

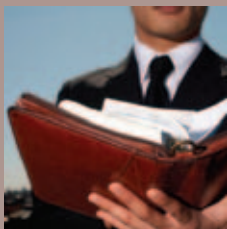


Annual Report

07



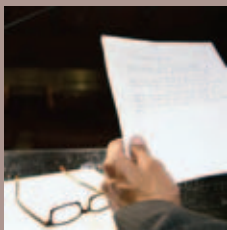
PERSATUAN BANK-BANK DALAM MALAYSIA
THE ASSOCIATION OF BANKS IN MALAYSIA



Promoting Orderliness



Ethical Banking



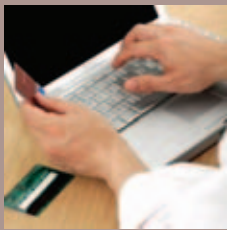
New Policies



Consumer Education



Human Capital
Development



New Channels



Regional Cooperation

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Corporate Information



Chairman Bank

- Affin Bank Berhad
YBhg Dato' Sri Abdul Hamidy Abdul Hafiz

Principal Officer

- Mrs. Wong Suan Lye
Executive Director

Council Banks

- AmBank (M) Berhad
Mr. Cheah Tek Kuang
- Alliance Bank Malaysia Berhad
YBhg Datuk Bridget Lai
- CIMB Bank Berhad
YBhg Dato' Mohamed Nazir Abdul Razak
- Citibank Berhad
Mr. Piyush Gupta (until September 1, 2007)
Mr. Sanjeev Nanavati (from September 1, 2007)
- EON Bank Berhad
Mr. Albert Lau
- Hong Leong Bank Berhad
Mrs. Yvonne Chia
- HSBC Bank Malaysia Berhad
YBhg Dato' Zarir J Cama (until June 1, 2007)
Ms. Irene Dorner (from June 1, 2007)
- Malayan Banking Berhad
YBhg Datuk Amirsham A Aziz (until March 18, 2008)
YBhg Dato' Sri Abdul Wahid Omar (from May 1, 2008)
- OCBC Bank (Malaysia) Berhad
YBhg Dato' Albert Yeoh Beow Tit
- Public Bank Berhad
YBhg Dato' Sri Tay Ah Lek
- RHB Bank Berhad
Mr. Michael J. Barrett
- Standard Chartered Bank Malaysia Berhad
Mr. Julian Francis Wynter
- United Overseas Bank (Malaysia) Berhad
Mr. Chan Kok Seong

Registered Office

34th Floor, UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur
Tel No : 2078 8041
Fax No : 2078 8004
email : banks@abm.org.my

Website

www.abm.org.my

Bankers

Malayan Banking Berhad

Solicitors

Messrs Skrine & Co

Auditors

Messrs Azman, Wong,
Salleh & Co

(as at May 1, 2008)

The Council



Sitting (from left to right)

YBhg Dato' Mohamed Nazir Abdul Razak
CIMB Bank Berhad

YBhg Dato' Sri Tay Ah Lek
Public Bank Berhad

YBhg Dato' Sri Abdul Hamidy Abdul Hafiz
Affin Bank Berhad

Mrs. Wong Suan Lye
Executive Director



Standing (from left to right)

Mr. Chan Kok Seong
United Overseas Bank (Malaysia) Berhad

Mr. Albert Lau
EON Bank Berhad

Mr. Sanjeev Nanavati
Citibank Berhad

YBhg Datuk Bridget Lai
Alliance Bank Malaysia Berhad

Ms. Irene Dörner
HSBC Bank Malaysia Berhad

Mr. Cheah Tek Kuang
AmBank (M) Berhad

Mrs. Yvonne Chia
Hong Leong Bank Berhad

Mr. Michael J. Barrett
RHB Bank Berhad

YBhg Dato' Albert Yeoh Beow Tit
OCBC Bank (Malaysia) Berhad

Mr. Julian Francis Wynter
Standard Chartered Bank Malaysia Berhad

Not in The Picture
YBhg Datuk Amirsham A Aziz
Malayan Banking Berhad

Picture taken April 4, 2008

Chairman's Statement



YBhg Dato' Sri Abdul Hamidy Abdul Hafiz
Chairman | The Association of Banks in Malaysia

2007 was a good year for the industry. I am pleased to note that commercial banks in Malaysia registered a preliminary unaudited pre-tax profit of RM15.6 billion as at December 31, 2007, which was a significant 29% higher than the previous year. The risk-weighted capital ratio (RWCR) remained at least 13% throughout the year whilst the net non-performing loans (NPLs) recorded a 10-year low of 3.2% as at end 2007. The Malaysian economy also showed strong growth of 6.3%, its fastest pace in 3 years, driven by robust domestic demand, strong private consumption spending and investment activities.

The banking industry has taken on a more savvy, customer-centric focus in recognition of customer needs and demands as member banks continued to introduce new and innovative banking services in response to the changing customer landscape.

Small and Medium-sized Enterprises (SMEs) remained a core business focus for banks, the main provider of funds via various new financing schemes being introduced, particularly in microfinancing. Our member banks also cast their nets wider to reach out to the SMEs. In addition, banks also demonstrated their social responsibility to this business sector where they were fully supportive of the Special Relief Guarantee Facility (SRGF) providing assistance to businesses affected by the floods at the end of 2006 and beginning of 2007. This initiative was well received and the RM500 million facility was fully subscribed.

The Association continued to support the move to electronic payments and internet banking. Various mechanisms such as the introduction of tiered pricing for credit cards, ATM cards positioned as debit cards and member banks' websites becoming a key business channel to display services and facilitate applications have encouraged electronic payments. There is also a growing preference among customers to use Self-Service Terminals and the internet for banking transactions, given the flexibility of time and place afforded by these channels. With Malaysia's significant mobile phone penetration across various segments of society, this hand-held device is yet another channel to be leveraged upon for electronic payments.

2007 was also a year that the banking industry can be proud of its achievements in the area of human capital development. Firstly, the Association played a key role in leading the industry in the launch of the ABM 50th Merdeka Scholarship programme. In commemoration of Malaysia's 50th anniversary of independence, ABM and its member institutions pledged RM500,000 in scholarships for deserving Malaysian final year students who excelled in their studies with CGPA of 3.5 and above. The Association, with the generosity of member banks, was able to raise a total scholarship worth RM570,000 awarded to 57 deserving students, each receiving the sum of RM10,000.

Secondly, ABM played a significant role in the industry programme known as the Financial Sector Talent Enrichment Programme (FSTEP) with the full support of Bank Negara Malaysia. This programme is aimed at attracting and developing high-calibre graduates to join the industry, thus creating a pool of available talent to address the shortage in the financial sector. Commencing December 2007, the one-year programme is designed to expose participants to both intensive classroom training and on-the-job exposure whilst receiving a scholarship of RM2,200 per month.

