

**ABMI**  
**Directory of institutional investors**  
**in the ASEAN+3 bond markets**

**2009 Edition**

**Office of Regional Economic Integration**  
**Asian Development Bank**

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## Executive summary

This is the first issue of the Directory of Institutional Investors in the ASEAN+3 Bond Markets.

This is an initiative of ABMI Task Force 2. The aims are:

- To compile an overview of the legal and regulatory framework in each market, as it applies both to outward investment by domestic institutions, and inward investment by foreign institutions.
- To describe the various categories of institutions that invest in the local bond markets of each country, with statistics if available.
- To list and briefly profile some of the main institutions (typically the top 10) in each market, including estimates of their bond investments where available.

An understanding of the institutional investor base is critical in developing the local currency bond markets. For example, a principal weakness of many local bond markets is a lack of secondary market liquidity, especially in the corporate bond sector, but also in many government sectors. Many existing investors - especially domestic financial institutions - operate a buy and hold investment approach. A more diversified investor base would help to address this situation. It is hoped that this Directory will be useful in guiding future research priorities in this area.

The main sources of information in compiling this Directory have been:

- AsianBondsOnline web site
- AsianInvestor magazine and other industry publications
- Online company information provided by Google Finance, Yahoo Finance and others
- Annual reports and other information available on corporate websites
- A survey on institutional investors of ASEAN+3 countries carried out by ABMI Task Force 2 in November 2008
- "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010)

This initial Directory covers People's Republic of China, Indonesia, Malaysia, Philippines, South Korea, Thailand and Viet Nam. It is intended to update this Directory on an annual basis. Publication will take place in May or June each year, to allow time for collection of year-end financial information. The Directory will be extended in future years to cover all ASEAN+3 markets, including Japan. It is also hoped that more depth of information will become available on a consistent basis across the various markets.

Please note that the information presented in this report is on a "best efforts" basis. It has been drawn from balance sheets and from other publicly available documents. As far as possible, a consistent approach has been used in the classification of assets. However, not all institutions publish the same level of detail or classify assets in the same way. It must also be remembered that the data, however comprehensive, is only as at a single date, which may not be representative of an institution's investments over a period of time. Currency exchange rates are a further factor. Therefore, the information should be treated as a guide only.

Thank you very much for your support!

Office of Regional Economic Integration  
Asian Development Bank  
April 2010

## List of abbreviations used

ABMI	Asian Bond Markets Initiative
ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN + People's Republic of China, Japan, and Republic of Korea
BIS	Bank for International Settlements
CNY	Chinese yuan
FX	Foreign exchange
IDR	Indonesian rupiah
JPY	Japanese yen
KRW	Korean won
MYR	Malaysian ringgit
PHP	Philippine peso
TA	Technical Assistance
TF2	Task Force 2 of ABMI
OREI	Office of Regional Economic Integration
SGD	Singapore dollar
THB	Thai baht
USD	US dollars
VND	Vietnamese dong

## Exchange rates

Currency	USD:LCY (as at 31 December 2008)
CNY	6.8225
IDR	10,950
KRW	1,262
MYR	3.45
PHP	47.1008
SGD	1.4377
THB	34.72
VND	17,198

31 December 2008 is the most common date for the financial information in this Directory. Where other rates have been used, these have been indicated in the text.

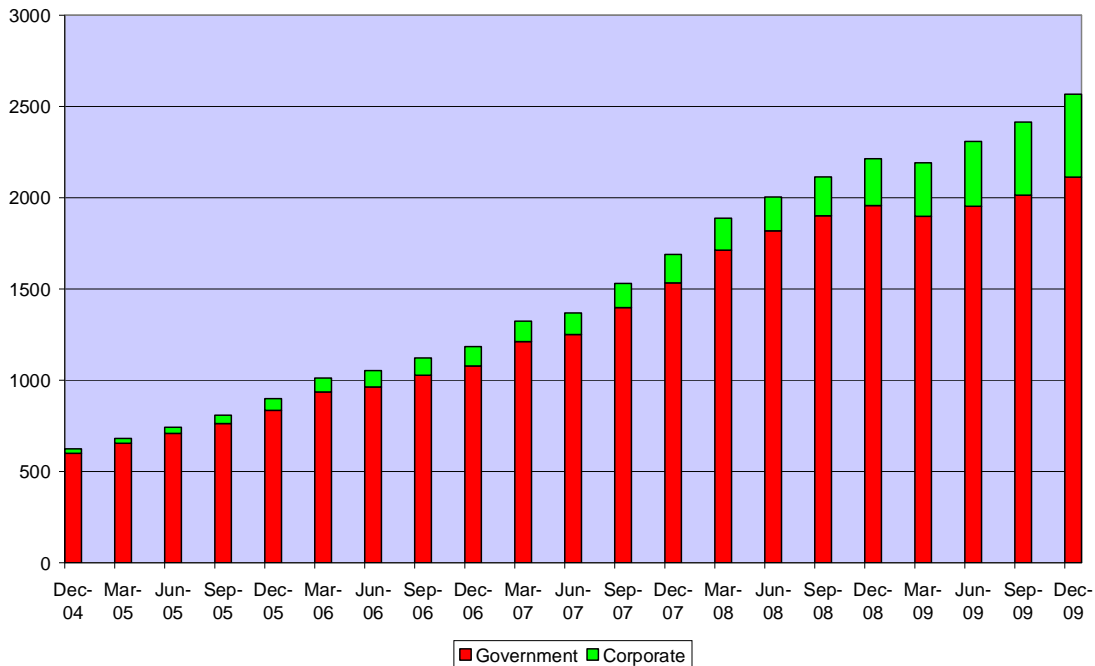
Note: Figures from different sources may not always match exactly due to differences in dates and exchange rates, and different approaches to classifying assets under management. The figures in this Directory are intended as a guide only.

# 1 People's Republic of China

The bond market in People's Republic of China is the largest among emerging economies in Asia, with government and quasi-government bonds dominating issuance. There are five major types of instruments traded: (i) China Government Bonds, issued by the Ministry of Finance; (ii) bonds and bills issued by People's Bank of China; (iii) financial bonds issued by government-backed policy banks and financial institutions; (iv) corporate bonds issued by domestic corporations; and (v) commercial paper, issued by securities firms and private corporations.

## Local bond market development

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

People's Republic of China's bond market has grown over this period, from USD 600 billion in December 2004 to over USD 2.5 trillion in December 2009, an annual growth rate of 33%. Corporate bonds now account for almost 18% of the total.

PEOPLE'S REPUBLIC OF CHINA	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	29%	80%	33%
Growth last 12 months	8%	77%	16%
Proportion of total market (as at Dec 09)	82.3%	17.7%	100%

The large increase in corporate bond issuance in 2009 raised liquidity to high levels. Liquidity in the corporate bond sector has also been boosted by a substantial commercial paper market and the recently established medium-term note (MTN) market.

Most corporate sector issuers in People's Republic of China are from the public sector.

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

Non-residents may invest in the domestic bond market only as Qualified Foreign Institutional Investors (QFII). QFII refers to overseas asset management institutions, insurance companies, securities companies, commercial banks and other institutional investors which are approved by the China Securities Regulatory Commission (CSRC) for investing in People's Republic of China's securities markets, and granted an investment quota by the State Administration of Foreign Exchange (SAFE).

QFII may only purchase bonds that are traded on a stock exchange and registered under the investor's code. This includes all treasury bonds (T-bonds), all corporate bonds listed on the Shanghai Stock Exchange, and most corporate bonds listed on the Shenzhen Stock Exchange.

Processing of applications by CSRC and SAFE may take 12 months or more, and there are frequent requests for further information.

A QFII can only repatriate investment and profits after the lock-up period. For an open-ended China Fund, the lock-up period is 3 months, and is calculated from the date of the initial remittance of USD 20m (or above) into People's Republic of China. For other types of QFII, the lock-up period is one year (except for closed-ended funds for which the lock-up period is 3 years), and is calculated from remittance in of the full amount of the investment.

SAFE's pre-approval is needed for all repatriations, except for monthly repatriation of open-ended China Funds of less than USD 50 million. QFII (except for open-ended China Funds) can repatriate accumulated post-tax profits once a year upon completion of a fiscal year-end audit by a local audit firm and the tax clearance process.

### **Currency controls**

The Chinese yuan (CNY) is not freely convertible. Fund injections and repatriations require approval and are subject to monitoring.

FX is allowed based on 'real demand'. There must be underlying securities trades. A single FX trade may be effected for a number of securities trades with the same settlement date. However, no tolerance is allowed in the amount - it must be for the exact amount of the underlying trades.

The sub-custodian must have evidence of the underlying trades before an FX is executed, and prior approval is required from market authorities.

Offshore FX trades are not permitted.

### **Cash and overdraft controls**

There are no restrictions on non-resident investors holding CNY credit balances.

CNY overdrafts and loans to non-residents are not allowed.

### **Taxation of non-resident investors**

Income sourced from People's Republic of China by non-resident investors is subject to a 10% withholding tax. This applies to dividends and deposit interest and coupon interest from enterprise and corporate bonds paid to QFII. Interest on Treasury bonds is tax-exempt.

Capital gains are currently tax-exempt. All investors are exempt from stamp duty on investment in funds, warrants, and bonds.

Tax relief at source is available, subject to double tax treaties, and tax may be reclaimed. However, the procedures for exemption and reclaim are not clearly defined and published.



## ***Portfolio restrictions on domestic investors***

Overseas indirect investment on Foreign securities markets can only be operated by Qualified Domestic Institutional Investors (QDII).

Overseas direct investments or overseas issuances or transactions of securities or derivatives by domestic entities or individuals must be registered in accordance with the provisions of the foreign exchange administration department of the State Council. When prior approval or maintenance for the record by the relevant department is required by the provisions of the State, the approval or recording procedures must be completed prior to the registration of the foreign exchange.

Banking institutions may directly provide commercial lending overseas within the approved scope of their business.

For further information, please see: “The Trial Measures for the Administration of Securities Investment Outside the Territory of China by Qualified Domestic Institutional Investors (QDII)”

## ***Investor base for local currency bonds***

### **Overview**

Major investors are state-owned commercial banks, share-holding commercial banks, and nonbank financial institutions, including securities companies, credit cooperatives, securities investment funds, and cooperatives. Other investors include small- and medium-sized financial institutions, corporate enterprises, foreign financial institutions holding QFII licences, and retail investors.

#### Commercial banks

Commercial banks are the largest institutional investors in the bond market, and hold almost 60% of government bonds and 30% of corporate bonds.

#### Pension Funds

The Social Security Fund (SSF) was established in 2000. The National Insurance Law mandates that at least 50% of SSF funds are invested in bank deposits and government bonds, 40% in equities, and 10% in corporate bonds.

#### Insurance Companies

Insurance companies are allowed to invest in government bills and bonds, financial bonds, and corporate bonds with a credit rating of AA+ or higher. China Life is the largest insurer.

In March 2009, the China Insurance Regulatory Commission (CIRC) announced that it would allow insurance companies to invest in paper backed by infrastructure projects, with life insurers and non-life insurers respectively being allowed to invest 6% and 4% of their assets in these instruments.

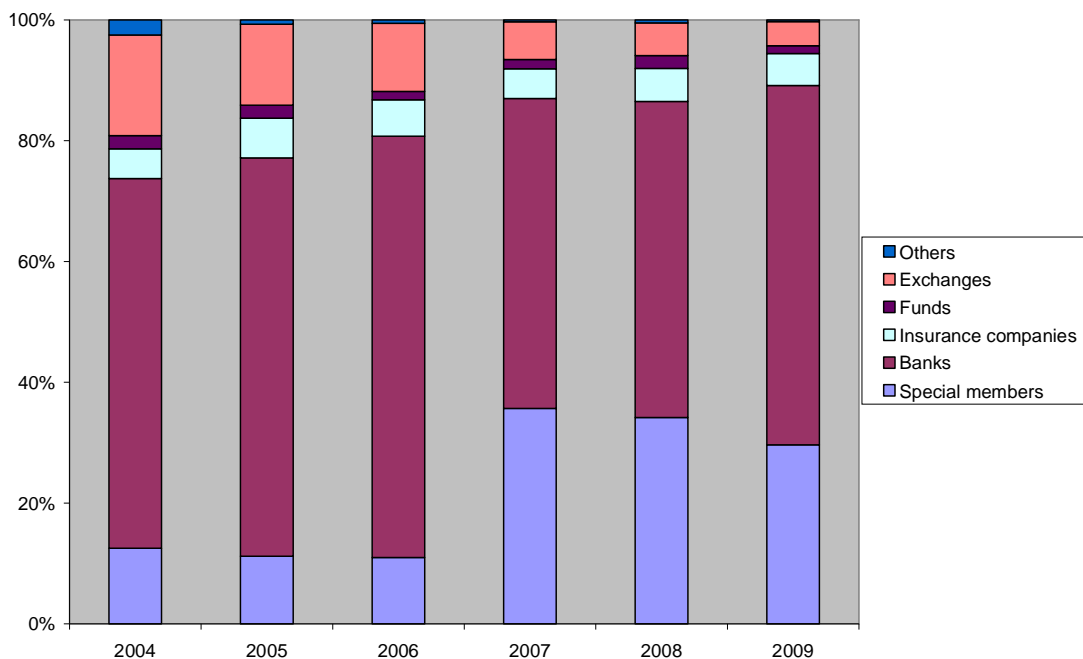
In October 2009, the CIRC raised the limit on insurance companies' investments in corporate bonds from 30% of their assets to 40%. However, eligible bonds are limited to those issued by large state-owned enterprises, Hong Kong, China listed companies, and companies with H-shares, and the bonds must be rated BBB or above. CIRC also relaxed the requirement that issuers must have been profitable for the past 3 years: now, annual interest payable should be less than the issuer's average distributable profits over the past 3 years.

#### Asset Management Companies

People's Republic of China has a growing mutual fund industry comprising both closed-end and open-end funds. The Securities Investment Fund Law requires that 80% of fund assets be invested in equity and bond markets, and at least 20% invested in treasury bonds. The largest fund managers are China Southern Fund Management, Hua'an Fund Management, and China Asset Management.

### **Government bonds - distribution of holdings**

The following chart shows the investor profile for government bonds over the past 5 years:



Source data: AsianBondsOnline

The above data is for December each year. As at December 2009, commercial banks held 59% of government bonds, insurance companies 5% and other contractual savings institutions 1%.

### Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	Industrial & Commercial Bank of China	Commercial bank	832,766	Mar-09
2	Bank of China	Commercial bank	832,766	Sep-08
3	China Construction Bank	Commercial bank	645,711	Mar-09
4	Agricultural Bank of China	Commercial bank	365,057	Dec-07
5	China Postal Savings Bank	Official institution	233,000	Dec-07
6	Bank of Communications	Commercial bank	205,951	Mar-09
7	China Investment Corporation [Central Huijin]	Sovereign Wealth fund	200,000	Dec-08
8	China Life Insurance	Insurance company	156,415	Apr-09
9	China Merchants Bank	Commercial bank	119,431	Mar-09
10	Ping An Insurance	Insurance company	117,609	Mar-09
11	Shanghai Pudong Development Bank	Commercial bank	93,298	Mar-09

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

## 1.1 ICBC

Name	Industrial & Commercial Bank of China
Ranking (based on total AUM)	2
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	No.55 FuXingMenNei Street Xicheng District Beijing, BEJ 100140 PEOPLE'S REPUBLIC OF CHINA
Telephone	
Corporate web site	<a href="http://www.icbc.com.cn">http://www.icbc.com.cn</a>

### Brief overview of institution

Founded 1984, Industrial and Commercial Bank of China (ICBC) is the largest bank in the world in terms of market value and one of the world's top ten banks by assets. It is one of the People's Republic of China's "Big Four" state-owned commercial banks (the other three being the Bank of China, Agricultural Bank of China, and China Construction Bank).

By the end of 2008, ICBC had 16,386 domestic and overseas branches, providing extensive and high-quality financial products and services to 190 million personal clients and 3.1 million corporate clients.

Number of employees	385,689
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Senior officers	Position
Yang Kaisheng	President
Zhang Furong	Vice President
Niu Ximing	Vice President
Wang Lili	Vice President
Li Xiaopeng	Vice President
Liu Lixian	Secretary of Party Discipline Committee
Yi Huiman	Vice President
Wei Guoxiong	Chief Risk Officer
Gu Shu	Secretary of the Board of Directors

**Summary of investments: ICBC**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	9,757,146	1,430,142
Assets under management	5,088,911	745,901

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	4,945,009	97.2%
Foreign currency	143,902	2.8%
TOTAL	5,088,911	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	2,939,156	57.8%
Government bonds	1,432,942	28.2%
Corporate bonds	528,829	10.4%
Equities	8,770	0.2%
Other	179,214	3.5%
TOTAL	5,088,911	100.0%

## 1.2 Bank of China

Name	Bank of China Limited
Ranking (based on total AUM)	3
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	No.1 Fuxing Men Nei Street Beijing, BEJ 100818 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 10 6659 2638
Corporate web site	<a href="http://www.boc.cn">http://www.boc.cn</a>

### Brief overview of institution

Bank of China Limited (BOC) is engaged in the provision of a range of banking and related financial services, including commercial banking, investment banking and insurance business. It operates through six segments: corporate banking, personal banking, treasury operations, investment banking, insurance and other operations. As of 31 December 2008, BOC had 10,789 domestic and overseas branches, subsidiaries and outlets, including 9,983 branches, subsidiaries and outlets in the Chinese Mainland and 806 branches, subsidiaries and representative offices in Hong Kong, China; Macau and other countries and regions.

Number of employees	249,278
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Senior officers	Position
Gang Xiao	Chairman of the Board
Lihui Li	Vice Chairman of the Board, Head of Bank
Bingxun Zhang	Secretary of the Board
Changying Yang	Secretary of the Company
Zaohang Li	Executive Director, Deputy Head of Bank
Zaiqun Zhou	Executive Director, Deputy Head of Bank
Yanling Zhang	Deputy Head of Bank
Min Zhu	Deputy Head of Bank
Yongli Wang	Deputy Head of Bank
Weijian Zhan	Chief Credit Risk Officer

**Summary of investments: BOC**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	6,951,680	1,018,934
Assets under management	3,543,059	519,320

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	3,186,221	89.9%
Foreign currency	356,838	10.1%
TOTAL	3,543,059	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	1,914,123	54.0%
Government bonds	643,725	18.2%
Corporate bonds	842,358	23.8%
Equities	9,692	0.3%
Other	133,161	3.8%
TOTAL	3,543,059	100.0%

### 1.3 China Construction Bank

Name	China Construction Bank Corporation
Ranking (based on total AUM)	4
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

#### Contact details

Head office	No.25, Financial Street Xicheng District Beijing, BEJ 100032 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 10 6621 5533
Corporate web site	<a href="http://www.ccb.com">http://www.ccb.com</a>

#### Brief overview of institution

China Construction Bank Corporation (CCB) is a commercial bank. It operates its business through corporate banking business, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trade financing, international settlement, international financing and value-added services, among others; personal banking business, including personal saving, loan, bank card services, foreign exchange trading and gold trading, among others; capital business, including financial consulting, financial market services and investment banking services, as well as other businesses, including equity investment and overseas business. CCB operates branches in Hong Kong, China; Singapore; Frankfurt; Johannesburg; Tokyo and Seoul; and representative offices in London, New York and Sydney.

