and Etiqa's operational strengths derived from its multi-channel network and branding lend confidence to Maybank Insurance and Takaful in becoming the National Insurance Champion. The sector is targeting more than 20% growth in premium in FY2011, driven mainly by ordinary life and group at 38% and Life business at 74%; as well as growth of at least 25% in Fire, Motor and Miscellaneous.

### Mayban Investment Management (MIM)

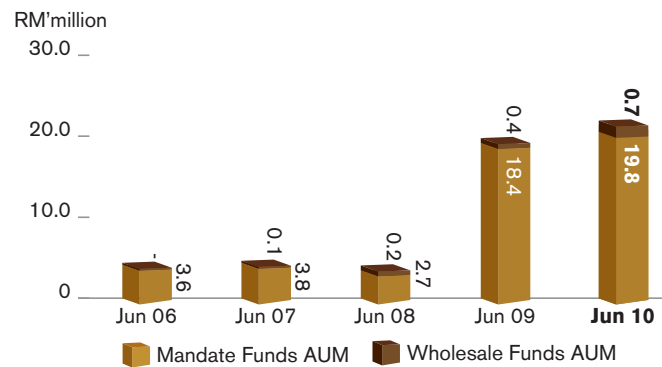
MIM is the fund management arm of the Maybank Group and a unit within the Insurance & Takaful division. With over 30 years' presence in the fund management industry, MIM provides fund management services across asset classes such as equities, fixed income and money market for corporate clients & institutions, insurance companies, high net-worth individuals, unit trust funds and wholesale funds.

MIM aspires to be among the Top 2 private asset management companies in Malaysia via a diversified base of assets, the largest investment products provider for Maybank's distribution channels, and the leading fund for life insurance assets. Its vision is to be a trendsetter in the Malaysian asset management industry by constantly introducing innovative products and developing a centre of excellence for investment performance with a Top 3 reward-to-risk ratio across all products offered.

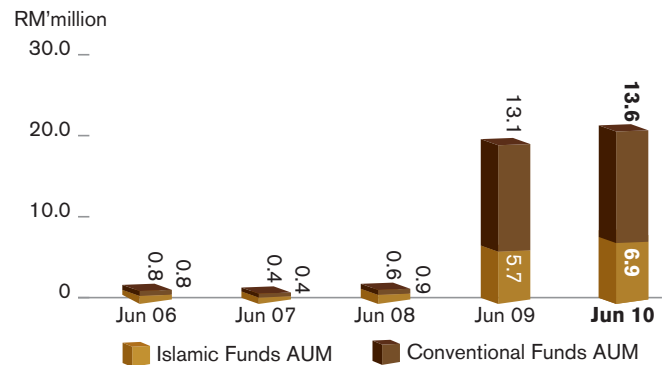
### Performance Overview

In line with the improved economic backdrop and better fund performance, coupled with continuous marketing efforts and new product launches, MIM registered a 9% growth in asset under management (AUM) to RM20.5 billion as at 30 June 2010 from RM18.8 billion a year ago. In terms of product type, AUM of segregated funds or mandated funds grew 8% to RM19.8 billion from RM18.4 billion while pooled funds or wholesale funds grew 75% to RM0.7 billion from RM0.4 billion. In terms of category of funds, conventional funds grew 4% to RM13.6 billion from RM13.1 billion a year ago while Islamic funds grew 21% to RM6.9 billion from RM5.7 billion.

### Asset Under Management by type of products



### Asset Under Management by category of funds



During the period under review, MIM secured 144 new accounts from corporate clients and high net-worth individuals, generating a total initial injection of RM402 million or RM2.8 million per new account.

To diversify its product offerings and enhance long-term growth, MIM launched two new open-ended wholesale funds targeted at the corporate, institutional and high net-worth individual segments. With Dana Najiyah MIM and MIM Financial Institutions Income Fund, the total number of wholesale funds managed by MIM increased to seven including five money market funds. The new funds have contributed positively towards the growth of wholesale funds' AUM. MIM plans to further expand its wholesale funds offerings with more open-ended equity funds.

No.	Fund Name	Fund Category/ Type	Date of Launch	Approved Fund Size	
				Units (Mil)	RM (Mil)
1.	Dana Najiyah MIM	Islamic Fixed Income/Income	9 November 2009	500	500
2.	MIM Financial Institutions Income Fund	Fixed Income/Income	17 December 2009	500	500

## Financial Performance

For the financial year ended 30 June 2010, MIM registered 2% growth in operating revenue to RM32.5 million from RM31.9 million the previous financial year. Profit before tax was RM16.7 million, same as last year. Total assets and shareholders' funds grew by 12% and 14% to RM33.3 million and RM26.2 million respectively.

	FY2010 RM' million	FY2009 RM' million	Increase %
Operating revenue*	32.5	31.9	1.9
Profit before taxation	16.7	16.7	–
Total assets	33.3	29.8	11.7
Shareholders' funds	26.2	22.9	14.4

\* After offsetting direct sales commission and including interest income of RM0.3 million received and receivable from deposits with Maybank Group and staff loans (RM0.4 million in 2009)

## Prospects

Supported by improving economic growth, the equity markets should continue to do well. The higher volatilities and possibility of a market pullback are seen as opportunities. Meanwhile, the bond market will continue to benefit from the Ringgit appreciation and lack of new supply.

The asset management industry is expected to remain challenging albeit with opportunities in the equity and bond markets. MIM will focus on building from the momentum gained in FY2010 and leverage on Maybank's extensive network and renewed aspirations to capture new business for further growth.

*review of operations*  
**international banking**



Maybank is located in 14 countries via our extensive network of branches, subsidiaries, associates and representative offices. We have a strong base in ASEAN, with a presence in seven out of the 10 countries and our home markets of Malaysia, Indonesia and Singapore. We also operate in China and the Middle East and are present in the financial hubs of London, New York and Hong Kong.

In addition, Maybank Group has correspondent banking relationships with over 700 foreign banks throughout the world.

We intend to become a regional financial services leader by 2015 and are working towards achieving this objective by expanding in our key markets of Indonesia and Singapore while growing our seedling bases in Vietnam, Cambodia, China and the Philippines.

Wherever we operate, we are committed to providing a consistent customer experience via a single customer-centric operating model. Our customers also stand to benefit from our cross border expertise and resources, which are increasingly relevant in a globalising world.

### Financial Performance

International Banking remained largely unscathed by the European debt crisis which roiled financial markets globally. Instead, the steady increase in contribution from our overseas operations bears testimony to our policy of remaining prudent and selective in our overseas investments.

In the year under review, International Banking achieved profit before tax (PBT) of RM1.251 billion, which is a marked increase of 302% from RM311 million the previous year, as a result of higher contribution from our operating units and absence of substantial provision compared to the previous year. Singapore contributed 72% to International Profit Before Tax (PBT) while Indonesia was again the second largest contributor, making up 21% of International's total PBT.

At the same time, assets steadily increased from RM64 billion to RM70 billion, with Singapore again being the principal contributor, at 60% of the total, Indonesia 23%, and the other markets at 17%.

As a whole, International contributed to 23% of the Group's total PBT.

### Maybank Singapore

Since commencing operations in December 1960, Maybank Singapore has established itself as a niche market player with an asset size of S\$28 billion and staff strength of approximately 1,300. It boasts one of the largest foreign bank networks with 22 full branches and five offsite ATMs. The bank is part of atm<sup>5</sup> – Singapore's only shared ATM network – subscribed to by six Qualifying Full Banks (QFBs) with a combined reach of more than 150 ATMs.

In the year under review, profit before tax at the Singapore operations rose 36% to S\$338.0 million from S\$247.7 million last year, supported by strong loans growth of 8.6%. Among the key drivers for loans growth were general commerce which grew 19.6%, building & construction (14.7%), housing loans (10.0%) and automobile financing (1.4%). Asset quality remained excellent with the net NPL at only 0.09% in June 2010 compared to 0.16% in June 2009.

The Bank invested in expanding its payment network via a direct debit payment service on AXS stations. SME loans increased almost eight-fold, boosted by a government loan assistance scheme and attractive Islamic Term Financing. Maybank is the first bank in Singapore to offer Islamic Term Financing for SMEs, with fixed rates of up to 10 years making it the only bank in the island republic to offer fixed rates beyond the conventional three years. It launched a dedicated space for Islamic banking services at the newly refurbished Geylang Serai branch.



Meanwhile, a significant partnership was formed with Western Union to launch a worldwide remittance service targeting some 400,000 white collar expatriates. This will facilitate money transfers to more than 410,000 locations in over 200 countries and territories worldwide.

### Prospects

In the coming year, Maybank Singapore will continue to build on its key products, namely automobile and housing loans, to achieve a diversified consumer/corporate portfolio. At the same time, its foray into Islamic financing can be expected to bear fruit. Market diversification, meanwhile, will be achieved by penetrating emerging industries such as precision engineering, green and plastic electronics. The Bank will also seek to increase its volume of low cost deposits to improve its CASA to deposits ratio.

The Bank's business growth will be supported by heightened efficiency and effectiveness as a result of investment in critical technology and infrastructure in key areas such as straight through processing initiatives, enterprise content management as well as branch operations re-engineering.

### PT Bank Internasional Indonesia Tbk

PT Bank Internasional Indonesia Tbk (BII), listed on the Indonesia Stock Exchange (Stock code BNII), became a 97.5% owned subsidiary of Maybank Group in 2008. Including its subsidiaries PT Wahana Ottomitra Multiartha Tbk (WOM) and BII Finance Center Jakarta (BIIF), it has a network of over 400 branches and 10,000 staff. BII has 800 ATMs across Indonesia, and is connected to over 20,000 ATMs under ATM Prima, ATM Bersama, Alto, Cirrus, DBS/POSB Bank Singapore, Malaysia Electronic Payment Service (MEPS) and over 2,000 Maybank ATMs in Malaysia and Singapore. It is ranked ninth in terms of total assets among all banks in Indonesia.

In the year under review, the first phase of BII's transformation was largely completed, strengthening its fundamentals. BII showed strong improvement in performance with profit before tax for the year totalling Rp607 billion while net profit was Rp498 billion. In the previous year, the result of BII was only consolidated for the nine month period beginning October 2008 (following the completion of the acquisition of BII), in which pre-tax profit was Rp146 billion and net profit totalled Rp14 billion.

Interest income for the year was Rp6,065 billion while non interest income stood at Rp1,762 billion compared with Rp4,915 billion and Rp1,187 billion respectively for the previous nine months ended June 2009. Provisions meanwhile fell to Rp1,048 billion for the year compared to Rp1,082 billion in the nine months to June 2009.

The results were supported by robust increases in the consumer (+37%), SMEs (+36%) and corporate (+33%) segments. The Bank's loan portfolio maintains a low concentration of risk and is well diversified, focusing on various sectors of the economy without excessive exposure to any single industry segment.

Notably, productivity and loan quality have improved. Through prudent lending, rigorous credit restructuring programmes and stringent monitoring of existing loans, the Bank's gross NPL ratio in May 2010 was just 3.05%, which is lower than Bank Indonesia's 5% maximum requirement. Asset quality remains good with net NPL at 1.87%.

BII's right issue, which was completed on 21 April 2010, raised Rp1.4 trillion and boosted its capital strength by raising its capital adequacy ratio to 15.57% as at 30 June 2010.

Operationally, the Bank underwent a reorganisation and revitalisation that saw an upgrade and expansion of the ATM network and improvement in the quality of the IT service delivery. Existing branches were renovated while new ones were built. As at August 2010, 35 new branches were opened since January 2010 with another 70 planned by June 2011. Various programmes and innovative products were also launched, including the Woman One and Superkidz savings products for women and children. Loyalty programmes, such as the Bingkisan Beruntun Program, were also launched.

Meanwhile, efforts were made to increase loans to SMEs and Cooperatives and to build strategic partnerships with Lion Air and PT Pos Indonesia in order to create new channels of revenue generation. BII also implemented a Bloomberg Trade Order Management System (TOMS), enhancing its fixed income trading platform. Besides being a primary dealer for government bonds, BII was also appointed to act as a selling agent for both ORI and Sukuk retail bonds.

Performance at BII's subsidiary WOM Finance also continued to show strong improvement with net profit increasing to Rp118 billion from Rp14 billion in June 2009. Monthly sales have surged passed the 56,000 mark compared with 31,100 units in June 2009

## Prospects

The Bank aspires to be among the top five in Indonesia in terms of assets and returns, and to attain leadership in selected business and retail markets. Although the Indonesian economy is improving, challenges will likely remain. As interest rates have been falling, the banking industry in general has been disbursing more credit facilities. However, BII will remain cautious in order to maintain credit quality. Having accomplished a significant turnaround in 2009, BII's contribution is expected to further accelerate Maybank's regional aspirations and market position.

## Maybank Philippines Incorporated

Established in 1997 when Maybank joined forces with the Philippine National Bank, Maybank Philippines Incorporated (MPI) is now a fully-owned subsidiary of Maybank. With the opening of five new branches in FY2010, Maybank currently maintains a network of 50 branches, 24 in Metro Manila and 26 in key cities in Luzon, Visayas and Mindanao, the most extensive among foreign banks in the country. MPI has an asset size of approximately PhP26 billion with a staff size of 770.

MPI will continue to expand in selected target markets, such as the mid to upscale consumer market for deposit and wealth management products. Efforts will be made to cross-sell various products and services to increase the share of the customer's wallet, particularly corporate customers, while expanding both the traditional and non-traditional delivery channels.



## Maybank Cambodia

Maybank established itself in Cambodia in December 1993 when it opened its first branch in Phnom Penh. Today, there are eight branches country-wide. With its wide range of products and services, Maybank Cambodia has become the preferred financier of many Malaysian and Singaporean-owned corporations investing in Cambodia's infrastructure development and service sectors. We have expanded our customer base to include local businesses in the commercial and corporate sectors.

In FY2010, the bank opened four new branches in Chbar Ampov, Olympic and Toul Kork (all near Phnom Penh) and Battambang; and added eight new ATMs. The new Toul Kork branch offers personalised priority banking facilities in addition to the standard services.

For FY2011, the bank has set its sights on opening even more branches throughout the country, and building up its consumer business by introducing more products and services, such as ATM and debit cards, and exploring direct remittance arrangements with certain countries.

## Maybank Vietnam

Maybank Hanoi was established in October 1995, and a representative office was set up in Ho Chi Minh City in March 1996. The representative office was upgraded to a full service branch in October 2005. A new remittance product, Maybank Money Express Service (MME) between Maybank Malaysia and Vietnam was launched in April 2010. This is a web-based system with DongA Bank Money Transfer and An Binh Bank (ABBank) Ho Chi Minh City as sub-agents.

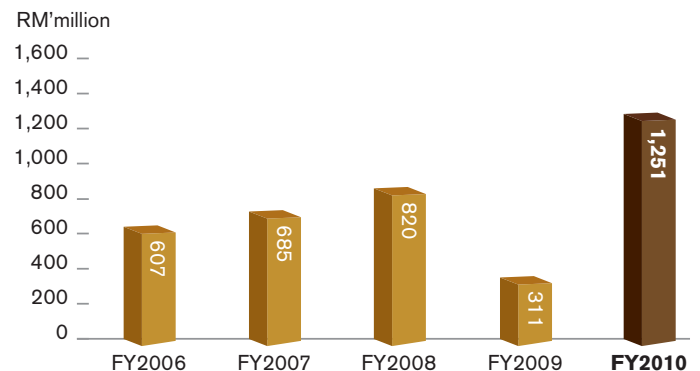
## Other Overseas Units

Maybank has one branch in Shanghai and a representative office in Beijing; one each in Bahrain, Hong Kong, London and New York; two branches in Papua New Guinea; and three branches in Brunei. Since 2008, we have a 20% stake each in MCB Bank, Pakistan and ABBank Vietnam. MCB is Pakistan's largest bank by market capitalisation (US\$1.8 billion) and fourth largest in terms of asset size (US\$6.2 billion). ABBank, meanwhile, is one of the leading commercial joint-stock banks and among the top 10 largest commercial banks in terms of charter capital in Vietnam.

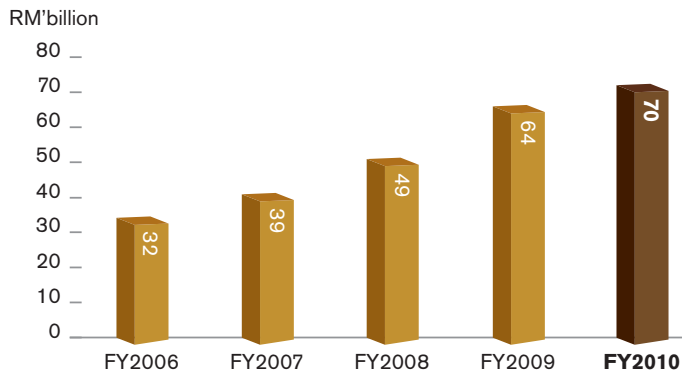
In December 2009, China Banking Regulatory Commission (CBRC) approved an extension of Maybank Shanghai's Renminbi licence to cover business with local enterprises, in addition to the approval in 2003 to do Renminbi business with foreign investment enterprises.

## Financial Performance

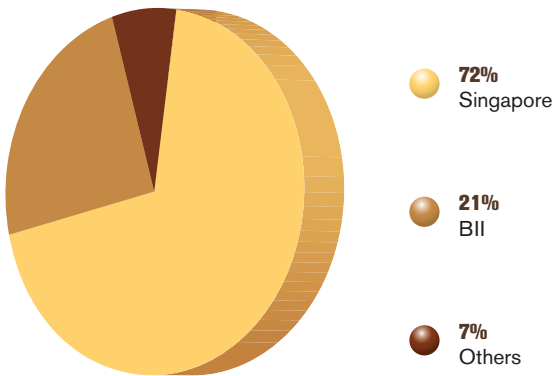
### Profit Before Tax



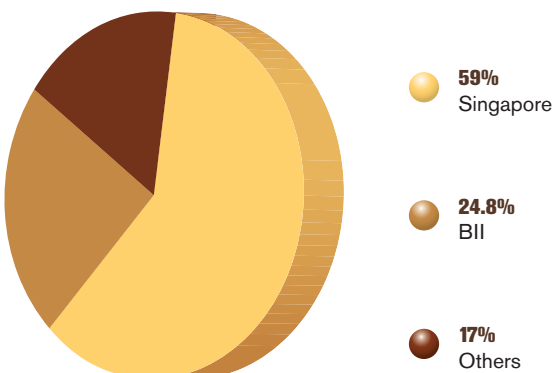
### Loans & Advances



### Profit Before Tax Contribution



### Composition of International Loans



### Aspiration

As we aspire for International operations to contribute 40% of Group's PBT and assets volume by 2015, the focus will be on our key markets of Indonesia and Singapore while considerable resources will be channelled towards the Philippines, China, Cambodia and Vietnam, where the potential for growth is immense.



*review of operations*  
**information and**  
**communication**  
**technology**

Maybank invests significantly in information and communication technology (ICT) to maintain our competitive edge. ICT serves various functions, from providing an unrivalled platform for heightening the customer's experience, to supporting our regional expansion, and enabling services which increase our revenue stream. ICT is also crucial in migrating our risk management system to new international standards and to improve our operational efficiency.



## Customer Focus

At Maybank, the customer has taken centre stage as we continue on our journey of transformation. In our quest to humanise our operations, the question that is topmost in our minds is how to serve the customer better – how to better understand the needs of our diverse customers and how to fulfill these in the most effective way. We realise that the overall experience of customers when they deal with the Bank at our multiple touch points, and the convenience we offer for them to conduct various transactions, are crucial. ICT has enabled us to fulfill the increasingly complex requirements of a growing sophisticated customer base.

Maybank has been a pioneer of a number of milestone ICT advances in Malaysian banking. In 2002, we were the first bank to launch mobile financial services via SMS. Then, in 2006, we introduced mobile banking to the nation. In FY2010, we enhanced our mobile banking service to make it more user-friendly. We have migrated from the device-dependent and limited application Java-based platform to the widely used web browser capable platform to further enhance our Multi Touch Point Services (now called new M2U Mobile).

Implemented in January 2010, the 'new' M2U Mobile enables customers to access the Bank's portal Maybank2u.com using any phone model or telecommunications (telco) operator for their banking, bill payment and e-commerce transactions. This service is poised to support a 40% increase in average monthly transactions within a year from

70,000 to 100,000 a month. The ICT enhancements make M2U Mobile extremely versatile, easy and convenient for customers; it literally places a whole suite of transactions in customers' hands, to be conducted anytime and from anywhere on their mobile phones.

To ensure uninterrupted service should any disaster occur, the M2U platform was strengthened during the year with a new technology that boosts its disaster recovery capacity while also reducing operating costs.

In addition, during the year under review, our Customer Relationship Management (CRM) improved as the analytical Customer Relationship Management (aCRM) system we had deployed in 2007 entered its second phase, and began to produce greater results. The aCRM analyses our customers and extrapolates useful knowledge about from our database. Using statistical tools and data mining, the system is set to further improve the Maybank customer experience, with the ultimate aim of increasing customer loyalty, retention and revenue expansion.

Unrelenting efforts to enhance our CRM has led Maybank to win several awards, the most recent being the Financial Insight Innovation Award for Best CRM Implementation in 2009, the Gartner and 1 to 1 Media CRM Excellence Award (2010) and The Asian Banker Technology Implementation Awards 2010 for the Best CRM Project.