2007 also saw us completing the fourth session of BITS (Banking Industry Training Scheme), hence fulfilling our earlier commitment to the nation to develop and equip 750 young graduates with the skills required by employers, in particular with regards to improving proficiency in the English language and in communication skills.

Going beyond Malaysian shores, ABM recognises the importance of regional interaction and cooperation and thus, will continue to encourage and provide opportunities for members to participate in regional forums.

Though there are challenges ahead in 2008, with the subprime mortgage crisis in the United States and high global oil and food prices, the banking industry in Malaysia is expected to remain resilient with improved risk management practices and operational efficiency, continuing to play a key role in driving the economy forward and contributing to the GDP growth of 5% - 6% anticipated by Bank Negara Malaysia. As competition continues to intensify, banks will step up efforts to introduce a wider range of new and innovative products and services.

Last but not least, I would like to thank my fellow Council members and member banks for their valuable insight and contribution throughout 2007. With your unrelenting support, I am sure that the banking industry will continue to play a positive role in the growth of the economy and the nation.

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of The Association of Banks in Malaysia will be held at Parkview 3, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, June 26, 2008 at 10.30 a.m. for the following purposes:

1. To receive and consider the Report of the Council and the Financial Statements of the Association for the year ended December 31, 2007.
2. To elect members of the Council.
3. To appoint auditors.
4. To transact any other ordinary business which may be transacted at any Annual General Meeting.

By Order of the Council

Wong Suan Lye
Executive Director

May 26, 2008



Report of the Council



The Council has pleasure in submitting its Annual Report and the Audited Financial Statements for the year ended December 31, 2007.

Year 2007

The industry continues to be challenged by a rapidly changing environment with intense competition due to the deregulated operating environment, high liquidity and entry of new players in the marketplace. As banks focus on building their capacity to compete, banks' efforts were also intensified to innovate and introduce a wide range of products and services to meet the discerning needs of their customers. In tandem with these developments, the Association pursued and responded to a wide range of issues impacting the industry.

Some of the key highlights are:

The start of the year saw the industry coming out in full support to provide relief and assistance to affected customers and their employees when the southern part of the country was badly hit by floods. To ease their burdens, affected bank customers were granted moratorium on monthly instalment payments, restructuring/rescheduling of loans and waiver of certain charges.

With the Government's announcement of a special relief facility to help businesses affected by the floods to restart their businesses, ABM went to the flood affected areas to help assure the public that applications received by the banks under the Special Relief Guarantee Facility (SRGF) would be promptly processed. A list of the banks' contact details for the SRGF was also compiled by ABM to facilitate enquiries of the facility and a hotline was set up to help the affected customers.



Bank staff lending a helping hand



Visit to flood affected areas

Likewise, banks also responded swiftly to assist their customers when several parts of Kuala Lumpur were hit by flash floods in the middle of the year. Visits were conducted to the business premises of the affected customers and applications for financial assistance were expeditiously processed by the banks.

During the year, ABM was in talks with Persatuan Insuran Am Malaysia (PIAM) and BNM to review the safe deposit boxes insurance policy which was drawn up in 1996, to consider additional cover to be provided to hirers of **safe deposit boxes** (SDBs).

After consideration of several options, it was agreed that each hirer would be given the option to purchase additional insurance cover from an insurer of his choice and banks would facilitate customers to do so. Banks were also required to remind all existing and new hirers to ensure that the contents of their SDBs are adequately insured.

In continuing support of the nation's aspirations to improve the quality and skills of human resources in the country, several key initiatives were undertaken by ABM.



4th Intake of BITS

The 4th intake of the **BITS** (Banking Industry and Training Scheme), a specially designed training programme for unemployed graduates which is led and coordinated by ABM was held during the year. ABM is happy to report that more than 400 graduates have benefited from the training programme which is conducted for banks as well as investment banks through arrangements with IBBM since its inception in 2004.

Report of the Council

Most of the participants were offered attachment with the banking institutions and were subsequently absorbed into full time employment with the banks. Others have managed to obtain employment from other industries. With the completion of the 4th BITS intake and together with those trained by 2 banks, banks would have fulfilled their commitment to help 750 out of 1000 unemployed graduates allocated to the financial sector.

The year also saw the financial industry comprising commercial banks, investment banks, Islamic banks, development financial institutions, insurance companies and takaful operators in collaboration with BNM embarking on the **Financial Sector Talent Enrichment Programme (FSTEP)** to attract and develop high-calibre graduates from local and foreign institutions of higher learning to join the financial industry.



FSTEP recruiters' briefing



FSTEP participants at work

Under the programme, 1,000 highly trained industry professionals are expected to be produced to address the shortage in the financial sector by the end of 2009. The industry took the lead in two working groups led by ABM Council members i.e. programme design and recruitment. ABM was also a strong participant in the Administration Working Group and looked at the registration format for the participants and the drafting of a memorandum of understanding amongst the financial institutions.

Under the programme design, a one year intensive programme was drawn up which also included internship. For the selection process and recruitment, ABM formed a focus group to develop the orientation and training module for recruiters and to train the recruiters. Commitment was also obtained from the industry players and BNM to identify 50 recruiters to conduct interviews and select the candidates. The first batch of the graduates under the FSTEP had commenced in December 2007.



Tax and accounting issues continued to be addressed by the Association during the year. Several issues relating to financial instruments disclosure and related party disclosures were highlighted to MASB. These include synchronizing the timing, approach and implementation of FRS139 and Basel 2. In addition, ABM also reviewed and responded to Bursa Malaysia on the proposed amendments to Securities Borrowing and Lending facility in relation to tax treatment where it was requested that manufactured payment should not be subject to withholding tax.

On the **capital markets front**, a key issue that the Association resolved during the year was the concern of the banks in complying with BNM's revised Guidance Notes on Repurchase Agreement which would come into effect on July 1, 2007. Under the revised Guidance Notes, banks were required to execute the Global Master Repurchase Agreement for all their repo transactions. In view that most repo transactions are short term in nature, it would not be feasible for banks to execute the Repurchase Agreement. A proposal was submitted to BNM to offer Money Market Deposits where the tenure of the deposit could be any tenure with a minimum tenure of 1 day. The minimum threshold was RM100,000 and there would be no deposit insurance coverage for this type of deposit. We are pleased to have obtained BNM's approval for banks to offer Money Market Deposits to their customers before the compliance deadline for repo transactions of July 1, 2007.

The Association reviewed and facilitated industry response on the different provisions reviewed by the **Corporate Law Reform Program** covering areas on Members' Right and Remedies and creating a conducive Legal and Regulatory Framework for businesses.

The banking industry's commitment towards the growth of SMEs remains strong as reflected by the many innovative products that are developed to meet the wide spectrum of SMEs' financial needs. In addition, activities and workshops were organized by the banks for SMEs to educate them on the various products and services that are available.



Bankers at one of ABM's functions

During the year, the Association took an active role to **manage public perception** of the banking industry. A key concern reported in the media was that banks were referring to credit reference agencies as a source of reference in their credit evaluation process. To alleviate public's concern, ABM explained that banks do not rely on information from only one source and decisions are not based solely on checks made with an agency but are dependent on many other factors and criteria.