Number of employees	298,581
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Senior officers	Position
Shuqing Guo	Chairman of the Board, Executive Director
Jianguo Zhang	Vice Chairman of the Board, Executive Director, Head of Bank
Xiusheng Pang	Chief Financial Officer
Caihong Chen	Secretary of the Board
Meichang Chen	Secretary of the Company
Shusen Xin	Deputy Head of Bank, Executive Director
Zuofu Chen	Deputy Head of Bank, Executive Director
Yifei Fan	Deputy Head of Bank
Xiaohuang Zhu	Chief Risk Officer, Deputy Head of the Bank
Jingpu Gu	Director of Wholesale Business

**Summary of investments: CCB**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	7,555,452	1,107,432
Assets under management	3,175,319	465,419

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	3,048,063	96.0%
Foreign currency	127,256	4.0%
TOTAL	3,175,319	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	2,058,298	64.8%
Government bonds	371,992	11.7%
Corporate bonds	490,442	15.4%
Equities	18,535	0.6%
Other	236,052	7.4%
TOTAL	3,175,319	100.0%



## 1.4 Agricultural Bank of China

Name	Agricultural Bank of China Ltd
Ranking (based on total AUM)	5
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	Jia 23, Fuxing Rd. Beijing 100036 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 10 6821 6807
Corporate web site	<a href="http://www.abchina.com">http://www.abchina.com</a>

### Brief overview of institution

The Agricultural Bank of China (ABC) is the first commercial bank established in the People's Republic of China in 1951 and the State's first specialized bank set up after the reform and opening-up of the country in February 1979. Ever since its establishment, the Bank has been playing an important role in the People's Republic of China's rural economic sector. In 1994, the Agricultural Development Bank was separated from ABC. In 1996, the Rural Credit Cooperatives, once an affiliated financial institution to the Bank, were also detached. After this, ABC started its transformation into a wholly state-owned commercial bank. On January 15th, 2009, the Bank changed the registration with the Industrial and Commercial Bureau and was transformed in its entirety to a joint-stock company, i.e., Agricultural Bank of China Limited.

ABC provides a wide range of products and services to customers across the People's Republic of China. One of the country's largest state-owned commercial banks, ABC specializes in financing and providing services to agricultural, industrial, commercial, and transportation enterprises in rural areas. The bank also offers personal banking, credit cards, and foreign exchange services. Founded in 1951, ABC operates approximately 31,000 branches and banking offices, as well as more than 30 provincial-level offices, serving every county in the People's Republic of China. It also operates branches in Hong Kong, China and Singapore, and representative offices in London, New York, and Tokyo.

As at 31 December 2008, Central Huijin, is a wholly-owned subsidiary of China Investment Corporation Limited, directly owned 50% of the issued share capital of the Bank.

Number of employees	
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Senior officers	Position
Chairman	Mingchao Gu
CEO	Yang Mingsheng

**Summary of investments: ABC**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	7,014,351	1,028,120
Assets under management	3,815,437	559,243

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	3,587,752	94.0%
Foreign currency	227,685	6.0%
TOTAL	3,815,437	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	1,499,401	39.3%
Government bonds	2,205,108	57.8%
Corporate bonds	87,152	2.3%
Equities	366	0.0%
Other	23,410	0.6%
TOTAL	3,815,437	100.0%

## 1.5 Bank of Communications

Name	Bank of Communications Ltd
Ranking (based on total AUM)	7
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	188 Yincheng Zhong Road Pudong District Shanghai, SHA 200120 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 21 5876 6688
Corporate web site	<a href="http://www.bankcomm.com">http://www.bankcomm.com</a>

### Brief overview of institution

Bank of Communications Limited (BoCom or BoComm) was founded in 1908 and emerged as one of the first few major national and note-issuing banks in the early days of the People's Republic of China. It was chartered as "the Bank for developing the country's industries". In order to expand business into the overseas arena, the Bank opened its first Hong Kong, China Branch on 27 November 1934.

Today, BoCom is amongst the top 5 leading commercial banks in People's Republic of China and has an extensive network of over 2,800 branches covering over 80 major cities. Apart from Hong Kong, China; the Bank has also established overseas branches in New York, Tokyo, Singapore and representative offices in London and Frankfurt.

The Group's principal activity is providing banking and related financial services such as corporate banking, retail banking and treasury operations. Corporate banking includes corporate loans, bills, trade finance, corporate deposits and remittance. Retail banking business includes retail loans, retail deposits, credit card and remittance. Treasury operations includes money market placements and takings, investment in securities, and securities sold subject to linked repurchase agreements. Operations are carried out in Hong Kong, China; the People's Republic of China; the United States of America; Singapore; Seoul; Tokyo; Frankfurt and Macau.

19.9% of the bank is owned by HSBC

Number of employees	77,734
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Senior officers	Position
Huaibang Hu	Chairman, Executive Director
Jun Li	Vice Chairman of the Board, Head of Bank, Executive Director
Yali Yu	Deputy Head of the Bank, Chief Financial Officer
Weidong Hou	Chief Information Officer

Jixiang Zhang	Secretary, Non-Executive Director
Chun Peng	Executive Director, Deputy Head of Bank
Wenhui Qian	Deputy Head of Bank, Executive Director
Dicky Peter Yip	Deputy Head of Bank
Bin Wang	Deputy Head of Bank
Dongping Yang	Chief Risk Management Officer

**Summary of investments: BOCOM**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	2,682,947	393,250
Assets under management	784,594	115,001

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	1,287,661	97.4%
Foreign currency	33,757	2.6%
TOTAL	1,321,418	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	693,691	52.5%
Government bonds	302,836	22.9%
Corporate bonds	318,391	24.1%
Equities	1,844	0.1%
Other	4,656	0.4%
TOTAL	1,321,418	100.0%

## 1.6 China Investment Corporation

Name	China Investment Corporation [Central Huijin]
Ranking (based on total AUM)	8
Institution type	Sovereign Wealth fund
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	New Poly Plaza, 1 Chaoyangmen Beidajie Dongcheng District Beijing, BEJ 100010 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 10 6408 6277
Corporate web site	<a href="http://www.china-inv.cn">http://www.china-inv.cn</a>

### Brief overview of institution

The China Investment Corporation (CIC) is responsible for managing part of the People's Republic of China's foreign exchange reserves with USD 200 billion of assets under management, which makes it the fourth largest sovereign wealth fund. This sovereign wealth fund officially began operations in September 2007. It invested USD 3 billion in Blackstone Group in June 2007 and bought a 9.9% stake of Morgan Stanley for USD 5 billion in December 2007.

The People's Republic of China has USD 2 trillion in currency reserves. CIC was established with the intent of utilizing these reserves for the benefit of the state, modelled on Singapore's Temasek. The state-owned Central Huijin Investment Corporation was merged into the new company as a wholly-owned subsidiary company.

Central Huijin Investment Ltd is a wholly-owned subsidiary of CIC with its own Board of Directors and Board of Supervisors. It was established to invest in key state-owned financial institutions in the People's Republic of China; it does not conduct any other commercial activities and is not involved in day-to-day issues within the institutions in which it invests.

CIC aims to invest in around fifty large-sized enterprises across the world. Special treasury bonds were issued to create the capital that the CIC needed. CNY 1.5 trillion was issued in this bond sale. The bond process was completed in December 2007. It was estimated that the CIC needs a profit of CNY 300 million every day just to pay the interest on the bonds plus operational costs.

CIC undertakes its investments based on the following principles: (1) It selects investments based on economic and financial objectives, and an assessment of the commercial return.(2) It allocates capital and assets within the given risk tolerance of the owner to maximize shareholder value. (3) It usually does not seek an active role in the companies in which it invests nor attempts to influence those companies' operations. (4) It seeks long-term, stable, sustainable, and risk-adjusted return.

CIC's overseas investment portfolio is mainly composed of equity, fixed income and alternative assets, in both developed and emerging markets. Alternative investments include hedge funds, private equity, commodities and real estate.

CIC retains external fund managers to assist with the management of certain aspects of its international investment portfolio. External fund managers are selected either via open procurement processes or on a special project basis.

Senior officers	Position
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Lou Jiwei	Chairman & CEO
Gao Xiqing	Vice Chairman, President & CIO
Jin Liquan	Chairman of Board of Supervisors
Zhang Hongli	Executive Director, Executive Vice President & COO
Yang Qingwei	Executive Vice President & Deputy CIO
Xie Ping	Executive Vice President
Wang Jianxi	Executive Vice President & CRO
Liang Xiang	Member of the Executive Committee

## 1.7 China Life

Name	China Life Insurance Company Ltd
Ranking (based on total AUM)	9
Institution type	Insurance company
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	23 Floor Chinalife Building 16 Chaowai Avenue Beijing, BEJ 100020 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 10 8565 9999
Corporate web site	<a href="http://www.chinalife.com.cn">http://www.chinalife.com.cn</a> <a href="http://www.e-chinalife.com">http://www.e-chinalife.com</a>

### Brief overview of institution

China Life Insurance Company Limited provides various insurance products to individuals and groups in People's Republic of China. The company operates in three segments: Individual Life Insurance, Group Life Insurance, and Accident and Health Insurance. The Individual Life Insurance segment offers participating and non-participating life insurance and annuities to individuals. Its products comprise long-term health and accident insurance products. The Group life insurance segment provides participating and non-participating life insurance and annuities products to companies and institutions. It offers various long-term insurance products. The Accident and Health Insurance segment provides short-term accident insurance and health insurance to individuals and groups. The company distributes its products through its direct sales force, exclusive agent force, and various intermediaries, as well as through bancassurance arrangements. The company was founded in 1949 and is based in Beijing, People's Republic of China. China Life Insurance Company Limited is a subsidiary of China Life Insurance (Group) Company.

Number of employees	102,241
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Senior officers	Position
Yang Chao	Chairman and Executive Director
Wan Feng	President and Executive Director
Lin Dairen	Vice President and Executive Director
Liu Yingqi	Vice President, Executive Director and Secretary of the Board of Directors
Liu Jiade	Vice President
Zhou Ying	Vice President and Secretary of the Commission for Disciplinary Inspection
Su Hengxuan	Vice President
Liu Anlin	Chief Information Technology Officer



Hwei-Chung Shao	Chief Actuary
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**Summary of investments: China Life**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	1,044,828	153,144
Assets under management	885,392	129,775

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	863,504	97.5%
Foreign currency	21,888	2.5%
TOTAL	885,392	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	234,425	26.5%
Government bonds	459,303	51.9%
Corporate bonds	116,582	13.2%
Equities	32,185	3.6%
Other	42,897	4.8%
TOTAL	885,392	100.0%

## 1.8 China Merchants Bank

Name	China Merchants Bank Co., Ltd
Ranking (based on total AUM)	10
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	7088 Shen Nan Road Futian District Shenzhen, SHZ 518040 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 755 8319 8888
Corporate web site	<a href="http://english.cmbchina.com">http://english.cmbchina.com</a>

### Brief overview of institution

China Merchants Bank Co., Ltd. (CMB) is a **China**-based commercial bank. It operates its businesses through personal banking business, including personal savings, personal loans, investment banking, foreign exchange trading, gold trading and bank card services, among others; corporate banking business, including corporate savings, corporate loans, international settlements, trade financing, assets custody, financing leasing services and corporate annuities, among others, as well as online banking services and electronic banking services. As of 31 December 2008, CMB had 44 branches and 623 sub-branches, one representative, one credit card centre, one credit loan centre for small companies, as well as 1,567 self-service banks in People's Republic of China.

Number of employees	36,916
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Senior officers	Position
Xiao Qin	Chairman, Non-Executive Director
Weihua Ma	Chief Executive Officer, Head of Bank, Executive Director
Jiafu Wei	Vice Chairman, Non-Executive Director
Hao Li	Deputy Head of Bank, Finance Director, Executive Director
Lianfeng Xu	Chief Technology Officer
Qi Lan	Secretary of the Board
Guanghua Zhang	Deputy Head of Bank, Executive Director
Wei Ding	Deputy Head of Bank
Zhihong Tang	Deputy Head of Bank
Fenglan Yin	Deputy Head of Bank

**Summary of investments: CMB**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	1,571,797	230,384
Assets under management	678,513	99,452

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	582,123	85.8%
Foreign currency	96,390	14.2%
TOTAL	678,513	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	445,189	65.6%
Government bonds	31,731	4.7%
Corporate bonds	198,221	29.2%
Equities	1,060	0.2%
Other	2,312	0.3%
TOTAL	678,513	100.0%

## 1.9 Ping An

Name	Ping An Insurance (Grp) Co of China Ltd
Ranking (based on total AUM)	11
Institution type	Insurance company
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	Ping An Building Ba Gua San Road Shenzhen, GNG 518029 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 400 886 6338
Corporate web site	<a href="http://www.pingan.com">http://www.pingan.com</a>

### Brief overview of institution

Ping An Insurance (Group) Company of China, Ltd. (Ping An) is engaged in providing a range of financial products and services. The Company focuses on three businesses: insurance, banking and investment. The Company operates in five business segments: life insurance business, property and casualty insurance business, banking business, securities business, corporate and other businesses. The Company's subsidiaries include Ping An Life Insurance Company of China, Ltd. (Ping An Life), Ping An Property & Casualty Insurance Company of China, Ltd. (Ping An Property & Casualty), China Ping An Trust & Investment Co., Ltd. (Ping An Trust), Ping An Securities Company, Ltd. (Ping An Securities), Ping An Bank Co., Ltd. (Ping An Bank), Ping An Annuity Insurance Company of China, Ltd. (Ping An Annuity) and Ping An Health Insurance Company of China, Ltd. (Ping An Health), among others. On 6 January 2009, Ping An Trust acquired Xuji Group Corporation.

Number of employees	82,808
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Senior officers	Position
Mingzhe Ma	Chairman of the Board, Chief Executive Officer
Hongbo Chen	Vice Chairman of the Board, Non-Executive Director
Jianyi Sun	Vice Chairman of the Board, Executive Deputy General Manager
Bo Yao	Chief Financial Officer, Deputy General Manager
Sailai Lo	Deputy General Manager, Chief Information Officer
Yethun Goh	Deputy General Manager, Chief Marketing Officer
Jun Yao	Secretary of the Board
Chiyen Cheung	Executive Director, General Manager

Minshen Ku	Deputy General Manager
Ka Kui Leung	Executive Deputy General Manager

**Summary of investments: Ping An**

As at:	31 December 2008
FX rate:	USD = CNY 6.8225

<b>TOTAL</b>	CNY millions	USD millions
Total assets	754,718	110,622
Assets under management	536,696	78,666

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	512,519	95.5%
Foreign currency	24,177	4.5%
TOTAL	536,696	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	157,593	29.4%
Government bonds	97,326	18.1%
Corporate bonds	203,973	38.0%
Equities	54,599	10.2%
Other	23,205	4.3%
TOTAL	536,696	100.0%

## 1.10 Shanghai Pudong

Name	Shanghai Pudong Development Bank Co. Ltd
Ranking (based on total AUM)	12
Institution type	Commercial bank
Country	PEOPLE'S REPUBLIC OF CHINA

### Contact details

Head office	No 12, Zhongshan East One Road Shanghai, SHA 200002 PEOPLE'S REPUBLIC OF CHINA
Telephone	+86 21 6361 1226
Corporate web site	<a href="http://www.spdb.com.cn">http://www.spdb.com.cn</a>

### Brief overview of institution

Shanghai Pudong Development Bank Co., Ltd. (SPDB) is a **China**-based commercial bank. It operates its businesses through corporate banking services, including corporate cash management solutions, corporate supply chain financing, assets custody, corporate annuities and corporate investment banking business, among others, with the brand named SPDB WEALTH PLUS; personal banking services, including personal saving, bank card services, investment and financing, loan and financing, online banking services, information services and credit card services, among others; intermediate business, including gold trading, foreign exchange trading and bond underwriting business, among others, as well as treasury and market services. The Bank operates its businesses primarily in domestic market.

Number of employees	17,695
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Senior officers	Position
Xiaohui Ji	Chairman of the Board
Xin Chen	Vice Chairman of the Board
Jianhua Fu	Vice Chairman of the Board, Head of the Bank
Xinyi Liu	Deputy Head of the Bank, Chief Financial Officer
Guangheng Ji	Deputy Head of Bank
Shi Mu	Deputy Head of Bank
Haiyan Xu	Deputy Head of Bank
Si Shen	Secretary of the Board, Head of Board's Office, Director
Hongbo Shang	Deputy Head of the Bank, Director
Mingsheng Jiang	Deputy Head of the Bank



**Summary of investments: SPDB**

As at:	31 December 2007
FX rate:	USD = CNY 7.2946

<b>TOTAL</b>	CNY millions	USD millions
Total assets	914,980	125,433
Assets under management	243,890	33,434

<b>Breakdown by currency</b>	CNY millions	% of total
Local currency	323,208	95.9%
Foreign currency	13,647	4.1%
TOTAL	336,855	100.0%

<b>Breakdown by asset type</b>	CNY millions	% of total
Cash and money market	220,212	65.4%
Government bonds	21,329	6.3%
Corporate bonds	12,534	3.7%
Equities	365	0.1%
Other	82,415	24.5%
TOTAL	336,855	100.0%

## 2 Indonesia

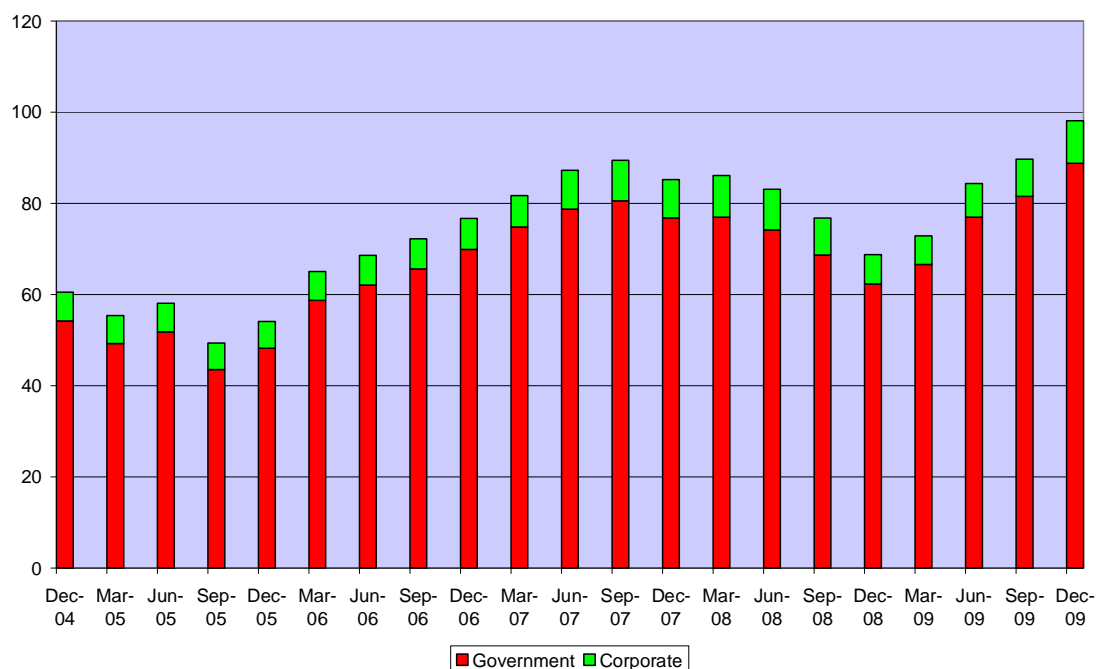
Indonesia's bond market has grown steadily in recent years to offer a more diversified array of debt instruments to cater to a broader investor base. Foreign investors are allowed to invest in the bond market. The country's current legal framework for securitization encourages opportunities for new instruments to be introduced. As the largest issuer of bonds, the Government of Indonesia regularly taps the local market to finance the state budget.

Corporate bond issuance, including both conventional and Islamic bonds, have accelerated significantly in recent years. Islamic bonds, which are based on shari'a principles, play a major role in Indonesian capital markets. In April 2008, the Islamic Shari'a Debt Bill was passed into law to enable the Government to issue Islamic bonds.

In December 2009, the newly-established Indonesia Bond Pricing Agency (IBPA) started publishing daily reference prices for local currency corporate bonds and Islamic bonds, together with other data such as the credit spread matrix and corporate bond yield curve. This move is likely to improve transparency and make Indonesia's debt market more attractive to investors.