## Growing Regional

As part of Maybank's vision to be a regional financial services leader, we continued to expand regionally in FY2010. Our focus market for the year was Cambodia, where we opened five new branches. This rapid expansion was enabled by ICT. With the appropriate ICT infrastructure, we were able to integrate the operations of each of the new branches with the Group within three to four months per site. With the new sub-branches we now have a relatively strong presence in Cambodia, consisting of a main branch (opened in 1993), six sub-branches and eight ATMs. We believe there is potential for further growth in the country, and are planning to open three more provincial branches in FY2011.

## Revenue Enhancement

In capitalising on the escalating demand for international remittance services in Malaysia, Maybank has developed an in-house international remittance product, Maybank Money Express (MME). The project, which forms part of our Community Financial Services (CFS) strategies, began in February 2010.

Once launched, MME will enable faster, cheaper and reliable remittance services that can be accessed anywhere globally, thus entrenching our position among international money transfer players, such as Western Union and MoneyGram. Touch points are being created in Indonesia, Vietnam and Cambodia. We are targeting more than 400 footprints in these countries by end 2010.

In the cards business, we focused on migrating the processing and support of our charge card systems to Maybank from American Express, to which it was previously outsourced. Due to the sheer magnitude and complexity of the project, it is to be implemented in two phases, the first phase for Amex acquiring and the second for Amex issuing.

The essential goal is to port over the American Express customer base to Maybank, and to manage the entire business internally using our own systems, thus eliminating the outsourcing charges.

The Amex charge card business contributed a higher return to Maybank compared to the other card brands, due to higher merchant discount rates and higher interchange rates. The brand name also provided Maybank access to a valuable customer base of high spenders, especially the platinum charge base of top high-end customers and corporate card customers from large MNCs.

Phase 1 of the rollout was completed in February 2009, followed by the successful completion of Phase 2 in April 2010, providing us the full suite of systems to support Amex charge cards. Meanwhile, to further increase customer convenience, we are working on our systems to provide 24/7 availability for both Amex and JCB cards.

We are also revamping our Share Trading system to increase our operational efficiency, hence improving customer service and experience, while supporting a wider range of products and services. The aim is to compete as a global retail player. Among the new offerings are SMS alerts on stock prices, indices, market summary and order matching. To further boost our Mobile Trading, we are offering customers an extension of overdraft facilities. Ultimately, these products and services are targeted to be implemented by end 2010 and will further increase our revenue growth and market share in the stock broking industry.

## Risk Management

As we adopt the Basel II requirements for risk management, Maybank continued to further improve the relevant ICT functions related to managing and monitoring credit, market and operational risks. The internal credit scorecards and models we employ for credit processing, monitoring and reporting proved sufficient for the Group to attain compliance for Basel II requirements under the Internal Ratings Based (IRB) approach for credit risk management. The systems include the Integrated Retail Scoring Solution (IRSS), Behaviour Scoring Solution (BS), Credit Risk Rating System (CRRS), Group Collateral Management System (GCMS) and Risk Data Management Solution (RDMS).

Meanwhile, we have put in place the infrastructure for the integration of data from the various overseas units, based closely on Basel II standards and in support of the Group's Internal Model Approach (IMA) for market risk.

In terms of addressing risk controls for treasury, a new strategic global treasury business blueprint is being developed, which is capable of adopting a single system platform for Treasury Front Office, Market Risk and Treasury Back Office. This will support regional expansion with capabilities that allow for full integration of the overseas units.

## Operational Efficiency

Maybank's ongoing organisational transformation calls for enterprise-wide ICT coverage catering for present and future purposes.

One requisite for greater operational consolidation lies in the transparency and integration of the general ledger (GL), fixed assets and accounts payables, leading to efficiency and cost optimisation. Towards this end, new technology and infrastructure were introduced. The new electronic GL system that is replacing the 24-year-old legacy system will be faster, more accurate and has granular information for decision-making, being implemented in two phases.

By October 2010, there will be a flexible enterprise solution that meets the current and future business needs of multi currency reporting, multi institution, multi time zone, and multi ledgers reporting. An open architecture is also being designed to enable operations from the heart of ASEAN as it caters for implementation across all units and provides for regional expansion.

## Foundation of the new House of Maybank

In FY2010, enhancement of the ICT platform has resulted in higher levels of risk control, improving efficiency and productivity, thus enabling revenue expansion and delivering greater value to our customers. Continuous investment in ICT is required for the ongoing transformation we have envisaged for an enriched future. Indeed, ICT services will transcend the entire Group and create greater synergies across the three business pillars of the new House of Maybank.

## economic review & industry outlook

Malaysia recovered from the 2008-2009 global financial crisis and the ensuing worldwide economic recession. Real GDP expanded by 5.5% in FY2010 to raise the value of goods and services produced in the economy to RM544.6 billion, after it shrank by 1.3% to RM516.9 billion in FY2009, and compared with RM523.7 billion in FY2008. On a calendar year basis, the economy is expected to rebound by 7.5% in 2010 to RM560 billion following the 1.7% decline to RM521.1 billion in 2009 from RM530.2 billion in 2008.

A combination of fiscal and monetary stimuli as well as measures to stabilise the financial markets and banking globally in FY2008-FY2009 resulted in a quick turnaround of the world economy during the course of FY2010. Maybank Investment Bank's Economics Research estimates that the global real GDP posted a growth of 0.9% YoY in 4Q 2009, which reverses the preceding four straight quarters of contractions. The pace of growth accelerated to 4.5% YoY in 1Q 2010 and was sustained at 4.7% YoY in 2Q 2010. This is in line with the International Monetary Fund's (IMF) latest projection that the world economy will post a 4.6% growth in 2010 after the 0.6% contraction in 2009.

The global economic recovery benefitted Malaysia principally via business re-stocking activities that contributed to a rebound in exports and industrial production that is dominated by the trade-oriented manufacturing sector. The improvement in external demand was accompanied by a firming up of domestic demand through an expansion and rebound in consumer spending, Government expenditure and business investments, spurred by domestic economic stimulus packages, supportive monetary policy – particularly in terms of availability and access to credit – as well as improvement in the job

### Global Quarterly Real GDP Growth, % YoY

	2Q09	3Q09	4Q09	1Q10	2Q10
WORLD	(3.4)	(2.1)	0.9	4.5	4.7
US	(4.1)	(2.7)	0.2	2.4	3.2
Eurozone	(4.9)	(4.1)	(2.1)	0.6	1.7
Japan	(5.7)	(5.2)	(1.0)	4.7	2.0
UK	(5.9)	(5.3)	(2.9)	(0.2)	1.6
Canada	(3.7)	(3.0)	0.2	3.1	3.8
Australia*	0.9	0.9	2.8	2.7	2.8
China	7.9	9.1	10.7	11.9	10.3
India*	6.0	8.6	6.5	8.6	8.6
Russia	(10.8)	(7.7)	(3.8)	2.9	5.2
Brazil*	(1.6)	(1.2)	4.3	9.0	7.2
S. Korea	(2.2)	1.0	6.0	8.1	7.2
Taiwan	(6.9)	(1.0)	9.1	13.3	12.5
Hong Kong	(3.8)	(2.4)	2.5	8.0	6.5
Singapore	(1.7)	1.8	3.8	16.9	18.8
Indonesia	4.1	4.2	5.4	5.7	6.2
Thailand	(4.9)	(2.7)	5.9	12.0	9.1
Malaysia	(3.9)	(1.2)	4.4	10.1	8.9
Philippines*	1.2	0.2	2.1	7.3	5.2
Vietnam	4.4	5.2	7.4	5.9	6.3

Note: World's Quarterly Growth is Maybank-IB's estimate  
Source: Bloomberg, CEIC

\*2Q10 forecast numbers by Bloomberg & FocusEconomics  
Consensus (Aug '10)

## Global Economy: Real GDP Growth

(% Chg)	2007	2008	2009	2010E	2011E
<b>WORLD</b>	<b>5.2</b>	<b>3.0</b>	<b>(0.6)</b>	<b>4.6</b>	<b>4.3</b>
Advanced Economies	2.8	0.5	(3.2)	2.6	2.4
US	2.1	0.4	(2.4)	3.3	2.9
Eurozone	2.8	0.6	(4.1)	1.0	1.3
Japan	2.4	(1.2)	(5.2)	2.4	1.8
UK	2.6	0.5	(4.9)	1.2	2.1
Emerging & Developing Economies	8.3	6.1	2.5	6.8	6.4
China	13.0	9.6	9.1	10.5	9.6
India	9.4	6.4	5.7	9.4	8.4
Brazil	6.1	5.1	(0.2)	7.1	4.2
Russia	8.1	5.6	(7.9)	4.3	4.1
Asian NIEs	5.8	1.8	(0.9)	6.7	4.7
ASEAN-5	6.3	4.7	1.7	6.4	5.5

Source: IMF World Economic Outlook Update (July 2010)

## Malaysia: Quarterly Real GDP

% YoY	2Q09	3Q09	4Q09	1Q10	2Q10
<b>Real GDP</b>	<b>(3.9)</b>	<b>(1.2)</b>	<b>4.4</b>	<b>10.1</b>	<b>8.9</b>
Manufacturing	(14.5)	(8.6)	5.0	17.0	15.9
Services	1.7	3.4	5.2	8.5	7.3
Agriculture	0.3	(0.4)	5.9	6.8	2.4
Mining	(3.5)	(3.6)	(2.8)	2.1	1.9
Construction	4.5	7.9	9.3	8.7	4.2
Domestic Demand	(2.2)	0.1	2.8	5.3	9.0
Private Consumption	0.3	1.3	1.6	5.1	7.9
Public Consumption	1.5	9.4	0.7	6.3	6.8
Gross Fixed Capital Formation	(9.6)	(7.9)	8.2	5.4	12.9
Net External Demand	(6.7)	(10.3)	(4.7)	(12.9)	(38.4)
Exports of Goods & Services	(17.9)	(12.9)	6.0	19.3	13.8
Imports of Goods & Services	(19.4)	(13.2)	7.0	27.5	21.9
Change in Inventories (RM'million)	(1,630)	(230)	(294)	(2,344)	6,407

Source: Department of Statistics, BNM's Quarterly Economic Bulletin

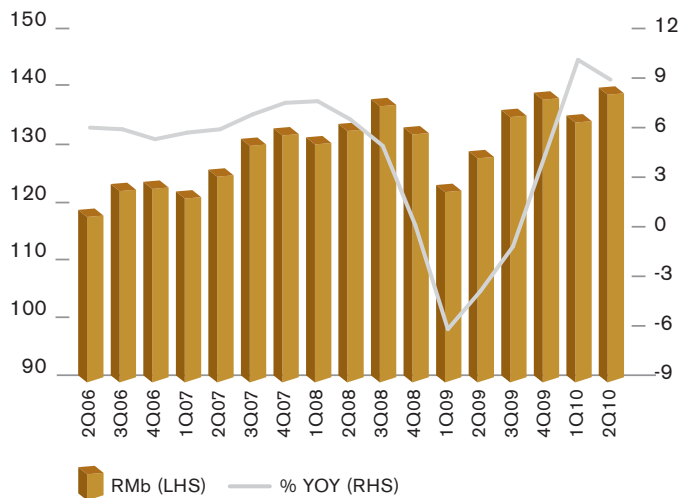


market. Together, these lifted business conditions and consumer sentiment. Consequently, Malaysia's real GDP also rebounded in 4Q 2009 (+4.4% YoY) after three straight quarters of decline, followed by robust expansion of 10.1% YoY in 1Q 2010 and 8.9% YoY in 2Q 2010.

Despite the strong global and local economic recovery in FY2010, the environment remains challenging for FY2011 in view of the post-crisis macroeconomic policy of "normalisation" and headwinds blowing from the major economies.

For a start, fiscal stimulus is ending. The bulk of governments' pump-priming announced worldwide in late-2008 and early-2009 has been implemented. For instance, as at mid-August 2010, 63% of the US' fiscal stimulus that totaled USD787 billion and 69% of the RM22 billion allocations for government spending under

**Malaysia: Quarterly Real GDP**

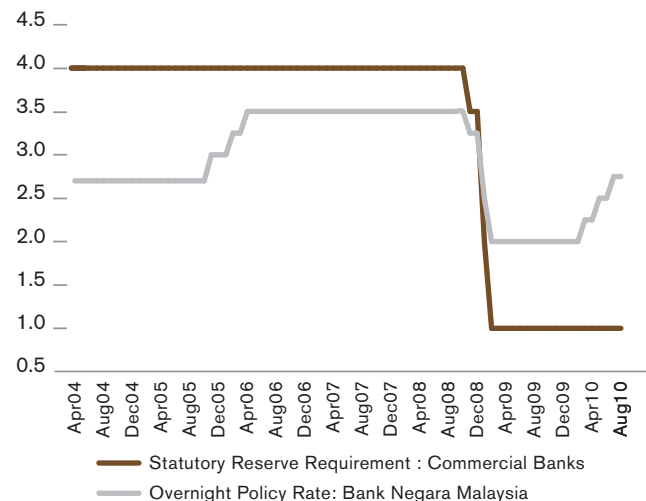


Source: Department of Statistics

Malaysia's two economic stimulus packages were already spent. Moreover, the pressure now is on governments to restore fiscal discipline via consolidation in budget deficits and public debt. This is equally true for Malaysia, which has set the target to reduce its deficit budget over the medium term from 7% of GDP in 2009 to 2.8% of GDP by 2015 to contain its debt at 49.9% of GDP by 2015 versus 53.3% in 2009.

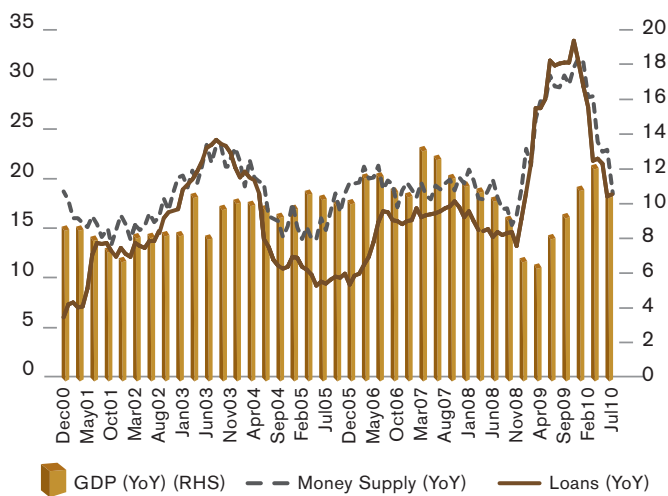
At the same time, monetary policy is being "normalised" globally via interest rate hikes – at least across Asia ex-Japan (including Australia) – after the previous rounds of aggressive interest rate cuts by the central banks and monetary authorities in 2008-2009. Malaysia has also started to reverse its monetary policy via a series of increases in the Overnight Policy Rate (OPR) which so far in 2010 totaled 75bps on three occasions (4 March, 13 May and 8 July), thus partially reversing the total 150bps reduction made between November 2008 and February 2009.

**Malaysia: Overnight Policy Rate (OPR, % p.a.) and Statutory Reserve Requirement (SRR, %)**



Source: Bank Negara Malaysia

**China: Real GDP, Money Supply & Loans Growth**



Sources: Bloomberg, CEIC

Meanwhile, external headwinds concern the strength and sustainability of US recovery, impact of Europe’s fiscal turmoil on the region’s growth prospects, and China’s economic slowdown arising from the correction in its real estate/property market.

The prolonged period of accommodative monetary policy (i.e. low interest rates and “quantitative easing”) in the US and Europe underscores the downside risks to growth in these economies. The US economy is still feeling the effects of, and adjusting to, the 2008-2009 financial crisis. The housing market is still in limbo amid volatile home sales, high level of property foreclosures and continued depressed forward-looking indicators like housing starts and building permits. The economy is struggling to create

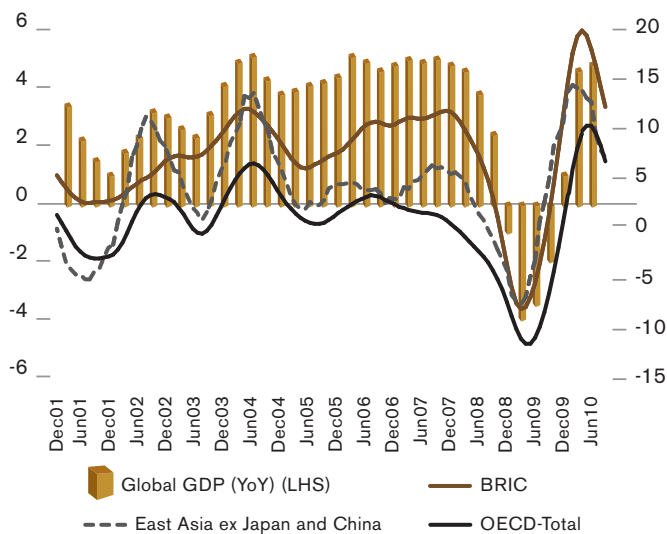
jobs in view of the erratic statistics on non-farm payrolls and initial jobless claims, culminating in the still-high unemployment rate. Household indebtedness remains elevated, necessitating de-leveraging by consumers via increased savings and decreased consumer credit.

Meanwhile, Europe’s fiscal crisis and sovereign debt default risk, triggered by worries over the build-up in fiscal deficits and government debts, are expected to weigh on economic growth and outcome as governments raise taxes, cut spending and implement austerity measures to restore fiscal discipline, policy credibility as well as public and investor confidence. Although the region’s financial risk indicators like the sovereign credit default (CDS) swaps and government bond yield spreads have stabilised somewhat, the region is not out of the woods considering the increasing amounts of European government bonds maturing over the next two years, especially those from vulnerable and high-risk countries like the UK, Italy, Spain, Portugal, Ireland and Greece.

Another source of external headwinds facing the global and local economies in FY2011 is sign of a slowing growth momentum in China as the anti-asset bubble measures put in place earlier begin to take effect, as reflected by indicators such as money supply, banking system’s loans and real estate/property statistics.

Global and local indices of leading economic indicators are pricing in the downside risks from the aforementioned policy normalisation and external headwinds by signaling a moderation of growth momentum in the first half of FY2011.

**Global: Leading Economic Indicators vs Real GDP Growth**

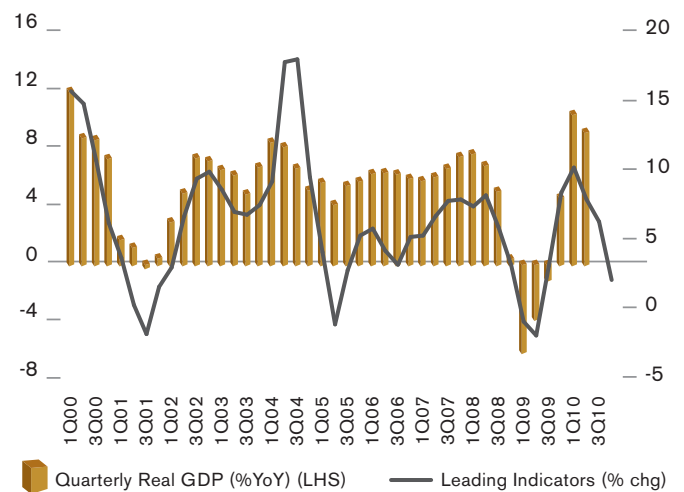


Sources: OECD, Bloomberg, CEIC

Nevertheless, strong and stable economic fundamentals – including a healthy banking sector – as well as domestic tailwinds and undercurrents are expected to sustain Malaysia’s growth momentum in FY2011. Indeed, the quarterly real GDP table above highlights the strengthening of domestic demand as the Malaysian economy recovers. This is further corroborated by the trend in imports, i.e. robust growth in the purchase of foreign-made capital and consumption goods. At the same time, a very gradual process of subsidy rationalisation, improving job market conditions and continued accommodative monetary policy by the central bank should sustain consumer spending growth.

Although the Malaysian Government is reducing its deficit spending and role in the economy over the medium term, investment activities will be supported by “enlarged” public sector spending, namely higher capital expenditure by Government-linked companies, direct investment in the

**Malaysia: Leading Economic Indicators vs Real GDP Growth**

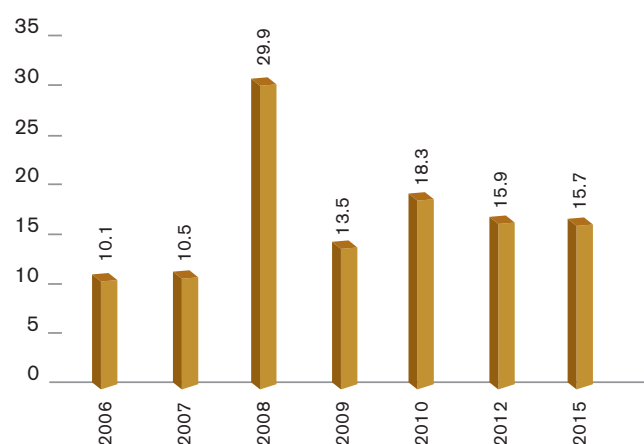


Source: Department of Statistics

economy by Government-linked investment institutions as well as strategic public-private partnerships and co-investments (e.g. major infrastructure projects such as the high-speed broadband and MRT; development of Government land; and regional economic corridors).

These are in addition to the sustained efforts to boost private domestic direct investment and attract foreign direct investment via market-friendly, business-oriented and investor-centric measures that include the Government Transformation Plan (GTP) and Economic Transformation Programme (ETP) to raise the Government and economic efficiencies, increase the ease of doing business and investing in Malaysia, as well as remove and re-calibrate policies and practices that impede and distort private sector investments. There will also be payoffs to the economy in terms of higher trade and investment flows from the growing importance of intra-regional trade, liberalisation of the services sector – including the banking

### Malaysia: Government's Operating Expenditure on Subsidies (RM'billion)



Source: 10th Malaysia

sector – and strengthening of bilateral ties with key regional countries such as China and Singapore.