Complaints/issues relating to **banking services, bank charges, easy availability of credit cards, ATM services** highlighted in the media and by the National Consumer Complaints Centre were swiftly addressed. In addition, ABM also shared on the industry's position on topical issues such as **Build and Sell Concept, credit cards** and financing to **SMEs** to the media.



The **Financial Mediation Bureau**, which is promoted by the industry, continues to resolve a broad range of retail consumer issues raised against the financial institutions. It has provided the public with a prompt and effective avenue to refer complaints, disputes or claims for compensation as an alternative to the courts.

Efforts to improve consumer literacy of banking products and services remain high on the Association's agenda. Over the years, ABM in

collaboration with BNM had come up with the **Consumer Education** booklets to educate the consumer of the banks' products and services. To ensure a wider readership, ABM undertook the translation of the Consumer Education booklets into Mandarin and Tamil. For this purpose, ABM obtained the commitment of the Council banks to take on the translation of their allocated booklets. A total of 20 booklets were translated. ABM is happy to report that the translation was completed ahead of the deadline set by BNM.

The ABM's newsletter, **Balanced View** also continued to update readers on the developments in the banking sector. The ABM website www.abm.org.my remains an important source of information on banks, thus giving members of the public access to banking related information.



The Association has always remained committed to ensure that banks take the necessary measures to minimize the incidents of fraud.

During the year, the Association held talks with the Criminal Investigation Dept at Bukit Aman to explore measures to enhance **security at the bank premises** to prevent thefts of ATM machines. Measures taken by banks included physical measures and alarms that are connected to a centralized monitoring system in order to secure the ATMs. Banks were reminded to improve on the lighting and quality of the CCTV images to assist police investigations and also to deter robbery attempts.



Dialogue with the Police

ABM facilitated the sharing of **current fraud trends** and the modus operandi of the fraud cases impacting the industry. Measures to combat fraud were discussed which include banks putting in place "Know your customer" policy, be more vigilant in processing loan applications and strengthening its monitoring mechanism.

Report of the Council

Throughout the year, varied industry issues continued to be addressed by the Association. These include giving input on the various focus groups that were set up by PEMUDAH to improve Malaysia's ranking in the World Bank Report on Doing Business such as shortening the time for **registering of property and closing of a business, coordinating the courier arrangements** for the timely delivery of cheques from the various states to Kuala Lumpur, reviewing the **commitment fee** for unutilized overdraft and revolving credit facilities, giving input to AKPK on the **matrix for interest rates and waivers of interest-in-suspense, penalty interest and late fees** under the Debt Management Programme and reviewing Bursa Malaysia's **Listing Requirements**.

ABM also highlighted the industry's concern on the proposal by BNM to expand the credit bureau user base to non-bank creditors where the issue of data confidentiality, statutory obligations of banks as against contractual obligations of non-bank entities was raised to BNM.

ABM was also requested by the Asia/Pacific Group on Money Laundering to meet with their assessors who were in Malaysia to perform a mutual evaluation of the country's compliance with the international standards on **anti-money laundering (AML)** and counter financing of terrorism (CFT). ABM presented the banks' involvement in the national AML/CFT regime, cooperation with the authorities and on-going planned initiatives. The assessors had expressed their appreciation on the cooperation and firm support shown by all agencies to ensure the success of the on-site visit.

The Association continued to give input towards improving the business environment and the economy in various forums. These include working with the Finance Ministry to resolve **income tax related issues** affecting the banking sector. To improve efficiency, ABM also requested for incentives

for banks on research and development activities for product development, reduction in withholding tax rate on REIT and merger related expenses incurred.

ABM also participated in the **annual dialogues** of the Ministry of International Trade and Industry and Ministry of Domestic Trade and Consumer Affairs. A major issue that was reviewed with the Ministry of Housing and Local Government was the **Build Then Sell concept** where ABM had reiterated that funding to developers will continue to be subject to the developers' credit standing, project viability and individual bank's lending criteria and assessment whether for Build Then Sell or Sell Then Build concept. With the Ministry of Energy, Water and Communications, ABM looked at efforts to promote energy efficiency in Malaysia.

Contribution to the nation

To commemorate Malaysia's 50th anniversary, ABM and its members decided to contribute back to the nation by pledging RM500,000 i.e 50 scholarships



worth RM10,000 each to Malaysian students in their final year of study. The **ABM 50th Merdeka Scholarship** aimed to

nurture young talents so that they may reach their full potential. Due to the overwhelming number of applications received, ABM is happy to report that the number of scholarships exceeded the target and were given out to 57 recipients. Our heartfelt thanks go to our member banks for their support and generosity in making this initiative a success.



Recipients of the ABM 50th Merdeka Scholarship

Regional Activities

At the ASEAN level, ABM, as the chair of the Permanent Committee on ASEAN Inter-Regional Relations organized and led a 16 member delegation from 6 ASEAN countries to India in early 2007. The ASEAN Banking Council had agreed that contacts should be established with the region to build inter-regional relations with banks outside ASEAN. Arrangements were made to visit the Indian Banks' Association and several of their member banks. The visit has paved the way for closer cooperation between ASEAN banks and banks in Mumbai and will set in motion greater collaboration at the regional level.



ASEAN Bankers visit Mumbai

ABM also participated in the 37th ASEAN Banking Council Meeting hosted by Vietnam Banks Association. Taking into cognizance the need for banks to cooperate and work together to make the region increasingly relevant, several key programmes were adopted by the ASEAN Banking Council.

Regionally, the Association represents Malaysia at the annual meetings of the APEC Financial Institutions dealing with SMEs. The objective of the annual meetings is to review cooperation activities in the past year and discuss future plans among the participating countries. These meetings have created opportunities to forge closer linkages amongst the financial institutions in APEC to exchange ideas on best banking practices and strategies for SMEs' development.



37th ASEAN Banking Council Meeting

Membership strength

As at December 31, 2007, the ordinary membership of the Association remained at 22 commercial banks operating in Malaysia. The branch network of commercial banks increased to 1993 branches as at December 31, 2007.

Changes to the Council

At the 33rd Annual General Meeting held on June 15, 2007, Public Bank Bhd and RHB Bank Bhd were re-elected as Council members. Alliance Bank Malaysia Bhd, AmBank (M) Bhd and EON Bank Bhd were co-opted as Council members for the year. Affin Bank Bhd remained as Chairman Bank for the ensuing year.



Conclusion

The year has indeed been challenging for the industry. Going forward, the Association remains committed to assist member banks in addressing issues impacting the industry. The Council looks forward to member banks' continued support and cooperation even as the industry strategically positions itself to remain relevant. The Council also wishes to thank Bank Negara, the Ministry of Finance, Government agencies and other regulatory authorities for their assistance and guidance.