### **Local bond market development**

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

Indonesia's bond market has grown over this period from USD 60 billion in December 2004 to almost USD 100 billion in December 2009, an annual growth rate of 10%. The corporate bond market has remained relatively small, comprising around 9-10% of the total throughout this period.

INDONESIA	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	10%	8%	10%
Growth last 12 months	42%	45%	43%
Proportion of total market (as at Dec 09)	90.5%	9.5%	100%

In 2009, the central bank continued to actively issue Sertifikat Bank Indonesia (SBI) bills as part of its sterilization efforts.

The largest issuers of corporate bonds are mainly banks and financial institutions.

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

There is no regulatory restriction for non-residents to invest in the Indonesian Capital Market. Non-residents can easily invest in Indonesia without any need to obtain prior approvals from any authority, and can invest in any bond issues, including money market instruments.

There is no requirement for foreign investor registration.

### **Currency controls**

The Indonesian rupiah (IDR) is not fully convertible. Non-resident investors may only contract FX trades in support of underlying investment activity.

The sub-custodian must have evidence of the underlying trades before an FX is executed. However, prior approval is not required from market authorities.

A single FX trade may be effected for a number of securities trades with the same settlement date. However, no tolerance is allowed in the amount - it must be for the exact amount of the underlying trades.

All FX transactions must be done onshore with licensed banks, with payment to an on-shore account. Offshore foreign exchange transactions are prohibited.

Banks can only deal in FX up to 20% of their total capital in aggregate per day. This figure would be shared between all the bank's customers. Therefore, sub-custodians may require customers to advise ahead of time if they wish to book a large amount of FX in order to reserve the position. Restrictions on the local banks may mean there is limited liquidity in the same-day and next-day FX markets.

### **Cash and overdraft controls**

Central bank regulations prohibit transfers of IDR between two non-resident accounts and from residents to non-residents, unless the transfers are related to economic activities in Indonesia, such as direct investments or payments related to transactions involving IDR-denominated securities. The receiving bank must obtain appropriate documentation to support the receipt of IDR.

Transfers of funds between accounts owned by the same non-resident are allowed.

Offshore transfers of IDR are prohibited.

A non-resident's IDR current account cannot, under any circumstances, be overdrawn overnight.

Intraday overdrafts are allowed. The client may opt to use the proceeds from a sale to fund a purchase. However, in practice, sales proceeds cannot be used to fund purchases of the same value date due to the settlement cut-off time. Therefore, while pre-funding in the sense that funds are needed prior to settlement date is not required, foreign investors must ensure that sufficient IDR funds are in their account on settlement date, without allowing for any sales proceeds due on that day. Turnaround trades may be possible in the OTC market, but are difficult for exchange trades.

IDR received from an FX trade which is to be used for the purchase of securities can be held in a non-resident account for up to 2 working days. Investors can therefore execute a purchase of IDR on SD-2.

Failed trades are not common in the Indonesian market. However, if a purchase trade fails, the non-resident can either use the existing fund to purchase other securities, or book another FX to remit back the funds offshore. The IDR cannot remain in the account, nor be used to fund a future purchase. The IDR cannot be held in an interest-bearing account.

### **Taxation of non-resident investors**

Two withholding taxes are applied on the sale or maturity of bonds. Both are deducted from the sales or redemption proceeds:

- a tax on the 'discount' (defined as the positive difference between clean sale price and the clean purchase price of the bond), and
- a tax on the accrued interest earned for the period the bond was held. The accrued interest on the sale of a bond is taxed based on the actual holding period.

A negative discount (i.e. where the clean sale price is less than the clean purchase price) can be offset against the accrued interest.

For foreign investors, a withholding tax of 20% is levied on both discount and accrued interest. Double-taxation treaties can reduce this to as low as 10%, if appropriate documentation is submitted. The same rates are applied to government and corporate bonds. There is also a 20% withholding tax on gains (discount) on short-term Treasury bills.

Historical information is needed to calculate the amount of tax payable, as it depends on investor status and time held.

Double tax treaties are in place with more than 50 countries. Procedures are clearly defined, but are regarded as onerous. Reclaims of tax are possible but it is a lengthy and cumbersome process.

## ***Portfolio restrictions on domestic investors***

Pension funds are not allowed to invest abroad

The maximum foreign investment for local companies is 20% of total investment

Foreign investments allowed for local insurance companies are: equities (max.10%), bonds, and medium term notes (max. 10%) and direct placement (max. 10%).

## ***Investor base for local currency bonds***

### **Overview**

Investors in the bond market include banks, asset-pooling industries (e.g., mutual funds, pension funds, and insurance companies), and private investors. Generally, there are no restrictions on foreign investors owning Indonesian government or corporate bonds, and these accounted for IDR 92 trillion at end September 2009.

#### Commercial banks

Banks are the major holders of government bonds, with ownership totalling IDR260 trillion as of September 2009, representing 46% of the market.

In October 2009, Bank Indonesia (BI) required commercial banks to comply with a 2.5% secondary reserve requirement for unexpected liquidity needs. The reserve can be held in Treasury bonds, Treasury bills, SBIs, and/or excess reserves. It is expected that banks will invest mostly in Treasury bonds.

#### Pension Funds

Two types of state funds dominate the pension fund industry in Indonesia: Jamsostek for non-government workers and Taspen for civil servants. Total AUM of pension funds exceeds USD 10 billion and they hold 6% of all government bonds.

#### Insurance Companies

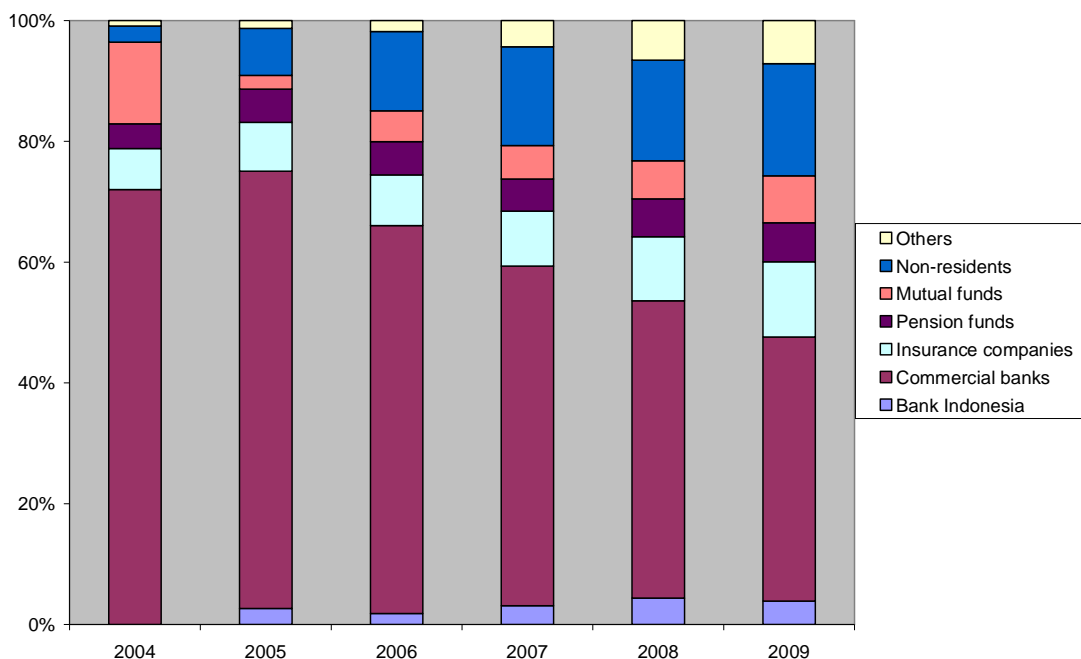
Indonesia's insurance industry is fairly small, but it has been growing steadily. Insurance companies are important institutional investors in Indonesia's capital market. Total AUM of insurance companies is around USD 15 billion and they hold 12% of all government bonds.

#### Mutual Funds

Indonesia's managed-fund industry has grown considerably in recent years. The net asset value of mutual funds is around USD 10 billion, and they hold 7% of all government bonds.

## **Government bonds - distribution of holdings**

The following chart shows the investor profile for government bonds over the past 5 years:



Source data: AsianBondsOnline

The above data is for December each year. As at December 2009, commercial banks held 44% of government bonds, insurance companies 12%, pension funds 6%, and mutual funds 8%. Non-resident investors held 19%.

### Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	Bank Mandiri	Commercial bank	14,681	Mar-09
2	Bank Central Asia	Commercial bank	9,957	Mar-09
3	Bank Negara Indonesia	Commercial bank	8,055	Mar-09
4	Bank Rakyat Indonesia	Commercial bank	7,986	Dec-08
5	CIMB Niaga	Commercial bank	7,019	Dec-08
6	JAMSOSTEK	Pension fund	5,868	Dec-08
7	TASPEN	Pension fund	1,805	Dec-06
8	Bank Permata	Commercial bank	1,597	Dec-08

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

## 2.1 Bank Mandiri

Name	PT Bank Mandiri (Persero) Tbk
Ranking (based on total AUM)	2
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	Jln. Jend. Gatot Subroto Kav 36-38 Jakarta, 12190 INDONESIA
Telephone	+62 21 5299 7777
Corporate web site	<a href="http://www.bankmandiri.co.id">http://www.bankmandiri.co.id</a>

### Brief overview of institution

PT Bank Mandiri (Persero) Tbk is an Indonesia-based financial institution, founded in 1998. The Bank comprises Business Units, which include Corporate Banking, Commercial Banking, Consumer Finance, Micro & Retail Banking, Treasury & International Banking and Special Asset Management; Corporate Center, which include Risk Management, Compliance & Human Capital, Finance & Strategy, Change Management Office, Internal Audit and Corporate Secretary, and Shared Services, which supports the Bank's overall operations. The Bank's subsidiaries, which are engaged in the banking, finance and property sectors include Bank Mandiri (Europe) Limited, PT Bank Syariah Mandiri, PT Usaha Gedung Bank Dagang Negara, PT Mandiri Sekuritas and PT Bumi Daya Plaza. Headquartered in Jakarta, Indonesia, the Bank is supported by 10 regional offices, 57 hub offices, 98 community offices, 336 spoke offices, 433 cash offices, four international offices and one representative office.

Number of employees	21,379
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Senior officers	Position
Agus Martowardojo	President Director
I Wayan Agus Mertayasa	Vice President Director
Sentot A. Sentausa	Risk Management Coordinator
Bambang Setiawan	Compliance Director

**Summary of investments: Mandiri**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	358,439	32,734
Assets under management	123,236	11,254

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	148,519	86.1%
Foreign currency	23,893	13.9%
TOTAL	123,236	100.0%

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	79,855	46.3%
Government bonds	88,259	51.2%
Marketable securities	3,324	1.9%
Other	973	0.6%
TOTAL	123,236	100.0%

## 2.2 BCA (Bank Central Asia)

Name	PT Bank Central Asia Tbk
Ranking (based on total AUM)	3
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	Jl. Jend. Sudirman Kav 22-23 Wisma BCA Jakarta, 12920 INDONESIA
Telephone	+62 21 571 1250
Corporate web site	<a href="http://www.klikbca.com">http://www.klikbca.com</a>

### Brief overview of institution

PT Bank Central Asia Tbk is an Indonesia-based financial institution. The Bank offers individual and business products and services. The Bank's individual products and services consist of savings accounts, electronic banking, credit cards, consumer credit products, bancassurance, investment products, remittance, collection and safe deposit facilities. The Bank's business products and services consist of savings accounts, BCA trade, working capital loans, investment loans and bank guarantees for small and medium-sized enterprises, as well as for corporate customers. In addition, it provides export import facilities, such as letters of credit, negotiation, discounting and documentary collections. The Bank's subsidiaries include PT BCA Finance and BCA Finance Limited. As of December 31, 2008, the Bank was supported by 842 domestic branch offices and two overseas branch offices located in Hong Kong, China and Singapore.

Number of employees	20,446
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Senior officers	Position
Djohan Emir Setijoso	President Director
Jahja Setiaatmadja	Vice President Director
Dhalia Mansor Ariotedjo	Director
Anthony Brent Elam	Director
Suwignyo Budiman	Director
Renaldo Hector Baros	Director
Ho Hien Tan	Compliance Director
Henry Koenaifi	Director



**Summary of investments: BCA**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	245,570	22,426
Assets under management	123,236	11,254

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	109,677	89.0%
Foreign currency	13,559	11.0%
TOTAL	123,236	100.0%

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	71,496	58.0%
Government bonds	39,811	32.3%
Marketable securities	11,862	9.6%
Other	67	0.1%
TOTAL	123,236	100.0%

## 2.3 BNI (Bank Negara Indonesia)

Name	PT Bank Negara Indonesia (Persero) Tbk
Ranking (based on total AUM)	4
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	Jl. Jenderal Sudirman Kav.1 PO Box 2955 Jakarta, 10220 INDONESIA
Telephone	+62 21 251 1946
Corporate web site	<a href="http://www.bni.co.id">http://www.bni.co.id</a>

### Brief overview of institution

PT Bank Negara Indonesia (Persero) Tbk is an Indonesia-based financial institution. The Bank's products and services are categorized into: individual, consisting of credit, savings, treasury and services; corporate, consisting of credit, treasury and services; sharia, consisting of funding and financing products based on sharia principles. As of December 31, 2008, the Bank was supported by 939 domestic branches and sub branches and 31 sharia branches. In addition, the Bank's network also includes overseas branches in Singapore, Hong Kong, China; Tokyo; London and New York. The Bank has three subsidiaries: PT BNI Multi Finance, a financial services company; PT BNI Securities, a securities company, and PT BNI Life Insurance, a life insurance provider.

Number of employees	18,683
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Senior officers	Position
Gatot Mudiantoro Suwondo	President Director
Felia Salim	Vice President Director
Tjay Soen Yap	Managing Director - Financial
Achmad Baiquni	Managing Director - Small, Middle & Sharia
Bien Subiantoro	Managing Director - Treasury and International
Suwoko Singoastro	Managing Director - Network and Operation
Darwin Suzandi	Managing Director - Consumer Banking
Ahdi Jumhari Luddin	Managing Director - Compliance and Risk Management
Krishna R. Suparto	Managing Director - Corporate

**Summary of investments: BNI**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	201,741	18,424
Assets under management	83,261	7,604

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	67,817	81.5%
Foreign currency	15,444	18.5%
TOTAL	83,261	100.0%

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	43,505	52.3%
Government bonds	34,655	41.6%
Marketable securities	4,919	5.9%
Other	182	0.2%
TOTAL	83,261	100.0%

## 2.4 BRI (Bank Rakyat Indonesia)

Name	PT Bank Rakyat Indonesia (Persero) Tbk
Ranking (based on total AUM)	5
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	BRI Building Jl. Jendral Sudirman Kav.44-46 Jakarta, 10210 INDONESIA
Telephone	+62 21 251 0244
Corporate web site	<a href="http://www.bri.co.id">http://www.bri.co.id</a>

### Brief overview of institution

PT Bank Rakyat Indonesia (Persero) Tbk is an Indonesia-based financial institution, founded in 1895. The Bank's clients' services comprise Savings, Credits and Syariah. In addition, The Bank divides its financial and business services into three groups: Business Services, consisting of bank guarantees, bank clearance, automatic teller machines and safe deposit boxes; Financial Services, consisting of bill payments, Cepebri, Inkaso, deposit acceptance, online transactions and transfers, and Other Services, consisting of tax and fine payments, donations, Western Union and zakat contributions. Headquartered in Jakarta, Indonesia, the Bank is supported by 13 regional offices, 11 inspection offices, 330 domestic branch offices, one special branch office, three overseas offices, 202 cash offices, 4,229 BRI units, 133 small offices, 27 syariah branch offices and 18 syariah sub branch offices.

Number of employees	39,945
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Senior officers	Position
Sofyan Basir	President Director
Abdul Salam	Director of Finance
Sulaiman Arif Arianto	Director of UMKM
Sarwono Soedarto	Director of Operations
Bambang Soepeno	Director of Compliance
Lenny Sugihat	Director of Credit Administration and Risk Management

**Summary of investments: BRI**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	246,077	22,473
Assets under management	82,730	7,555

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	70,758	85.5%
Foreign currency	11,972	14.5%
TOTAL	82,730	100.0%

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	52,405	63.3%
Government bonds	20,929	25.3%
Marketable securities	9,396	11.4%
Other	0	0.0%
TOTAL	82,730	100.0%

## 2.5 CIMB Bank Niaga

Name	PT Bank Niaga Tbk
Ranking (based on total AUM)	6
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	Graha Niaga Lt.15 Jl. Jend. Sudirman No. 58 Jakarta INDONESIA
Telephone	+62 21 250 5151
Corporate web site	<a href="http://www.bankniaga.com">http://www.bankniaga.com</a>

### Brief overview of institution

PT Bank CIMB Niaga Tbk, formerly PT Bank Niaga Tbk, is an Indonesia-based financial institution. The Bank's business segments are divided into banking, Shariah business unit and subsidiaries. Its products and services include deposits, loans, bancassurance, credit and debit cards, treasury products, investment products, insurance products, e-banking, advisory and syndication, cash management, securities services and Shariah-based banking services. The Bank's subsidiaries include PT Saseka Gelora Finance, PT Kencana Internusa and PT Asuransi Cigna. As of December 31, 2008, the Bank operated 183 domestic branches, 439 domestic supporting branches, 29 domestic payment points, 12 Shariah branches, 199 Shariah service offices and two overseas branches.

The Bank merged with PT Bank Lippo Tbk on November 1, 2008.

Number of employees	5,241
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Senior officers	Position
Arwin Rasyid	President Director
Daniel James Rompas	Director of Retail
Veronica Catherinawati Hadiman	Director of Corporate Banking
Handoyo Soebali	Director of Business Banking
Paul Setiawan Hasjim	Director of Operation and Information Technology
Lydia Wulan Tumbelaka	Director of Compliance and Human Resources
Suhaimin Djohan	Director
Ferdy Sutrisno	Director
Mohamed Fadzil Sulaiman	Director
Razly Abdullah Bin Wan Ali	Director

**Summary of investments: CIMB Niaga**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	103,198	9,424
Assets under management	20,143	1,840

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	17,256	85.7%
Foreign currency	2,887	14.3%
TOTAL	20,143	100.0%

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	8,825	43.8%
Government bonds	8,263	41.0%
Marketable securities	3,055	15.2%
Other	0	0.0%
TOTAL	20,143	100.0%

## 2.6 JAMSOSTEK

Name	PT Jaminan Sosial Tenaga Kerja (Persero)
Ranking (based on total AUM)	7
Institution type	Pension fund
Country	INDONESIA

### Contact details

Head office	Jl. Jend. Gatot Subroto No. 79 Jakarta 12930 INDONESIA
Telephone	+62 21 520 7797
Corporate web site	<a href="http://www.jamsostek.co.id">http://www.jamsostek.co.id</a>

### Brief overview of institution

JAMSOSTEK's mission is to provide basic social security for employees and their families in the event of loss of income due to work related accidents, old age, death or illness.

Number of employees	2,997
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Senior officers	Position
H. Hotbonar Sinaga	President Director
Dewi Hanggraeni	Director, Compliance and Risk Management
Rahmaniah Hasdiani	Director, General Affairs and HR
Ahmad Ansyori	Director, Operations and Services
H.D. Suyono	Director, Planning Development and IT
Indrasjwari K.S. Kartakusuma	Director, Investments
Myra Soraya Ratnawati Asnar	Director, Finance



**Summary of investments: Jamsostek**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	64,507	5,891
Assets under management	61,756	5,640

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	20,523	33.2%
Bonds	29,898	48.4%
Equities and mutual funds	10,793	17.5%
Other	542	0.9%
<b>TOTAL</b>	<b>61,756</b>	<b>100.0%</b>

## 2.7 TASPEN

Name	PT Taspen (Persero)
Ranking (based on total AUM)	8
Institution type	Pension fund
Country	INDONESIA

### Contact details

Head office	Jl. Letjen Suprarto, Cempaka Putih Jakarta, 10520 INDONESIA
Telephone	+62 21 424 1808
Corporate web site	<a href="http://www.taspen.com/">http://www.taspen.com/</a>

### Brief overview of institution

PT TASPEN (Persero) was established on 17 April 1963 based on Government Regulation No 15/1963. Taspen's mission is to manage pensions, savings schemes, insurance and welfare programmes for government employees and their families. Currently, TASPEN manages the pension funds of 518,000 working members and 372,000 retirees. Employees contribute 10% of their salary, of which 8% goes to TASPEN and 2% to health insurance.