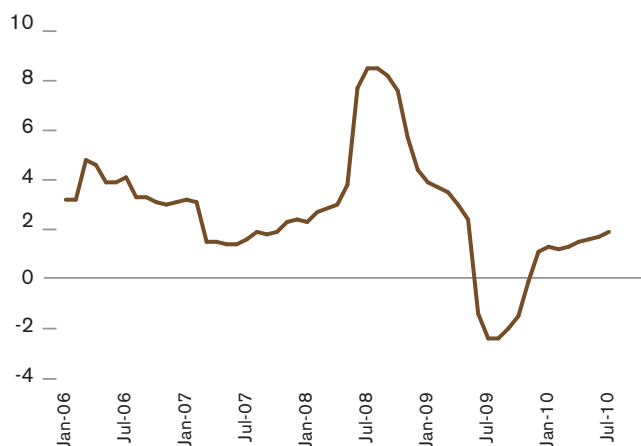
Therefore, the Malaysian economy should be able to sustain growth into FY2011 with real GDP expanding by 5.6% (FY2010: +5.5%). In calendar year terms, the economy is expected to grow further by 6.1% in 2011 (2010: +7.5%). Inflation, meanwhile, is expected to pick up gradually to 2.7% in 2011 from 2% in 2010. This is below the recent high of 5.4% in 2008 and the long-term historical average of 3.7% and in line with the measured reduction as opposed to drastic cuts in price subsidies. To further ensure that the growth momentum stays on track, BNM is anticipated to keep the OPR steady at the present rate of 2.75% until towards the end of FY2011 before resuming further interest rate adjustments. The combination of sustained economic growth and domestic monetary policy normalisation is expected to support the Ringgit's upward momentum. During FY2010, the Ringgit surged 9.1% against the US Dollar to close at RM3.2255. The currency is expected to end 2010 on a firmer note at RM3.10-RM3.15 and strengthen further to RM3.00-RM3.05 by end 2011.

### Malaysia: Real GDP

	ACTUAL		MAYBANK IB		
	2009	1H 2010	2010E	2011E	2012E
<b>Real GDP</b>	<b>(1.7)</b>	<b>9.5</b>	<b>7.5</b>	<b>6.1</b>	<b>6.0</b>
Manufacturing	(9.4)	16.4	11.5	6.1	6.2
Services	2.6	7.9	7.0	7.4	6.6
Agriculture	0.4	4.6	3.5	1.2	3.8
Mining	(3.8)	2.0	1.7	2.3	3.2
Construction	5.8	6.4	5.3	4.5	5.0
Domestic	(0.5)	7.2	5.3	6.9	5.7
Demand					
Private	0.7	6.5	6.5	6.9	6.0
Consumption					
Public	3.1	6.6	(1.7)	3.5	(1.2)
Consumption					
Gross Fixed	(5.6)	9.2	7.0	8.8	9.5
Capital					
Formation					
Private	(21.8)	NA	4.1	12.5	7.0
Investment					
Public	12.9	NA	9.4	6.1	11.6
Investment					
Net External	11.1	(25.6)	4.6	(2.3)	(15.8)
Demand					
Exports of	(10.4)	16.5	16.2	7.4	8.4
Goods & Services					
Imports of	(12.3)	24.7	17.9	8.7	12.0
Goods & Services					
Inventories	(14,289)	4,063	10,765	825	1,435
(change, RM'million)					

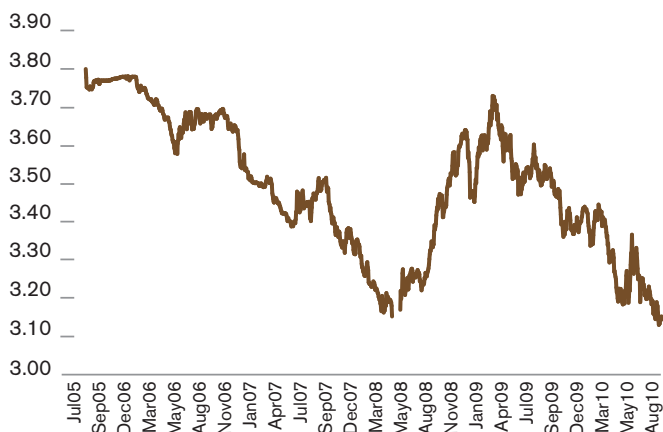
Sources: Department of Statistics, 10MP, Maybank IB

### Malaysia: Consumer Price Index



Source: Department of Statistics

### Ringgit Malaysia vs US Dollar



Source: Bloomberg

### Banking Sector Review FY2010 – July 2009 to June 2010

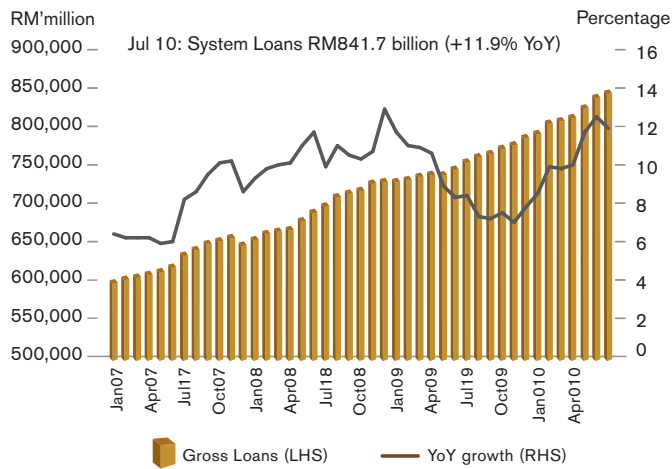
Banking system loans grew 12.5% in FY2010 to RM835.5 billion as at end-June 2010, outpacing economic growth of 5.3% (real GDP) in the same period. Household loans remained the driver, contributing 56.6% to the absolute loan growth of RM92.7 billion in FY2010, while businesses contributed 43.4%. Household loans made up 55.1% of system loans as at end-June 2010, and businesses 44.9%.

Banking system health strengthened further in FY2010, with gross non-performing loan (NPL) declining 10% by end-June 2010, from end-June 2009. Gross NPL as a ratio of gross loans declined 90-bps to 3.59% as at end-June 2010 (end-June 2009: 4.48%).

The banking system remained well capitalised in FY2010, with stable Tier 1 capital and risk weighted capital ratios at 13.1% and 15.0% respectively as at end-June 2010 (end-June 2009: 13.1% and 14.8% respectively). Excess capital in the banking system was about RM66 billion as at end-June 2010, based on our estimates.

Banking groups with financial year ending December (Public, CIMB, RHB, EON, Affin) and March (AMMB, Alliance Financial) started financial statement reporting under FRS 139 “Financial Instruments: Recognition and Measurement” in 1Q-2Q 2010. All banks are reporting under Bank Negara Malaysia’s transitional arrangement in determining collective assessment on loan impairments. The banks’ opening shareholders’ equity were only marginally adjusted.

### Banking System Loans

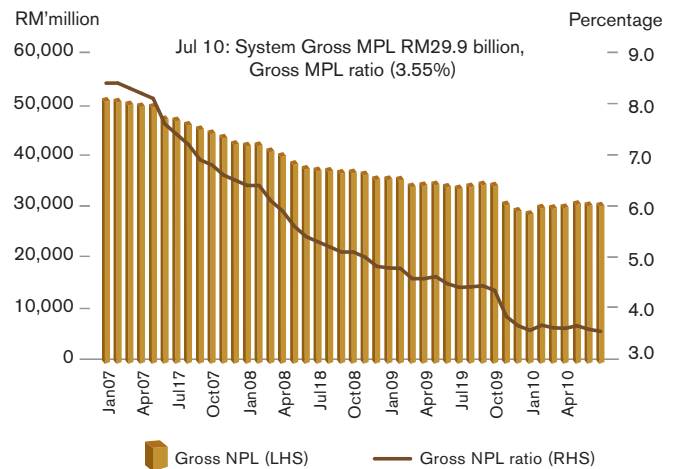


System pretax profit grew 16% YoY to RM21.53 billion in FY2010 (July 2009 – June 2010). The growth came from all income segments, buoyed by strong credit growth, and a robust capital market which benefited investment banking activities. A recovery economy negated preemptive loan loss provisioning in 1Q-2Q 2010.

### Banking Sector Outlook FY2011- July 2010 to June 2011

We expect system loans to expand further, although the potential of a slowing global economy poses a risk to business loans. Household credit demand should stay strong, supported by rising wages and ample domestic investment catalysts to cushion against any potential external slowdown. We forecast system loans to expand by 6-8% in FY2011 based on our real GDP growth forecast of 5.7% for the same period.

### Banking System Asset Quality



Banking profits would continue to remain robust in FY2011. This would come from loan growth and an immediate net interest margin (NIM) expansion after a total 75-bps rise in the overnight policy rate on 4 March, 13 May and 8 July 2010. However, NIMs are expected to be under pressure over the near-term due to severe competition within the industry.

Basel III capital reforms are expected to be finalised in the current FY2011, i.e. by end-2010. Finalisation of the new rules would give a clearer direction on banks' dividend policies and additional equity capital requirement.



**We'll be there  
when the next generation  
finds new ways to keep  
traditions and heritage alive.**

Thank you for sharing your lives, hopes and dreams with us. Celebrating 50 years, close to you.





## human**capital**development

*"The cultural transformation programme implemented over the last two years has inspired and ignited us across teams to ensure that we live up to our values and remind us that 'today has to be better than yesterday'. I engage with my team on a daily basis, which spurs them to outperform themselves every day. We've gone back to the basics of how to manage, guide and coach our teams."*

*"The various Human Capital workshops have helped us understand, relate to, engage and reward our teams of diverse Maybankers. We're passionate about growth and are constantly improving ourselves while maintaining quality of the highest standards to optimise business results."*

*"It was encouraging and motivating to see management's commitment to our people on the ground through the townhall and other engagement sessions. This is certainly a fresh approach by management, and one that has revitalised and re-spirited Maybank and Maybankers. We are truly one Maybank family."*

**- Maybankers**



The last couple of years have been rife with challenges. Competition intensified; the global economic landscape collapsed, bringing down many businesses. The imperative for the Maybank Group was to change. And the change had to start internally for us to stay ahead of the competition and deliver on our promise to our customers. The work culture had to evolve to allow Maybankers to realise their ambitions and excel while ensuring that our TIGER did not change its stripes – that our values continued to be integral to the Maybank way of life, ideals that drive what we do and how we do it.

Our people transformation was premised on the understanding that rewards and opportunities need to be strengthened as key engagement levers, but are not the silver bullets of engagement. Our work culture and the sincerity of those who lead and nurture our Maybankers are equally important to retain talent, and secure their commitment to the success of the Group. Having always prided ourselves as being a nurturing organisation, we are aware that the day-to-day impact of people and culture carry a lot of weight as Maybankers make decisions on how hard they should work, or even if they should work at all with Maybank.

The strengthening of our people, policies and practices required an honest assessment of where we were, and what was not working well. This we performed by engaging all quarters across the organisation and obtaining their feedback on what it would take to improve. We were sincere in the desire to ensure Maybank delivers its promise to our people.

The people transformation plan was developed end 2008 and has been refined and executed to complement the vision, mission and strategy of the Group and to allow Maybankers to make a difference to their future and the future of Maybank.

Key attributes of our culture and values of TIGER were renewed and revitalised across the Group. A strong and well-rounded executive team to lead the structural change required to take the Group to greater heights was identified. Human Resource policies were simplified. Those that were outdated were dispensed with while new ones were initiated to reflect our core values of TIGER.

The change started by transforming the recruitment functions into a centralised 'talent factory' aimed at providing a consistent and efficient recruitment experience to attract and retain the best talent in the region. New Maybankers are now given day one orientation, and an induction day out within the first two months with the PCEO and executive committee. They also receive customised learning maps. Meanwhile, recruiters and line managers have been issued with clear guidelines to help new staff settle in. Upon completing their first 90 days, the new recruits are asked for their feedback.

As Maybank continues to strive for a high performance culture, the rule of meritocracy is applied to all performance management and talent management processes. Maybank's talent management framework and

compensation philosophies were reviewed to be in line with world-class practices to improve our ability to grow, retain and reward talent. Rigorous performance, rewards and talent management processes that were aligned to the culture and our values based system were outlined in easy-to-understand guides, through interactive workshops for all people managers across the group and globe, and via on-the-job coaching and application.

Recognition and rewards now encompass spot awards to star employees, innovation awards, awards for the best talent in all categories, and incentive plans catering to the different lines of business across the Group, be it sales or treasury. Leaders are given budgets, based on the performance of their sectors, to pay their talent market competitive remuneration and reward them attractively for their achievements.

The enhanced, integrated and systematic Talent Management framework ensures talent are now identified as part of a disciplined and systematic process, and reviewed in a timely, open and objective manner using data rather than hearsay and perception. Those who do not make the grade are coached and nurtured through a structured 'consequence management process' designed to ensure all Maybankers are given the opportunity to improve while maintaining rapport and credibility in the process.

The enhanced talent management process was also designed to allow for effective and efficient succession planning across the group. Talent identified are flagged by a central coordinating unit for consideration by the group and sector talent review forums to assume roles of greater responsibility. This process assures high-performers of being noticed and recognised with growth opportunities.

The infrastructure to support internal career progression and upskilling of talent necessitated a renewed emphasis on learning and development. The mandate to all people managers is to improve leadership skills benchmarked against Maybank's own set of carefully selected competencies and give all Maybankers the opportunity to be mobile across sectors and even regions. The Group offers varied and comprehensive development opportunities, from intervention and right actions to mentoring and coaching, catering to the diverse needs of Maybankers.

After a year-and-a-half of hard, concerted efforts to transform the way we attract, recruit, retain, engage and develop Maybankers, we are at a tipping point of clarity and confidence to accelerate into the future. Engagement opportunities at all levels, varying feedback management systems ranging from the yearly employee engagement survey to numerous other monthly effectiveness measurement indicators, continuously serve to check and enhance the experience of Maybankers.

Clear and meaningful communication on the vision, mission, actions and expectations will continue to be of top priority, led by the Executive Committee. The Executive Committee engages with all Maybankers through the many formal and informal sessions, whether it is regular emails from the President & CEO, updates on the employee portal, responding to feedback on the 'ask senior management site', the *teh tarik* sessions, roadshows, 'lunch with chairman' sessions, visits to the business units or even at our fun-filled sporting, CSR and annual Maybank Idol events.

This is Maybank's promise to Maybankers. We are committed not only to enabling talented individuals to rise to the top quartile but also to ensuring that we get 'close to you', our people. 'Serving with a Heart' begins from within the family.




### Maybank Employee Engagement Index (EEI) and Overall Core Values Index (CVI)

The Maybank overall engagement index has significantly improved from the score of 83% in 2009 to 87% in 2010, and performed strongly against the Malaysian benchmark (10% above), global industry peers (9% above) and even global high performing companies (4% above).

The Maybank Group Overall Core Values Index (CVI) for 2010 is 78%, which is an increase of 5% from the previous year. This index also performed strongly against the Malaysian benchmark (9%), global industry peers (8%) and global high performing companies (2%).



	EEI*	CVI Overall	Teamwork	Integrity	Growth	Excellence & Efficiency	Relationship Building	Significant increase over 3 years 
2008	77%	69%	73%	75%	69%	57%	74%	
2009	83%	74%	78%	80%	72%	63%	77%	
<b>2010</b>	<b>87%</b>	<b>78%</b>	<b>81%</b>	<b>85%</b>	<b>79%</b>	<b>67%</b>	<b>82%</b>	
<b>% Difference (2009 vs 2010)</b>	5%	5%	3%	4%	6%	5%	5%	

\* indicates a statistically significant difference





## corporate **responsibility**

As a leading financial services group in South East Asia, Maybank focuses not only on capturing growth opportunities, but also on being a leader in socially responsible initiatives and the setting of sustainable standards for financial services. Our risk management, strategies and sustainability are intrinsically linked as we integrate sustainable corporate responsibility (CR) into our core business operations. For Maybank, sustainability means observing the principles of good governance and conducting business in a way that enhances our performance both today and over the long term, contributing to the economic development of the countries in which we operate while conserving the environment, enriching the lives of the local communities, and caring for the development and well-being of our employees.



Maybank ranks among companies in Malaysia advocating good CR which, to us, represents a long-term investment of capital and involvement of staff. We are committed to continuously managing sustainable CR initiatives and evolving these as our business progresses. We are producing our first complete and standalone Corporate Responsibility Report containing initiatives undertaken, our achievements and progress made within the four main pillars of the Community, Environment, Workplace and Marketplace. Details of our corporate governance, meanwhile, can be found in the CR Report and in this Annual Report.

### Contributing to the Community

Our commitment to the community is core to our sustainable development strategy. During the year,

Maybank invested in various activities in support of general education, financial education, employee volunteerism and caring for disadvantaged groups. We continue to support our two adopted schools under the PINTAR programme and responded to local health care needs. In the area of sports, we enhanced efforts supporting talent development and the building of future champions. Using our expertise, we built on our tradition of developing financial capability while improving access to fair and affordable financial knowledge and services for disadvantaged and under-served communities. Our efforts support the long-term development of local communities and provide an opportunity for our staff to engage in meaningful initiatives.

Maybank achieved another first this year with the opening of five disabled-friendly branches which offer special ATMs, cash deposit machines, service counters and entry ramps to facilitate banking convenience for wheelchair bound customers.

### Sustainable Livelihood

The Bank teamed up with Yayasan Sejahtera under the auspices of the Putrajaya Committee on GLC High Performance (PCG) and New Straits Times Press to set up the *Tabung Maybank Sejahtera* which aims to assist in the creation of sustainable living environments for vulnerable communities in Malaysia regardless of race, religion or creed. The funds will be used to help vulnerable communities nationwide, as well as the disabled, single parents, the aged and orphans. Maybank donated RM50,000 to kick start this fund, which has collected more than RM290,000 to date.

The Cahaya Kasih Programme is now in its fourth year where the Group has adopted seven welfare homes throughout the country in collaboration with Ministry of Women, Family and Community Development. Under this programme, Maybank employees volunteer their time each month with the residents of the homes organising various activities and helping to nurture them. Maybank contributed

in cash and kind to upgrade the playground at Tengku Budriah Children's home, while at Taman Sinar Harapan, Kuala Kubu Baru, the surau was refurbished and four mobile shower trolleys were donated. Maybank volunteers also spent time organising clean up campaigns, games, tuition classes, visits to educational sites such as the Petronas Science Centre, movies and entertainment outings such as the Disney on Ice Show besides celebrating the various festivals. The Bank also introduced programmes such as 'conservation' to students by holding tree planting activities in their homes.

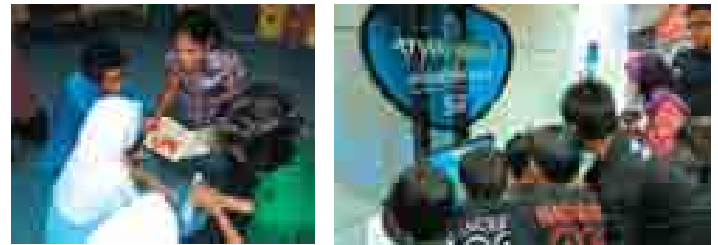
Maybank Singapore participated in several programmes for the elderly through the CityCare CSR Movement 09 project. It also sponsored a direct pay service portal where the Bank contributed 50 cents for every online transaction undertaken by customers and channeled all proceeds to deserving primary school children and families. It re-launched its Youngstarz Savings Account with an innovative programme where hampers and cash were given to the underprivileged elderly for new accounts opened.

Maybank Islamic and Etiqa contributed over RM8 million in zakat payment during the year to benefit the less privileged and needy.

Etiqa donated four houses to Rumah Pendidikan At-Tohiriah in Port Dickson, to house more than 60 orphans and poor children along with their caretakers and educators. It also built hostels and upgraded a multipurpose hall and classes for students of Madrasah An-Nuriah, Paya Rumpit, Melaka, as well as provided school equipment and financial assistance to 183 poor students around Baling. In addition it built and equipped a canteen at a Tahfiz School in Kelantan.

Maybank teamed up with leading Chinese newspaper Sin Chew Daily, for a year-long consumer community programme titled "My Heart, My Land". The programme reinforced Maybank's positioning as a community financial

services leader in urban and non-urban areas, demonstrating the engagement through the years with customers to bring greater development and economic prosperity for all communities served.





In areas of medical and health support, BII made contributions to the Daarul Rizky Clinic in North Jakarta to pay for expenses of children requiring cleft lip and hernia surgery. It continued its UN-World Food Programme allocating USD100,000 to support the school feeding programme that benefit more than 5,000 elementary schools in 20 cities in Indonesia. It supported the "Walk the World" programme held by the United Nations to help end hunger.

In Vietnam, Maybank Hanoi visited Ba Vi Handicapped Children and Old People Centre in Hanoi donating hampers and essential items worth VND10 million as well as organising activities with the residents.

Through Maybank2u.com, the Group assisted two charities, Yayasan Al Jenderami, a Muslim NGO and Yayasan Al Ijabah caring for HIV patients in their on-line charity drive. It assisted the Malaysian National Cancer Council (MAKNA) in promoting an online donation campaign.