On behalf of the Council

Wong Suan Lye
Executive Director

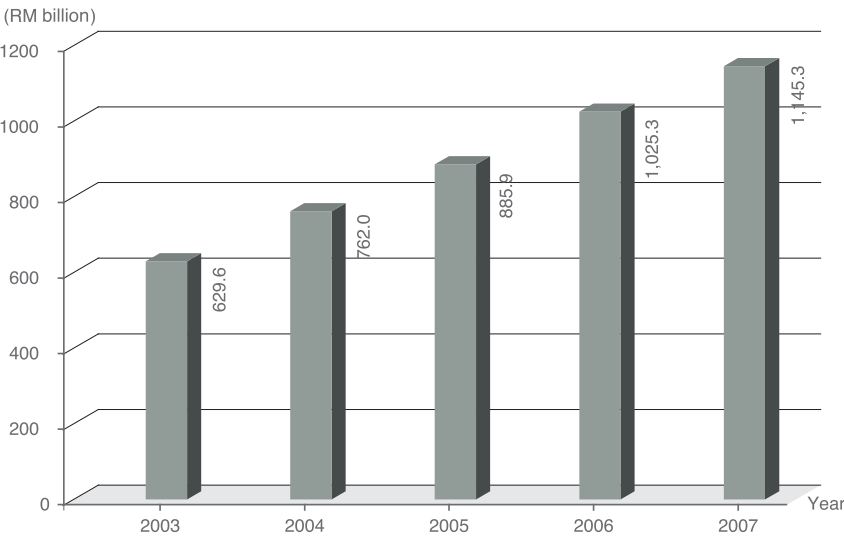
Financial Data



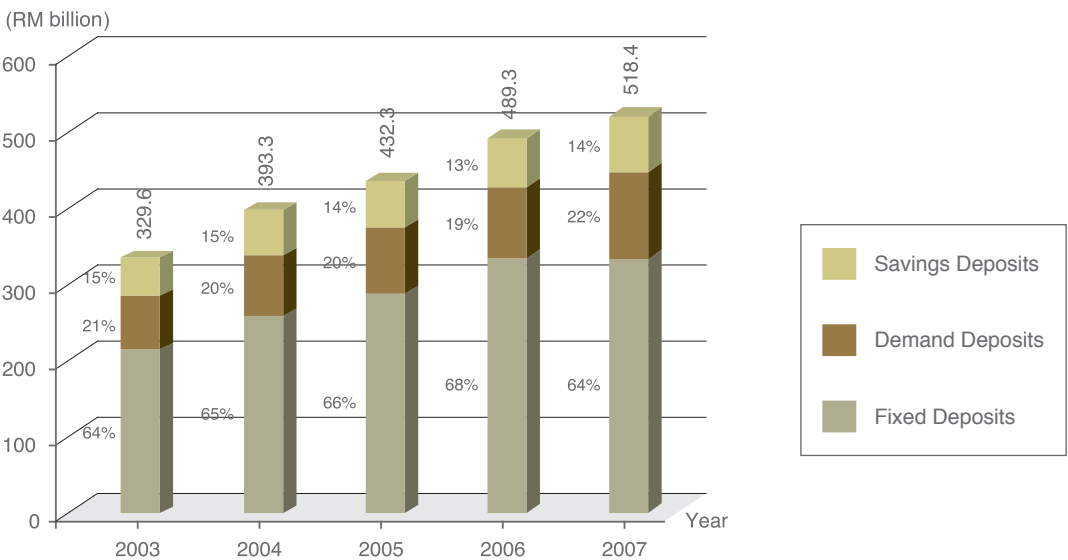
Total Assets, Total Loans and Total Deposits of Commercial Banks

	2003		2004		2005		2006		2007	
	RM million	% Increase	RM million	% Increase	RM million	% Increase	RM million	% Increase	RM million	% Increase
Total Assets	629,635	11.8	761,983	21.0	885,909	16.3	1,025,317	15.7	1,145,331	11.7
Total Loans	355,780	5.2	447,781	25.9	526,227	17.5	584,950	11.2	635,878	8.7
Total Deposits (excluding NCDs, NIF deposits, Special deposits & Hawkers' Deposit)	329,639	9.8	393,260	19.3	432,297	9.9	489,305	13.2	518,430	6.0