Number of employees	
---------------------	--

Senior officers	Position
Machfud Sidiq	President Commissioner
Agus Haryanto	President Director
Riskintono	Director of Operations
Benedecta Maria Tri Lestari	Director of Finance
Karsidi	Director of Human Resources
Taufik Hidayat	Director of Investment

**Summary of investments: Taspen**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	44,280	4,044
Assets under management	34,864	3,184

<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	10,283	29.5%
Bonds	23,837	68.4%
Equities and mutual funds	652	1.9%
Other	92	0.3%
<b>TOTAL</b>	<b>34,864</b>	<b>100.0%</b>

## 2.8 *PermataBank*

Name	PT Bank Permata Tbk
Ranking (based on total AUM)	9
Institution type	Commercial bank
Country	INDONESIA

### Contact details

Head office	Jl. Jend. Sudirman Kav. 27 Jakarta, 12920 INDONESIA
Telephone	+62 21 523 7899
Corporate web site	<a href="http://www.permatabank.com">http://www.permatabank.com</a>

### Brief overview of institution

PT Bank Permata Tbk is an Indonesia-based financial institution, founded in 2002. The Bank's products and services include liabilities, asset, credit card and bancassurance, PermataFOREX, commercial banking, e-channels, preferred banking, wealth management, cash management, PermataBank securities and agency services. The Bank has approximately 43 branch offices, 238 sub branch offices and six cash offices throughout the country. The Bank's subsidiaries, which are engaged in the securities industry, the consumer finance and leasing sector, the general insurance business and the banking sector, include PT Bali Securities, PT Bali Tunas Finance, PT Asuransi Permata Nipponkoa Indonesia and Bank Perkreditan Rakyat. The Bank is headquartered in Jakarta, Indonesia.

Number of employees	4,568
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Senior officers	Position
Stewart Donald Hall	President Director
Ongki Wanadjati Dana	Director
Joseph Georgino Godong	Director
Krishnan Subramania Raman	Director
Ignatius Robby Sani	Compliance Director

**Summary of investments: Permata**

As at:	31 December 2008
FX rate:	USD = IDR 10,950

<b>TOTAL</b>	IDR billions	USD millions
Total assets	54,067	4,938
Assets under management	15,080	1,377

<b>Breakdown by currency</b>	IDR billions	% of total
Local currency	13,968	92.6%
Foreign currency	1,112	7.4%
TOTAL	15,080	100.0%

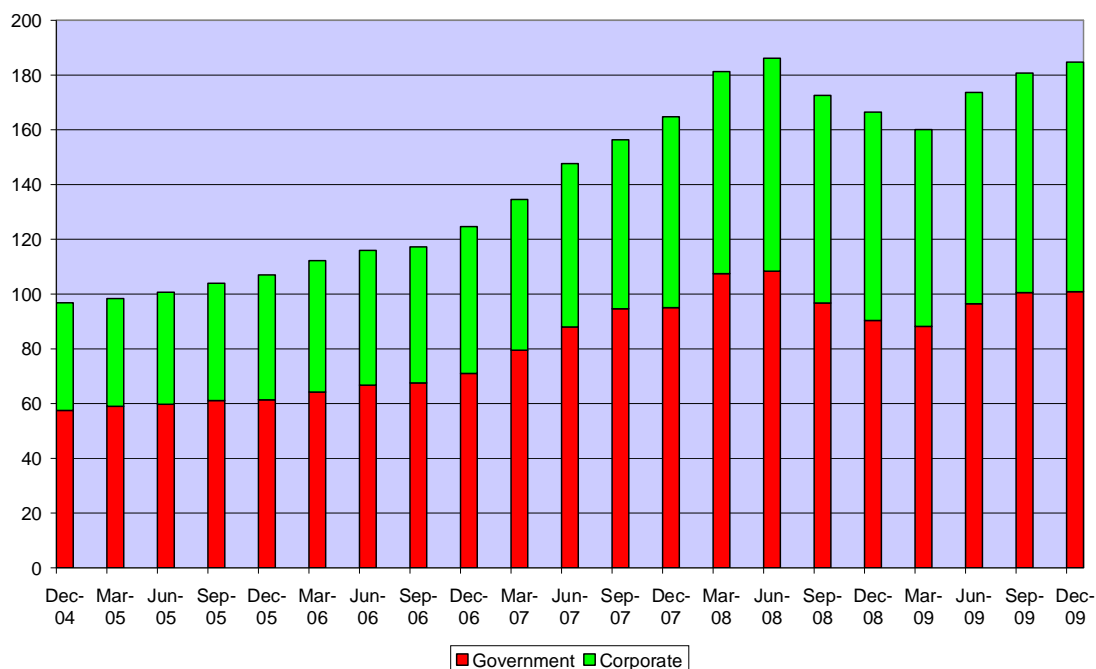
<b>Breakdown by asset type</b>	IDR billions	% of total
Cash and money market	12,487	82.8%
Government bonds	2,083	13.8%
Marketable securities	101	0.7%
Other	409	2.7%
TOTAL	15,080	100.0%

### 3 Malaysia

The Malaysian bond market is one of the more developed bond markets in the region. Both government and corporate bond markets are active markets for conventional and Islamic bonds. Islamic bonds, which are structured in accordance with shariah principles, play a major role in Malaysia's capital market development.

#### **Local bond market development**

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

Malaysia's bond market has grown over this period, from USD 100 billion in December 2004 to USD 185 billion in December 2009, an annual growth rate of 14%. The corporate bond sector has grown steadily and now accounts for 45% of the total.

MALAYSIA	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	12%	16%	14%
Growth last 12 months	12%	10%	11%
Proportion of total market (as at Dec 09)	54.6%	45.4%	100%

In 2009 the government announced the establishment of a national financial guarantee institution, Danajamin Nasional Berhad (Danajamin). Danajamin will provide financial guarantee insurance for issues of private debt and Islamic securities, and will be able to insure up to MYR 15 billion of bonds. The bonds must be issued by investment grade companies rated BBB or higher by a Malaysian rating agency. This is likely to further boost the corporate bond sector.

#### **Restrictions on inward investment**

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

## **Market access**

There are no restrictions on inward foreign investments. Foreign investors are free to invest in ringgit assets.

## **Currency controls**

Non-residents are free to purchase or sell MYR with licensed onshore banks in Malaysia. In addition, non-resident investors may also purchase or sell ringgit vis-à-vis foreign currency with an overseas branch of a licensed onshore banking group to facilitate settlement of ringgit assets.

There are also no restrictions on the repatriation of capital, divestment proceeds, profits or any income derived from investments in Malaysia. Foreign investors are free to convert MYR in their ringgit accounts (External Account) into foreign currency with licensed onshore banks and remit the funds overseas.

Non-residents are free to hedge their exposures with licensed onshore banks based on firm underlying commitment.

## **Cash and overdraft controls**

Non-residents are free to open ringgit accounts (External Accounts) in Malaysia. There are no restrictions on non-residents investing in ringgit assets.

Transfer between External Accounts of different beneficial owners is allowed for permitted purposes, such as for settlement of ringgit assets.

Licensed onshore banks may extend any amount of ringgit overdraft facilities to non-resident stock-broking companies and custodian banks for settlement of ringgit securities on Bursa Malaysia and RENTAS due to inadvertent delays on the receipt of funds from non-resident investors.

## **Taxation of non-resident investors**

There is no withholding tax for non-resident investors on interest on government bonds and on approved corporate bonds.

Interest income from convertible loan stocks is subject to a withholding tax rate of 15%. However, where a Double Taxation Agreement is in place, the withholding tax rate may be reduced, and tax relief at source may be obtained. Currently Malaysia has a network of 68 effective Double Taxation Agreement countries.

There is no capital gains tax in Malaysia.

## ***Portfolio restrictions on domestic investors***

Resident institutional investors may invest up to 50% of NAV on conventional funds attributed to resident clients with domestic ringgit borrowing.

In addition, resident institutional investors are free to invest as follows:

- 100% of NAV of funds attributed to non-resident clients or resident clients without domestic ringgit borrowing;
- 100% of NAV of Islamic funds; or
- 100% of NAV of foreign currency denominated funds.

Resident institutional investors comprise unit trust companies and fund management companies, insurers and takaful operators. In the case of insurers and takaful operators, the limits are applicable on its investment-linked funds.

## ***Investor base for local currency bonds***

### **Overview**

Both institutional and retail investors may invest in Malaysia's local currency bond market.

Malaysian Government Securities (MGS) dominate the bond market and are primarily issued to the market to finance government expenditures. MGS are bought mostly by banks and by pension funds, notably EPF. The key investors for Malaysian Treasury Bills are banks and insurance institutions.

The local investor market is quite well diversified. There is ample demand for bonds if the credit rating is of investment grade or above.

#### Commercial banks

Banks at present have plenty of liquidity. Under BNM's Revised Guidelines on Financial Reporting for Licensed Institutions, investments by banks classified as held for trading and available for sale must be marked to market. Commercial banks hold 46% of government bonds.

#### Pension funds

The Employees Provident Fund (EPF) is a significant investor in the bond market. It is the largest provident fund and accounts for over 85% of the total assets of the Malaysian provident fund system. The Social Security Organization (SOCSO) invests at least 40% of its funds in government or quasi-government bonds. The Pension Trust Fund also invests considerable amounts in Malaysian government bonds and other types of fixed income securities.

These institutions hold 34% of government bonds.

#### Insurance companies

As at end 2008, more than half of the industry's fund assets of RM131 billion was invested in debt papers. The Risk Based Capital (RBC) framework for insurers, which came into force on 1 January 2009, is expected to further reduce the captive demand on government bonds as insurance companies will have more investment flexibility to operate at different risk levels subject to adequate capital. This is compared to the previous solvency framework where insurers were required to hold at least 10% of their margin of solvency in low risk assets, including government papers. Insurance companies' interest in corporate debt papers is also expected to increase with the removal of the maximum limit on the amount that can be invested in corporate debt papers.

While insurance companies currently buy short to medium term corporate papers, life insurance companies with long term liabilities would also prefer to buy longer term, up to 20-30 years, for matching reasons.

The insurance company sector holds 7% of government bonds.

#### Foreign investors

Foreign investor interest is increasing, but still relatively small in the corporate bond market. However, Singapore fund managers regularly buy bonds of Cagamas and certain other companies.

Foreign investors hold 12% of government bonds.

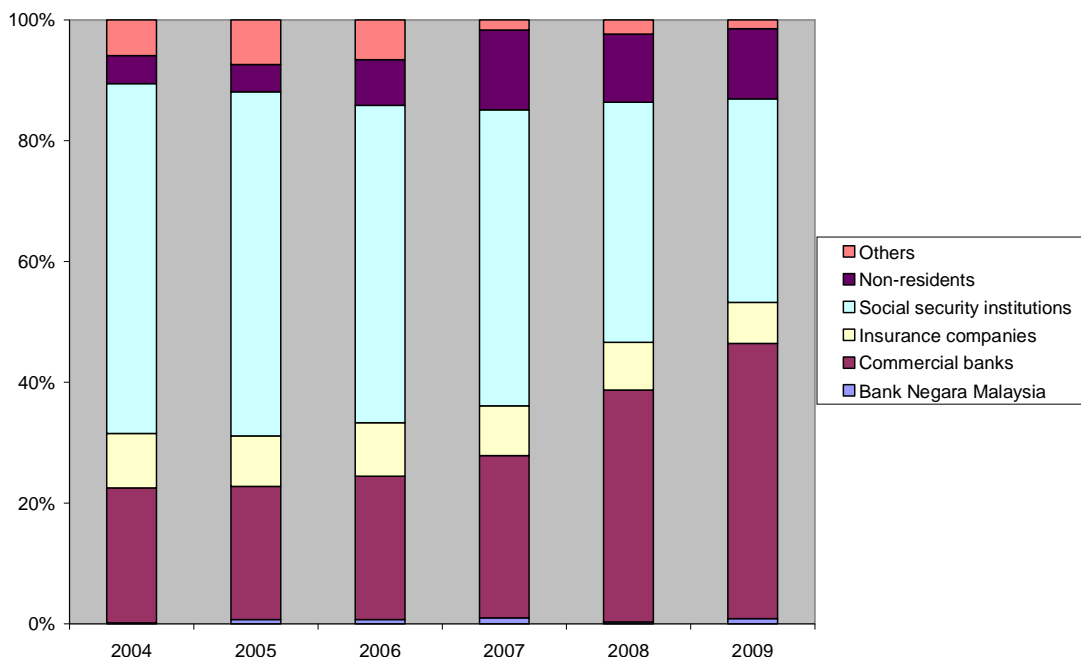
#### Other

Mutual funds are also key players, and tend to buy and hold. Over the past decade, many restrictions on the unit trust industry have been removed, and the investment management industry has expanded. Total AUM of this sector exceeds USD 65 billion, of which the greater part is in unit trusts.

### **Government bonds - distribution of holdings**

The following chart shows the investor profile for government bonds over the past 5 years:





Source data: AsianBondsOnline

The above data is for December each year to 2008, and for September 2009. As at September 2009, commercial banks held 46% of government bonds, insurance companies 7% and social security institutions 34%. Non-residents held 12%.

### Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	Employees Provident Fund	Pension fund	98,286	Mar-09
2	Permodalan Nasional (PNB)	Official institution	28,183	Dec-08
3	Malayan Banking Group	Holding company	23,716	Mar-09
4	Khazanah Nasional	Sovereign wealth fund	23,100	May-09
5	CIMB Group	Commercial bank	21,212	Mar-09
6	Public Bank Group	Commercial bank	17,883	Dec-08
7	Pension Trust Fund (KWAP)	Pension fund	14,813	Dec-08
8	Hong Leong Bank Group	Holding company	12,007	Mar-09
9	Great Eastern Life Insurance	Insurance company	10,504	Dec-08
10	RHB Capital	Commercial bank	10,191	Dec-08
11	AM Bank	Commercial bank	7,521	Mar-09

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

### 3.1 Employees Provident Fund

Name	Employees Provident Fund (Kumpulan Wang Simpanan Pekerja)
Ranking (based on total AUM)	1
Institution type	Pension fund
Country	MALAYSIA

#### Contact details

Head office	Bangunan KWSP Jalan Raja Laut 50350 Kuala Lumpur MALAYSIA
Telephone	+60 3 2694 6566
Corporate web site	<a href="http://www.kwsp.gov.my">http://www.kwsp.gov.my</a>

#### Brief overview of institution

The Employees Provident Fund (EPF) is a social security institution formed under the Employees Provident Fund Act 1991 (Act 452) which provides retirement benefits for members through management of their savings in an efficient and reliable manner. The EPF also provides a convenient framework for employers to meet their statutory and moral obligations to their employees.

EPF covers private sector employees and non-pensionable public sector employees. At end 2008, EPF had around 12 million members, of which 5.7 million were active and contributing. 400,000 employers belong to the scheme.

The current rate of contribution is 23% of the employee's wages of which 11% is from the employee's monthly wage while 12% is contributed by the employer. Contributions are invested in a number of approved financial instruments. These include Malaysian government securities, money market instruments, loans & bonds, equity and property.

EPF guarantees a minimum annual dividend of 2.5%.

EPF was formerly required by law to invest 70% of its assets in government bonds. However, this proved impractical due to the rapid growth in EPF funds which outstripped the supply of government bonds. The requirement has since been relaxed. This has been good for the market as it has helped release captive holdings in government bonds.

Number of employees	5,364
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Senior officers	Position
Y. Bhg. Tan Sri Azlan Zainol	Chief Executive Officer
Y. Bhg. Dato' Ibrahim Taib	Deputy Chief Executive Officer (Operations Division)
Encik Johari Abdul Muid	Deputy Chief Executive Officer (Policy & Corporate Planning Division)
Encik Hizwani Hassan	Deputy Chief Executive Officer (Finance & Customer Care Division)
Encik Abdul Wahab Nasir	Head of Department(Human Resource

	Management Department)
Encik Andy Tan Eng Teik	Head of Department(Information Technology Department)
Y.M. Tengku Roshani Tengku Embong	Head of Department (EPF Institute)
Encik Lim Tuang Ooi	Head of Department (Risk Management Department)
Encik Wong Chen Cheong	Head of Department(Internal Audit Department)
(vacant)	Chief Investment Officer (Equity)

**Summary of investments: EPF**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	353,585	102,488
Assets under management	266,301	77,189

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	235,566	88.5%
Foreign currency	30,735	11.5%
TOTAL	266,301	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	19,359	7.3%
Government bonds	110,642	41.5%
Private debt securities	53,466	20.1%
Equities	81,259	30.5%
Other	1,575	0.6%
TOTAL	266,301	100.0%

### 3.2 Permodalan Nasional

Name	Permodalan Nasional Berhad (PNB)
Ranking (based on total AUM)	3
Institution type	Official institution
Country	MALAYSIA

#### Contact details

Head office	Menara PNB 201-A, Jalan Tun Razak 50400 Kuala Lumpur MALAYSIA
Telephone	+60 3 2050 5500
Corporate web site	<a href="http://www.pnb.com.my">http://www.pnb.com.my</a>

#### Brief overview of institution

Permodalan Nasional Berhad (PNB) is Malaysia's biggest fund management company. PNB is the parent company for Amanah Saham Nasional Berhad (ASNB) which operates a number of unit trust schemes, and is a wholly owned subsidiary of Yayasan Pelaburan Bumiputra. The company has foreign offices in Singapore and London and is planning a third in Tokyo.

Incorporated on March 17, 1978, PNB was conceived as a pivotal instrument of the Government's New Economic Policy to promote share ownership in the corporate sector among the Bumiputera, and develop opportunities for suitable Bumiputera professionals to participate in the creation and management of wealth.

Prior to the establishment of PNB, efforts to increase Bumiputera ownership in the corporate sector were not sufficient as shares allocated to individuals were seldom retained. Research indicated that when Bumiputera shareholders sold their shares, the profits generated were consumed and not reinvested.

Through PNB, substantial shares acquired in major Malaysian corporations from funds provided by Yayasan Pelaburan Bumiputra or Bumiputra Investment Foundation were transferred to a trust fund and sold to the Bumiputera in the form of smaller units.

By employing this innovative investment model, PNB ensures that these shares are retained, resulting in the cultivation of widespread savings habits, and development of entrepreneurship and investment skills of Bumiputera.

With a total fund managed of more than RM49 billion, the PNB Group is the country's leading investment institution with a diversified portfolio of interests that include unit trusts, institution property trust, property management and asset management.

Senior officers	Position
YBhg Tan Sri Dato' Hamad Kama Piah bin Che Othman	President & Group Chief Executive
Puan Jamiah binti Abdul Hamid	Deputy President, Corporate & International
Encik Idris bin Kechot	Deputy President, Unit Trust
Encik Paisol bin Ahmad	SVP I, Financial & Management Audit & Risk
Puan Kartini binti Haji Abdul Manaf	SVP I, Office of President & Group Chief Executive

Encik Wan Roshdi bin Wan Musa	SVP I, Investment
Encik Mohd Nizam bin Zainordin	SVP I, Finance & Investment Processing

### 3.3 *Maybank (Malayan Banking Berhad)*

Name	Malayan Banking Berhad
Ranking (based on total AUM)	4
Institution type	Commercial bank
Country	MALAYSIA

#### **Contact details**

Head office	14th Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur MALAYSIA
Telephone	+60 3 2070 8833
Corporate web site	<a href="http://www.maybank2u.com.my">http://www.maybank2u.com.my</a>

#### **Brief overview of institution**

Maybank was incorporated on 31 May 1960 and commenced operations on 12 September 1960. On 17 February 1962, the bank was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia).