### Youth & Education

The Maybank Scholarship Awards Scheme attracts interest from students in local institutions of higher learning to be Maybank scholars and join the Group upon graduation. A total of 107 scholars are currently being supported. The annual Maybank Group Academic Achievement Awards for



children of Maybank employees to promote academic excellence also disbursed cash rewards to 419 students who achieved excellent results in their public examinations during the year. More than RM1.1 million was spent on these two Awards.

Maybank was also honoured with the title of "Child Friendly Commercial Bank" in March 2010 in recognition of the Bank providing financial solutions to those involved in setting up kindergartens and other education facilities for children.

Maybank entered a major partnership with MoneyTree (M) Sdn Bhd to educate school children on financial management and promote entrepreneurship among youth through the Young Entrepreneurship Startup (Y.E.S.) Challenge. More than 10,000 students have been reached through these programmes.

Maybank was principle sponsor for the "Live & Inspire Series" Programme undertaken by an enterprising young social network group to promote leadership and innovation among young entrepreneurs. The programme invites corporate leaders to share their experiences and inspire the creation of groups of visionary leaders who can contribute to the growth of the nation. Each session is also podcast in the "Live & Inspire" website.

For the 11th year running, Maybank was the premier partner of PNB's annual Minggu Saham Amanah Malaysia to help create greater awareness among all Malaysians about the investments opportunities available through various savings and investment products.



Etiqa Insurance and Takaful established a partnership with Universiti Utara Malaysia to offer a bachelor's degree programme specifically for insurance and takaful agents. Etiqa also organised an academic and life skill programme for 38 children of its employees.

In Indonesia, BII in partnership with Karya Salemba Empat, an NGO engaged in education programmes, provided scholarships to 100 students at Gadjah Mada University, Yogyakarta. BII pioneered an Apprentice Programme with ABFI Institute Perbanas Indonesia where 11 students from various institutions of higher learning underwent a 6-month internship with the Bank. It also promoted banking literacy programmes for elementary school teachers via a Popay Satori Gathering Event.

BII continued its strong programme in educational initiatives contributing Rp1.19 billion for the reconstruction of classrooms in primary schools in Yogyakarta destroyed by the recent earthquake. It constructed fully furnished BII classrooms for a special school for underprivileged families in the Lengkong Wetan area in Tangerang in collaboration with Bina Anak Indonesia and rebuilt a library in Tasikmalaya for SMP N1 Cigalontong.

Maybank Singapore continued for the seventh year its sponsorship of the Berita Harian Financial Planning Conference to promote financial education among the Malay community in Singapore, while BII conducted a Journalist Writing and Photography Contest as part of its campaign to educate the public on banking knowledge. It also sponsored a new print-and-online programme called Cyber Sleuths on internet safety for families and children.



### Disaster Relief

During the year, Maybank revived its *Tabung Gempa Nusantara Utusan-Maybank* which was initiated in 2008 to help raise funds for victims of the Indonesia earthquake, and again offered our range of electronic channels for public donations. Over RM300,000 was collected this time for the earthquake victims in Padang, Indonesia reflecting the unique strengths and capabilities of Maybank's electronic channels for fundraising in the community.

BII also implemented an active disaster relief programme which raised over Rp4 billion during its fund-raising campaign for relief work in Aceh and Nias, Indonesia. BII and Jati Nurani Foundation have initiated a project to build clapboard homes for victims in Padang.

Following the spate of other natural disasters after the earthquake in Padang, such as the typhoons in the Philippines and Vietnam and the tsunami in Samoa, Maybank supported the NSTP-Media Prima Group in raising funds for its *Tabung Bencana NSTP-Media Prima* which was set up in October 2009. Maybank donated RM500,000 to this fund, while employees at BII Indonesia assisted on the ground level. Maybank staff also collected more than RM100,000 for their overseas colleagues affected by natural disasters in Indonesia, Philippines and Vietnam.



## Our Commitment to the Environment

Maybank has established numerous environment protection and conservation initiatives to reduce operational emissions and paper consumption. Paper recycling is supplemented by electronic communications and payment, energy-saving guidelines, and providing online statements, an initiative that has been promoted through Maybank2u's 'Love The Earth' campaign. Under this campaign, customers are encouraged to switch to online statements instead of receiving printed copies. Maybank has committed RM1 for each switch, which will be donated to three environmental organisations. Over RM170,000 has been raised to date.

## Biodiversity

This year, Maybank entered into a landmark agreement with the Malaysian Conservation Alliance for Tigers (MyCAT) by providing a RM1 million grant for a two-year research and social outreach programme aimed at creating awareness on the plight of the Malayan Tiger. Maybank employees have also been volunteering at various outreach sites such as night markets and shopping centres to educate the public on tiger conservation and anti-poaching efforts.

Maybank continued to sponsor tigers at Zoo Negara and Zoo Melaka as part of efforts to educate Malaysians on wildlife protection. Maybank2u.com meanwhile assisted the Worldwide Fund for Nature (WWF) by promoting an online donation campaign for its programmes.

Maybank organised A Green Day in conjunction with World Environment Day at Menara Maybank. Support for a greener environment was extended into the Group's Cahaya Kasih programme with the planting of trees at our adopted homes in Penang. In addition, Etiqa volunteers held a beach cleaning programme at Teluk Cempedak Kuantan, Pahang.



Maybank participated in the worldwide symbolic Earth Hour 2010 by switching off all lights for an hour at Menara Maybank, Dataran Maybank and Maybank Tower Singapore.

This year BII supported the Green Festival conducted by Komunitas Hijau Pondok Indah in Jakarta. It also organised green programmes with an environmental NGO, Wahana Lingkungan Hidup Indonesia (WALHI) to educate the community, especially youth, on the importance of maintaining cleanliness of beaches.

During the year, the Group was also active in sponsoring forums such as that hosted by Securities Commission entitled "Climate Change and The Impact to Health" in April 2010 and contributed articles on sustainability development in both local and international publications.

## Heritage, Arts & Culture

Maybank promotes the preservation of heritage through activities at Balai Seni, its art gallery and the Numismatic Museum, as well as through sponsorship of books on the environment, culture and heritage.

In conjunction with Maybank's 50th anniversary celebrations which falls in the Year of the Tiger, Maybank sponsored an art exhibition on tigers entitled 'Tiger Show' at Wei-Ling Gallery, a renowned local art gallery. Maybank



Singapore also hosted a customer appreciation event at the Glass Atrium of the National Museum on June 2010, during which customers were treated to a preview of the Singapore 1960 exhibition.

Maybank provided sponsorship support for two publications, one a coffee table book on the Prime Minister of Malaysia, and the other a book on “Half a Century of Malaysia-Indonesia Relations” to help enhance the cordial ties between the two countries.

Bill held an event for young people through its Youth Jazz Band Competition while Maybank Singapore organised a children’s art competition to encourage its appreciation among the young.

### Support for Sports

Maybank was title sponsor for the Maybank Malaysian Golf Open for the fifth year. The tournament is one of the most prestigious international golf events in Asia which carries world-ranking points and global viewership. This significant event with a USD2 million prize money drew a global audience of close to 400 million, promoting Malaysia as an international golf destination as well as providing immense exposure to the Maybank brand. A junior golf training camp was held in partnership with the Malaysian Golf Association as part of our efforts to groom potential champions as well as encourage aspiring young Malaysian golfers to excel.

During the year the Bank partnered with Star Online TV to host a football clinic by a former Malaysian footballer for 100 customers to hone their skills in the game. The Bank also continued to support Maybankers who are state and national players in the various sports competitions, including hockey and football.

### Relationship with Employees

Maybank is committed to the well-being of our employees, firm in the belief that they are our most valuable assets. We engage with our employees through an annual Employee Engagement Survey (EES) and have various reward programmes that benefit their children. Results of the Maybank Group EES 2009 show a significant improvement from 2007 and 2008. Overall, the Group’s employee satisfaction level measures well against the Malaysian benchmark, global industry peers, and even against global high-performing companies. The Employee Engagement Index (EEI) for 2010 stands at 87%, a 5% increase from 2009. We aim to ensure that our working environment is safe while offering opportunities that are challenging and rewarding to all employees.



### Health & Safety at Work

We apply high standards in our management and operations to ensure the health, safety and welfare of our employees. Maybank manages health and safety across the Group through the F.A.S.T (First Aid Standby Team) and OSH (Occupational Safety & Health) Committees and OSH Sub Committees at all our branches nationwide. Sports and recreational facilities are provided at a number of our offices while regular health and safety talks are organised for employees benefit.

During the year, the Group also organised various other wellness and health programmes such as anti-smoking campaign, NIOSH/SOCSO Awareness, personal and traffic safety and blood donations.

### Training & Career Development

The performance of all employees are evaluated regularly and top management usually sets business goals, KPIs and targets which cascade throughout the Group. Accordingly, staff can review their competencies and set developmental objectives. Maybank's Talent Management Framework facilitates the development of employees' competency for mass skill upgrading at our learning centre – the Maybank Academy – and through online e-learning at My Campus which is accessible round the clock. With the right knowledge, employees are equipped to perform optimally and work synergistically as one effective team.

### Responsibility in the Marketplace

In line with responsible business practices, we constantly engage with stakeholders, especially customers, suppliers and investors, to provide a clear understanding of Maybank's performance and enhance their experience with us.



### Customers

Customers are central to our sustainability strategy and we are conscious of our responsibility to provide both our business and individual customers with quality products and services at a fair price. We also offer honest advice and treat all customers fairly, ensuring transparency in our dealings and assisting them in times of need.

We maintain our customers' trust by engaging them in surveys, seeking their feedback and channeling this into better customer service programmes. Maybank has also always prioritised support for Small and Medium Enterprises (SMEs), with our staff facilitating workshops and clinics that have benefited hundreds of SMEs across the country. In 2009, we incorporated a CSR module in our seminars on lending focusing on the SMEs.

This year, Maybank actively promoted green technology funding, namely the Government funding schemes for Clean Development Mechanism (CDM) initiatives, such as the Green Technology Financing Scheme for companies that supply and utilise green technology launched in January 2010, with a total allocation of RM1.5 billion. Roadshows on such financing were held nationwide.

### Suppliers

Maybank is fully committed to the continual improvement in environmental, social and ethical performance when working with key suppliers. We adopt responsible procurement practices in line with the GLC Red Book guidelines and Anti-Crime Policy/Measures, especially cyber crime. Accordingly, our procurement policy has detailed guidelines on information handling and conflicts of interest. We also manage supply chain risks through our Group Procurement Policy and Code of Conduct. We expect all vendors to maintain the highest standards of integrity, and constantly evaluate their performance against our Service Level Agreement (SLA).

### Investor Relations

Maybank engages in constant dialogue with our investors and shareholders through Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs), group conferences and various investor relations programmes. Our AGMs and EGMs are the primary platforms for direct two-way interaction between the Board and Management of the Group and our shareholders. We keep investors updated on the Group's performance, strategies and key business activities including quarterly financial announcements. Information on the Group's financial performance is available on our website, [www.maybank.com](http://www.maybank.com).



## statement on **corporate governance**



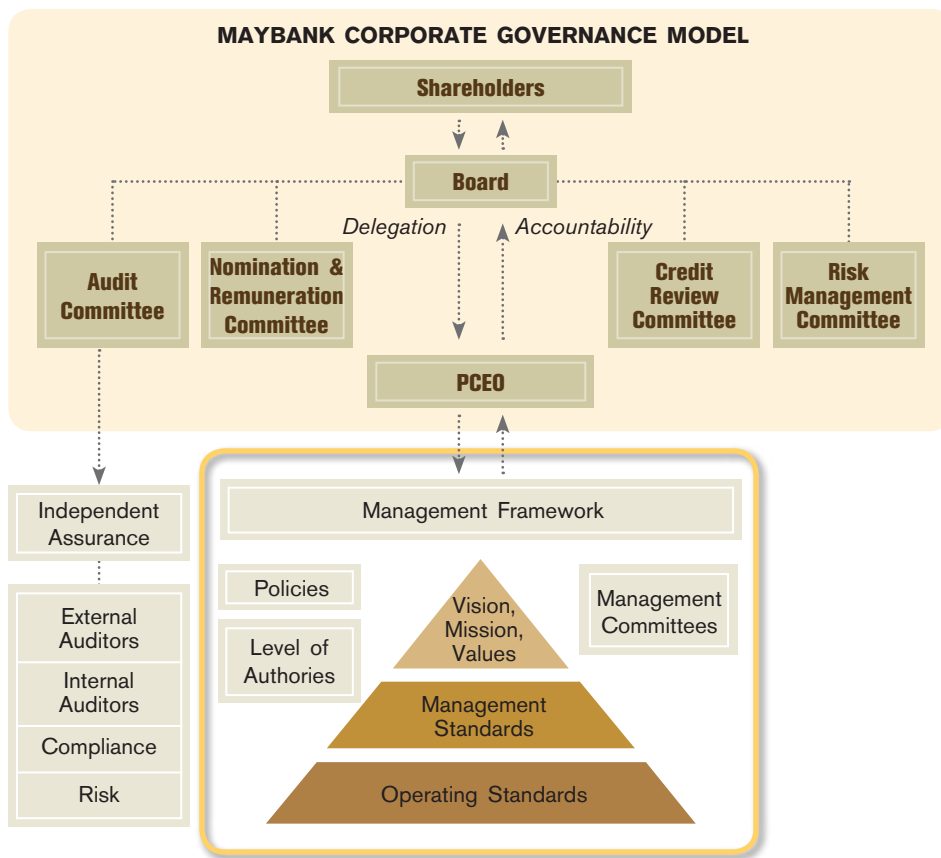
**The Group acknowledges the importance of corporate governance in enhancing stakeholder value, increasing investor confidence, establishing customer trust and building a competitive organisation to pursue the Group's corporate vision to be a regional financial services leader by 2015. The Board's fundamental approach to good corporate governance is to ensure that the right executive leadership, strategy and internal controls are well in place. Additionally, the Board is committed to achieving the highest standards of business integrity, ethics and professionalism across all of the Group's activities.**

Maybank Group's corporate governance model adopts the following requirements and guidelines on corporate governance best practices:-

- (i) Revised Malaysian Code on Corporate Governance ("the Code");
- (ii) Bank Negara Malaysia's ("BNM") Revised Guidelines on Corporate Governance for Licensed Institutions ("BNM/GP1")
- (iii) Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements");
- (iv) "Green Book on Enhancing Board Effectiveness" ("Green Book") by the Putrajaya Committee on GLC High Performance; and
- (v) Corporate Governance Guide ("CG Guide") by Bursa Securities.

Maybank also refers to the Minority Shareholder Watchdog Group ("MSWG") Corporate Governance Scorecard as a guide in ensuring its practices are in line with best practices.

The Board will continue to review its governance model to ensure its relevance and ability to meet the challenges of the future. The review will also consider the adoption of international governance best practices particularly in respect of the countries that the Bank has presence in.



The Board of Maybank is pleased to inform the shareholders on the application of its corporate governance model and the extent of compliance with the Best Practices of the Code throughout the financial year ended 30 June 2010, as set out hereunder.

## THE BOARD OF DIRECTORS

### Board Charter

In December 2009, the Board of Directors of Maybank formally adopted the Board Manual (“Manual”), which provides guidance and reference for directors in discharging their duties effectively relating to the Board’s role, powers, duties and functions.

The Manual reflects not only current best practices in the relevant rules and regulations, but also outlines processes and procedures to ensure the Group’s boards’ and their committees’ effectiveness and efficiency. It is a dynamic document to be updated from time to time to reflect changes to the Bank’s policies, procedures and processes as well as amended relevant rules and regulations, or to be reviewed at least once in two years, whichever is earlier.

The Manual comprises, amongst others, well defined terms of reference as well as authority limits for the Board and its committees, and the various relevant internal policies.

The chapters covered under the Manual are as follows:-

- (i) Group’s standard of business conduct
- (ii) Directors’ duties and obligations
- (iii) Appointment and resignation of Directors
- (iv) Governance structure
- (v) Board and Board Committee proceedings
- (vi) Remuneration and benefits for Directors
- (vii) Supply of information to the Board
- (viii) Training and induction programme
- (ix) Annual Board assessment



- (x) Conflict of interest and related party transaction
- (xi) Other key policies of the Group

### Roles and responsibilities of the Board

The Board has the responsibility to periodically review and approve the overall strategies, business and organisation, and significant policies of the Bank. The Board also sets the Company's core values and adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:-

- Reviewing and approving the strategic business plans for the Bank and Group;
- Identifying and managing principal risks affecting the Group;
- Reviewing the adequacy and integrity of the Group's internal control system;
- Overseeing the conduct and the performance of the Group's businesses;
- Approving the appointment and compensation of senior management staff;
- Approving new policies pertaining to staff salary and benefits;
- Approving changes to the corporate organisation structure;
- Approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes; and
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programmes.

Other than as specifically reserved to the Board in the Board Charter, the responsibility for management of Maybank's business activities is delegated to the President and Chief Executive Officer ("PCEO") who is accountable to the Board.

### Board composition and balance

The Board of Maybank currently comprises 11 Directors. Seven Directors are Independent Non-Executive Directors, three are Non-Independent Non-Executive Directors (nominees of Permodalan Nasional Berhad, "PNB") and one is a Non-Independent Executive Director (PCEO).

The current composition of the Board is in compliance with Chapter 1.01 of the Listing Requirements as more than half of its members are Independent Directors.

The Directors bring to the Board a wealth of knowledge, experience and skills in the aspects of accountancy, law, regulation, international business operations and development, finance and risk management, amongst others. A brief profile of each member of the Board is presented on pages 74 to 84 of this Annual Report.

The Board affirms the selection of Directors is based on merit guided by the criteria outlined in the Group's Policy on Fit and Proper Criteria for Appointment as Chairman, Directors and Chief Executive Officers of Licensed Institutions in Maybank Group ("Fit and Proper Policy") as duly assessed by the Nomination and Remuneration Committee ("NRC"). Notwithstanding, the Board will endeavour to continue its search for a competent woman director to be considered for appointment in due course to widen its inclusiveness of gender mix.

### Director Independence and Independent Non-Executive Directors

The composition of the Board reflects the interest of the majority shareholder, which is adequately represented by the appointment of its nominee Directors, balancing the interest of the minority shareholders. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationships with the Group (other than in situations permitted by regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Group and its shareholders. Further, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

The Non-Executive Directors of Maybank continue to proactively engage with senior management and other relevant parties such as the external/internal auditors and the Bank's Compliance unit, to ensure that the various concerns and issues relevant to the management and oversight of the business and operations of the Bank and the Group are properly addressed. The Board's commitment to ensure good governance in deliberation of key issues is evident with the introduction of "Board Time Without Management" as a permanent item in the monthly Board meeting agenda (at the end of each meeting) since October 2009.

BNM/GP1 further outlines that an Independent Non-Executive Director, amongst others, shall not have more than 5% equity interest in the licensed institution or in its related companies, or be connected to a substantial shareholder of the licensed institution.

In addition to the aforesaid requirements, the Board ensures that all Independent Non-Executive Directors possess the following qualities:-

- Able to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision for the good of the company;
- Are willing to stand up and defend their own views, beliefs and opinions for the ultimate good of the company; and
- Have a good understanding of the company's business activities in order to appropriately provide response on the various strategic and technical issues confronted by the Board.

The Board has considered all relevant facts in assessing independence before appointing the seven Independent Non-Executive Directors, namely Dato' Mohd Salleh Hj Harun, Tan Sri Datuk Dr Hadenan A. Jalil, Dato' Seri Ismail Shahudin, Dato' Dr Tan Tat Wai, Dato' Johan Ariffin, Mr Cheah Teik Seng and Mr Alister Maitland; and the Board finds that they meet the said requirements.

### Senior Independent Non-Executive Director

In line with best practices on corporate governance, the Board has identified and appointed Tan Sri Datuk Dr Hadenan A. Jalil as the Senior Independent Director ("SID") of the Board to whom concerns of shareholders and stakeholders may be conveyed. The SID is responsible for addressing concerns that may be raised by the shareholders and to lead in all governance-related issues.

The SID may be contacted at the following email address: [adenan.aj@maybank.com.my](mailto:adenan.aj@maybank.com.my).

### Board appointment process

There is a formal and transparent procedure for the appointment of new Directors to the Board, the primary responsibility of which has been delegated to the Nomination and Remuneration Committee ("NRC"), formerly two separate Board Committees, namely the Nomination Committee ("NOMC") and Remuneration and Establishment Committee ("REC"), which have been merged and are now known as the NRC effective 27 May 2010. The NRC comprises exclusively Non-Executive Directors, with its Chairman and the majority of whom are independent. This composition ensures that any decisions made are impartial and in the best interest of the Group. Guided by the Group's Fit and Proper Policy (which was implemented in August 2006) and in line with BNM/GP1, the NRC recommends to the Board suitable candidates for directorships and appointment of key senior management of the Bank and relevant subsidiaries. The NRC also ensures candidates satisfy the relevant requirements on the skills and core competencies of a Director and are deemed fit and proper to be appointed as Director in accordance with the Fit and Proper Policy.

The Fit and Proper Policy outlines the attributes and qualifications of a candidate to determine his suitability, amongst others, in respect of his

management and leadership experience, which ought to be at the most senior level in a reputable local or international financial services group, public corporation or professional firms/bodies. In respect of the candidate's skills, expertise and background, he should ideally and to the extent available, possess a diverse range of skills, including in particular, business, legal and financial expertise, professional knowledge and financial industry experience, as well as experience in regional and international markets.