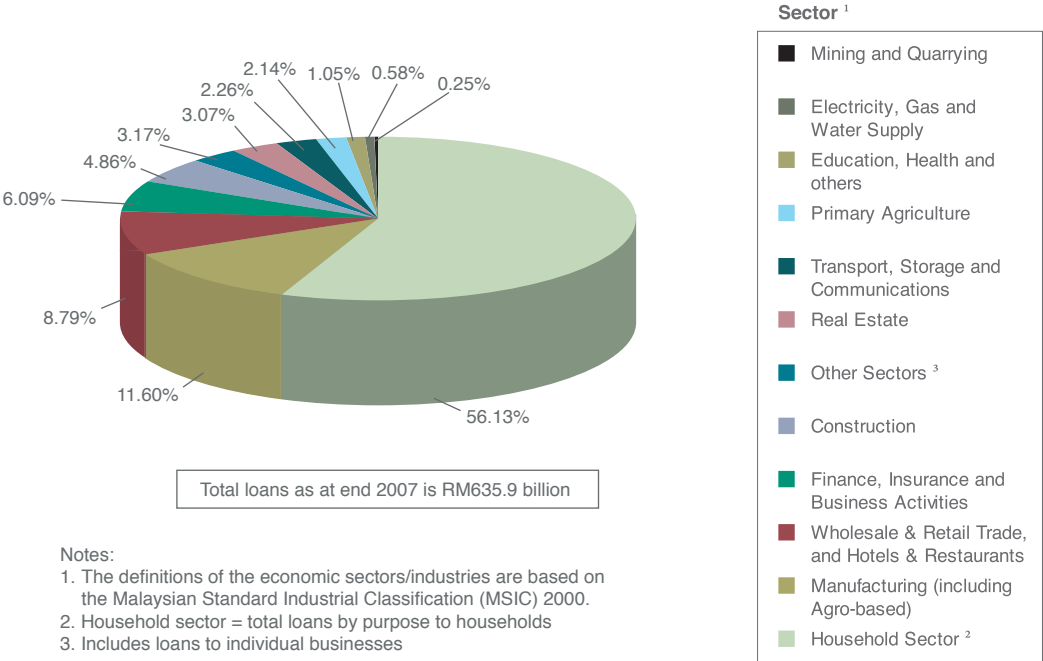
Total Assets



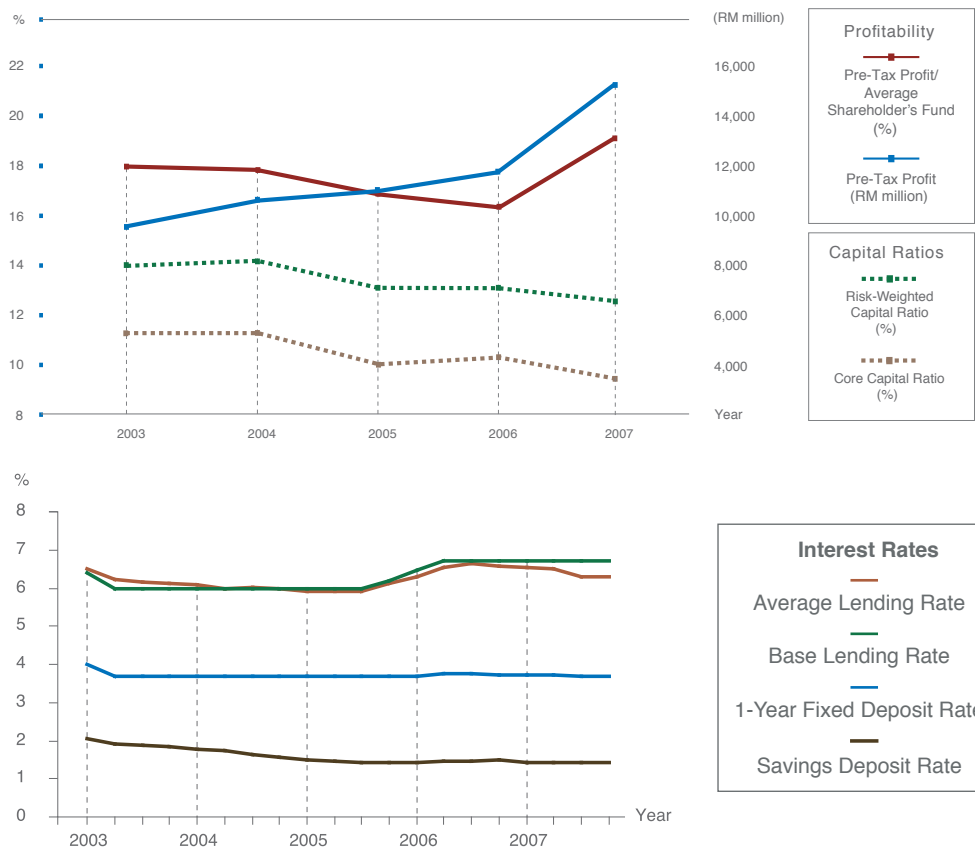
Total Deposits



Total Loans by Sector as at end of 2007

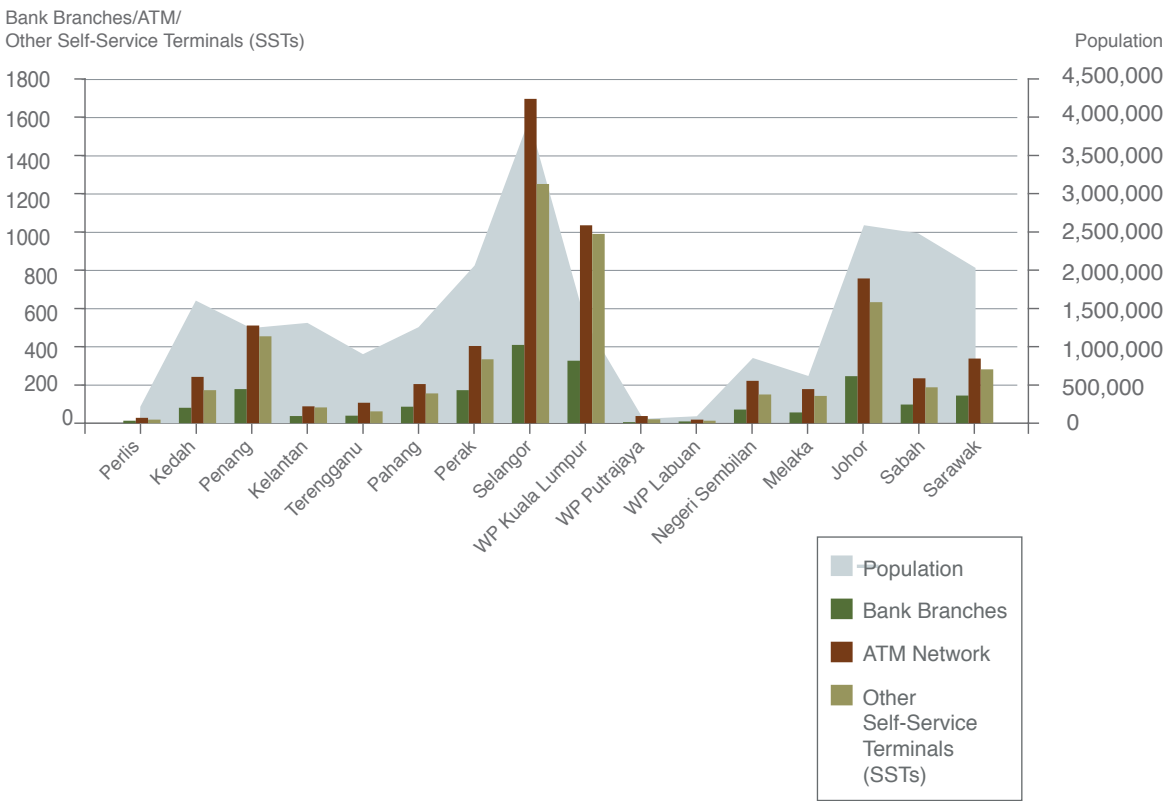


Profitability, Capital Ratios and Interest Rates of Commercial Banks

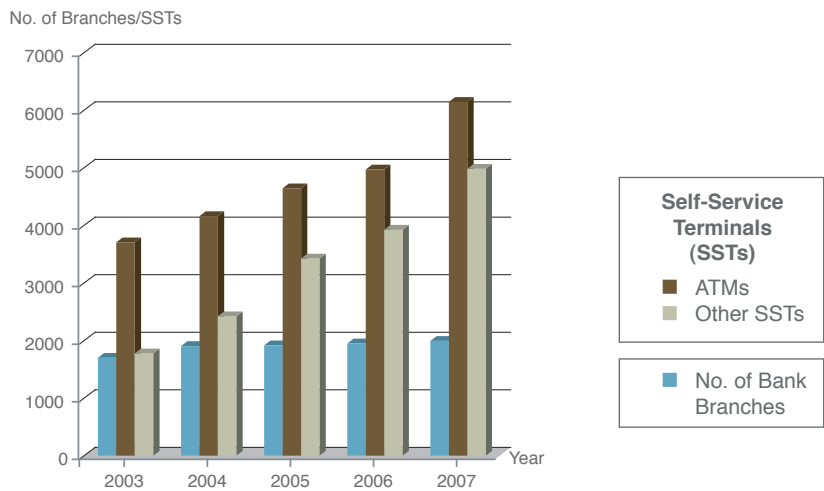


Financial Data

Bank Branches, Self-Service Terminals & Alternative Delivery Channels of Commercial Banks as at December 31, 2007



Growth of Branches and Self-Service Terminals (SSTs) of Commercial Banks from 2003-2007