Today, it is the largest financial services group in Malaysia. Its extensive products and services include commercial banking, investment banking, Islamic banking, offshore banking, leasing and hire purchase, insurance, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

The Maybank Group has over 450 offices in 14 countries namely Malaysia; Singapore; Philippines; Brunei Darussalam; Indonesia; Viet Nam; Cambodia; Papua New Guinea; Hong Kong, China; People's Republic of China; Bahrain; Uzbekistan; Pakistan; Great Britain and the USA.

**Summary of investments: Maybank**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	301,706	87,451
Assets under management	80,621	23,368

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	67,096	83.2%
Foreign currency	13,525	16.8%
TOTAL	80,621	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	26,881	33.3%
Government bonds	28,395	35.2%
Private debt securities	22,341	27.7%
Equities	1,150	1.4%
Other	1,854	2.3%
TOTAL	80,621	100.0%



### 3.4 *Khazanah Nasional*

Name	Khazanah Nasional Berhad
Ranking (based on total AUM)	5
Institution type	Sovereign wealth fund
Country	MALAYSIA

#### Contact details

Head office	Level 33, Tower 2 Petronas Twin Towers KLCC 50088 Kuala Lumpur MALAYSIA
Telephone	+60 3 2034 0000
Corporate web site	<a href="http://www.khazanah.com.my">http://www.khazanah.com.my</a>

#### Brief overview of institution

Khazanah Nasional is the investment holding arm of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Its main objective is to promote economic growth and make strategic investments on behalf of the Government which would contribute towards nation building. Khazanah is tasked to nurture the development of selected strategic industries in Malaysia with the aim of pursuing the nation's long-term economic interests. It is mandated to drive shareholder value creation, efficiency gains and enhance corporate governance in companies controlled by the government, commonly known as Government-Linked Companies, or GLCs. Khazanah is also the state agency responsible for strategic cross border investments.

Khazanah has investments in over 50 major companies, both in Malaysia and abroad, with assets valued in excess of US\$20 billion. These are in a broad spectrum of industries. These companies are involved in various sectors such as power, telecommunications, banking, automotive, airport management, infrastructure, property development, broadcasting, semiconductor, investment holding, research technology and venture capital. Khazanah was incorporated in September 1993 as a public limited company. Its share capital is owned by the Minister of Finance Inc.

Some of the key listed companies in the investment portfolio include: Telekom Malaysia Berhad, Tenaga Nasional Berhad, CIMB Group, Axiata Group Berhad, Proton Holdings Berhad, PLUS Expressways Berhad, Malaysian Airline System Berhad, Malaysia Airports Holdings Berhad, UEM Group and UEM Land Berhad.

Khazanah has a nine-member board comprising representatives from the public and private sectors. Prime Minister Mohd Najib Tun Abdul Razak is the Chairman of the Board.

Senior officers	Position
Tan Sri Dato' Azman bin Hj. Mokhtar	Managing Director
Dato' Mohammad Zainal Shaari	Executive Director, Chief Operating Officer
Ganen Sarvananthan	Executive Director, Investments
Ben Chan	Executive Director, Investments

Ismael Fariz Ali	Executive Director, Investments
Michael Jude Fernandez	Executive Director, Investments
Tunku Mahmood Fawzy bin Tunku Muhiyiddin	Executive Director, Investments
Shahnaz Al-Sadat Abdul Mohsein	Executive Director, Strategic Human Capital Management
Nungsari Ahmad Radhi	Executive Director, Research and Investment Strategy
Mohd Nadziruddin bin Mohd Basri	Executive Director, Chief Financial Officer

### 3.5 CIMB

Name	Bumiputra-Commerce Holdings Berhad
Ranking (based on total AUM)	6
Institution type	Commercial bank
Country	MALAYSIA

#### Contact details

Head office	12th Floor, Commerce Square Jalan Semantan Damansara Heights Kuala Lumpur, 50490 MALAYSIA
Telephone	+60 3 2093 5333
Corporate web site	<a href="http://www.commerz.com.my">http://www.commerz.com.my</a>

#### Brief overview of institution

Bumiputra-Commerce Holdings Berhad (CIMB) is an investment holding and management company. BCHB is organized in seven operating divisions: Consumer Banking, which comprises of retail banking, business banking, direct banking and cards, and consumer sales and distribution; corporate and Investment Banking, which includes corporate finance, corporate banking, international banking and transactional services, private clients services, equity derivatives and equity investment, and trading including regional equity market; Treasury and Investment, which includes treasury activities and services; Asset Management, which comprises income derived from fund management and unit trust activities; Insurance, which includes the general, life and takaful activities; Foreign Banking activities, which is involved in the provision in the commercial banking and related services, and Support and others, which comprise all back-office processes. On 28 June 2006, it acquired Southern Bank Berhad.

Number of employees as at 31 Dec 08	36,309
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Senior officers	Position
Nazir Razak	Chief Executive Officer, Managing Director
Mohd Shukri Hussin	Chief Operating Officer
Jamil Hajar Abdul Muttalib	Executive Vice President, Secretary
Idrus Ismail	Senior Vice President, Legal & Secretarial, Joint Company Secretary

**Summary of investments: CIMB**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	206,663	59,902
Assets under management	71,485	20,720

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	65,373	91.4%
Foreign currency	6,112	8.6%
TOTAL	71,485	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	31,783	44.5%
Government bonds	12,365	17.3%
Private debt securities	19,789	27.7%
Equities	958	1.3%
Other	6,590	9.2%
TOTAL	71,485	100.0%

### 3.6 *Public Bank Berhad*

Name	Public Bank Berhad
Ranking (based on total AUM)	7
Institution type	Commercial bank
Country	MALAYSIA

#### **Contact details**

Head office	Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur MALAYSIA
Telephone	+60 3 2176 6000
Corporate web site	<a href="http://www.pbebank.com">http://www.pbebank.com</a>

#### **Brief overview of institution**

Public Bank has staked its success on offering banking services to the public. It concentrates on retail banking operations, providing customers with home mortgages, automobile financing, and cash lending; it also provides commercial banking including micro-finance, merchant banking, credit cards, and insurance products. Public Bank has about 240 branches throughout Malaysia, and the company also has an Islamic banking subsidiary. Public Bank is one of the top money lenders in its home country of Malaysia; other areas of Asia served include Cambodia; People's Republic of China; Hong Kong, China; Lao PDR; Sri Lanka and Viet Nam. The company was founded in 1966 by chairman Tan Sri Dato' Sri Dr. Teh Hong Piow.

**Summary of investments: Public Bank**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	196,163	56,859
Assets under management	69,531	20,154

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	69,100	99.4%
Foreign currency	431	0.6%
TOTAL	69,531	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	43,680	62.8%
Government bonds	9,997	14.4%
Private debt securities	12,559	18.1%
Equities	169	0.2%
Other	3,126	4.5%
TOTAL	69,531	100.0%

### 3.7 Pension Trust Fund (KWAP)

Name	Pension Trust Fund
Ranking (based on total AUM)	8
Institution type	Pension fund
Country	MALAYSIA

#### Contact details

Head office	Level 4, 5 & 6, Menara Yayasan Tun Razak 200 Jalan Bukit Bintang 55100 Kuala Lumpur MALAYSIA
Telephone	+60 3 2174 8000
Corporate web site	<a href="http://www.kwap.gov.my">http://www.kwap.gov.my</a>

#### Brief overview of institution

<p>In 1991 the Pensions Trust Fund was established under the Pensions Trust Fund Act (Act 454) to assist the Federal Government in funding its liability of pension payouts.</p> <p>In 2007, the status of the Fund was changed to a statutory body known as the Retirement Fund (Incorporated) or KWAP. This change of status allows the KWAP to independently determine its own scheme of services, as well as permitting it flexibility in planning and managing its workforce. With such developments, KWAP is able to be more responsive and dynamic towards the many challenges of the domestic and foreign money markets.</p> <p>KWAP's main activity is to manage contributions and to manage the investments of the Fund. Allowable investments include: Equities and debt securities of companies listed in Malaysia, unlisted securities (subject to restrictions), bonds and money market instruments, and real estate. It may also make loans.</p> <p>While the KWAP Act allows overseas investments, such investments would require special approval.</p> <p>KWAP manages contributions from permanent government staff (and who are in service with Regulatory Body and Local Authorities) with pensionable status. As such, it complements the EPF, which manages contributions from private sector employees and government employees who have opted to contribute to the EPF. At end 2008 it covered 107,000 members.</p> <p>Total fund size at end 2008 was MYR 52 billion and at mid 2009 it was MYR 57 billion.</p>
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Senior officers	Position
Dato' Azian Mohd Noh	Chief Executive Officer
Puan Nik Amlizan Binti Mohamed	Senior General Manager – Equity Department
Encik Ahmad Norhisham Bin Hassan	Senior General Manager – Fixed Income Department
Encik Ambalagam a/l R.Marappan	Senior General Manager – Research Department
Encik Md Saffi Bin Nadzir	Senior General Manager – Contributions Department

Encik Sudirman Bin Masduki	Senior General Manager – Administration & Finance Department
Dato' Azian Mohd Noh	Chief Executive Officer



### Summary of investments: KWAP

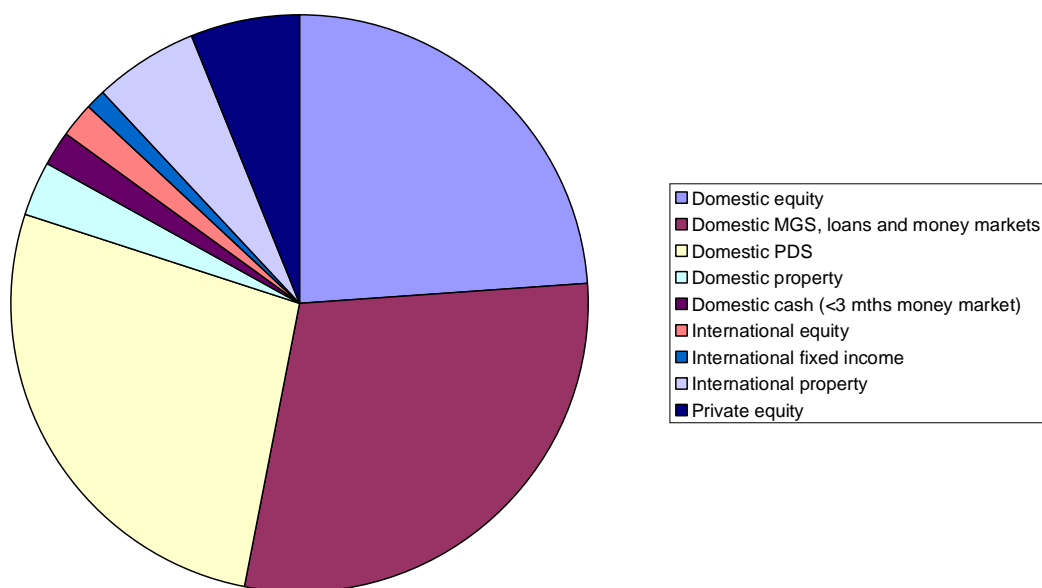
As at:	31 December 2008
FX rate:	USD = MYR 3.45

TOTAL	MYR billions	USD billions
Assets under management	56.9	16.5

Breakdown by currency	MYR billions	% of total
Local currency	56.9	100.0%
Foreign currency	0.0	0.0%
TOTAL	56.9	100.0%

Breakdown by asset type	MYR billions	% of total
Cash and money market	6.0	10.5%
Government bonds	26.7	46.9%
Private debt securities	9.8	17.3%
Domestic equity	13.8	24.3%
Private equity	0.6	1.0%
TOTAL	56.9	100.0%

The target strategic asset allocation (expected to be implemented by end 2011) is as follows:



### 3.8 Hong Leong Bank Berhad

Name	Hong Leong Bank Berhad
Ranking (based on total AUM)	9
Institution type	Commercial bank
Country	MALAYSIA

#### Contact details

Head office	Level 2, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur MALAYSIA
Telephone	+60 3 2164 2775
Corporate web site	<a href="http://www.hlb.com.my">http://www.hlb.com.my</a>

#### Brief overview of institution

One of Malaysia's largest banks, Hong Leong Bank operates more than 185 branches in its home country. It offers loans, deposits, credit cards, investments, and insurance to retail customers. The bank's offerings for corporate and commercial clients include loans, trade financing, economic research, and debt capital markets services. Hong Leong Bank also provides Syariah-compliant banking services and Takaful (insurance) to Islamic customers. Its Singapore branch focuses on private banking, investment banking, Islamic banking, treasury, and asset management. The bank also has an office in Hong Kong, China. Started in 1905 as Kwong Lee Mortgage and Remittance, Hong Leong Bank is a subsidiary of Hong Leong Group.

**Summary of investments: Hong Leong**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	72,293	20,954
Assets under management	40,721	11,803

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	39,615	97.3%
Foreign currency	1,106	2.7%
TOTAL	40,721	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	27,916	68.6%
Government bonds	10,873	26.7%
Private debt securities	1,511	3.7%
Equities	90	0.2%
Other	331	0.8%
TOTAL	40,721	100.0%

### 3.9 Great Eastern

Name	Great Eastern Life Assurance (Malaysia) Berhad
Ranking (based on total AUM)	10
Institution type	Insurance company
Country	MALAYSIA

#### Contact details

Head office	Menara Great Eastern 303 Jalan Ampang 50450 Kuala Lumpur MALAYSIA
Telephone	+60 3 4259 8888
Corporate web site	<a href="http://www.lifeisgreat.com.my">http://www.lifeisgreat.com.my</a>

#### Brief overview of institution

Great Eastern Life Assurance (Malaysia) Berhad (Great Eastern) began its operations in 1908 as a branch office of The Great Eastern Life Assurance Company and was later localized in 1999. The Company remained the largest and most established insurance company in Malaysia.

With a century of experience and solid financial foundation, Great Eastern as at to date has assets in excess of RM32 billion. Today, Great Eastern has over 2.7 million policies in force, 24 Branch offices and a network of 17,000 agents nationwide. Its products include life insurance plans, investment-linked plans, mortgage protection, business protection, employee benefits, medical insurance and group health benefits schemes.

Great Eastern is a wholly owned subsidiary of Great Eastern Holdings Limited (GEH) and its parent company is Oversea-Chinese Banking Corporation Limited (OCBC).

As a company committed to the 'people' business, Great Eastern continues to meet its customers' needs with regard to financial planning, protection and savings. Generations of individuals, families and businesses have been and will continue to be assured of their financial security with the company's full range of products: life insurance plans, investment-linked plans, mortgage protection, business protection, employee benefits, medical insurance and group health benefit schemes.

Today, Great Eastern is a vibrant and forward-looking organisation, recognised for its strength, dependability and leadership.

**Summary of investments: Great Eastern**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	37,159	10,771
Assets under management	29,770	8,629

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	29,673	99.7%
Foreign currency	97	0.3%
TOTAL	29,770	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	2,459	8.3%
Government bonds	8,119	27.3%
Private debt securities	14,263	47.9%
Equities	4,904	16.5%
Other	25	0.1%
TOTAL	29,770	100.0%

### 3.10 RHB Capital Berhad

Name	RHB Capital Berhad
Ranking (based on total AUM)	11
Institution type	Commercial bank
Country	MALAYSIA

#### Contact details

Head office	Level 10, Tower One RHB Centre Jalan Tun Razak Kuala Lumpur, 50400 MALAYSIA
Telephone	+60 3 9285 2233
Corporate web site	<a href="http://www.rhb.com.my">http://www.rhb.com.my</a>

#### Brief overview of institution

<p>RHB Capital Berhad is an investment holding company. The Company is involved in commercial banking, Islamic banking, investment banking, leasing, offshore banking, offshore trust services, general insurance, unit trust management, asset management, and nominee and custodian services. The segments, in which it operates include Wholesale banking, Retail banking, Treasury and money market, Islamic banking business, Financial advisory and underwriting, Stockbroking and other securities related business, Insurance and Others, which include nominee services, property investment and rental, dormant operations and other related financial services. On September 22, 2006, the Company acquired Straits Asset Holdings Sdn Bhd. As of July 6, 2007, Employees Provident Fund Board had a 65.72% interest in the Company. In July 2007, the Company acquired the remaining 30% interest in RHB Bank Berhad.</p>
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Number of employees	10,356
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Senior officers	Position
Chee Khiong Kellee Kam	Chief Financial Officer
Norazzah Sulaiman	Chief Operating Officer
Yoke Ming Wong	Chief Operating Officer
Chong John Lim	Group Chief Technology Officer
Azman Shah Md Yaman	Joint Secretary, Head - Group Secretariat
V. Kanesan	Head - Group Corporate Communications Division

**Summary of investments: RHB**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	104,533	30,299
Assets under management	36,544	10,592

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	35,326	96.7%
Foreign currency	1,218	3.3%
TOTAL	36,544	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	15,008	41.1%
Government bonds	11,228	30.7%
Private debt securities	9,558	26.2%
Equities	212	0.6%
Other	538	1.5%
TOTAL	36,544	100.0%

### 3.11 AMMB

Name	AMMB Holdings Berhad
Ranking (based on total AUM)	12
Institution type	Commercial bank
Country	MALAYSIA

#### Contact details

Head office	22nd Floor Bangunan Ambank Group 55 Jalan Raja Chulan Kuala Lumpur, 50200 MALAYSIA
Telephone	+60 3 2078 2644
Corporate web site	<a href="http://www.ambg.com.my">http://www.ambg.com.my</a>

#### Brief overview of institution

AMMB Holdings Berhad is a Malaysian-based investment holding company. The Company, through its subsidiaries, is engaged in life assurance and general insurance, merchant banking, Islamic banking, commercial banking, hire-purchase financing and leasing, stock and share broking, management of unit trusts, asset management, investment consultant, management of property trusts, trustee services, collection of trade receivables, futures and options trading, publishing and selling research materials and reports, management of private equity fund, property holding, offshore banking, special purpose vehicle, investment management, and trade finance services. During the year ended March 31, 2006, the Company's activities are mainly concentrated in providing a range of financial services and products, both conventional and Islamic, in four main areas: investment banking, retail banking, business banking, and life and general insurance.

Number of employees	9,280
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Senior officers	Position
Lian Lu Ng	Chief Executive Officer AmAssurance Berhad
Ahmad Zaini Othman	Chief Executive Officer AmIslamic Bank Berhad
Kamalul Arifin Othman	Chief Executive Officer AmProperty Trust Management Berhad
Tek Kuang Cheah	Group Managing Director
Tuck Cheong Kok	Managing Director AmMerchant Bank Berhad
Mustafa Mohd Nor	Economic Adviser AmInvestment Group Berhad



**Summary of investments: AMMB**

As at:	31 December 2008
FX rate:	USD = MYR 3.45

<b>TOTAL</b>	MYR millions	USD millions
Total assets	83,192	24,114
Assets under management	22,499	6,521

<b>Breakdown by currency</b>	MYR millions	% of total
Local currency	22,153	98.5%
Foreign currency	346	1.5%
TOTAL	22,499	100.0%

<b>Breakdown by asset type</b>	MYR millions	% of total
Cash and money market	12,398	55.1%
Government bonds	1,337	5.9%
Private debt securities	7,700	34.2%
Equities	362	1.6%
Other	702	3.1%
TOTAL	22,499	100.0%

### 3.12 *Etiqua*

Name	Etiqua Insurance Berhad
Ranking (based on total AUM)	
Institution type	Insurance company
Country	MALAYSIA

#### Contact details

Head office	Level 19, Tower C, Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur MALAYSIA
Telephone	+60 3 2176 9000
Corporate web site	<a href="http://www.etiqua.com.my">http://www.etiqua.com.my</a>

#### Brief overview of institution

Mayban Fortis Holdings Berhad was formed in 2001 as collaboration between Malaysia's largest local bank, Malayan Banking Berhad (Maybank) and Fortis International NV, one of the largest providers of integrated financial services in Europe. With a stake of 70% by Maybank and 30% by Fortis, the partnership saw the grouping of all Maybank's insurance companies under Mayban Fortis Holdings Berhad.