The Fit and Proper Policy is also critical as a guiding mechanism to identify the gaps in skills of the composition of the Board. The Fit and Proper Policy outlines the requirement for Non-Executive Directors of Maybank who have reached the age of 70 and above, and those who have served the Board for 12 years or more to submit their resignation letters annually to the NRC six months before the AGM, for appropriate recommendations to be made to the Board. The Board acknowledges the view of MSWG and others that the appropriate term for Independent Non-Executive Directors should not be more than nine years and may consider this in the next review of the Fit and Proper Policy.

The Policy on the Nomination Process for the Appointment of Chairman, Director and CEO of Licensed Institutions in the Group ("Policy on Nomination Process") sets out a clear and transparent nomination process on the same. The nomination process involves the following five stages:-



Upon the approval by the relevant Board, the application for the appointment of such candidates would thereafter be submitted to BNM for the requisite approval under the Banking and Financial Institutions Act, 1989 ("BAFIA") and Insurance Act and Regulations 1996, as the case may be.

The appointment process for Executive Directors would in essence include the identification of potential candidates by a special committee of the Board based on the description of the expectation of the roles and capabilities required by the Board. This is subsequently followed by a submission to the NRC for deliberation and ultimately, the final recommendation to the Board for approval.

The year saw a Board transition exercise with eight new Directors appointed for the period between 1 July 2009 and 30 September 2009 being the date of the 49th Annual General Meeting of Maybank. From 1 October 2009 to 30 June 2010, two new Directors had been appointed, namely Tan Sri Megat Zaharuddin Megat Mohd Nor, a Non-Independent Non-Executive Director as Chairman on 1 October 2009, and Dato' Mohd Salleh Hj Harun, an Independent Non-Executive Director as Vice Chairman on 18 November 2009.

Two of the former Non-Executive Directors, namely Tan Sri Mohamed Basir Ahmad (also the former Chairman of Maybank) and Datuk Syed Tamim Ansari Syed Mohamed, had opted not to seek re-election as Directors and retired on 30 September 2009 upon conclusion of the said Annual General Meeting. In addition, Mr Spencer Lee Tien Chye resigned as a Non-Independent Non-Executive Director effective 18 November 2009.

The Board considers that the appointment of Tan Sri Megat Zaharuddin Megat Mohd Nor and Dato' Mohd Salleh Hj Harun who bring their own unique skills, experience and knowledge in the commercial sector with particular exposure in the financial-related industry and at the highest level of leadership will ensure that the critical competency gaps identified by the Board are appropriately addressed and provide fresh insights that would help the Bank overcome the challenges ahead. The profiles of the Chairman and Vice Chairman are stated on pages 74 and 75 of this Annual Report.

### **Directors' retirement and re-election**

All directors of the Bank, including the PCEO, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three years in accordance with the Bank's Articles of Association. Board support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance.

Directors who are due for re-election at the AGM will be first assessed by the NRC, which will then submit its recommendations to the Board for deliberation and approval. Upon obtaining Board's endorsement, the relevant submission including the justifications for such re-appointment is thereafter made to BNM for approval if the relevant director's BNM's term of appointment is expiring.

The Board has determined that the five Directors who are due for re-election at the forthcoming AGM have continued to perform in an exemplary manner and have met the Board's expectations which include their contributions to Board deliberations.

### **Board and individual Director's effectiveness**

Annually, the NRC provides a formal and transparent procedure for the assessment of effectiveness of individual Directors, the Board as a whole and its committees, and the performance of the PCEO.

The Board and Peer Annual Assessment exercise is primarily based on answers to a detailed questionnaire prepared internally by Corporate and Legal Services ("CLS") of Maybank. The assessment form is distributed to all the respective Board members and covers topics which include, amongst others, the responsibilities of the Board in relation to strategic planning, risk management, performance management, financial reporting, audit and internal process, human capital management, corporate social responsibility, communication, corporate governance, and shareholders' interest and value. Other areas assessed include Board composition and size, the contribution of each and every member of the Board at meetings, the Board's decision-making and output, information and support rendered to the Board as well as meeting arrangements.

The results of the Board and committee assessment are reviewed at the Board and actionable improvement programmes identified, which may include training needs of individual Directors, to be reviewed quarterly thereafter. The Chairman would discuss with individual members on the peer assessment whilst the Chairman of the NRC would discuss with the Chairman of the Board on the latter's assessment results.

The Board has considered its size and composition following the Annual Board Assessment exercise for the financial year ended 30 June 2010 and is satisfied with the current number and composition of the Board to ensure an efficient and effective conduct of board deliberation pursuant to BNM/GP1. The current Board size enables the Board to discharge its function in a professional manner in consideration of the size, breadth and complexity of the Group's business activities, domestically as well as internationally.

The Board believes that the quality of its Directors, each of whom offers a broad range of skills, knowledge and experience, ensures that they are able to challenge management, develop and drive the Group's vision and

strategy, and that the governance standards are continuously upheld. The Chairman will always try to ensure that the Board's decisions are based on consensus, and any concern or dissenting view expressed by any Director on any matter deliberated at meetings of the Board or any of its Committees as well as the meeting's decision, will accordingly be addressed and recorded in the relevant minutes of meetings.

### **Role and responsibilities of the Chairman and the President & CEO**

The roles and responsibilities of the Chairman and the PCEO are clearly separated, defined and documented as approved by the Board. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making.

### **Chairman**

Tan Sri Dato Megat Zaharuddin Megat Mohd Nor is the Chairman of Maybank. Prior to his appointment as the Chairman of Maybank on 1 October 2009, he was an Independent Non-Executive Director of Maybank from July 2004 until February 2009. He has never assumed an executive position in Maybank.

The Chairman leads the Board and is also responsible for the effective performance of the Board. The Chairman continuously works together with the rest of the Board in setting the policy framework to align the business activities driven by the senior management with the Group's objectives and aspirations, and ensuring that the Board supports the strategy formulated by the Bank and monitors its implementation.

The Chairman ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of

scepticism and independence. He also ensures that each Board decision is made collectively by consensus, failing which reflects the will of the majority.

The Chairman takes the lead to ensure the appropriateness and effectiveness of the succession-planning programme for the Board and senior management levels. He also promotes a healthy working relationship with the PCEO and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders.

### ***The President & CEO***

Dato' Sri Abdul Wahid Omar has been the PCEO and Executive Director of Maybank since May 2008. As PCEO, he has been delegated certain responsibilities by the Board and is primarily responsible for overseeing the day-to-day operations to ensure the smooth and effective running of the Group. Furthermore, he is responsible for mapping the medium to longer term plans for Board approval, and implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes, especially in the institution of remedial measures to address identified shortcomings. He is also responsible for developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investments and other activities based on effective risk management controls.

The PCEO ensures that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholders and that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant

laws and regulations. His other responsibilities include ensuring that whilst the ultimate objective is maximising total shareholders return, social and environmental factors are not neglected, and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees, and providing the effective leadership to the organisation. He is also responsible for ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations. The PCEO, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

### **Board meetings**

The Board meets every month with additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings. During the financial year ended 30 June 2010, the Board met 21 times to deliberate and consider a variety of significant matters that required its guidance and approval.

All Directors have complied with the requirement that Directors must attend at least 75% of Board meetings held in the financial year in accordance with BNM/GP1, and attended at least 50% of Board meetings held in the financial year pursuant to the Listing Requirements.

Additionally, three of the 21 Board meetings were held at regional operations centres located outside of Kuala Lumpur, to enable the members to visit the numerous operations centres not only to provide more effective oversight but also to better understand the Group's operations and customer needs and issues as well as meet with the management and staff at Group and Region level at sessions and events organised in conjunction with the Board meetings.

The current practice of Board members who are also members of overseas subsidiary boards attending the various board meetings, in particular of the key overseas subsidiaries, is continued in order to maintain oversight and ensure the operations of the respective subsidiaries are aligned with the Group's strategies and objectives.

During the financial year, a Board Offsite session was held on 19 November 2009 in Singapore in conjunction with a Board Meeting, whereby the Board took the opportunity to discuss key matters in relation to its role in monitoring strategy execution, initiatives to further enhance Board effectiveness and processes; and how the Board could work with senior management to achieve shared goals.

Details of attendance of each Director on the Board and respective Board Committees during the financial year ended 30 June 2010 are as follows:-

Name of Director	Board Scheduled Meeting			CRC Scheduled Meeting			ACB Scheduled Meeting		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
<b>Present Directors</b>									
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor <sup>1</sup>	16	16	100	8	6	75			
Dato' Mohd Salleh Hj Harun <sup>2</sup>	14	14	100	32	28	88			
Dato' Sri Abdul Wahid Omar	21	21	100	51	44	86			
Tan Sri Dr Hadenan A. Jalil <sup>3</sup>	21	18	86	49	45	92	17	17	100
Dato' Seri Ismail Shahudin <sup>4</sup>	21	20	95	14	12	86	17	13	76
Dato' Dr Tan Tat Wai <sup>5</sup>	21	21	100						
Encik Zainal Abidin bin Jamal <sup>6</sup>	21	20	95	48	41	85	17	16	94
Mr Alister Maitland <sup>7</sup>	18	18	100						
Mr Cheah Teik Seng <sup>8</sup>	18	18	100				11	11	100
Dato' Johan Ariffin <sup>9</sup>	18	18	100	43	33	77	11	10	91
Mr Sreesanthan Eliathamby <sup>10</sup>	18	18	100						
<b>Past Directors</b>									
Tan Sri Mohamed Basir bin Ahmad <sup>11</sup>	5	5	100	12	10	83			
Tuan Hj Mohd Hashir Hj Abdullah <sup>12</sup>				2	1	50	1	1	100
Datuk Zainun Aishah Ahmad <sup>13</sup>				3	3	100			
Datuk Syed Tamim Ansari Syed Mohamed <sup>14</sup>	5	5	100				5	5	100
Mr Spencer Lee Tien Chye <sup>15</sup>	7	6	86	16	16	100	8	7	88

Name of Director	RMC Scheduled Meeting			REC Scheduled Meeting			NOMC Scheduled Meeting		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
<b>Present Directors</b>									
Tan Sri Dr Hadenan A. Jalil				8	6	75	9	7	78
Dato' Seri Ismail Shahudin	8	7	88	8	8	100	9	9	100
Dato' Dr Tan Tat Wai	12	12	100	5	5	100	5	5	100
Encik Zainal Abidin Jamal				8	8	100	9	9	100
Mr Alister Maitland				5	5	100	5	5	100
Mr Cheah Teik Seng	9	9	100						
Dato' Johan Ariffin	3	2	67						
Mr. Sreesanthan Eliathamby	10	9	90						
<b>Past Directors</b>									
Tuan Hj Mohd Hashir Hj Abdullah	1	1	100						
Datuk Zainun Aishah Ahmad	1	1	100						
Datuk Syed Tamim Ansari Syed Mohamed	4	4	100						
Mr Spencer Lee Tien Chye	5	4	80						

Name of Director	NRC Scheduled Meeting		
	Held	Attended	%
Tan Sri Dr Hadenan A. Jalil	2	2	100
Dato' Seri Ismail Shahudin	2	2	100
Dato' Dr Tan Tat Wai	2	2	100
Encik Zainal Abidin Jamal	2	2	100
Mr Alister Maitland	2	2	100

## Note:-

- \* New committee as a result of the merger between REC and NOMC with effect from 27 May 2010.
- <sup>1</sup> Appointed as Chairman of the Board and Chairman of the CRC with effect from 1 October 2009 and 6 October 2009, respectively. Subsequently, he resigned as Chairman of the CRC with effect from 1 December 2009.
- <sup>2</sup> Appointed as Vice-Chairman with effect from 18 November 2009. Subsequently, he was appointed as member of the CRC on 24 November 2009 and thereafter as Chairman of the CRC with effect from 8 December 2009.
- <sup>3</sup> Appointed as Director and member of the CRC, ACB, REC and NOMC with effect from 15 July 2009. Subsequently, he resigned as a member of the CRC effective 30 June 2010.
- <sup>4</sup> Appointed as Director and member of the CRC, ACB, RMC, REC and NOMC with effect from 15 July 2009. Subsequently, he resigned as a member of the CRC effective 29 October 2009.
- <sup>5</sup> Appointed as Director and member of the RMC, REC and NOMC with effect from 15 July 2009.
- <sup>6</sup> Appointed as Director and member of the CRC, ACB, REC and NOMC with effect from 22 July 2009.
- <sup>7</sup> Appointed as Director and member of the REC and NOMC with effect from 26 August 2009.
- <sup>8</sup> Appointed as Director and member of the ACB and RMC with effect from 26 August 2009.
- <sup>9</sup> Appointed as Director and member of the CRC, RMC and ACB with effect from 26 August 2009. Subsequently, he resigned as a member of the RMC effective 18 November 2009.
- <sup>10</sup> Appointed as Director and member of the RMC with effect from 26 August 2009.
- <sup>11</sup> Retired as Chairman of the Board and Chairman of the CRC with effect from 1 October 2009.
- <sup>12</sup> Retired as Director and member of the CRC, ACB and RMC with effect from 15 July 2009.
- <sup>13</sup> Resigned as Director and member of the CRC and RMC with effect from 22 July 2009.
- <sup>14</sup> Retired as Director and member of the ACB and RMC with effect from 1 October 2009.
- <sup>15</sup> Resigned as Director and member of the CRC, ACB and RMC with effect from 18 November 2009.



## Directors' Remuneration

Directors' remuneration is generally determined at levels which would continue to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group.

For the Executive Director, the component parts of remuneration are structured so as to link short and long-term rewards to corporate and individual performance. A significant portion of the Executive Director's compensation package has been made variable in nature to be determined by performance during the year against the individual Key Performance Indicators in a scorecard aligned with the corporate objectives, and approved by the Board.

For Non-Executive Directors ("NEDs"), the level of remuneration generally reflects the experience and level of responsibilities undertaken. The determination of remuneration packages for NEDs including the Non-Executive Chairman, is a matter for the Board as a whole following the relevant recommendation made by the NRC.

The current remuneration policy of the Directors comprises the following:-

- (a) Basic salary  
Basic salary of the Executive Director is based on the recommendation of the NRC.
- (b) Director's fees and meeting allowances (in effect since 2006)  
For Board of Directors, RM120,000 per annum for Chairman, RM110,000 per annum for Vice Chairman and RM100,000 per annum for each NED. For Board Committees, RM12,500 per annum for Chairman and RM10,000 per annum for members.

The meeting allowance is RM750 per meeting.

- (c) Benefits-in-kind and emoluments

Benefits for NEDs include medical coverage, insurance coverage (Group Personal Accident, Group Term Life and Directors & Officers' Liability), travel benefits and use of Maybank holiday apartments/bungalows.

The Chairman is also paid monthly other emoluments commensurate with responsibilities befitting his position, for example in representation and organisation capability building.

The Board in 2007 had approved certain benefits for retired NEDs which would be enjoyed by Directors who have served on the Board for five years or more, amongst others banking products at privilege rates and use of Maybank holiday apartments/bungalows.

*Note: The Bank's ESOS which was also applicable to certain eligible NEDs had lapsed in August 2009, following a decision made in May 2006 to discontinue it for fiscal reasons.*

Mindful that Maybank's Director remuneration had lagged the market, more so given the expanding scope of the Group's activities, the Board in November 2009 decided to undertake a review of NEDs remuneration framework to ensure that remuneration commensurate with the responsibilities assigned to Directors. To ensure an independent and holistic review, the Board appointed Messrs. PricewaterhouseCoopers ("PwC") to undertake the review exercise. PwC coincidentally was also commissioned by BNM-Financial Institutions Directors' Education ("FIDE") to assess the framework for remunerating NEDs given the aftermath of the global financial crisis.

The NRC and the Board have deliberated on PwC's recommendations. The proposed revised Maybank's NEDs remuneration pertaining to Maybank Directors' fees and meeting allowances will be tabled to the shareholders for approval at the forthcoming AGM.

A summary of the total remuneration of the Directors, distinguishing between Executive and Non-Executive Directors, in aggregate with categorisation into appropriate components for the financial year ended 30 June 2010 (including Directors' fees to be tabled at the forthcoming AGM for shareholders' approval) is as follows:-

	Salary (RM)	Bonus (RM)	Directors' Fees <sup>(a)</sup> (RM)	Other emoluments <sup>(b)</sup> (RM)	Benefits in kind (RM)	Total (RM)
<b>Executive Directors</b>						
Dato' Sri Abdul Wahid Omar	1,080,000	2,160,000	–	742,937	79,397	<b>4,062,334</b>
<b>TOTAL</b>	<b>1,080,000</b>	<b>2,160,000</b>	<b>–</b>	<b>742,937</b>	<b>79,397</b>	<b>4,062,334</b>
<b>Non-Executive Directors</b>						
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor	–	–	231,164	384,250	27,002	642,416
Dato' Mohd Salleh Hj Harun	–	–	203,137	41,000	–	244,137
Tan Sri Dr Hadenan A. Jalil	–	–	338,384	94,000	–	432,384
Dato' Seri Ismail Shahudin	–	–	362,548	71,000	–	433,548
Dato' Dr Tan Tat Wai	–	–	279,699	44,000	–	323,699
Encik Zainal Abidin Jamal	–	–	317,562	94,000	–	411,562
Mr Alister Maitland	–	–	218,384	29,000	–	247,384
Mr Cheah Teik Seng	–	–	208,849	37,000	–	245,849
Dato' Johan Ariffin	–	–	216,986	62,000	–	278,986
Mr Sreesanthan Eliathamby	–	–	186,247	27,000	–	213,247
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>2,562,960</b>	<b>883,250</b>	<b>27,002</b>	<b>3,473,212</b>
<b>GRAND TOTAL</b>	<b>1,080,000</b>	<b>2,160,000</b>	<b>2,562,960</b>	<b>1,626,187</b>	<b>106,399</b>	<b>7,535,546</b>

## Notes:

- (a) Directors' fees are subject to shareholders' approval at Maybank's Annual General Meeting on 29 September 2010.
- (b) Executive Director's Other Emoluments include allowance, EPF, SOCSO and EPF on bonus.
- (c) This list excludes NEDs who have left the Board during the financial year.

### Independent professional advice

Individual Directors may seek independent professional advice at the Bank's expense where necessary, in the furtherance of their duties in accordance with the Bank's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Company Secretary by Directors of Maybank Group. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective Director, would be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's growth and performance.

In the financial year, no Director invoked this process for independent professional advice.

### Company Secretary

The General Counsel and Company Secretary, in his function as the Company Secretary, is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretary also include, amongst others, the following:-

- Attending Board and Board Committee meetings and ensuring that the proceedings of Board and Board Committee meetings and decisions made thereof, are accurately and sufficiently recorded;
- Ensuring that minutes of meetings are properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements, Bank Negara Malaysia and other regulatory requirements;

- Communicating the decisions of the Board for senior management's attention and further action;
- Ensuring all appointments and re-appointments of Directors are in accordance with the relevant legislations;
- Handling company share transactions, such as issuance of new shares and arranging for the payment of dividends;
- Advising Directors on regulatory compliance issues relevant to Directors' duties, including on the closed period for trading in Maybank shares, pursuant to Chapter 14 on Dealings in Securities of the Listing Requirements; and
- Managing the necessary preparation and arrangements for general meetings of the Bank to ensure smooth proceedings and adherence to regulations.

All Directors have access to the advice and services of the Company Secretary.

### Quality and supply of information to the Board

The Board has full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the senior management of the Group. In addition to formal Board meetings, the Chairman maintains regular contact with the PCEO to discuss specific matters, and the latter assisted by the Company Secretary ensures that frequent and timely communication between the senior management and the Board is maintained at all times as appropriate.

Directors are also regularly updated and apprised of any new regulations and guidelines, as well as any amendments thereto issued by Bank Negara Malaysia, Bursa Malaysia Securities Berhad, Securities Commission, the Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on

corporate law reform in respect of Malaysian as well as relevant foreign jurisdictions, particularly the effects of such new or amended regulations and guidelines on directors specifically, and the Bank and the Group generally.

Board Meetings for the ensuing financial year are scheduled in advance before the end of the financial year, specifically before the end of the calendar year, so as to allow members of the Board to plan ahead and fit the coming year's Board and Board Committees meetings into their respective schedules.

Prior to each Board meeting, an agenda together with comprehensive reports for each agenda item to be discussed is forwarded to each Director at least five clear days before the scheduled meeting to enable the Directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting.

Further, the Bank's minutes of meetings of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions and are concise and accurate in accordance with the recommendations of the Code.

The Annual Board Outline Agenda was introduced in November 2009 with the main objective of highlighting to the Board and relevant Board Committees as well as the senior management subject matters other than 'routine' for the year to facilitate better planning and for greater time effectiveness of various parties. It also gives a greater sense of discipline on the part of senior management to commit to the said outline. At the same time, such focus allows the Board to deliberate on and contribute towards achieving a higher level of value-added discussions on such identified issues and other relevant matters.

### Board Satisfaction Index ("BSI")

Following the introduction of the BSI last year, an effort to ensure continuing adequate support is provided to the Board to assist Directors in discharging their duties effectively, the BSI exercise was conducted in July 2010 for the financial year ended 30 June 2010. The areas of assessment cover transactional and operational efficiency, which includes Board and Board Committees minutes, papers and meeting arrangements, and training and knowledge management, as well as advisory services on matters concerning Directors' duties, such as disclosure of interests and prohibition against trading.

Based on feedback received from Board members, the Board was generally satisfied with the support provided for the period under review and several areas had been identified for further improvement.