Bank Branches, Self-Service Terminals & Alternative Delivery Channels of Commercial Banks as at December 31, 2007

Banks	Bank Branches	Self - Service Terminals (SSTs)		Alternative Delivery Channels			
		ATM	Others ²	Internet Banking	Mobile Banking	Tele - Banking	PC / Desktop Banking
ABN AMRO Bank Bhd ¹	4	4	-	✓	-	-	-
Affin Bank Berhad	84	137	195	-	-	-	✓
Alliance Bank Malaysia Bhd	86	148	129	✓	-	-	✓
AmBank (M) Bhd	174	309	222	✓	✓	✓	✓
Bangkok Bank Bhd	1	-	-	-	-	-	-
Bank of America Malaysia Bhd	1	-	-	✓	-	-	-
Bank of China (Malaysia) Bhd	1	-	1	-	-	-	-
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Bhd	1	-	-	-	-	✓	✓ ³
CIMB Bank Bhd	364	1245	891	✓	✓	✓	✓
Citibank Berhad	7	38	70	✓	✓	✓	-
Deutsche Bank (Malaysia) Bhd	1	-	-	✓	-	-	-
EON Bank Berhad	135	190	204	✓	-	✓	✓
Hong Leong Bank Berhad	185	291	301	✓	✓	✓	-
HSBC Bank Malaysia Bhd	40	123	220	✓	-	✓	-
J.P. Morgan Chase Bank Bhd	1	-	-	-	-	-	-
Malayan Banking Berhad	371	2498	1543	✓	✓	✓	✓
OCBC Bank (Malaysia) Bhd	29	65	147	✓	✓	✓	-
Public Bank Bhd	241	421	540	✓	✓	✓	✓
RHB Bank Bhd	184	511	254	✓	-	✓	-
Standard Chartered Bank Malaysia Bhd	37	82	128	✓	✓ ⁴	✓	-
The Bank of Nova Scotia Bhd	5	-	-	-	-	-	-
United Overseas Bank (Malaysia) Bhd	41	85	140	✓	-	✓	-
Total	1993	6147	4985				

- Notes:
1. With effect from 14 April 2008, ABN AMRO Bank Bhd is known as The Royal Bank of Scotland Bhd
 2. Other SSTs include Cash Deposit Machines, Cheque Deposit Machines, Cheque Scan Machines, Passbook Update Machines, Statement Printers, Internet Kiosks
 3. Bank of Tokyo-Mitsubishi UFJ (M) Bhd's PC/Desktop Banking - Internet banking (for corporate customer only)
 4. Standard Chartered Bank Malaysia Bhd's Mobile Banking refers to sms banking and sms alerts



Focus on CSR

Touching Lives in the Community



Banks often grow and develop with a community. Being among the earlier services offered, banks enjoy a long history with the communities in which they operate. This relationship moves beyond economics as banks contribute to the other areas of community life.

Today, termed as Corporate Social Responsibility (CSR), it is not a new area in Malaysia as banks have long been involved in various activities that benefit the community.

2007 was a year of significant achievements in CSR for both the Association and its members.

Responding to communities in need

Flooding and torrential rains led to unexpected national disasters experienced in several parts of the country in late 2006 and early 2007, leaving many lives reeling in its aftermath. The humanitarian face of the industry was seen when banks galvanised into action to support the victims in a variety of ways.



Both the Association and member banks went all out to expedite processing of loans for the Special Relief Guarantee Facility (SRGF), which made available RM500 million to assist businesses affected by the floods. The Association visited flood affected areas to explain features of the Facility and also provided contact of member banks for the public to obtain further information. Besides actively publicising the facility, banks proactively approached their customers in the affected areas to enquire if assistance was needed. At the same time, banks also offered free replacement of damaged banking items such as chequebooks and ATM cards, waiver of late payment charges, deferment of loan instalment payments and rescheduling of loans.

The industry's resolve was reflected in the extra effort put in by bank staff who worked overtime during that period to expedite processing the SRGF loans for their fellow Malaysians. This resulted in an average processing time of a week or less for the loan application. As at 23 March 2007, it was officially announced that about 60% of the approvals were for loans RM100,000 and below, with 37% for loans RM50,000 and below, an indication that small businesses received the necessary aid.

The humanitarian face of the banking industry was further revealed when member banks donated millions of ringgit in cash as well as made contributions to public funds such as NSTP Flood Victims Assistance, Yayasan Nanyang Press, Help a Family Campaign by The Star

and facilitated the collection of funds for Tabung Bantuan Banjir TV3. Aid was also provided in terms of food, clothes and building materials. Furthermore, bank staff also availed themselves to help in the cleaning-up, moving and restoration efforts of affected areas.



Bank staff hard at work helping in restoration efforts

Developing the Community

The banking industry has always been committed to the development of human capital with various initiatives to build the potential of Malaysians to be skillful and productive. In celebration of the nation's 50th year of independence, the Association initiated the ABM 50th Merdeka Scholarship. Under this ABM sponsorship scheme, member banks sponsored well-deserving final year students in local universities nationwide who achieved a score of CGPA of 3.5 or higher.

With a total scholarship amount of RM570,000 being awarded to 57 students, it is hoped that the sponsorship would motivate the recipients to excel in their studies and be eager to contribute to the nation upon graduation.



Presentation ceremony of the ABM 50th Merdeka Scholarship

Another achievement that The Association is proud to announce is the successful completion of the Banking Industry Training Scheme in October 2007. Known as BITS, this training programme aimed to improve the marketability and competencies of unemployed graduates to the level expected by employers, in response to the government's call to re-train unemployed graduates.

The Association organised its members to identify and sponsor unemployed graduates for the programme with the added opportunity of being attached to the sponsoring bank. Since commencing in 2004, this partnership with member banks has resulted in training 750 unemployed graduates with several graduates being employed in the banking industry itself whilst others found employment in other industries.

BITS in session



Awarding certificates to BITS' participants

Over and above the official relief efforts, member banks went out of their way to provide aid. The Association is thus pleased to highlight member banks' initiatives that touched the lives and met the needs of the community in various areas.

Going to the Community

Banks live, interact and grow within communities which are also dependent on them for their socio-economic development. In Malaysia, this symbiotic relationship has grown over the years, as banks engage in projects involving the communities in which they operate. Some examples are:

Maybank expanded its corporate social responsibility initiatives to include employee volunteerism in its community outreach efforts. Under the Cahaya Kasih Maybank programme, employees volunteered their time and effort to assist in the seven welfare homes adopted by the bank.



Maybank management members at Rumah Kanak-kanak Tengku Budriah, Cheras



Maybank staff repairing a handicapped persons' home in Kuala Kubu Baru

Community Link, launched in May 2007 is **CIMB's** partnership with the local communities it serves. Each branch works with community leaders to identify a relevant project and contributes a pre-determined sum to the fund each time customers conduct transactions at the specific branch. Since inception in May 2007, 55 Community Link projects with a value of RM2.25 million involving participation by 60 branches have been identified as at December 2007. Furthermore, 170 employees have participated as volunteers in these Community Link projects.