In 2005, Mayban Fortis grew significantly with the acquisition of Malaysia National Insurance Berhad, Malaysia's largest national insurer and its subsidiary, Takaful Nasional Sdn Bhd, Malaysia's premier takaful provider. Financially, the merger catapulted Mayban Fortis to the position of second largest insurer in Malaysia.

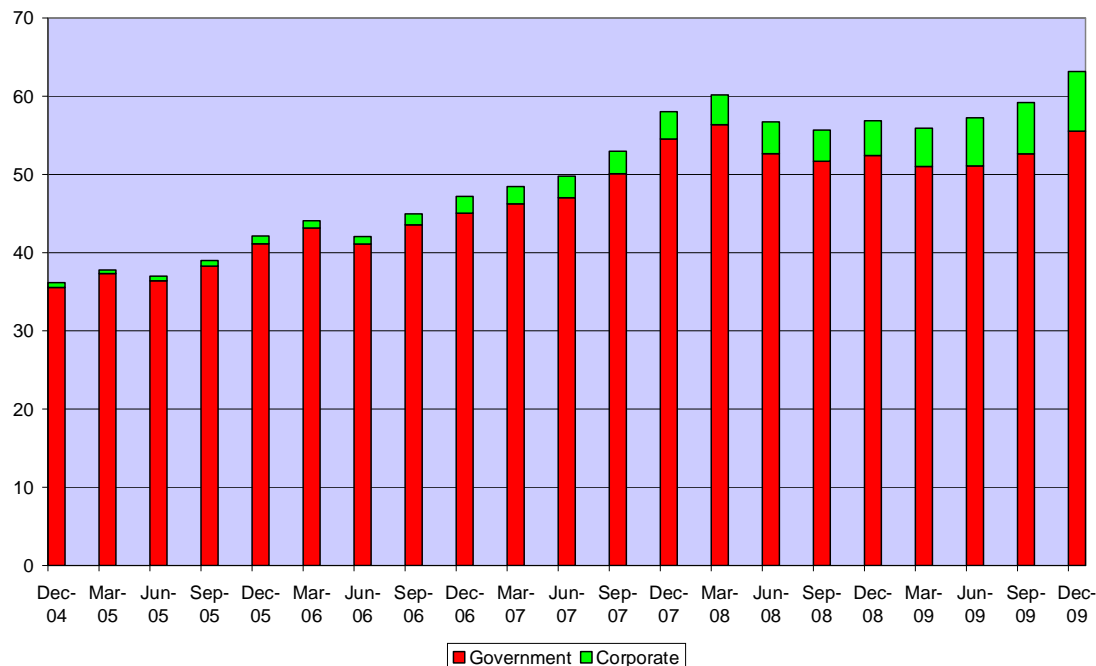
At the end of 2007, the merger effort with Malaysia National Insurance and Takaful Nasional culminated in the rebranding of the entire insurance and takaful group to the new brand name - Etiqua. Etiqua will be the single master brand for all conventional and takaful businesses under Mayban Fortis. An ongoing corporate streamlining exercise will see the eventual grouping of five operating entities under two anchor subsidiaries for conventional and Takaful respectively: Malaysia National Insurance Berhad, now known as Etiqua Insurance Berhad, and Takaful Nasional Sdn Bhd, renamed as Etiqua Takaful Berhad.

For the financial year 2006/2007, the gross premium written by Etiqua stood at RM 4 billion (USD 1.186 billion) while takaful premium was recorded at RM 900 million (USD 266.78 million), placing it as the second largest overall insurer in Malaysia and the no 1 takaful player in the country, with a profit before tax of RM 313.5 million (USD 92.93 million).

## 4 Philippines

### Local bond market development

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

The Philippine bond market has grown over this period from USD 36 billion in December 2004 to USD 63 billion in December 2009, an annual growth rate of 12%. The market is relatively small. However, the corporate sector has grown from 2% to 12% of the total, with especially strong growth in the last 12 months, an encouraging trend.

PHILIPPINES	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	9%	65%	12%
Growth last 12 months	6%	71%	11%
Proportion of total market (as at Dec 09)	87.9%	12.1%	100%

### Restrictions on inward investment

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

#### Market access

No restrictions are placed on non-residents investing in Philippine securities. They are free to invest in any local bond issues.

Foreign investments need not be registered with the Bangko Sentral ng Pilipinas (BSP) unless the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings is purchased from the banking sector. In other words, registration is needed for the

repatriation of funds, not for the initial inward investment, but it must be made at the time of the investment. In practice, this registration will be needed.

## **Currency controls**

Foreign investor registration is effected by means of a Bangko Sentral Registration Document (BSRD), filed with BSP. An investor is issued with a BSRD licence number when the initial investment is made.

The BSRD is maintained by the investor's local sub-custodian. The sub-custodian sends the information to the BSP, which also maintains a ledger of the investor's activity.

The inward investment may be accompanied by an FX trade for more than the amount required. The surplus amount may be retained and used for subsequent purchases. Thus there is no need to match amounts exactly.

The repatriation of funds, including sale and redemption proceeds and income, must be accompanied by a BSRD together with the required supporting documents.

BSRD-eligible transactions include investments in listed securities, government debt, and time deposits or money market instruments with a maturity of 90 days or more.

## **Cash and overdraft controls**

PHP cash credit balances are permitted.

Non-resident investors can open interest-earning cash accounts. This Interim Peso Deposit (IPD) account is where investors can place their excess PHP pending re-investment. Custodian banks also issue a BSRD for such accounts provided the pesos are either sale proceeds or interest/ dividends/ profits/ earnings from BSP-registered investments.

PHP overdrafts and loans to non-residents are not permitted. This means that foreign investors must ensure that cash accounts are adequately funded (i.e. cleared funds) prior to settlement date.

## **Taxation of non-resident investors**

Both resident and non-resident investors are subject to a statutory withholding tax of 20% on the interest from government bonds, and 30% on the interest from corporate bonds.

For non-residents, the withholding tax rate may be reduced under a double taxation agreement. Double tax treaties are in place with 31 countries.

Tax reclaims are available via direct filing with the Bureau of Internal Revenue (BIR). However, this may take several years to resolve and may lead to protracted litigation.

Gains from trading government securities are exempt from capital gains tax. For other debt securities, off-exchange trades are subject to a capital gains tax of 5% for the first PHP 100,000 and 10% thereafter. Transactions executed on the PSE are not subject to capital gains tax.

## ***Portfolio restrictions on domestic investors***

Institutional investors are allowed to invest overseas up to a limited amount. GSIS invests a proportion of its portfolio overseas, managed by external fund managers.

Outward investments exceeding US\$30 million per investor per year that are funded with foreign exchange purchased from the local banking system are subject to prior BSP approval and subsequent registration with the BSP.

## ***Investor base for local currency bonds***

### **Overview**

Government agencies and government-owned and controlled corporations are the major holders of government bonds. Other investors include private corporations, banks, retail investors, and asset

pooling industries—including pension funds, insurance companies, and asset management companies.

#### Pension Funds

The Government Service Insurance System (GSIS) and the Social Security System (SSS) are the largest government pension funds. GSIS and SSS are welfare systems for private and corporate employees, respectively. Conservative government policies limit investments to government debt securities and shares of leading Philippine companies.

Other government pension fund systems, such as the Armed Forces of the Philippines Retirement and Separation Benefit System, invest a part of their portfolios in government bonds and selected commercial paper.

In addition to government funds, there are 33 active 'pre-need' companies offering pension, educational, and interment plans. The Securities and Exchange Commission (SEC) restricts a portion of pre-need investment portfolios to fixed-income securities.

BSP plans to implement the Personal Equity and Retirement Account (PERA) Law in 2010. The PERA Law will create a savings investment vehicle for persons not covered by SSS and GSIS, as well as Filipinos working abroad (OFWs). Individuals will be allowed to make annual contributions of up to PHP 100,000 (PHP 200,000 for OFWs) with a 5% tax credit. The funds will be managed by administrators and closely regulated. Allowed investments will include investment funds, mutual funds, annuity contracts, insurance pension products, pre-need pension plans, shares of stocks listed and traded on the local stock exchange, exchange-traded bonds, and other investment products.

#### Insurance Companies

There are 32 life insurance firms licensed to operate in the Philippines. Insurance companies like Ayala Life Assurance Incorporated; Philam Insurance Company, Inc.; Sun Life Financial; and The Manufacturers Life Insurance Co. (Phils.), Inc. are major investors in government bonds and commercial paper.

#### Asset Management Companies

The mutual fund industry in the Philippines is among the least developed in ASEAN. Growth in the industry is restricted by a narrow investor base. Major participants include: Philam Asset Management, Sunlife Asset Management, and Bank of the Philippine Islands (BPI) Asset Management and Trust Group. There are some 40 mutual funds, and 110 UITs with total PHP 160 bn assets under management.

#### Bank Trust Departments

The bank trust departments invest pooled funds on behalf of retail investors. Banks also invest on their own account. A growth in personal savings is expected with the long-awaited introduction of PERA (Personal Retirement Accounts). The legislation has been passed but the regulations have not yet been issued.

Overall, the investor base is dominated by a few big institutions - GSIS and SSS being the largest. Other big investors are the trust departments of the 10 leading commercial banks, some insurance companies, and the National Home Loans Corporation (Pag-Ibig) - around 20 institutions in all.

In June 2009 the Philippine Dealing System launched an internet-based order-taking system, the Fixed Income Broker Internet Order System (FI-BIOS). Brokers with access to FI-BIOS facilities are able to provide their client investors located in the Philippines' provinces with up-to-the-minute market information for investment decisions, while also allowing them to enter orders into the central trading system in real time.

### **Largest domestic institutional investors**

Rank	Institution	Type	AUM USD millions	As at
1	Asian Development Bank	Official institution	42,571	Dec-08
2	Metropolitan Bank and Trust	Commercial bank	11,502	Mar-09
3	Government Service Insurance System	Pension fund	9,960	Dec-08
4	Bank of the Philippine Islands	Commercial bank	5,860	Mar-09

5	Social Security System	Pension fund	4,830	Dec-08
6	Land Bank of the Philippines	Commercial bank	4,272	Mar-09
7	Banco de Oro	Commercial bank	3,369	Dec-07
8	Philippine National Bank	Commercial bank	1,300	Dec-08

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

## 4.1 Asian Development Bank

Name	Asian Development Bank
Ranking (based on total AUM)	1
Institution type	Official institution
Country	PHILIPPINES

### Contact details

Head office	6 ADB Avenue, Mandaluyong City 1550 Metro Manila PHILIPPINES
Telephone	+ 63 2 632 4444
Corporate web site	<a href="http://www.adb.org">http://www.adb.org</a>

### Brief overview of institution

ADB is an international development finance institution whose mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Headquartered in Manila, and established in 1966, ADB is owned and financed by its 67 members, of which 48 are from the region and 19 are from other parts of the globe. ADB's main partners are governments, the private sector, nongovernment organizations, development agencies, community-based organizations, and foundations.

In pursuing its vision, ADB's main instruments comprise loans, technical assistance, grants, advice, and knowledge. Although most lending is in the public sector - and to governments - ADB also provides direct assistance to private enterprises of developing countries through equity investments, guarantees, and loans. In addition, its triple-A credit rating helps mobilize funds for development.

Carrying a triple-A credit rating, ADB raises funds through bond issues on the world's capital markets. It also utilizes its members' contributions and retained earnings from lending operations. These sources comprise ADB's ordinary capital resources and account for 74.1% of lending to ADB's developing member countries. Loans are also provided from Special Funds Resources - financed mostly from contributions of donor members for ADB's concessional loan and technical assistance programs.

ADB is authorized by its Charter to establish and administer special funds. These are the Asian Development Fund, Technical Assistance Special Fund, Japan Special Fund, ADB Institute Special Fund, the Asian Tsunami Fund, the Pakistan Earthquake Fund, the Regional Cooperation and Integration Fund, and the Climate Change Fund.

Number of employees	2,506
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Senior officers	Position
Haruhiko Kuroda	President
Xiaoyu Zhao	Vice-President, Operations 1
C. Lawrence Greenwood, Jr.	Vice-President, Operations 2
Ursula Schaefer-Preuss	Vice-President, Knowledge Management and

	Sustainable Development
Bindu N. Lohani	Vice-President, Finance and Administration
Rajat M. Nag	Managing Director General



**Summary of investments: ADB**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	USD millions
Total assets	78,722
Assets under management	22,332

<b>Breakdown by currency</b>	USD millions	% of total
USD	14,437	64.6%
Other currency	7,895	35.4%
TOTAL	22,332	100.0%

<b>Breakdown by asset type</b>	USD millions	% of total
Cash and money market	2,566	11.5%
Government bonds	9,411	42.1%
Private debt securities	9,597	43.0%
Other	758	3.4%
TOTAL	22,332	100.0%

Note: The above figures include investments both on ADB's own balance sheet and in the funds administered by ADB.

## 4.2 Metrobank

Name	Metropolitan Bank & Trust Company
Ranking (based on total AUM)	3
Institution type	Commercial bank
Country	PHILIPPINES

### Contact details

Head office	3/F, Annex Building, Metro Bank Plaza Sen. Gil J. Puyat Ave. Makati City 1200 Metro Manila PHILIPPINES
Telephone	+63 2 898 9020
Corporate web site	<a href="http://www.metrobank.com.ph">http://www.metrobank.com.ph</a>

### Brief overview of institution

Metropolitan Bank and Trust Company (Metrobank) is a Philippines-based financial institution that provides banking and collateral services to all sectors of the Philippine economy. Metrobank offers a range of commercial and investment banking services. Its customer base covers a cross section of the Philippine corporate market, particularly in the middle market corporate sector of the economy, a significant proportion, of which consists of Filipino-Chinese business. The Company's principal business activities involve borrowing and lending, trade finance, remittances, treasury, investment banking, credit card and savings banking. It is also a participant in the foreign exchange market in the Philippines. Metrobank is accredited by Bangko Sentral ng Pilipinas (BSP) as a government securities dealer. Metrobank provides investment-banking services through First Metro Investment Corporation, and retail banking through Philippine Savings Bank.

Number of employees	8,595
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Senior officers	Position
Antonio S. Abacan	Chairman of the Board
George Ty	Chairman of the Board
Arthur V. Ty	President, Director

**Summary of investments: Metrobank**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	PHP millions	USD millions
Total assets	764,809	16,238
Assets under management	319,512	6,784

<b>Breakdown by asset type</b>	PHP millions	% of total
Cash and money market	191,118	59.8%
Government bonds	108,358	33.9%
Private debt securities	14,466	4.5%
Equities	2,593	0.8%
Other	2,979	0.9%
<b>TOTAL</b>	<b>319,512</b>	<b>100.0%</b>

### 4.3 GSIS

Name	Government Service Insurance System
Ranking (based on total AUM)	4
Institution type	Pension fund
Country	PHILIPPINES

#### Contact details

Head office	GSIS Building Financial Center, Roxas Boulevard Pasay City 1308 Metro Manila PHILIPPINES
Telephone	+63 2 976 4900
Corporate web site	<a href="http://www.gsis.gov.ph">http://www.gsis.gov.ph</a>

#### Brief overview of institution

The GSIS was created in 1936 by Commonwealth Act No. 186. As a pension fund, the GSIS is mandated to provide and administer the following social security benefits for all employees of the Philippine government: compulsory life insurance, optional life insurance, retirement benefits, disability benefits for work-related contingencies and death benefits. In addition, the GSIS is entrusted with the administration of the General Insurance Fund by virtue of R.A. 656 of the Property Insurance Law. It provides insurance coverage to assets and properties that have government insurable interests.

The principal benefit package of the GSIS consists of compulsory and optional life insurance, retirement, separation and employee's compensation benefits. Active GSIS members are entitled to salary, policy, emergency and housing loans, subject to the cross-default policy of the System (CLIP).

The governing and policy-making body of the GSIS is the Board of Trustees, the members of which are appointed by the President of the Philippines.

GSIS has 15 Regional Offices, 25 Branch Offices and 18 Satellite Offices nationwide.

Number of employees	3,104
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Senior officers	Position
Winston F. Garcia	President and General Manager
Omelita J. Tiangco	Executive Vice President, Finance Sector
Consuelo D. Manansala	Executive Vice President, Operations
Leila M. Brian	Chief of Staff
Maria Fe S. Dayco	SVP, Actuarial and Treasury Group
Cecil L. Feleo	SVP, Asset Management Group
Ella E. Valencerina	VP, Public Relations and Communications

**Summary of investments: GSIS**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	PHP millions	USD millions
Total assets	484,344	10,283
Assets under management	349,223	7,415

<b>Breakdown by asset type</b>	PHP millions	% of total
Loans	125,520	35.9%
Financial securities	188,710	54.0%
Property	34,993	10.0%
<b>TOTAL</b>	<b>349,223</b>	<b>100.0%</b>

## 4.4 BPI

Name	Bank of the Philippine Islands
Ranking (based on total AUM)	5
Institution type	Commercial bank
Country	PHILIPPINES

### Contact details

Head office	BPI Building 6768, Ayala Avenue, Corner Paseo de Roxas Makati City 1226 Metro Manila PHILIPPINES
Telephone	+63 2 818 5541
Corporate web site	<a href="http://www.bpi.com.ph">http://www.bpi.com.ph</a>

### Brief overview of institution

Bank of the Philippine Islands (BPI) is a Philippines-based commercial bank. BPI has two categories for products and services. The first category covers its deposit taking and lending/investment activities. The second category covers services other than and auxiliary to the core deposit taking, lending and investing business. BPI had 895 traditional branches across the country, including 211 Express Banking Centers (EBCs) and 20 BPI Expressby as of December 31, 2006. BPI's automated teller machine (ATM) network, known as the ExpressNet, complements the branch network by providing banking services to its customers. As of December 2006, the ExpressNet consortium had a total of 2,752 ATMs servicing its customers nationwide.

Number of employees	12,339
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Senior officers	Position
Jaime A. De Ayala	Chairman of the Board
Aurelio R. Montinola	President, Director

**Summary of investments: BPI**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	PHP millions	USD millions
Total assets	666,612	14,153
Assets under management	280,902	5,964

<b>Breakdown by currency</b>	PHP millions	% of total
Local currency	188,789	67.2%
Foreign currency	92,113	32.8%
TOTAL	280,902	100.0%

<b>Breakdown by asset type</b>	PHP millions	% of total
Cash and money market	107,650	38.3%
Government bonds	156,055	55.6%
Private debt securities	13,139	4.7%
Equities	1,876	0.7%
Other	2,182	0.8%
TOTAL	280,902	100.0%

## 4.5 SSS

Name	Philippine Social Security System
Ranking (based on total AUM)	6
Institution type	Pension fund
Country	PHILIPPINES

### Contact details

Head office	SSS Building East Avenue Diliman, Quezon City Metro Manila PHILIPPINES
Telephone	+63 2 920 6401
Corporate web site	<a href="http://www.sss.gov.ph">http://www.sss.gov.ph</a>

### Brief overview of institution

<p>The mission of SSS is to provide and manage pensions, savings schemes, insurance and welfare programmes for workers and their families. Membership is compulsory for all private-sector employees aged under 60 with a minimum monthly income of PHP 1,000. Employers and self-employed must also join. Membership is voluntary for overseas workers. It has 25 million members.</p> <p>SSS has 176 branches and representative offices, of which 15 are overseas, servicing Philippine migrant workers.</p>
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Number of employees	4,171
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Senior officers	Position
Romulo L. Neri	President and Chief Executive Officer
Horacio T. Templo	Chief Actuary & EVP, Branch Operations
Amador M. Monteiro	SVP, Legal and Collection Group
Miguel E. Roca, Jr.	SVP, Information Technology Management
Edgar B. Solilapsi	SVP, Investments
<b>Gamelin Z. Oczon</b>	VP, Treasury
<b>Marissu G. Bugante</b>	VP, Public Affairs and Special Events



**Summary of investments: SSS**

As at:	31 March 2009
FX rate:	USD = PHP 48.3318

<b>TOTAL</b>	PHP millions	USD millions
Total assets	242,824	5,155
Assets under management	219,821	4,667

<b>Breakdown by asset type</b>	PHP millions	% of total
Equities	40,920	18.6%
Government securities	94,946	43.2%
Loans	75,641	34.4%
Property	8,314	3.8%
TOTAL	219,821	100.0%

## 4.6 Land Bank of the Philippines

Name	Land Bank of the Philippines
Ranking (based on total AUM)	7
Institution type	Commercial bank
Country	PHILIPPINES

### Contact details

Head office	Manila PHILIPPINES
Telephone	+63 2 551 2200
Corporate web site	<a href="https://www.landbank.com">https://www.landbank.com</a>

### Brief overview of institution

The Land Bank of the Philippines is a government financial institution that strikes a balance in fulfilling its social mandate of promoting countryside development while remaining financially viable.