### Structured Training Programme for Directors

The Board is responsible for further enhancing the skills and knowledge of its members on relevant new laws and regulations and changing commercial risks, as well as to keep abreast with developments in the financial services industry through a Structured Training Programme for Directors ("STPD"). The STPD requires that each Director attend at least one training programme, which is to be specifically developed by the organisation for its Directors during the financial year.

For the period under review, all the Board members have complied with the aforesaid internal policy by attending various training programmes and workshops on issues affecting the Group, which were organised internally, as well as in collaboration with external training providers. The main training programmes for the year were the Induction Programme for New Directors and BNM-FIDE programme.

A comprehensive induction programme coordinated by CLS for new Directors was conducted to provide new Directors with the necessary information and overview to assist them in understanding the Group's operations and appreciating the challenges and issues the Group faces in achieving its objectives. The programme covered subject matters such as, amongst others, the Group's business and strategy, work processes and Board Committees, and the duties and responsibilities of Directors of financial institutions.

The key area of focus for training programmes attended by the Directors, with an average of 7 days per director, for the period ended 30 June 2010 are as follows:-

Financial Services Industry	Board Effectiveness	Corporate Governance	Risk Management
<ul style="list-style-type: none"> <li>Updates and overview of GST and Accounting.</li> <li>The Challenge of Implementing FRS139.</li> <li>BNM Financial Industry Conference.</li> </ul>	<ul style="list-style-type: none"> <li>Effective Board Governance Frameworks.</li> <li>BNM – FIDE programme (Module 1 on effective boardroom deliberations).</li> <li>BNM-FIDE (Module 4 on building effective Board team).</li> </ul>	<ul style="list-style-type: none"> <li>Talk on Corporate Governance Lessons from Hong Kong.</li> <li>2nd Annual Corporate Governance Summit 2010.</li> <li>Governance Expectations of International Fund Managers.</li> </ul>	<ul style="list-style-type: none"> <li>Basel II Workshop including overview and progress update.</li> <li>Managing Risks in Mortgage financing.</li> <li>BNM-FIDE programme (Module 2 on Risk Management).</li> <li>BNM-FIDE (Module 3 on Internal controls and audit oversight).</li> </ul>

All Directors have attended and successfully completed the Mandatory Accreditation Programme in compliance with the Listing Requirements.

Apart from attending the various training programmes, some of the Directors were also invited to speak at conferences and seminars organised by regulatory bodies and professional associations.

## BOARD PROFESSIONALISM

### Directorships in other Companies

Pursuant to the Listing Requirements, each member of the Board holds less than 10 directorships in public listed companies and less than 15 directorships in non-public listed companies. Furthermore, the Directors also comply with the best practices recommendation of the Green Book which states that directors should not sit on the boards of more than five listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

It should be noted that even though the Independent Non-Executive Directors hold directorships in several companies in the Maybank Group, the NRC assesses the independence of the said Directors pursuant to a declaration made that they are not taking instructions from any person including Maybank. In this respect, all the Independent Non-Executive Directors of Maybank successfully complied with the relevant guidelines provided in BNM/GP1.

### Conflict of Interest

In line with various statutory requirements on the disclosure of director's interest, it has been the practice of Maybank that members of the Board make a declaration to that effect at the Board meeting in the event they have interest in proposals being considered by the Board, including where such interest arises through close family members, any interested Directors would then abstain from deliberations and decisions of the Board on the subject proposal and, where appropriate, excuse themselves from being present in the deliberations.

### Insider trading

In accordance with the Listing Requirements and the relevant provisions of the Capital Markets & Services Act 2007, Directors, key management personnel and principal officers of the Maybank Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. Notices on the close period for trading in Maybank's securities are circulated to Directors, key management personnel and principal officers who are deemed to be privy to any price sensitive information and knowledge whenever the close period is applicable.

### Directors' and Officers' Insurance

Directors and officers of the Maybank Group are covered against liabilities arising from holding office as Directors by virtue of the Directors' and Officers' Insurance coverage which is put in place by the Bank. The policy covers personal liability of Directors and officers in the form of professional indemnity insurance, which includes any breach of trust, breach of duty, act, neglect, error, omission, misstatement, misleading statements, breach of warranty or authority committed in the respective capacities as Directors or officers. Even though the Directors contribute a part of the premium paid for the insurance policy annually, such policy does not provide coverage in the event the Directors are proven to have acted fraudulently, dishonestly or maliciously.

## BOARD COMMITTEES

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in the execution of its duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.

### Audit Committee

The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the Audit Committee, which met 18 times during the year under review, are summarised in the Audit Committee Report and its Terms of Reference as stated on pages 202 to 207 of this Annual Report.

### Credit Review Committee

The Credit Review Committee is tasked by the Board generally to review all fresh or additional loan applications subject to a pre-determined authority limits and credit risk ratings as may be recommended by the Group Management Credit Committee ("GMCC") as well as to approve the writing off of credit and operational items, in respect of which amount exceeds senior management's authority limit.

In relation to the proposals which would need the final approval or affirmation by the Board, these proposals would be reviewed by the Credit Review Committee prior to being recommended to the Board. The Credit Review Committee is also entrusted to review any Director and staff-related loans as well as policy loans.

The Credit Review Committee comprises the following members:-

Dato' Mohd Salleh Hj Harun (*Chairman*)  
Dato' Sri Abdul Wahid Omar  
Dato' Seri Ismail Shahudin  
Encik Zainal Abidin Jamal  
Dato' Johan Ariffin

The Committee meets weekly and during the year under review the Committee had met 51 times. Details of attendance of meetings by members are stated on page 182 of this Annual Report.

The specific responsibilities of the Credit Review Committee include, amongst others, the following:-

- (i) To review veto all loans approved by the GMCC in respect of applications for fresh or additional facilities exceeding GMCC's discretionary power;
- (ii) To review/veto, with powers to object or to support proposals recommended by the GMCC to the Board for approval/affirmation including statute and policy loans.

#### **Nomination and Remuneration Committee ("NRC")**

Subsequent to the approval given by BNM on 14 April 2010 in respect of the proposed merger of the NRC, the Board at its meeting held on 27 May 2010 had approved the merger of the Nomination Committee and Remuneration & Establishment Committee into one new committee, known as the NRC, in line with the practice adopted by other major banks and GLCs and to reflect compliance with the Revised BNM/GP1.

The members of the NRC are as follows:-

Dato' Seri Ismail Shahudin (*Chairman*)  
Tan Sri Dr Hadenan A. Jalil  
Dato' Dr Tan Tat Wai  
Encik Zainal Abidin Jamal  
Mr Alister Maitland

The NRC held two meetings and each of the Nomination Committee and the Remuneration and Establishment Committee met 9 times during the year. Details of attendance of meetings by members are stated on page 183 of this Annual Report.

The terms of reference of the NRC have been streamlined to ensure adequate focus on key issues under its purview which have been categorised into the following four main areas:-

- (i) Group Human Capital Policies and Strategies;
- (ii) Appointment of Directors and senior management (including the relevant remuneration);
- (iii) Performance assessment of Directors and Chief Executive Officer; and
- (iv) Succession planning and talent management.

The broad responsibilities of the NRC are as follows:-

1. To provide a formal and transparent procedure for the appointment of Directors and CEO as well as assessment of effectiveness of individual Directors, Board as a whole and the performance of the CEO and key senior management officers; and
2. To provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key senior management officers and ensuring that compensation is competitive and consistent with the licensed institution's culture, objectives and strategy.

The specific responsibilities of the NRC include, amongst others, the following:-

- (i) To recommend to Maybank Board, the appointment, promotion and remuneration as well as compensation policies for executives in key management positions;
- (ii) To recommend to the Maybank Board, a Leadership Development framework for the Group;

- (iii) To oversee the general composition of the Board (size, skill and balance between Executive Directors and Non-Executive Directors);
- (iv) To recommend to the Maybank Board, a framework of remuneration for Directors, covering fees, allowances and benefits-in-kind in their work as Directors of all boards and committees;
- (v) To recommend to the Board a policy regarding the period of service for the Executive and Non-Executive Directors;
- (vi) To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Group and its subsidiaries, as well as the procedure for the assessment;
- (vii) To recommend measures to upgrade the effectiveness of the Boards and Board Committees;
- (viii) To recommend to the Maybank Board a Performance Management framework/model, including setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year;
- (ix) To oversee the succession planning, management and performance evaluation of executives in key management positions;
- (x) To consider and recommend solutions on issues of conflict of interest affecting Directors; and
- (xi) To assess annually that Directors and key senior management executives are not disqualified under section 56 of the BAFIA.

### Risk Management Committee

The Risk Management Committee ("RMC") has been delegated by the Board to assume responsibility for the Group's risk oversight. Any approved policy or framework formulated to identify, measure and monitor various risk components, amongst others credit risk, market risk, liquidity risk and operational risk, would be reviewed and recommended by the RMC to the Board. The RMC's

terms of reference were reviewed recently in line with leading practices and approved by the Board in June 2010.

Additionally, the RMC reviews and assesses the adequacy of these risk management policies and ensures infrastructure, resources and systems are employed for risk management.

The RMC meets monthly with additional meetings convened to attend to urgent matters that require its deliberation. During the year, 12 meetings were held. The Chairman and the majority of the Committee's members are Independent Non-Executive Directors and their attendance for the year under review is stated on page 183 of this Annual Report.

The members of the RMC are as follows:-

Dato' Dr Tan Tat Wai (*Chairman*)  
Dato' Seri Ismail Shahudin  
Mr Cheah Teik Seng  
Mr Sreesanthan Eliathamby

The specific responsibilities of the RMC include, amongst others, the following:

- (i) To develop and foster a risk aware culture within the Bank;
- (ii) To review and approve risk management strategies, risk frameworks, policies, risk tolerance and risk appetite limits;
- (iii) 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;
- (iv) To ensure infrastructure, resources and systems are in place for risk management, i.e. that the staff responsible for implementing risk management systems perform those duties independently of the financial institution's risk taking activities;



- (v) To review and assess the appropriate levels of capital for the Bank, vis-a-vis its risk profile;
- (vi) To review and recommend strategic actions to be taken by the Bank arising from Basel II implementation for Board's approval;
- (vii) To review and approve new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory body;
- (viii) To oversee the resolution of BNM Composite Risk Rating findings for Maybank Group;
- (ix) To oversee the specific risk management concerns in the business units that leverage on the Embedded Risk Units in the business units; and
- (x) To review and approve model risk management and validation framework.

#### **Employee Share Option Scheme (ESOS) Committee**

The Board had delegated to the Employee Share Option Scheme ("ESOS") Committee the responsibility of determining all questions of policy and expediency arising from the administration of ESOS and to generally undertake the necessary to promote the Bank's best interest.

The ESOS Committee is also tasked to review the rules and regulations relating to ESOS and to ensure the scheme is implemented in accordance with the Bye-Laws, amongst others, in respect of the terms on eligibility, the offer and date of offer, basis of allotment, termination and appeals.

All members of the ESOS Committee were Non-Executive Directors. Meetings are held as and when the ESOS Committee is required to deliberate on urgent matters. The ESOS lapsed in August 2009. There were no meetings held during the financial year and the ESOS committee was disbanded effective July 2010.

The members of the Employee Share Option Scheme Committee were as follows:

Dato' Seri Ismail Shahudin (*Chairman*)  
 Tan Sri Dr Hadenan A. Jalil  
 Dato' Dr Tan Tat Wai  
 Encik Zainal Abidin Jamal  
 Mr Alister Maitland

#### **EXECUTIVE LEVEL MANAGEMENT COMMITTEES ("ELC")**

The PCEO, with Board support, has established various ELCs and delegated some of his authority to assist and support the relevant Board Committees in the operations of the Bank. The key ELCs, which are mostly chaired by the PCEO of the Bank, are as follows:-

- Group Executive Committee
- Group Management Credit Committee
- Internal Audit Committee
- Executive Risk Committee
- Asset and Liability Management Committee
- Group Staff Committee
- Group Procurement Committee
- Group IT Steering Committee

#### **INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

Maybank regards Investor Relations ("IR") as an important part of its corporate governance framework in ensuring that shareholders, stakeholders, investors and the investment community, both local and international, are provided with relevant, timely and comprehensive information about the Group. Maybank's dedicated IR unit is committed to providing effective and open communication in order to improve disclosure and transparency.

As one of the largest listed companies on Bursa Malaysia, Maybank has a strong following among both local and foreign sell-side equity research houses with 30 analysts covering Maybank on a regular basis in addition to other buy-side analysts and fund managers, both in the equity and fixed income field.

Immediately following the release of its quarterly financial results, the Group convenes media and analyst briefings with concurrent conference call facilities during the interim and final quarters of the financial year and conference calls for the first and third quarters and provides comprehensive presentation slides that are available on the corporate website. While these briefings are also participated by foreign investors via conference calls, the relevant management personnel also attend conferences and roadshows to engage with these investors more effectively. IR unit works with its counterpart at its subsidiary in Indonesia, Bank Internasional Indonesia ("BII"), which is listed on the Indonesia Stock Exchange to provide analysts and investors with access to management of BII in order to ensure a better understanding of Maybank's operations in one of its key markets.

During the year, senior management participated in the following conferences and roadshows:-

Event	Date	Broker	Location
1 Non-deal roadshow	7-8 Sep 2009	UBS	Singapore
2 Non-deal roadshow	12-16 Oct 2009	UBS	London, Boston, New York
3 Non-deal roadshow/conference	23-24 Feb 2010	CLSA	Singapore
4 Non-deal roadshow	1-2 Mar 2010	UBS	Hong Kong
5 Invest Malaysia	30-31 Mar 2010	Nomura/ Maybank-IB	Kuala Lumpur

During the conferences and roadshows, senior management representatives communicated to investors the Group's strategy and latest updates on the progress of its various initiatives as well as the impact of new financial standards being adopted.

In addition, the Bank constantly engage with research analysts, institutional shareholders and fund managers on a one-to-one basis in meetings as well as teleconferences. In total, the Group held 174 meetings and met with 274 analysts and investors during the financial year.

Media coverage on the Group and senior management is also initiated proactively at regular intervals to provide wider publicity and improve general understanding of the Group's businesses.

March 2010 marked another step in the Group's efforts towards enhancing transparency and greater disclosure when Maybank introduced a new group corporate website ([www.maybank.com](http://www.maybank.com)). The website contains more comprehensive corporate and investor relations information for the Group than previously housed under the Group's consumer financial portal Maybank2u ([www.maybank2u.com](http://www.maybank2u.com)). The corporate website is regularly updated with corporate and financial news and developments, quarterly financial results and presentation slides as well as the statutory statements to the exchange and is a repository of previous annual reports and other financial documents.

In addition to the AGM in September 2009, Maybank held an Extraordinary General Meeting ("EGM") in May 2010 to obtain approval from shareholders for its proposed Dividend Reinvestment Plan ("DRP"). Being the first DRP in Malaysia, the Bank's senior management conducted a presentation to explain the details of the DRP to shareholders which led to greater understanding and their approval.

Maybank maintains its credit ratings by rating agencies Rating Agency Malaysia, Standard and Poor's, Fitch Ratings and Moody's Investors Services as part of providing an independent flow of information to stakeholders as well as to the general public.

For further information or queries on Investor Relations matters, the following management personnel may be contacted:-

Khairussaleh Ramli, Group Chief Financial Officer  
Contact: (6)03 2074 4288  
Email: [khairul@maybank.com.my](mailto:khairul@maybank.com.my)

Hazimi Kassim, Head, Strategy and Corporate Finance  
Contact: (6)03 2074 8101  
Email: [hazimik@maybank.com.my](mailto:hazimik@maybank.com.my)

Raja Indra Putra Raja Ismail, Head, Investor Relations  
Contact: (6)03 2074 8582  
Email: [rajaindra@maybank.com.my](mailto:rajaindra@maybank.com.my)

## GENERAL MEETINGS

The Group's EGMs and AGMs represent the primary platforms for direct two-way interaction between the shareholders, Board and senior management of the Group. In deference to shareholder democracy and the transparency policy adopted by the Group, shareholders' approval is required on all material issues including, but not limited to, the election and appointment of Directors, material mergers, acquisitions and divestments exercises, as well as the appointment of auditors and dividend payments.

The attendance of shareholders at the Group's general meetings has always been high as evidenced by the presence of about 2,000 shareholders at the AGM for the financial year 2009 and the EGM in May 2010 despite the institutional bias in the investor base.

In addition to the AGMs and EGMs, shareholders and market observers are also welcomed to raise queries at any time through the Corporate Affairs and Communications and Strategy and Corporate Finance Divisions.

## OWNERSHIP STRUCTURE

The shares of Maybank are widely held with institutional shareholders dominating the ownership structure of Maybank. As at 30 June 2010, the top three shareholders are Skim Amanah Saham Bumiputra (ASB) with 44.04%, Employees Provident Fund Board with 10.75% and Permodalan Nasional Berhad (PNB) with 7.67% and accounting for a combined 62.46%.

Although the three top shareholders of Maybank accounted for more than half of the total paid up share capital of Maybank, Maybank is not subject to any biased influence from these shareholders and they do not hold management positions within the organisation. This arrangement ensures a high level of corporate governance and permits the Group to focus on continuously building value for all its shareholders.

Maybank's shareholding structure is transparent and is disclosed on pages 427 to 429 of this Annual Report. Any updates on the shareholding structure can be obtained on request from the designated management personnel on Investors Relations matters. The existing share structure consists entirely of ordinary shares and there are no different classes of ordinary shares. There is no foreign shareholding limit and the Memorandum and Articles of Association do not have any explicit provisions that may discourage any acquisition. However, the Bank is subject to BAFIA, which contains certain restrictions on share ownership.

As part of Maybank's effort to expand its liquidity and shareholder base, it has established a Sponsored Level 1 American Depository Receipt Programme (ADR) which is

traded Over-the-Counter in United States of America since May 2005 on the basis of 1 ADR equivalent to 2 Maybank shares. Maybank Custody Services holds the securities for Maybank and the total number of ADRs outstanding is 6,660,677 as at 30 June 2010. The percentage of the securities for which the ADRs are issued against Maybank's issued and paid-up share capital is 0.09%.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting and Disclosure

The Board has a fiduciary responsibility and takes it upon itself to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Group's financial position, performance and prospects. In order to meet the fiduciary responsibility expected of the Board, the Board with the assistance of the Audit Committee oversee the financial reporting process and the quality of the Group's financial statements to ensure that the reports present a true and fair view of the Group's performance.

The Board also ensures that the financial treatment of the consolidated accounts under the Group is based on the more stringent requirements and that the financial statements of Maybank are in compliance with the Malaysian Accounting Standards Board's (MASB) requirements, which in turn are in accordance with the International Accounting Standards (IAS).

The scope of the disclosure includes a review of the main sources of revenue by business activity and geography, past year performance analysis and financial adequacy, together with detailed explanation of the changes in the Balance Sheet and Profit and Loss Statement, to facilitate better understanding of the Group's operations. In addition to the Audited Report, the Group also releases its unaudited quarterly financial results on a timely basis. These are accessible on Maybank and Bursa Securities' websites.

### Directors' Responsibility Statement in respect of the preparation of the Annual Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Bank as at the end of the accounting period and of the profit and loss and cashflow for the period then ended.

In preparing the financial statements, the Directors have applied suitable accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors have also ensured that all applicable accounting standards have been followed and prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and of the Bank have adequate resources to continue in operational existence for the foreseeable future.

The Directors also have responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Bank and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965. The Directors generally have the duty to take such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### Internal Controls

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded. The Directors' Statement on Internal Control set out on pages 198 to 201 of this Annual Report provides an overview of the state of internal control within the Group.

### Whistleblowing Policy

The Board is satisfied that an adequate framework on whistleblowing, specifically the Fraud Reporting Policy is in place, which had been implemented in 2004. All Group employees can raise their concerns regarding fraud, criminal activities, dishonesty and malpractice committed by another employee or any person who has dealings with the Bank via the following Fraud Reporting Hotline established by the Bank:-

- (i) Toll Free Message Recording Line  
1-800-38-8833
- (ii) Protected Email Address  
[fraudline@maybank.com.my](mailto:fraudline@maybank.com.my)
- (iii) Secured P.O.Box Mail Address  
P.O.Box 11635, 50752 Kuala Lumpur

The above mechanism protects employees who contemplate to “blow the whistle” against victimisation or harassment. The confidentiality of all matters raised and the identity of the whistleblower are protected under the Policy. Concerns raised anonymously may also be considered provided it is clear and specific. Further details of the Fraud Reporting Policy are set out on page 217 of this Annual Report.

### Relationship with the Auditors

In accordance with industry practice, the Group Internal Audit regularly audits the internal control practices and reports significant findings to the Audit Committee with the recommended corrective actions. Thereafter, senior management is held responsible for ensuring that all these necessary actions on reported weaknesses are undertaken within an appropriate time frame. The Minutes of the Audit Committee are subsequently tabled to the Board for notation and served as reference especially if there were pertinent issues that the Committee wished to highlight to the Board.

The Audit Committee and the Board maintain great emphasis on the objectivity and independence of the Bank's Auditors, namely Messrs. Ernst & Young, in providing the relevant and transparent reports to the shareholders. As a measure of ensuring full disclosure of

matters, the Bank's Auditors are regularly invited to attend the Audit Committee Meeting as well as the AGM, apart from the twice yearly discussions with the Audit Committee without the presence of the senior management. A full report of the Audit Committee outlining its role in relation to the internal and external auditors is set out on pages 202 to 207 of this Annual Report.