< Transforming the Kota Damansara Community Forest Park - CIMB branch, The Curve



Bringing music to their World of Silence, via a musical training course - CIMB branch, Wisma Koponas, Brickfields



Providing pre-school learning facilities to underprivileged children - CIMB branch, Prangin Mall, Komtar

AFFINBANK's determination to reach the truly needy members of the society resulted in AFFINCare. A key project was the building of houses for the hardcore poor whereby AFFINCare provided financial aid in excess of RM500,000 to rebuild the houses of 43 hard core poor families in Bachok, Kelantan. Efforts have now extended to other states such as Melaka, Kedah and Terengganu. Besides, financial aid, AFFINBANK employees also help out in 'gotong royong' activities with the villagers.



AFFINBANK staff working hard



Happy to hand over the newly built houses

"Living with HIV" and "Seeing is Believing" are two of **Standard Chartered's** initiatives implemented in the local community.

"Living with HIV" aims to raise the awareness of the disease especially among young adults. Specially trained bank staff known as HIV Champions conduct training internally and externally, including running workshops in schools, colleges and universities.



Raising awareness of HIV amongst students of University Malaya

“Seeing is Believing”, is a partnership with the Malaysian Medical Association of Eye Fund. Contributions over RM400,000 have been made towards efforts to restore the sight of those suffering from curable blindness as well as to produce an awareness programme on prevention of such blindness. Over 1,500 poor and needy Malaysians have had their sight restored. A critical element of both programmes is staff engagement whereby the Bank gives two additional days for staff to participate in these programmes.



A happy patient with his doctor after eye surgery



Employees of **The Bank of Nova Scotia** participated in the Terry Fox Run KL to help raise funds for cancer research. Fifty countries around the world organise the Terry Fox Run annually, inspired by one man’s vision to raise funds for cancer research. In KL, the funds raised in 2007 were donated to the Cancer Research Initiatives Foundation.



Many member banks came forward to provide aid relief during the floods in a variety of ways, some of which are shown below:

Moved by the plight of the flood victims, **AmBank Group** provided manpower and equipment in the form of 10 jet skis and 10 boats for much-needed transportation during this period. AmBank Group’s relief team of 95 were deployed in sub-teams to assist in various areas in the Kota Tinggi vicinity, one of the worst hit areas, to help in the clean-up of premises, moving and disbursing supplies to these victims.



One of the 10 jetskis donated by AmBank to help in transportation

< Ambank staff helped to repair a bridge in Kg Batu 25

Hong Leong Bank distributed RM500,000 worth of relief goods to various relief centres in Johor in aid of the flood victims.



Recognising that the floods in early 2007 would affect the Chinese New Year festivities which was around that time, **United Overseas Bank (Malaysia)** contributed RM100,000 to The Star’s “Help A Family” campaign to ease the burden of families left in a lurch.



Cheque presentation by UOB to The Star

Going Young

Not only are they involved in current community projects, banks also recognise the importance of tomorrow’s leaders and much has been contributed to develop young people.

“Solve the Quagmire of Money”, a colourful, comic-styled activity book, with fun facts about money, interactive puzzles and financial tips is designed to captivate 10-14 year olds.



Alliance Bank’s “Solve the Quagmire of Money”

This financial literacy booklet produced by **Alliance Bank** will encourage prudent financial management amongst school-going children. Thus far, 20,000 copies have been distributed to 163 primary and secondary schools.

Under the Alliance Kelab Kewangan banner, the bank also participated in a series of financial education workshops throughout the country.



Alliance Kelab Kewangan campaign in Kuala Terengganu

Citibank’s “Adventures with Agent Penny” is a comic book designed to instill good money management for the 10-12 year olds. Agent Penny takes on the element of educating these children on the importance of saving and budgeting. To date, 37,000 copies have been distributed to 72 schools.



Children aged 10-12 years enjoying Adventures of Agent Penny



Citibank “Young Enterprise Programme” - Secondary school children with completed chocolate efforts

In another effort, Citibank’s Young Enterprise Program, sponsors secondary schools in the Klang Valley whereby staff volunteers work with 16-year-olds to facilitate learning the fundamentals of building a viable business.



Public Bank in support of the Girl Guides Association

Building character is a very important part of youth development as the country's future will depend on leaders with high moral calibre. **Public Bank** responded to the Girl Guides Association of Malaysia's call with a donation of RM50,000.

Working closely with the Royal Malaysian Police, **RHB** initiated the Missing Children – Reuniting Families programme. RHB provided a dedicated information hotline for public to call and a direct link with the Police via online and e-mail alerts with latest updates on missing children. Posters and leaflets with relevant information were also made available at all RHB banking group branches, shopping malls and major public transport hubs. In addition, the RHB Banking Group in collaboration with the police and Education Ministry launched a 12-page booklet "Crime Prevention Tips for Kids" aimed at educating children on crime prevention methods.



Launching of RHB Banking Group's "Missing Children" CSR Project



Launching of "Crime Prevention Tips for Kids" booklet

During the fasting month of 2007, **AFFINBANK** launched Adopt-An-Orphan programme in the Klang Valley. Staff were given the choice to adopt a maximum of 2 children from Asrama Anak-Anak. The children were given the opportunity to spend 2 days and 2 nights with them, participating in the family's regular routines.



AFFINBANK Staff with their foster children

Rewarding excellent academic results, the Smart Junior Awards by **EON Bank** is an annual cash award for Smart Junior Account holders who scored well in government public examinations such as UPSR, PMR, SPM and STPM. The award acts as an inspiration for the youths as well as to encourage early savings among Malaysian youth.

2007 Smart Junior Awards for 2006 Examination Results

Examination	Total Recipients	Cash Award per recipient
UPSR	150	RM100
PMR	114	RM200
SPM	70	RM400
STPM	5	RM800

JP Morgan Chase Bank hosted 196 children from various orphanages and homes at the culmination of their DeepaRaya party and literacy programme at Zoo Negara. The zoo's cuddly orang utan, Manja was a hit with the children who didn't hesitate to take a picture with her.



Going Green

Besides developing the young, it is important to leave them a world they can live in and hence, member banks are actively engaged in the conservation efforts of our environment as a legacy for the future generations of Malaysia.

In this area of environment conservation, **HSBC** is active in several programmes:

- > Support for the Southeast Asia Rainforest Research Programme (SEARRP) in Danum Valley, Sabah.
- > Conservation of the Kuala Selangor Nature Park in partnership with the Malaysian Nature Society
- > Partnership with WWF Malaysia to promote wetlands.
- > Going offshore, HSBC's staff are involved in conducting reef check surveys with Reef Check Malaysia



HSBC staff carrying out reef check surveys

Tree planting was the thrust of **Public Bank's** campaign to create greater awareness of the critical need to reduce carbon emissions and preserve the environment for the enjoyment of future generations. With a pledge of RM1million by Public Bank and in collaboration with various agencies, the campaign aims to plant 20,000 trees at the Seri Johor Flood Retention Pond in Cheras, Kuala Lumpur over the next 2 years.