This dual function makes LANDBANK unique. The profits derived from its commercial banking operations are used to finance the Bank's developmental programs and initiatives.

Over the years, LANDBANK has successfully managed this tough balancing act as evidenced by the continued expansion of its loan portfolio in favor of its priority sectors: the farmers and fisherfolk, small and medium enterprises and microenterprises, livelihood loans and agribusiness, agri-infrastructure and other agri- and environment-related projects.

Today, LANDBANK is by far the largest formal credit institution in the rural areas. Its credit delivery system is able to penetrate a substantial percentage of the country's total number of municipalities.

LANDBANK also ranks among the top five commercial banks in the country in terms of deposits, assets, loans and capital.

From its initial role as the financing arm of the agrarian reform, LANDBANK has evolved into a full-service commercial bank.

Senior officers	Position
Hon Gary B. Teves	Chairman
Gilda E. Pico	President and CEO
Alfonso B. Cruz, Jr.	SEVP, Institutional Banking and Subsidiaries
Jose C. Nograles	SEVP, Operations and Corporate Services
Wilfredo C. Maidia	EVP, Agrarian and Domestic Banking
Manuel C. Piczon	SVP

**Summary of investments: Land Bank**

As at:	31 December 2007
FX rate:	USD = PHP 41.2797

<b>TOTAL</b>	PHP millions	USD millions
Total assets	385,310	9,334
Assets under management	366,369	8,875

<b>Breakdown by asset type</b>	PHP millions	% of total
Cash and money market	99,833	27.2%
Government bonds	253,568	69.2%
Other	12,968	3.5%
<b>TOTAL</b>	<b>366,369</b>	<b>100.0%</b>

## 4.7 Banco De Oro

Name	Banco De Oro Unibank Inc.
Ranking (based on total AUM)	8
Institution type	Commercial bank
Country	PHILIPPINES

### Contact details

Head office	12 ADB Avenue, Ortigas Centre Mandaluyong City Metro Manila PHILIPPINES
Telephone	+63 2 636 6060
Corporate web site	<a href="http://www.bdo.com.ph">http://www.bdo.com.ph</a>

### Brief overview of institution

<p>Banco de Oro Unibank (BDO) is the latest iteration of a merger that took place in 2007 between Banco de Oro Universal Bank and Equitable PCI Bank. Since 1968, BDO has provided corporate, commercial, retail, and investment banking services throughout the country. Established in 1938, Equitable PCI brings to the coupling its commercial banking, small and middle market lending, trust, leasing, and remittances expertise. Combined, BDO operates a network of more than 680 branches and some 1,200 ATMs in Metro Manila, as well as the Luzon, Mindanao, and Visayas provinces</p> <p>BDO today offers an array of products and services that include retail banking, lending (corporate, commercial, consumer and SME), treasury, trust, credit cards, corporate cash management and remittances. Through its subsidiaries, the Bank offers leasing and financing, investment banking, private banking, bancassurance, insurance brokerage and stock brokerage services. As of May 2008, the Bank completed the integration of its business units. Some of the Bank's subsidiaries are BDO Private Bank Inc., EBC Strategic Holdings Corp., EBC Investments Inc., PCIB Properties Inc. and PCI Insurance Brokers, Inc.</p>
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Number of employees	6,543
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Senior officers	Position
Teresita T. Sy	Chairperson of the Board
Nestor V. Tan	President, Director
Jesus A. Jacinto Jr.	Vice Chairman of the Board
Corazon S. De La Paz-Bernardo	Vice Chairperson of the Board
Henry Sy Sr.	Chairman Emeritus
Pedro M. Florescio III	Executive Vice President, Treasurer and Group Head - Treasury
Lucy Co Dy	Executive Vice President, Comptroller and Group Head - Comptrollership
Ador A. Abrogena	Executive Vice President, Group Head - Trust Banking

Eduardo V. Francisco	Executive Vice President, Group Head - EDO Capital & Investment Corporation
Rolando C. Tanchanco	Executive Vice President, Group Head - Consumer Lending

**Summary of investments: BDO**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	PHP millions	USD millions
Total assets	802,032	17,028
Assets under management	272,926	5,795

<b>Breakdown by currency</b>	PHP millions	% of total
Local currency	154,314	56.5%
Foreign currency	118,612	43.5%
TOTAL	272,926	100.0%

<b>Breakdown by asset type</b>	PHP millions	% of total
Cash and money market	101,541	37.2%
Government bonds	118,827	43.5%
Private debt securities	29,544	10.8%
Equities	3,524	1.3%
Other	19,490	7.1%
TOTAL	272,926	100.0%

## 4.8 PNB

Name	Philippine National Bank
Ranking (based on total AUM)	9
Institution type	Commercial bank
Country	PHILIPPINES

### Contact details

Head office	PNB Financial Center Pres. Diosdado P Macapagal Boulevard Pasay City Metro Manila PHILIPPINES
Telephone	+63 2 891 6040
Corporate web site	<a href="http://www.pnb.com.ph">http://www.pnb.com.ph</a>

### Brief overview of institution

<p>Philippine National Bank (PNB) provides a range of banking and other financial services to corporate, middle-market and retail customers, the National Government, local government units (LGUs) and government-owned and controlled corporations (GOCCs). The Bank's principal commercial banking activities include deposit-taking, lending, trade financing, bills discounting, fund transfers/remittance servicing, asset management, treasury operations, and comprehensive trust and retail banking services. PNB offers a selection of credit facilities, which include commercial and industrial loans, term loans, credit lines, trade-related (import/export) financing facilities, bills purchased lines, consumer loans (housing loans, motor vehicle loans, all-purpose credit facility), conduit financing, loans to LGUs, loans covered under guarantee programs and credit card services. The Bank provides an array of personal and corporate trust and fiduciary services.</p>
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Number of employees	5,747
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Senior officers	Position
Omar Mier	Vice Chairman of the Board, President, Chief Executive Officer
Carmen G. Huang	CFO, EVP, Chief of Staff of the Pres of Bank & Head, Fin Mgmt & Cntrlrshp Group, Director
Maria Paz D. Lim	Senior Vice President, Treasurer

**Summary of investments: PNB**

As at:	31 December 2008
FX rate:	USD = PHP 47.1008

<b>TOTAL</b>	PHP millions	USD millions
Total assets	275,421	5,848
Assets under management	121,412	2,578

<b>Breakdown by currency</b>	PHP millions	% of total
Local currency	114,330	94.2%
Foreign currency	7,082	5.8%
TOTAL	121,412	100.0%

<b>Breakdown by asset type</b>	PHP millions	% of total
Cash and money market	51,621	42.5%
Government bonds	52,223	43.0%
Private debt securities	15,562	12.8%
Equities	633	0.5%
Other	1,373	1.1%
TOTAL	121,412	100.0%



## 5 Singapore

The Singapore bond market has become an important, open capital market in Asia over the past decade. It has grown considerably in terms of size, depth, and liquidity.

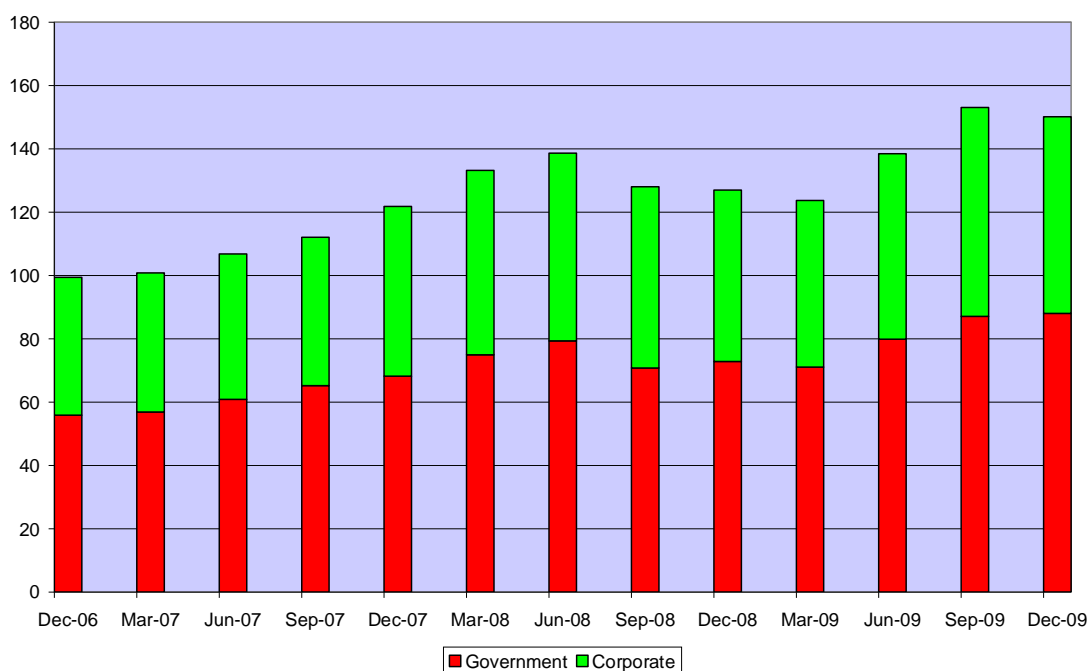
Sovereign bonds and statutory board bonds are a vital feature, despite the government's strong fiscal position that does not require deficit financing. Singapore Government Securities (SGS)—comprising SGS bills and bonds—are issued primarily to stimulate market activity and to provide a benchmark for corporate issues. Statutory board papers, issued by autonomous government agencies, are considered the most liquid among debt instruments on the Singapore corporate bond market.

Singapore is a full member of the Islamic Financial Services Board (IFSB), an international body based in Malaysia that defines regulatory and supervisory standards governing Islamic financial services. In January 2009, Singapore launched its first Islamic bond program worth SGD200 million.

In June 2009, the Monetary Authority of Singapore (MAS) announced the implementation of the ASEAN and Plus Standards Scheme for multi-jurisdiction offerings of securities in ASEAN. Under the scheme, issuers making an 'ASEAN offering' must comply with a set of common disclosure requirements (the ASEAN Standards), and limited additional requirements (the Plus Standards), prescribed by the respective jurisdiction. In Singapore, issuers will be required to comply with the ASEAN Standards and the Singapore Plus Standards.

### **Local bond market development**

The following chart shows the growth and composition of the local currency bond market over the past 2 years (in USD billions):



Source data: AsianBondsOnline

Singapore's bond market has grown over this period from USD 80 billion in December 2004 to USD 150 billion in December 2009, an annual growth rate of 13%. The market is well developed and comprises a relatively high proportion of corporate bonds, just over 40% of the total, a proportion that has remained fairly constant over this period.

SINGAPORE	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	15%	12%	13%
Growth last 12 months	21%	15%	18%

Proportion of total market (as at Dec 09)	58.7%	41.3%	100%
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A large proportion of the corporate sector comprises Government-linked companies.

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

There are no market entrance requirements for foreign investors. Non residents can invest in any issues in the local bond market without approval from the regulatory authorities and they can also obtain funding to finance their bond purchases.

### **Currency controls**

There are no foreign exchange controls in Singapore. The Singapore dollar (SGD) is freely convertible. Offshore FX is permitted.

There are no restrictions on clients executing third party FX and this is supported by custodians.

Sale proceeds and dividend income can be freely remitted out of Singapore.

### **Cash and overdraft controls**

There are no restrictions on SGD cash balances for non-residents.

Overdrafts for non-resident accounts may be limited for certain activities, but such restrictions do not apply to overdrafts which are due to investment-related activity.

MAS Notice 621, which was originally designed to discourage the internationalization of the SGD, has been progressively liberalized since 1998. The notice has only two remaining restrictions, namely:

- the capping of lending to non-resident financial institutions to SGD 5 million per institution (MAS can be asked for exemptions in case of e.g. a large IPO or other placement where a mismatch of outgoing and incoming funds is expected), and
- SGD proceeds raised by non-resident financial institutions must be swapped into foreign currency before the funds are repatriated abroad.

Both restrictions are targeted at discouraging speculation against the SGD and not against genuine capital market activities.

### **Taxation of non-resident investors**

The standard withholding rate for interest income is 15%.

Non-residents, including those with permanent establishment in Singapore, are exempt from withholding tax on qualifying debt securities (QDS), provided that such securities were not purchased with funds resulting from a local business owned by the non-resident investor.

Capital gains are tax-exempt.

Tax relief at source is available. Double tax treaties are in place with 69 countries. Tax reclaims are available for non-resident investors whose double taxation treaties specify a lower withholding rate.

## ***Portfolio restrictions on domestic investors***

There are no exchange control restrictions on outward investment by domestic investors.

## ***Investor base for local currency bonds***

### **Overview**

Principal investors in the debt market include fund management companies, such as the Government of Singapore Investment Corporation and the Central Provident Fund; private asset management companies; licensed banks; and insurers. Retail investors are also encouraged to participate.

There are no restrictions on foreign investors owning government or corporate bonds. However, bonds issued by an unrated foreign entity may only be sold to sophisticated investors (as defined under the Companies Act).

#### Pension Funds

The Central Provident Fund (CPF), a government-managed retirement scheme, dominates the country's pension funds industry. Under the CPF investment scheme, no restrictions apply to CPF's foreign-currency and cross-border investments. The total of all members' account balances exceeds SGD 140 billion, making CPF a powerful engine for investment.

#### Insurance Companies

The insurance industry is an important source of financing in Singapore. Insurance companies are allowed to place funds in various investment instruments, including bank time deposits, equities, central-bank debt issues, mortgage loans, and direct investments, among others. They are also allowed to make offshore investments, but these should total no more than 20% of their total assets.

#### Asset Management Companies

Singapore recognizes the importance of developing its asset management industry as part of its overall plan to enhance its status as an important financial hub. To develop the asset management industry, the Government encourages statutory boards and state-managed firms to tap the asset management industry for their excess funds. Over the past few years, restrictions have been relaxed. Investment instruments under the CPF Investment Scheme need not be denominated in Singapore dollars. Fund management companies no longer have to set up SGD-denominated feeder funds for their global funds. To encourage more market participants, entry requirements for foreign entities wishing to set up as investment managers have also been reduced. Minimum shareholders' funds are set at SGD 100 million, while minimum global funds managed by a parent company are set at SGD 100 billion.

Retail investors will soon be allowed to participate in SGS and Treasury Bill auctions through the automated teller machines (ATMs) of major banks. Individuals with an existing Central Depository (CDP) account will be able to hold their bonds at the CDP, which will allow trading in the secondary market.

Little information is available on the overall investor mix for government or corporate bonds. However, MAS figures suggest that over 99% of corporate bonds are held by local investors.

## Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	Government Investment Corporation	Sovereign wealth fund	225,000	Mar-09
2	Central Provident Fund	Pension fund	156,096	Mar-09
3	Temasek Holdings	Sovereign wealth fund	134,000	Mar-08
4	DBS Group	Holding company	88,072	Mar-09
5	UOB (United Overseas Bank)	Commercial bank	42,952	Dec-08
6	OCBC (Overseas Chinese Banking Corp.)	Commercial bank	32,507	Dec-08
7	Great Eastern Holdings	Insurance company	26,091	Mar-09
8	NTUC Income	Insurance company	9,136	Dec-07

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

## 5.1 GIC

Name	Government of Singapore Investment Corporation
Ranking (based on total AUM)	1
Institution type	Sovereign wealth fund
Country	SINGAPORE

### Contact details

Head office	SINGAPORE
Telephone	
Corporate web site	<a href="http://www.gic.com.sg">http://www.gic.com.sg</a>

### Brief overview of institution

Government of Singapore Investment Corporation (GIC) is a global investment management company established in 1981 to manage Singapore's foreign reserves. With a network of eight offices in key financial capitals around the world, GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate, private equity and infrastructure.

GIC's investment portfolio is managed by its three subsidiaries: GIC Asset Management Pte Ltd (public markets), GIC Real Estate Pte Ltd and GIC Special Investments Pte Ltd (private-equity investments).

The group strives to achieve good long-term returns on assets under management, to preserve and enhance Singapore's reserves.

In 2008, The Economist reported that Morgan Stanley had estimated the fund's assets at USD 330 billion, making it the world's third largest sovereign wealth fund.

The Fixed Income Currency Commodity (FICC) Department manages GIC's global bond, currency, cash and commodities exposure and performs important corporate treasury functions which include currency and commodities rebalancing, liquidity and cash flow management. FICC engages in active management to generate consistent excess return over market benchmarks. Its universe is global and spans multiple sectors including G10 interest rates, credit, emerging markets and convertible bonds, and also a broad mix of currencies and commodities that include energy, agriculture, industrial and precious metals. On liquidity management, the team monitors the cash flow profile of the company closely to ensure that all funding requirements are met. We aim to enhance the yield derived from investing the excess liquidity held in GIC, while maintaining a conservative approach to investment to ensure we can provide liquidity to the company should the need arise. FICC has operations in three centres - Singapore, London and New York.

## 5.2 CPF

Name	Central Provident Fund
Ranking (based on total AUM)	3
Institution type	Pension fund
Country	SINGAPORE

### Contact details

Head office	SINGAPORE
Telephone	
Corporate web site	<a href="http://mycpf.cpf.gov.sg">http://mycpf.cpf.gov.sg</a>

### Brief overview of institution

Central Provident Fund (CPF) is a comprehensive social security savings plan which aims to provide working Singaporeans with a sense of security and confidence in their old age. It is administered by the Central Provident Fund Board, a statutory board under the Ministry of Manpower. The CPF was started on 1 July 1955.