### Maybank Group's Code of Ethics and Conduct

Apart from the Directors' Code of Ethics as set out in the BNM/GP7-Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry, and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Group also has a Code of Ethics and Conduct that sets out the sound principles and standards of good practice in the financial services industry, which are observed by the Directors and employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders, customers, fellow employees and regulators. This is in line with the Group's Core Values which give emphasis on behavioural ethics when dealing with third parties and fellow employees.

The Group communicates the Code to all Directors and employees upon commencement of their employment and is deemed to be part of the Terms and Conditions of Service. Further details of the Code of Ethics and Conduct can be found on page 219 of this Annual Report.

During the year, the Bank organised various activities/ workshops conducted by the relevant departments and units to reinforce and renew the commitment of the Directors and staff to uphold the Code as a reflection of professionalism and a lasting impression when dealing with customers, colleagues, shareholders, suppliers, communities and the environment.

### Corporate Responsibility

The Board is satisfied that a good balance has been achieved between value creation and corporate responsibility. Details of the Group's corporate responsibility initiatives are set out on pages 164 to 173 of this Annual Report.

## ADDITIONAL COMPLIANCE INFORMATION AS AT 30 JUNE 2010

### 1. Utilisation of Proceeds

The Company's subsidiary, BII, had in April 2010 issued a Rp.1.407 trillion Rights Issue. The proceeds will be used principally for credit expansion as part of BII's plan to further grow its business and strengthen its capital structure.

### 2. Share Buy-back

The Company did not make any proposal for share buy-back during the financial year under review.

### 3. Options, warrants or convertible securities

Maybank did not issue any options, warrants or convertible securities during the financial year ended 30 June 2010.

### 4. Imposition of sanctions and/or penalties

Save for the following, there were no other sanctions and/or penalties imposed on Maybank by the relevant regulatory bodies, which were made public during the financial year under review:-

- (i) Following the global financial crisis, the Monetary Authority of Singapore ("MAS") had looked into the sale and marketing of structured notes linked to Lehman Brothers by 10 financial institutions in Singapore and directed suspension on sale of structured notes by these institutions for periods ranging from 6 months to 2 years. Maybank Singapore was one of the financial institutions placed on a 6-month suspension period and the directive has been uplifted on 12 February 2010.

### 5. Non-audit fees

Non-audit fees payable to the external auditors, Messrs. Ernst & Young, for the year amounted to RM3,452,000 for the Group and RM2,543,000 for the Bank.

### 6. Variation in results

There was no profit forecast issued by Maybank and its subsidiary companies during the year.

### 7. Profit guarantee

There was no profit guarantee issued by Maybank and its subsidiary companies during the year.

### 8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

### 9. Valuation Policy

The Company does not value its landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are disclosed in Note 3(ix) of the financial statements.

### 10. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company did not seek any mandate from its shareholders nor enter into any RRPT, which are necessary for its day-to-day operation on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders for the financial year under review.

This statement is made in accordance with a resolution of the Board dated 20 August 2010.



**Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor**  
Chairman of the Board

## statement on internal control



### Introduction

**Paragraph 15.26(b) of the Bursa Malaysia Securities Bhd Listing Requirements requires the Board to include in its Company Annual Report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance (2007) requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.**

Accordingly, the Board is pleased to provide the Statement on Internal Control ("Statement") that was prepared in accordance with the "Guidance for Directors of Public Listed Company" issued by Bursa Malaysia Securities Bhd which outlines the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control of the Group.

### Responsibility

The Board acknowledges its overall responsibility for maintaining sound internal control systems to safeguard the shareholders' interest and the Group's assets. The Board is of the view that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Board has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review.

The role of Management includes:-

- identifying and evaluating the risks faced;
- formulating related policies and procedures to manage these risks;
- designing, operating and monitoring a suitable system of internal controls; and
- implementing the policies approved by the Board

## Control Structure

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal controls include the following:-

### Risk Management Framework

- The Board has established an organisation structure with clearly defined lines of responsibility, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee to include the assessment of internal controls, through the Internal Audit ("IA") function.
- The Board has also delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee. The effectiveness of the risk management system is monitored and evaluated by the Group Risk Management function, on an ongoing basis.
- Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees. The Group also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the company's policies and regulations in a safe and confidential manner.
- A written Management Control Policy (MCP) and Internal Control Policy (ICP) from Management are in place. The MCP outlines the specific responsibilities of the various parties i.e. the Management, the Internal Audit Committee and the Audit Committee of the Board pertaining to internal control for Maybank

Group. The ICP is to create awareness among all the employees with regards to the internal control components and the basic control policy of Maybank Group.

- Establishment of the three (3) lines of Defence concept – risk taking units, risk control units and internal audit. The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management framework and developing tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

### Internal Audit Function

- The Internal Audit function includes undertaking regular reviews of the Group's operations, the systems of internal control by performing regular reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks and non compliance impacting the Group. Where applicable, they provide recommendations to improve on the effectiveness of risk management, control and governance process. Management will follow up and review the status of actions on recommendations made by the internal and external auditors. Audits are carried out on units that are identified premised on a risk based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board.



- The Audit Committee of the Board (ACB) regularly reviews the actions taken on internal control issues identified in reports prepared by Internal Audit, the external auditors, regulatory authorities and further evaluates the effectiveness and adequacy of the Group's internal control system. The ACB has active oversight on the internal audit's independence, scope of work and resources. It also reviews the Internal Audit function, particularly the scope of the annual audit plan and frequency of the internal audit activities.

#### **Other key elements of internal control**

The other key elements of the procedures established by the Board that provides effective internal control include:-

- An annual business plan and budget is submitted to the Board for approval. Actual performances are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Group's policies.
- Several Board Committees are set up to assist the Board to perform its oversight functions. Specific responsibilities have been delegated to these Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations. For more details on the various Board Committees, please refer to pages 189 to 192.
- Group Executive Committee (previously the Group Management Committee), Group Staff Committee, Executive Risk Committee, Asset & Liability Management Committee, Group Management Credit Committee, Internal Audit Committee, Group Procurement Committee, Group IT Steering Committee and Human Resource Disciplinary Committee are also established as part of its stewardship function to ensure effective management and supervision of the areas under the respective Committees' purview.
- Recruitment and promotion policies/guidelines within the Group are established to ensure appropriate persons of calibre are selected to fill available positions. Formal training programmes either face-to-face or through e-learning, semi and annual performance appraisals and other relevant procedures are in place to ensure that staff are competent and adequately trained to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also drawn up for termination of staff.
- A clearly defined framework with appropriate empowerment and authority limits has been approved by the Board for acquisitions and disposals of assets, awarding tenders, writing off operational and credit items, donations, as well as approving general and operational expenses.
- There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are set out in the Group's Standard Practice Instruction and are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

Note: With effect from 1 July 2010, Maybank has reorganised its corporate structure and the brief details of this new structure is highlighted in page 9.

## Review of the Statement by External Auditors

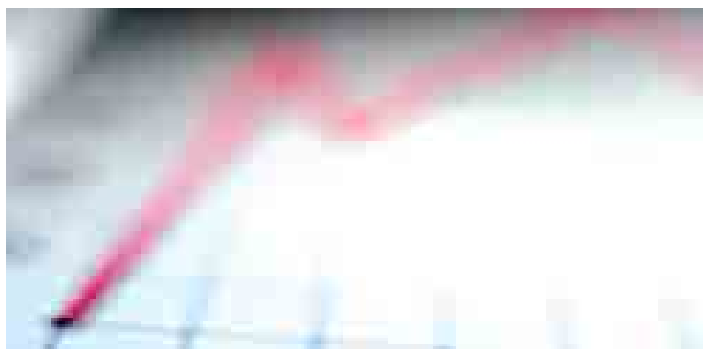
The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report for the financial year ended 30 June 2010.

The external auditors conducted the review in accordance with the “Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors’ Statement on Internal Control” (“RPG 5”) issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group.

RPG 5 does not require the external auditors to consider whether the Directors’ Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group’s risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement on Internal Control is inconsistent with their understanding of the processes the Board have adopted in the review of the adequacy and integrity of the internal control of the Group.

## auditcommittee report



### A. COMPOSITION AND TERMS OF REFERENCE

#### Composition

1. The Committee shall be appointed by the Board of Directors from amongst its non-executive directors and shall consist of at least (3) three members. The Chairman and the majority of the Audit Committee members must be independent directors and at least one (1) member of the committee must be:-
  - a member of the Malaysian Institute of Accountants (MIA); or
  - if he is not a member of the MIA, he must have at least three (3) years working experience; and
    - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    - ii he must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.
2. Where the Chairman is unable to attend the meeting, the members shall elect a person among themselves as Chairman.
3. Review of membership is undertaken once every three (3) years. This review pertains to the terms of office and performance of the members.

#### Meetings

1. Meetings shall be held at least once a month or at a frequency to be decided by the Committee and 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 auditor without the presence of Management.
2. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes and the custody, production and inspection of such minutes.
3. Upon the request of the external auditor, a meeting is to be convened to consider any matter that the auditor believes should be brought to the attention of the directors and shareholders.

#### Quorum

The quorum shall be three (3) with majority to be independent directors.

#### Secretary

The General Counsel & Company Secretary, En. Mohd Nazlan Mohd Ghazali is the Secretary to the ACB.

#### Authority

The Committee is authorised by the Board to:

1. Investigate any activity or matter within its terms of reference.
2. Promptly report to Bursa Malaysia Securities Berhad ("Bursa Securities") matters which have not been resolved satisfactorily, thus, resulting in a breach of the Bursa Securities Listing Requirements.

3. Obtain external independent professional advice, legal or otherwise deemed necessary.
4. Maintain direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and with senior management of the Bank and its subsidiaries.
5. Convene meetings with internal and external auditors, without the attendance of the management, whenever deemed necessary.

In discharging the above functions, the ACB has also been empowered by the Board to have:-

- Necessary resources which are required to perform its duties.
- Full and unrestricted access to any information and documents relevant to its activities.

## B. DUTIES & RESPONSIBILITIES

The primary duties and responsibilities of the ACB with regards to the Maybank Group's Internal Audit function, external auditors, financial reporting, related party transactions, annual reporting and investigation are as follows:-

### 1. Internal Audit

- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, Internal Audit Charter and that it has the necessary authority to carry out its work.
- Review the internal audit reports and to ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by internal audit.
- Approve the appointment or termination of the Chief Audit Executive and Heads of Department of Internal Audit.

- Assess the performance of the internal auditor; determine/approve the remuneration and annual increment of the internal auditor.
- Take cognisance of resignation of internal audit staff and the reason for resigning.

### 2. External Audit

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board.
- Assess the qualification, expertise, resources and effectiveness of the external auditors.
- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- Review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan.
- Review major audit findings raised by the external auditors and Management's responses, including the status of previous audit recommendations.
- Review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Approve non audit services provided by the external auditors.

### 3. Financial Reporting

Review the quarterly and year-end financial statements focusing on:-

- any changes in accounting policy and practices.
- significant and unusual events and
- compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

### 4. Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Bank or Maybank Group including transactions, procedures or courses of conduct that may raise questions of Management's integrity.

### 5. Annual Report

Report the Audit Committee's activities for the financial year.

### 6. Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference.

### 7. Other Matters

Other matters as the Committee considers appropriate or as authorised by the Board of Directors.

## C ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

During the year under review, the Audit Committee in the discharge of its duties and functions carried out the following activities:

### Attendance of meetings

A total of 17 meetings are held for the Financial Year. The details of attendance of each of the members at the Committee meetings held during the year are as follows:-

Composition and name of committee member	No. of meetings attended whilst in office
1 Tan Sri Datuk Dr Hadenan A. Jalil (Chairman) – Appointed on 15 July 2009 – Independent Non-Executive Director	17/17
2 Dato' Seri Ismail Shahudin (member) – Appointed on 15 July 2009 and resigned as member w.e.f. 16 July 2010 – Independent Non-Executive Director	13/17
3 En Zainal Abidin Jamal (member) – Appointed on 22 July 2009 – Non-Independent Non-Executive Director	16/17
4 En Cheah Teik Seng (member) – Appointed on 26 August 2009 – Independent Non-Executive Director	11/11
5 Dato' Johan Ariffin (member) – Appointed on 26 August 2009 – Independent Non-Executive Director	10/11

The Audit Committee consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. One of the members (En Cheah Teik Seng) is a Fellow of the Institute of Chartered Accountants in England and Wales. This meets the requirement of Section 15.09(1) of the Bursa Securities Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee meets on a scheduled basis at least once a month. The Chief Operating Officer (COO) and the Chief Audit Executive (CAE) are invited to attend the meetings. The External Auditors are also invited to discuss their management letters, Audit Planning Memorandum and other matters deemed relevant.

In addition to the monthly scheduled meetings, the members of the Audit Committee also had two (2) one-to-one sessions with the External Auditors without the presence of the Management as required.

The Audit Committee also meets to discuss and review the quarterly unaudited financial results and the annual audited financial statements of the Bank and the Maybank Group. The President & CEO (PCEO) and the Group Chief Financial Officer (GCFO) are invited to attend these meetings, together with the External Auditors.

Note: The Chief Operating Officer (COO) has since retired on 1 July 2010 and the GCFO is invited to attend the meetings with effect from July 2010.

### Internal Audit Committee

The Internal Audit Committee (IAC) is a management committee chaired by the GCFO and comprises senior level representatives from a broad range of business and support units of the Bank. The IAC meets every fortnight to deliberate on the findings of all signed audit and investigation reports and decide on the appropriate action required to resolve audit issues covering all aspects of the Bank's business and operations.

Where required, representatives from the parties being audited are requested to attend the IAC meeting to enable more detailed deliberation and speedy resolution of the matter at hand.

Minutes of the IAC meeting are then tabled to the ACB together with the audit reports. IAC also follows up on the actions required by the ACB.

### Internal Audit (IA)

1. Reviewed the annual internal audit plan for the financial year 2009/2010 to ensure adequate scope, coverage over the activities of the Bank and the Group and the resource requirements of internal audit to carry out its functions.
2. Reviewed the internal audit reports, audit recommendations and management's responses to these recommendations.
3. Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure control lapses are addressed.
4. Reviewed the monthly audit performance reports to ensure the adequacy, performance, progress, achievement and coverage of the internal audit functions.
5. Reviewed the audit reports issued by regulatory authorities, Management's responses to the Regulators' recommendations and the remedial actions taken to rectify the weaknesses detected.
6. Deliberated the minutes of meetings of the subsidiary companies' ACB for an overview of the risk management and internal control systems of those subsidiary companies.
7. Examined the adequacy of the skills, knowledge and core competencies of the internal auditor.
8. Provided independent evaluation on the performance and remuneration package of audit staff in accordance with the requirements of Garis Panduan 1 of Bank Negara Malaysia.
9. Instructed the conduct of investigation into any activity or matter within its terms of reference.

10. Approved the appointment of audit staff in key positions and noted the reasons for the resignation of audit staff.
11. Reviewed the Audit Committee Report and Statement on Internal Control.
12. Reviewed the Internal Audit Committees' minutes of meetings for an overview of the deliberation and remedial actions taken by Management on the control lapses raised by internal auditors.

#### Financial Reporting

13. Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and the Maybank Group to ensure that the financial reporting and disclosure requirements are in compliance with the relevant acts, rules and regulations.

#### External Audit

14. Reviewed with the external auditors:-
  - Their Audit Planning Memorandum and scope of work for the year.
  - The results of the audit, the relevant audit reports and Management Letters together with Management's responses/comments to the findings.
15. Approved the non-audit services provided by the external auditors.
16. Evaluated the performance of the external auditors and made recommendations to the Board on their appointment, scope of work and audit fees.

#### Directors' Training

17. The training attended by the Committees is reported under the Statement on Corporate Governance in pages 187 and 188.

#### E. INTERNAL AUDIT FUNCTION

The Group has a well established in-house Internal Audit (IA) to assist the Board of Directors to oversee that Management has in place a sound risk management, internal control and governance system. The costs incurred for maintaining the IA function for the year under review was approximately RM30.0 million, comprising mainly salaries, travelling and accommodation expenses and subsistence allowances for audit assignments.

The internal audit function is guided by its Audit Charter and reports functionally to the ACB of the Bank and administratively to the President & CEO, and is independent of the activities or operations of other operating units. The principal responsibility of IA is to undertake regular and systematic reviews of the systems of internal control, so as to provide reasonable assurance that such systems continue to operate efficiently and effectively. The scope of coverage of IA encompasses all units and operations of the Bank, including the subsidiaries. The selection of the units to be audited from the audit universe leading to the formulation of the audit plan is premised on a risk based approach and it is the responsibility of the IA to provide the ACB with an independent and objective report on the state of affairs of the risk management, internal control and governance processes.

The internal audit function for Maybank operations and its subsidiary companies in Malaysia and Papua New Guinea is organised on a Group basis within Maybank. Technical support in the areas of credit risk, market risk, information technology systems and developmental initiatives are centrally driven to ensure consistency of standards and applications. The ACB reviews and approves Maybank IA's human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors. The internal audit functions for the respective subsidiary companies in Philippines and

Indonesia are organised and supported by the respective resident internal audit teams with direct accountability to the respective Board Audit Committees of these subsidiary companies.

The audit reports which provide the results of the audit conducted in terms of the risk management of the unit, operating effectiveness of internal controls, compliance with internal and regulatory requirements and overall management of the unit are submitted to the respective ACB for their review. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the ACB to execute its oversight function by forming an opinion on the adequacy of measures undertaken by Management.

The International Standards for the Professional Practice of Internal Auditing (SPPIA) of the Institute of Internal Auditors (IIA), the Practice Advisories issued by the IIA, the Guidelines on Internal Audit Functions, Bank Negara Malaysia's Garis Panduan 10 (GP10), Garis Panduan Insurance 13 (GPI 13) and Guidelines on Management of IT Environment (BNM/GPIS1) are used where relevant as authoritative guides for internal auditing procedures.

During the year under review, the following activities were carried out by IA:-

1. Executed independent assurance role through programmed reviews of units and operations identified on a risk based audit approach in the annual audit plan, to evaluate and improve the effectiveness of risk management, internal control and governance processes.
2. Reviewed the adequacy and appropriateness of the internal controls and risk exposures in the new products/financing packages.
3. Ascertained the extent of compliance with established policies and procedures and statutory requirements.
4. Besides the risk assurance activities, IA also conducts audits on computer hardware, operating and application systems as well as the information communication technology (ICT) network of Maybank Group.
5. Carried out ad hoc assignments and special reviews as instructed by the ACB.
6. Recommended improvements and enhancements to the existing system of internal control and work procedures/processes.
7. Developed annual audit plan premised on a risk based approach and in cognisance with the Group's objectives and policies in the context of its evolving business environment, taking into consideration input from Senior Management and the ACB.
8. Carried out audit investigation into activities or matters as instructed by the ACB and Senior Management.
9. Witnessed the tender opening process for procurement of services.
10. Preparation of Audit Committee Report and Statement on Internal Control for the Company's Annual Report 2009/2010.



# riskmanagement

## Overview

The management of risk lies at the heart of Maybank Group's business. All of the Group's activities involve the measurement, evaluation, acceptance and management of risks or combination of risks. The Group proactively manages the various risks posed by the rapidly changing business environment. These risks, which include credit risk, market risk, liquidity risk and operational risk, are comprehensively dealt with and systematically managed within established limits and controls.

Initiatives under the Basel II programme have been a major catalyst and contributor to the enhancement of risk management practices within the Group, further embedding the risk culture and best practice methodologies in Group operations. We are pleased to announce that Bank Negara Malaysia (BNM) has approved Maybank and Maybank Islamic to migrate fully to the Basel II Internal Ratings-based (IRB) approach for credit risk from 1 July 2010.

The risk management framework that Maybank Group has put in place is designed to meet these challenges. Various aspects of this framework are described below.



## Risk Governance Structure

The Board of Directors has overall risk oversight responsibility and approves the Group's risk management framework, risk appetite, plans and performance targets. The Board of Directors is assisted by the following Board and Management Level Risk Committees:

BOARD	MANAGEMENT
<ul style="list-style-type: none"> <li>○ Risk Management Committee (RMC)</li> </ul>	<ul style="list-style-type: none"> <li>○ Executive Risk Committee (ERC)</li> <li>○ Asset &amp; Liability Management Committee (ALCO)</li> </ul>
<p>The RMC is a dedicated Board Committee responsible for the risk oversight function within the Bank. It is principally responsible to review and approve key risk frameworks and policies for the various categories of risk.</p>	<p>The ERC and ALCO are Management-level committees responsible for the management of all material risks within the Bank. The scope of the ERC encompasses all risk types except market and liquidity risks, which are within the purview of the ALCO.</p>

The Risk function is independent of the origination and sales functions to ensure the necessary balance in risk/return decisions.

The Risk function is also responsible for implementing and maintaining the Group's Risk Management Framework, ensuring that it remains relevant and appropriate to the Group's activities. Other functions include administering risk-related governance and reporting processes.

### Risk Appetite

The formulation of risk appetite takes into consideration Maybank Group's risk capacity, its financial position, the strength of its core earnings and the resilience of its reputation and brand.

### Risk Strategy

Maybank Group's risk management strategy is targeted at ensuring pre-emptive risk planning through:

#### *Economic and Industry Research*

Close monitoring of major and relevant economies including Malaysia through selective economic indicators are used as early warning signals to manage Maybank Group's exposures. These indicators are taken into account when developing the Bank's long-term lending strategy and asset growth plans. At the tactical level, medium-term industry trend information is used by the relationship managers to develop appropriate actions in making risk informed business decisions.