Public Bank - Tree planting for Climate Change Programme

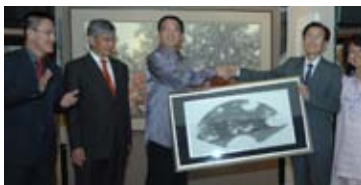
Hong Leong Bank's environmental preservation is in the area of Occupational Safety and Health management practices. Its Prai branch won an excellence award given out by the Prime Minister under the Financial Institution, Insurance and Real Estate category in the National Occupational Safety and Health Act (OSHA) award competition 2007.

Going Art and Culture

As Malaysia progresses in the 21st Century, it is important that its citizens are proud of the country's local heritage as well as have an appreciation of arts and culture. Banks are among the main sponsors and patrons of exhibitions and preservation of local heritage.

Maybank's extensive involvement in the art scene has seen many art exhibitions displayed for the benefit of fellow Malaysians. In May 2007, for the first time, the largest collection of Cuban art in Malaysia by Cuban artists was featured showcasing their work to commemorate the 50th Merdeka celebration of Malaysia. This was a partnership between Maybank and the Cuban Embassy to host an art exhibition entitled "Independence Presumptions & Convergence : A Homage to Malaysia's Independence through Art".

The Landscapes art exhibition showcased by Maybank



Also in May 2007, Maybank showcased The "Landscapes" art exhibition by a renowned Chinese artist from Guangdong which provided Malaysians a rare opportunity to view exquisite Chinese landscape paintings. Over RM420,000 was raised from the "Landscape" exhibition for two charities, the Alzheimer's Disease Foundation Malaysia and Yayasan Orang Kurang Upaya Kelantan.

In the area of building restoration, **HSBC's** contribution of RM2million over 3 years has allowed the full restoration of Suffolk House, the first "Great House of Penang" and the purest example of Anglo-Indian architecture outside India.



Going Regional

In true Malaysian spirit, banks have moved beyond our shores to help the needy communities in other countries.

In reaching communities outside Malaysia, **Maybank's** international offices also engaged with the communities in their respective locations. Maybank provided support to the Philippine National Red Cross (PNRC) to help ongoing rehabilitation efforts for displaced victims of Typhoon Reming in Bicol. It also expanded the MAYBANKALINGA project, extending help to children of Caritas Manila and landslide victims of Guinsaugon.

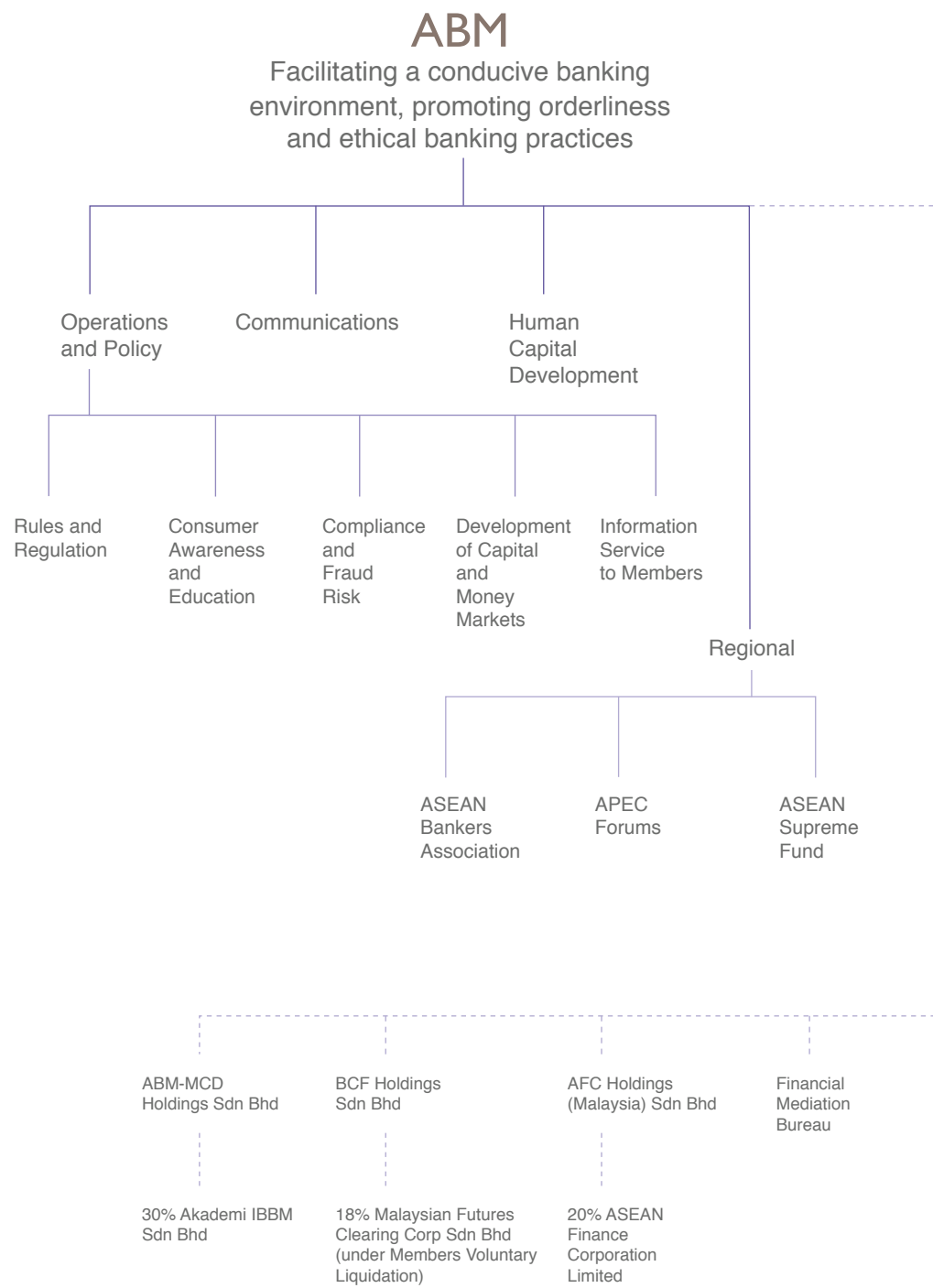


OCBC home builders in Indonesia

In 2007, **OCBC** decided to enlarge its CSR footprint. Through its Operations & Technology Division, Senior Managers travelled to Bandung, Indonesia for a full week of community development work. Working with Habitat for Humanity and Mercy Relief, they built 3 houses and distributed essential items to 250 orphans from three orphanages. The team also sponsored the final examination fees for orphans of school-leaving age.

In conclusion, the banking industry remains committed to the community through its Corporate Social Responsibility activities and will continue to play a part in the life of the community for the long term.

The Association - Its Scope



Directory of ABM Members



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ABM State Sub-Committees