#### *New Supervisory Requirements*

Maybank Group assesses the impact of various regulatory changes in Malaysia and markets in which the Group has a presence. The thematic assessments deliberated include the impact of new liquidity requirements issued by the Basel Committee on Banking Supervision and Financial

Services Authority, United Kingdom to strengthen liquidity management as well as the impact on capital requirements based on the "Basel III" concept paper.

#### *Capital Management*

The impact of the overall net risk earnings and adequacy of Maybank Group's capital to support the risk taking activities is assessed through Group-wide and business level stress tests as well as periodic reviews of the stress events library. Relevant business units are alerted on possible defensive actions.

### Holistic Enterprise Risk Management Approach

In light of Maybank Group's operating structure and geographic expansion, the Group continuously enhances its integrated risk management approach towards the effective management of enterprise-wide risks.

The Group views the Enterprise Risk Management (ERM) process as a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risks in line with enhancing shareholder value. This comprehensive risk and capital assessment process is commonly known as the Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of Basel II. The range of risks that need to be covered by ICAAP is much broader than Pillar 1 of Basel II, which covers only credit risk, market risk and operational risk.

Moving forward, the Group shall provide additional public disclosures on the risk profiles, capital adequacy and other requirements based on disclosure requirements as per Pillar 3 of Basel II.

The Group has adopted and consistently practised the Seven Broad Principles of Risk Management to ensure integration in purpose, policy, methodology and risk culture.

### Maybank Group's Seven Broad Principles of Risk Management

The **Seven Broad Principles** define the key principles of accountability, independence, structure and scope.

No	Principles
1.	The risk management approach is premised on three lines of defence – risk taking units, risk control units and internal audit.
2.	The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risk. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.
3.	Risk management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk and other industry-specific risks.
4.	Risk management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
5.	Risk management is functionally and organisationally independent of the business sectors and other risk taking units within the Maybank Group.
6.	The Maybank Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight within the Group.
7.	Risk management is responsible for the execution of various risk policies and related business decisions empowered by the Board.

To promote risk culture, Maybank Group concentrated on the following:

#### Embedded Risk Management Units

The RMC has approved the establishment of embedded risk management units (ERU) within the selected key business sectors. The approved terms of reference of the ERU include assessment and review of material risks faced by the business sectors as guided by the overall risk management approach of the Bank.

#### Maybank Islamic Berhad (MIB)

MIB adopts the same principles and standards as Maybank in setting its risk management framework while ensuring the framework is consistent with Shariah requirements set out by the Islamic Financial Services Board (IFSB) and Bank Negara Malaysia (BNM).

At present, MIB manages its credit and operational risks while the management of market and liquidity risk relating to Islamic banking is carried out by Risk Management, Maybank. Moving forward, market and liquidity risk management relating to Islamic banking will be gradually placed under the purview of MIB.

The MIB Shariah Committee advises on the overall Islamic Banking operations of MIB's business to ensure compliance with the Shariah requirements.

#### Credit Risk

##### Credit Risk Definition

Credit risk arises as a result of customers' or counterparties' failure or unwillingness to fulfill their financial and contractual obligations as and when they arise. These obligations arise from the Bank's direct lending operations, trade finance and its funding, investment and trading activities.

### Management of Credit Risk

Corporate and institutional credit risks are assessed by the business units and approved by an independent party. Each customer is assigned a credit rating based on the assessment of relevant factors including the customer's financial position and types of facilities and securities offered.

Reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

To manage large exposures, the Group has in place various limits and related lending guidelines to avoid undue concentration of credit risk in its loan portfolio.

To manage vulnerable corporate and institutional credit effectively, there are dedicated teams comprising Corporate Remedial Management at Head Office and Loan Management Centres at Regional Offices.

A post-approval evaluation of credit facilities is performed by the Credit Review team, with checks to ensure that credit facilities are properly appraised and approved. The team also reviews credit applications with overrides and/or policy breaches to assess the adequacy of justification and mitigation when approving such overrides/breaches.

A dedicated Credit Policy & Portfolio Management team designs strategies to achieve a desired ideal portfolio risk tolerance level. The teams also prepare regular credit risk reports which are submitted to the various risk committees as part of on-going monitoring and review of borrowers and loan portfolios. Periodic credit stress tests under selected scenarios are also performed and the results reported.

### Credit Risk Management Framework

The Credit Risk Management (CRM) framework includes comprehensive credit risk policies, frameworks, tools and methodologies for the identification, measurement, monitoring and control of credit risk on a consistent basis. Components of the CRM framework constitute:

- Strong emphasis in creating and enhancing credit risk awareness.
- Comprehensive selection and training of lending personnel in the management of credit risk.
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. The Credit Risk Management sub-sector (CRM) is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (CRRS).

### Credit Risk Assessed Using Internal Ratings-Based Approach

The Maybank Group adopts various rating systems for different asset classes under the Internal Ratings-Based (IRB) Approach. There is a governance process within the Group for the development and approval of credit risk models.

### Basel II Approach for Retail Exposures

Maybank Group adopts the Advanced Internal Ratings-Based (AIRB) approach for its Retail portfolios. As the approach calls for the Bank's own internal experience-based estimations for all the three components of Risk Weighted Assets (RWA) calculation, namely Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), statistical models were developed to meet the requirements.

### Credit Exposures Subject to Standardised Approach (SA)

The Standardised Approach (SA) is applied to portfolios that are classified as permanently exempt from the IRB approach, and those portfolios that are currently in transition to the IRB Approach in accordance with the Group's Basel II Master Plan.

The risk weights applied under SA are prescribed by the regulator (BNM) based on the asset class to which the exposure is assigned.

### Counterparty Risk Management

Counterparty credit risk is the risk of the Bank's counterparty defaulting in transactions involving foreign exchange, interest rate, commodity, equity and derivatives prior to the successful completion of the said transaction. Counterparty credit risk occurs both in the trading and banking books and arises for Over-the-Counter (OTC) derivatives.

#### Limits

Counterparty credit risk exposures are managed via limits set up on a counterparty group basis in line with Bank Negara Malaysia's (BNM) guidelines. These exposures are actively monitored to protect the Bank's balance sheet in the event of counterparty default. The Bank monitors and manages its exposures to counterparties in OTC derivatives on a day-to-day basis.

### Market Risk

Maybank Group recognises market risk as the risk of losses in earnings and capital resulting from changes in market prices and interest rates. The Group's market risk exposures are primarily from proprietary trading and customer driven activities. The primary categories of market risk for Maybank Group are:

- interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- foreign exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options;
- commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; and
- equity price risk: arising from changes in the price of equities, equity indices, equity baskets and implied volatilities on related options.

### Management of Market Risk

Market Risk Management (MRM) is an independent risk control unit and is responsible for ensuring that market risk management frameworks are implemented and that adequate risk controls are in place to support business growth. Its primary objectives are to facilitate risk/return decisions, reduce volatility in earnings, and highlight the market risk and liquidity risk profile to senior management, ALCO, RMC, the Board of Directors and regulators.

### Market Risk Management Framework

The Market Risk Management Framework covers key risk management activities such as identification, measurement, monitoring, control and reporting of the market risk exposures, which are benchmarked against industry best practices and regulatory requirements. The principles mentioned under the framework are intended for trading and non-trading activities.

## Measurement and Monitoring

The risk measurement techniques employed by the Group comprise both quantitative and qualitative measures.

### *Value at Risk*

Value at Risk (VaR) measures the potential loss of future value resulting from adverse movement in market rates over a specified period of time within a specified confidence level, under a normal business situation. The Group's VaR is computed based on the Historical Simulation approach on a 10-day holding period at 99% confidence for one-year observation period as per Bank Negara Malaysia requirements. To ensure the relevancy and accuracy of the VaR computation, VaR is back-tested on a daily basis against actual clean profit and loss. It is also validated by an independent model validation team.

Besides Value at Risk (VaR), other risk management tools used include interest rate sensitivity e.g. exposure to a one basis point increase in yields (PV01), net open position limit for managing foreign currency exposure, and Greek limits for controlling options risk.

### *Stress Testing*

To supplement the valuable insight from VaR measurement, the Group performs stress tests to assess its ability to withstand changes or stresses in the economic and financial conditions that could negatively affect the Group's profitability and capital base. By identifying and evaluating the business risk profile, the Group is able to undertake appropriate measures. Stress test scenarios cover a range of factors that can create extraordinary losses or gains in trading portfolios, or make the control of risk in those portfolios very difficult.

## Framework of Interest Rate/Rate of Return Risk in the Banking Book

Interest rate risk (IRR) or rate of return risk (RoR) is the risk of loss to both earnings and economic capital of the Group arising from adverse movements in interest rates. The Group emphasises the importance of managing interest rate risk in the banking book as most of the balance sheet items of the Group generate interest income and interest expense which are indexed to interest rates. Volatility of earnings is an important focal point for interest rate risk analysis as reduction in earnings will pose a threat to the Group's capital adequacy.

### *Repricing Gap Analysis*

The Group quantifies interest rate risk in the banking book by analysing the repricing mismatch between rate sensitive assets and rate sensitive liabilities. One of the challenges in analysing this risk arises from the quality of assumptions regarding embedded optionality of certain products such as prepayment of housing loans and hire purchase loans and effective duration of liabilities which are contractually repayable on demand such as current accounts and savings accounts.

### *Dynamic Simulation*

The Group also performs dynamic simulation analysis to assess the variation in earnings under different rate scenarios (including the standardised rate shock of  $\pm 200$  basis points per Basel II requirements) from the Bank's pro-forma balance sheet. The analysis incorporates business assumptions obtained from various lines of business and behavioral assumptions established from statistical and non-statistical methods. The impact on earnings is measured against the approved earnings at risk limit where new business and hedging strategies are carried out to mitigate the increasing interest rate risk / rate of return risk.

### **Economic Value at Risk**

By taking a more comprehensive view of potential long-term effects of the Group's overall exposure, the impact on economic value is also measured.

The vulnerability under stressed market conditions, like abrupt changes in the level of the term structure of interest rate risk, is measured by performing stress tests on the Bank's current position on a regular basis.

### **Liquidity Risk**

Liquidity is the ability of the bank to fund increases in assets and meet obligations as they are due, without incurring unacceptable losses.

### **Liquidity Risk Management Framework**

The Group employs BNM's Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure. The Group also uses a range of tools to monitor and limit liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

### **Diversification of Liquidity Sources**

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term. The Group has a diversified liability structure to meet its funding requirements. The primary source of funding include customer deposits, interbank deposits, debt securities, bank loan syndication and medium term funds. The Group also reviews, initiates and implements strategic fund-raising programmes as well as institutes standby lines with external parties on a need basis.

The Bank's funding diversification is augmented with monitoring of concentration by maturity to avoid having many debt repayments at any one time.

### **Liquidity Buffers**

Maybank Group maintains a portfolio of highly liquid instruments on its balance sheet that can be drawn upon when needed. These liquid assets include cash and government bonds and high credit quality private securities that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow.

### **Stress Testing and Contingency Funding Plan**

The Group uses stress testing and scenario analysis to evaluate the impact of sudden stress events on its liquidity. Scenarios are based on hypothetical events that include bank specific crisis and general market crisis scenarios. The stress test results provide an insight to the Bank's funding requirements at different levels of stress and are closely linked to the Group's Contingency Funding Plan (CFP), which provides a systemic approach in handling any unexpected liquidity disruptions.

### **Capital Treatment for Market Risk**

At the Group and Global consolidated level, Maybank computes the minimum capital requirements against market risk in the trading portfolio per Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework under Standardised Approach. This is imperative as the capital serves as a financial buffer to withstand any adverse market risk movements. Interest rate risk and foreign currency risk are the primary risk factors experienced in the Group's trading and non-trading activities.

The Group's policies, processes and controls are designed to achieve a balance between exploiting trading opportunities and managing earnings volatility within a framework of sound and prudent practices. All positions are marked to market on a consistent and daily basis using quoted prices within active markets. Where this is not possible, positions are marked to model using models which have been independently validated by the Model

Validation Team. The valuations are reviewed on a regular basis and adjusted to incorporate elements such as counterparty risk, bid/ask spreads and market liquidity that is in line with the FRS 139 standards.

### Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

### Management of Operational Risk

The Operational Risk Management Unit (ORM) is responsible for the formulation and implementation of the operational risk framework within the Maybank Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of operational risk management tools and methodologies to identify, measure, monitor and control operational risks.

Risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the day-to-day management of operational risk. They are responsible for establishing and

maintaining their respective operational manuals and ensuring that activities undertaken comply with the Group's operational risk management framework.

Risk Officers and Risk Representatives have been appointed within the various Business and Support Sectors (BSSs) of the Group and are responsible for implementing and executing the operational risk management processes and tools. They are also responsible for the investigation of operational losses, monitoring and analysis of risk trends and staff training on operational risk management practices and governance.

### Operational Risk Management Framework



Maybank Group's Operational Risk Management Framework focuses on the five causal factors of operational risk, i.e. internal processes, people, systems, external events and legal. It provides a transparent and formalised framework aligned to business objectives within which the Board of Directors, management teams, staff and contractors can discharge their operational risk management responsibilities.



### Operational Risk Management Methodology and Tools

A variety of methodologies and tools have been implemented to effectively identify, assess, measure and report operational risk exposures on a timely basis, thereby serving as tools to facilitate decision-making and enhance the operational risk management process.

### Operational Risk Measurement and Monitoring

The key methods and tools used to measure and monitor operational risks are as follows:

- Risk & Control Self Assessment (RCSA)  
RCSA is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the Group.

BSSs undertake the RCSA exercise to give due focus in the review of business processes to enhance critical operations and controls, especially those assessed to be in the 'Caution' and 'Alert' categories.

The sector level risk profiling exercises are compiled to establish the Maybank Group Risk Profile on a half-yearly basis. The consolidated Risk Profile is presented to the Executive Risk Committee and Risk Management Committee.

- Key Risk Indicators (KRIs)  
KRIs are embedded into critical processes to provide early warning signals of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment/monitoring.

BSSs monitor their risk exposures via KRIs and are required to develop specific and concrete action plans for those indicators that fall under 'Caution' and 'Alert'. ORM assists the BSSs to develop and validate the KRIs to ensure appropriate thresholds are set.

KRIs are tracked at Group, Business and Operating levels. The main source of KRIs are from the periodic RCSA process, IMDC database, BSS experiences, internal/ external audit findings and Bank Negara Malaysia examination findings.

- Incident Management & Data Collection (IMDC)  
IMDC provides a structured process and system to identify and focus attention on operational 'hotspots' and facilitates the minimisation of risk impact.

With the implementation of the IMDC and the availability of a centralised operational risk loss database, ORM and BSSs are able to analyse operational incidents based on causal factors as well as Basel II loss event types and identify 'operational hotspots' for appropriate action plans to address the critical areas.

### Risk Mitigation And Control

Risk Mitigation tools and techniques are used to minimise risk to an acceptable level and are focused on:

- Decreasing the likelihood of an undesirable event occurring; and
- Decreasing the impact on the business, should it occur.

The control tools and techniques to mitigate operational risk are as follows:

- Business Continuity Management (BCM)  
The Maybank Group BCM Programme, which commenced in August 2004, aims to ensure business continuity and people safety in the event of disruptions or disaster. The programme covers the implementation of various BCM initiatives that have been developed in line with Bank Negara Malaysia's requirements and best BCM practices.

Under BCM implementation, Business Continuity Plans (BCP) have been developed for all critical sectors, including subsidiaries and overseas branches. To coordinate the crisis escalation procedures and

recovery efforts, we have established the BCM Command Centre and Recovery Centres.

By having a proper BCM Programme in place, we are able to respond effectively and in a structured manner in the event of disruptions/disaster, hence ensuring the Group's business continuity.

○ Insurance

Insurance programme is another risk mitigation technique aimed at reducing operational risk exposures from 'low frequency – high severity' events that are beyond the Group's control. Maybank has put in place a risk-based insurance management framework to enable the following:

- Implement and monitor Maybank's insurance programme as a risk mitigation technique in a coordinated and consistent manner.
- Minimise operational losses to Maybank, particularly for low likelihood events with high impact.
- Enable a structured and consistent review in the scope and adequacy of Maybank's insurance programme.
- Reduce the risk to an acceptable level based on the Group's risk appetite.

○ Outsourcing

Outsourcing is a technique used by Maybank Group mainly to reduce fixed and/or current expenditure and to concentrate on the Group's core businesses with a view to enhance operational efficiency.

For effective operational risk management, a Group Outsourcing Policy, designed in accordance with local regulatory requirements and international leading practices, has been put in place. All new outsource services introduced are subject to rigorous risk review by the risk taking unit proposing the outsourcing service and independent risk review by Risk Management.

Continuous review, monitoring and reporting to the Executive Risk Committee and Risk Management Committee are also carried out by Risk Management to ensure the integrity and service quality of the service providers are not compromised.

○ Fraud Reporting Hotline

The Fraud Reporting Policy provides all employees of the Maybank Group a framework and avenue to report actual or suspected misconduct or violations of the Group's policies and regulations in a safe and protected manner.

The purpose of implementing a fraud reporting hotline is to promote a culture where it is safe and acceptable for all employees to raise concerns regarding fraud, criminal activities, dishonesty and malpractice committed by another employee via dedicated reporting mechanism.

**Treatment for Operational Risk (OR) Capital Charge**

Operational Risk capital charge is calculated using the Basic Indicator Approach (BIA) as per the Bank Negara Malaysia (BNM) Risk Weighted Capital Adequacy Framework.

Maybank Group intends to adopt The Standardised Approach (TSA) for Operational Risk Capital Charge Calculation, subject to BNM's approval.

For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and the BNM Risk Weighted Capital Adequacy Framework.

The Group has also automated the operational risk capital charge calculation process to produce accurate and reliable Operational Risk capital charge figures across Maybank Group under both the Basic Indicator Approach (BIA) and the Standardised Approach (TSA).

## anti-money laundering/counter financing of terrorism policy

Maybank Group is at the forefront of the Government and Bank Negara Malaysia's continuous initiatives and efforts in the prevention of the use of the banking system for illicit, laundering and terrorism financing activities.

The Group demonstrates its full commitment and support to high standards of compliance with the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) requirements by establishing robust and comprehensive policy, procedures, processes and systems for the prevention and detection of money laundering and terrorist financing activities.

The enterprise-wide AML/CFT programme is subject to periodic reviews to ensure that it remains robust and complies with the requirements of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA 2001), the Financial Action Task Force (FATF) Recommendations as well as international best practices.

Key measures undertaken in Maybank Group include having in place the following:

- Policy and procedures which outline the roles and responsibilities as well as establish clear accountability of all employees within the Group;
- Customer Due Diligence measures which emphasise the importance of ascertaining customer's identity and establishing the ultimate economic beneficiary via documentary and/or non documentary mechanisms;
- Ongoing monitoring of customer transactions through management information systems that enables the detection and reporting of suspicious activities to the Financial Intelligence Unit, Bank Negara Malaysia on timely basis;

- Provision of full and timely disclosure of suspicious transactions/circumstances to the relevant authorities as provided under all applicable laws/respective jurisdictions;
- Record keeping of all identification/transaction details obtained for the purpose of customer identification as well as of all documents in accordance with statutory requirements; and
- Regular AML/CFT communication and training programs through various channels to raise staff awareness at all levels within the Group.
- The extensive infrastructure and resources invested reaffirms the Group's full commitment and strong support to international efforts in combating money laundering, the financing of terrorism and other criminal activities.

Entities within the Group, regardless of geographic locations, are strongly committed in ensuring compliance with the Group-wide AML/CFT Policy as well as applicable AML/CFT legislations within the jurisdiction they operate in adopting the most rigorous standards.

The Group fully co-operates with the enforcement agencies and competent authority in the investigation of money laundering and/or financial crime.

## code of ethics and conduct

Maybank, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. It is on this understanding that the organisation sets out clearly the code of ethics and conduct for its staff. The code stipulates the sound principles that will guide all Maybank staff in discharging their duties. It sets out the standards of good banking practice.

### The purpose of the code is to:

1. Uphold the good name of the Maybank Group and to maintain public confidence in the Maybank Group.
2. Maintain public confidence in the security and integrity of the banking system.
3. Maintain an impartial and unbiased relationship between the Maybank Group and its customers.
4. Uphold the high standards of personal integrity and professionalism of the Maybank Group staff.

### The code stipulates that staff should not:

1. Engage directly or indirectly in any business activity that competes or is in conflict with the Bank's interest.
2. Misuse or abuse their positions in the Bank for their personal benefit or for the benefit of other persons.
3. Misuse information. Staff should not copy, remove or make use of any information obtained in the course of business for the direct or indirect benefit of themselves or of any other persons.

### In addition to these, staff should:

1. Ensure the integrity and accuracy of records and/or transactions.
2. Ensure fair and equitable treatment in all business dealings on behalf of the Bank.
3. Maintain the highest standard of service in their relationship with customers.
4. Maintain confidentiality of all relations and dealings between the Bank and its customers. However, confidential information concerning a customer may be given or made available to third parties only with prior written consent of the customer or when disclosure is authorised under the Banking and Financial Institutions Act, 1989.
5. Manage their financial matters well and not subject themselves to pecuniary embarrassment.
6. Observe and comply with laws and regulations relating to the operations of the Bank.



**We were there when Rathika  
and Seong were introduced  
on Facebook.**

**We'll be there when their children  
find love in their own way.**

Thank you for sharing your lives, hopes and dreams with us. Celebrating 50 years, close to you.