### 5.3 Temasek

Name	Temasek Holdings (Private) Limited
Ranking (based on total AUM)	4
Institution type	Sovereign wealth fund
Country	SINGAPORE

#### Contact details

Head office	60B Orchard Road #06-18 Tower 2 The Atrium@ Orchard Singapore 238891 SINGAPORE
Telephone	+65 6828 6828
Corporate web site	<a href="http://www.temasekholdings.com.sg">http://www.temasekholdings.com.sg</a>

#### Brief overview of institution

<p>Temasek Holdings is an investment company owned by the government of Singapore. Its portfolio is focused primarily in Asia. It is an active shareholder and investor in such sectors as banking &amp; financial services, real estate, transportation &amp; logistics, infrastructure, telecommunications &amp; media, bioscience &amp; healthcare, education, consumer &amp; lifestyle, engineering &amp; technology, as well as energy &amp; resources.</p> <p>Guided by an independent board, Temasek operates autonomously on commercial principles to maximise long-term returns. Starting with an initial portfolio of S\$354 million in 1974, Temasek's net portfolio value had grown to SGD 185 billion as at 31 March 2008. Total shareholder return since inception 34 years ago is more than 18% compounded annually. It has a corporate credit rating of AAA/Aaa by Standard &amp; Poor's and Moody's respectively.</p>
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Number of employees	350
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Senior officers	Position
S Dhanabalan	Chairman of the Board
Ho Ching	Executive Director and CEO
Charles Ong	Chief Strategist
Cheo Hock Kuan	Corporate Development & Special Projects
Tow Heng Tan	Chief Investment Officer
Gan Chee Yen	Co-Chief Investment Officer
Goh Yong Siang	International & Strategic Relations
Hiew Yoon Khong	Special Projects
Jimmy Phoon	Strategy
Leong Wai Leng	Corporate Development & Chief Financial Officer

## 5.4 DBS Group

Name	DBS Group Holdings Ltd
Ranking (based on total AUM)	5
Institution type	Holding company
Country	SINGAPORE

### Contact details

Head office	6 Shenton Way DBS Building Tower One Singapore, 068809 SINGAPORE
Telephone	+65 6878 8888
Corporate web site	<a href="http://www.dbs.com.sg">http://www.dbs.com.sg</a>

### Brief overview of institution

<p>DBS Group is the holding company for DBS Bank, the largest bank in Singapore and a significant presence throughout Southeast Asia. DBS Bank offers personal and private banking in addition to enterprise services to small and mid-sized companies through some 80 branches in its home country; it also has around 60 locations in Hong Kong, China plus operations in People's Republic of China, India, Indonesia, Malaysia, The Philippines, and Thailand. In addition, DBS Group owns a 20% stake in the Bank of the Philippine Islands (that country's second-largest bank). Other services include treasury, brokerage, and fund management. The Company's financial businesses are organized into five sectors: Consumer Banking, Institutional Banking, Global Financial Markets, Central Treasury Unit, and Central Operations. On 24 May 2008, the Company acquired Bowa Commercial Bank. At the end of 2008, Temasek Holdings held a 12.21% stake in DBS.</p>
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Senior officers	Position
Richard D. Stanley	CEO
Sok Hui Chng	Chief Financial Officer
Siew Kin Hoon	Group Secretary
Teik Lim Ang	Senior Management - Capital Markets
Kankipati Rajan Raju	Senior Management - Consumer Banking Group
Roger Arner	Senior Management - Group Credit
Teresa Lin	Senior Management - DBS Bank (China) Limited & Institutional Banking Group
Karen Ngui	Senior Management - Group Strategic Marketing & Communications
Theresa Soikkeli	Senior Management - Group Human Resources
Amy Yip	Senior Management - DBS Bank (Hong Kong, China) Limited & Wealth Management Group





**Summary of investments: DBS**

As at:	31 December 2008
FX rate:	USD = SGD 1.4377

<b>TOTAL</b>	SGD millions	USD millions
Total assets	256,718	178,562
Assets under management	116,855	81,279

<b>Breakdown by currency</b>	SGD millions	% of total
Local currency	81,097	69.4%
Foreign currency	35,758	30.6%
TOTAL	116,855	100.0%

<b>Breakdown by asset type</b>	SGD millions	% of total
Cash and money market	36,257	31.0%
Government bonds	22,464	19.2%
Private debt securities	21,741	18.6%
Equities	1,439	1.2%
Other	34,954	29.9%
TOTAL	116,855	100.0%

## 5.5 UOB

Name	United Overseas Bank Ltd
Ranking (based on total AUM)	6
Institution type	Commercial bank
Country	SINGAPORE

### Contact details

Head office	80 Raffles Place UOB Plaza Singapore, 048624 SINGAPORE
Telephone	+65 6533 9898
Corporate web site	<a href="http://www.uob.com.sg">http://www.uob.com.sg</a>

### Brief overview of institution

United Overseas Bank (UOB) was incorporated on 6 August 1935 as the United Chinese Bank. The Bank catered mainly to the Fujian community in its early years. The change of name was effected in 1965. Over the past 74 years, UOB has grown from strength to strength. Through a series of acquisitions, it is now a leading bank in Asia. Besides Far Eastern Bank in Singapore, UOB's major banking subsidiaries in the region are United Overseas Bank (Malaysia), United Overseas Bank (Thai), PT Bank UOB Indonesia, PT Bank UOB Buana and United Overseas Bank (China). Today, the UOB Group has a network of over 500 offices in 18 countries and territories in Asia Pacific, Western Europe and North America.

UOB provides a wide range of financial services through its global network of branches/offices and subsidiaries/associates: personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, general insurance, life assurance and stockbroking services. UOB also has diversified interests in travel and leasing. In Singapore, UOB is a market leader in the credit card business and the private residential home loan business. It is also a key player in loans to small and medium enterprises. Its fund management arm, UOB Asset Management, is one of Singapore's most awarded fund managers. UOB is rated among the world's top banks by Moody's Investors Service, receiving B for financial strength, and Aa1 and Prime-1 for long-term and short-term bank deposits respectively.

Senior officers	Position
Ee Cheong Wee	Deputy Chairman of the Board, Chief Executive Officer
Wai Fai Lee	Chief Financial Officer, Head - Group Corporate Services
Vivien Chan	Group Secretary, Head - Legal
Kie Cheong Chong	Head - Group Institutional Financial Services
Sea Eng Ong	Head - Group Global Markets & Investment Management
Wai Cheng Hwee	Head - Group Technology & Operations

Chin Yong Lee	Head - Group Retail
Joo Yeow Wee	Head - Corporate Banking
Eng Cheong Yeo	Head - Commercial Banking
Boo Jin Khoo	Head - Personal Financial Services

**Summary of investments: UOB**

As at:	31 December 2008
FX rate:	USD = SGD 1.4377

<b>TOTAL</b>	SGD millions	USD millions
Total assets	182,941	127,246
Assets under management	71,455	49,701

<b>Breakdown by currency</b>	SGD millions	% of total
Local currency	47,704	66.8%
Foreign currency	23,751	33.2%
TOTAL	71,455	100.0%

<b>Breakdown by asset type</b>	SGD millions	% of total
Cash and money market	35,486	49.7%
Government bonds	11,310	15.8%
Private debt securities	13,375	18.7%
Equities	2,438	3.4%
Other	8,846	12.4%
TOTAL	71,455	100.0%

## 5.6 OCBC

Name	Oversea-Chinese Banking Corporation Ltd
Ranking (based on total AUM)	7
Institution type	Commercial bank
Country	SINGAPORE

### Contact details

Head office	65 Chulia Street OCBC Centre Singapore, 049513 Singapore SINGAPORE
Telephone	+65 6318 7222
Corporate web site	<a href="http://www.ocbc.com">http://www.ocbc.com</a>

### Brief overview of institution

Oversea-Chinese Banking Corporation Limited (OCBC) is a Singapore-based bank. It operates in four segments: Global Consumer Financial Services, which comprises a range of products and services offered to individuals, including deposit products (checking accounts, savings and fixed deposits), consumer loans (housing and other personal loans), credit cards and wealth management products (unit trusts and bancassurance products); Global Corporate Banking, which provides financial services to business customers; Global Treasury, which engages in foreign exchange activities, money market operations and derivatives trading, and Insurance, which includes its fund management activities. As of April 8, 2008, the Company, through its subsidiary, OCBC Capital (Malaysia) Sdn Bhd, had acquired a 67.07% interest in PacificMas Berhad. In August 2008, the Company disposed its entire 25 % interest in Central China International Leasing Co Ltd (CCIL). In March 2009, it dissolved OCBC Properties Private Limited.

OCBC is one of Asia's leading financial services groups and one of the largest financial institutions in the combined Singapore-Malaysia market with total assets of S\$180 billion. It has an extensive network of over 480 branches and representative offices in 15 countries and territories including Singapore; Malaysia; Indonesia; Thailand; Viet Nam; People's Republic of China; Hong Kong, China; Taipei, China; Brunei Darussalam; Myanmar; Japan; Republic of Korea; Australia; UK and USA. This network includes more than 360 branches and offices in Indonesia operated by OCBC Bank's subsidiary, Bank OCBC NISP.

Senior officers	Position
David Philbrick Conner	Chief Executive Officer, Executive Director
Wei Hong Ching	Chief Financial Officer, Head - Group Operations and Technology
Wai Leng Leong	Chairman of OCBC Bank China
Jeffrey Chew	Chief Executive Officer and Director of OCBC Bank Malaysia
Kok Keng Lee	Senior Executive Vice President
Lap Wah Lee	Executive Vice President
Ti Liang Goh	Executive Vice President

Wu Beng Na	Executive Vice President
Teck Poh Lai	Executive Vice President
Guan Hiang Tan	Executive Vice President, Head - Group Human Resources

**Summary of investments: OCBC**

As at:	31 December 2008
FX rate:	USD = SGD 1.4377

<b>TOTAL</b>	SGD millions	USD millions
Total assets	181,385	126,163
Assets under management	54,765	38,092

<b>Breakdown by currency</b>	SGD millions	% of total
Local currency	78,949	84.3%
Foreign currency	14,693	15.7%
TOTAL	93,642	100.0%

<b>Breakdown by asset type</b>	SGD millions	% of total
Cash and money market	23,218	42.4%
Government bonds	13,992	25.5%
Private debt securities	8,514	15.5%
Equities	1,856	3.4%
Other	7,185	13.1%
TOTAL	54,765	100.0%



## 5.7 Great Eastern

Name	Great Eastern Holdings Ltd
Ranking (based on total AUM)	8
Institution type	Insurance company
Country	SINGAPORE

### Contact details

Head office	Great Eastern Centre 1 Pickering Street #16-01 Singapore, 048659 SINGAPORE
Telephone	+65 6248 2000
Corporate web site	<a href="http://www.lifeisgreat.com.sg">http://www.lifeisgreat.com.sg</a>

### Brief overview of institution

Great Eastern Holdings Limited (GEH) is a Singapore-based investment holding company. The segments of the Company are Life Assurance, General Insurance and Shareholders segment. The Life Assurance segment comprises life insurance, long-term health and accident insurance and annuity business written, and includes the unit-linked business. The General Insurance segment provides cover for risks associated mainly with property and casualty related business. The Shareholders segment includes fund management business and general corporate income and expense items.

GEH, through its subsidiaries, has operations in Singapore and Malaysia, where it is the largest and oldest insurer, as well as in Brunei Darussalam, Indonesia, People's Republic of China (via joint venture), and Viet Nam. It offers asset management, investment holding, management services, life insurance (through Great Eastern Life Assurance), and other financial services. Great Eastern Holdings' 20,000 dedicated agents sell its products; representatives at major banks also offer its wares. The company, which was incorporated in 1908, is owned by Oversea-Chinese Banking Corp.

Incorporated in 1908, Great Eastern Life Assurance Co Ltd has the distinction of being the oldest and most established life insurance company in Singapore and Malaysia. In November 1999, Great Eastern Life underwent restructuring to become a wholly-owned life insurance arm of a financial service holding company – Great Eastern Holdings Ltd. This was followed by a merger between GEH and Overseas Assurance Corporation in December 2000. These two strategic initiatives reflect our determination to take up more competitive challenges and work towards achieving our vision of establishing regional leadership.

Great Eastern Holdings became a substantially-owned subsidiary of OCBC Bank, Singapore's longest established local bank, in June 2004.

Senior officers	Position
Keng Hooi Ng	Group Chief Executive Officer, Executive Director
Jin Keat Cheong	Group Chief Financial Officer
Soo Hah Foong	Chief Executive Officer of Great Eastern Capital (Malaysia) Sdn Bhd
Yaw Hui Koh	Chief Executive Officer of Great Eastern Life Assurance (Malaysia) Bhd

Kok Kheng Ng	Chief Executive Officer of Overseas Assurance Corporation (Malaysia) Bhd
Pakshong Wong	Group Company Secretary
Ching Guei Tan	Managing Director - Strategy & Strategic Partnerships
Boon Kong Chiang	Managing Director - Group Human Capital
Hak Leh Tan	Managing Director, Singapore
Ming Heng Ho	Managing Director - Operations & IT

**Summary of investments: Great Eastern**

As at:	31 December 2008
FX rate:	USD = SGD 1.4377

<b>TOTAL</b>	SGD millions	USD millions
Total assets	44,026	30,623
Assets under management	36,899	25,665

<b>Breakdown by currency</b>	SGD millions	% of total
Local currency	15,428	41.8%
Foreign currency	21,471	58.2%
TOTAL	36,899	100.0%

<b>Breakdown by asset type</b>	SGD millions	% of total
Cash and money market	4,030	10.9%
Debt securities	22,472	60.9%
Equities	6,157	16.7%
Other	4,240	11.5%
TOTAL	36,899	100.0%

## 5.8 NTUC

Name	NTUC Income Insurance Co-operative Ltd
Ranking (based on total AUM)	9
Institution type	Insurance company
Country	SINGAPORE

### Contact details

Head office	NTUC Income Centre 75 Bras Basah Road Singapore 189557 SINGAPORE
Telephone	+65 6346 2663
Corporate web site	<a href="http://www.income.com.sg">http://www.income.com.sg</a>

### Brief overview of institution

<p>NTUC Income, a co-operative insurance society formed in 1970, was initiated by Dr Goh Keng Swee during the "Modernisation of the Labour Movement" seminar on 18 November 1969.</p> <p>With an initial capital of \$1.2 million, it has become a leader in Life and General Insurance with total assets of S\$20 billion. Today, NTUC has more than 1.8 million policyholders</p>
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Senior officers	Position
Tan Suee Chieh	Chief Executive
Jeffrey Lee	SVP & Chief Financial Officer
Ken Ng	SVP & Chief Actuary
Laurence Wong	SVP & General Manager, Partnership Distribution
Lee How Teck	SVP & General Manager, Group & Health Insurance
Peter Michael Heng	SVP & Chief Investment Officer
Lynette Ang	SVP & Head Marketing & Sales
Mary G Tan	SVP & Head, Human Resources
Pui Phusangmook	SVP & General Manager, General Insurance
Siow Wee Loong	Chief Operations Officer, Customer & Technology

**Summary of investments: NTUC**

As at:	31 December 2008
FX rate:	USD = SGD 1.4377

<b>TOTAL</b>	SGD millions	USD millions
Total assets	19,905	13,845
Assets under management	18,729	13,027

<b>Breakdown by currency</b>	SGD millions	% of total
Local currency	15,296	81.7%
Foreign currency	3,433	18.3%
TOTAL	18,729	100.0%

<b>Breakdown by asset type</b>	SGD millions	% of total
Cash and money market	1,289	6.9%
Debt securities	12,621	67.4%
Equities	2,504	13.4%
Other	2,315	12.4%
TOTAL	18,729	100.0%

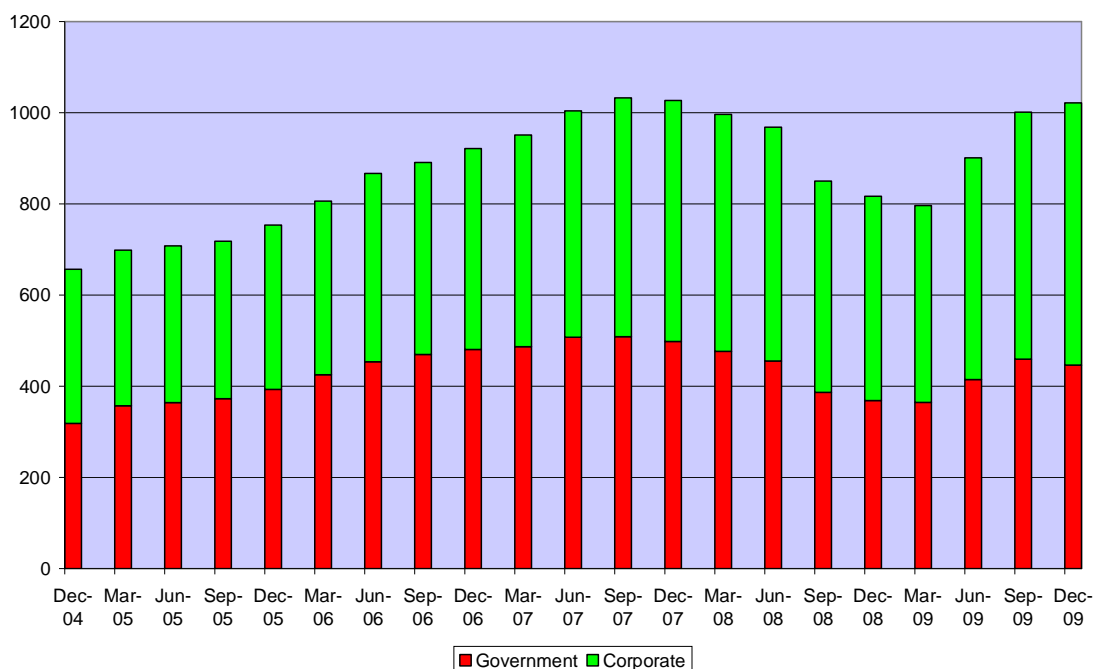
## 6 South Korea

The bond market in South Korea is one of the largest markets in Asia. Various reforms have led to its rapid development, including gradual market liberalisation. All fixed-income instruments are available to foreign investors. The Government continues to issue treasury bonds on a regular basis with maturities of 3, 5, and 10 years.

Bonds in South Korea can be classified into two main types: government and corporate. The government bond market consists of treasury bonds, National Housing Bonds, and Seoul Metropolitan Subway Bonds. It also includes the central bank's monetary stabilization bonds, as well as financial debentures issued by the Korea Development Bank. Government bonds are the most traded asset class and form the basis for benchmark yields.

### **Local bond market development**

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

South Korea's bond market has grown over this period from USD 650 billion in December 2004 to 1 trillion in December 2009, an annual growth rate of 9%. The market is unusual in that corporate bonds account for around half the volume outstanding. Corporate bonds now account for 56% of the total.

SOUTH KOREA	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	7%	11%	9%
Growth last 12 months	21%	28%	25%
Proportion of total market (as at Dec 09)	43.7%	56.3%	100%

Privately-owned, non-financial corporates comprise only about a quarter of corporate bonds in the above classification. Banks and non-bank financial institutions account for more than half of corporate bonds outstanding.

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

Foreign investors have access to all fixed-income instruments, and there is no ownership limit for foreigners. Foreign investors' participation in the cash bond market has, however, remained fairly limited due to a perception of cumbersome procedures in market access and high withholding tax. However, foreigners are active in Treasury bond futures and the interest rate swap market.

Foreign investors must obtain an investment registration certificate (IRC), also known as a certificate of investment registration, prior to investing in the Republic of Korea. The IRC contains a unique identification number, which codes the investor's nationality and other information.

Foreign investors may also submit a certificate of residency (COR) with the application for an IRC. A COR proves the residency of an investor and allows access to benefits granted under any applicable double taxation treaties.

The IRC application may be submitted to FSS via an online system. FSS will review and issue an IRC within 4 hours as long as the documents are complete.

### **Currency controls**

The Korean won (KRW) is not freely convertible. However, restrictions on the purchase and sale of KRW for securities investment purposes have been progressively lifted. Since December 2007, non-resident investors are able to buy KRW for any amount, keep it as a cash balance, fund a specific purchase trade, or re-convert it back into a foreign currency.

Pre-funding, in the sense that funds are needed prior to settlement date, is not required. Sales proceeds can be used to fund purchase trades having the same settlement date.

There is an active same day and next day FX market because some investors only book the FX after pre-matching of the trade has been indicated as successful from the client.

There is no restriction on the repatriation of income or proceeds from the sale of securities. Sales proceeds converted into foreign currency can either be remitted overseas or held in onshore foreign currency accounts.

### **Cash and overdraft controls**

Local sub-custodians open demand deposit accounts for non-resident investors. These cash accounts are exclusively for investment. They may be interest bearing. All FX transactions will be passed through these accounts. The source of funds must be documented.

Intra-day and overnight overdrafts on non-resident investors' cash accounts are not allowed.

### **Taxation of non-resident investors**

Tax is charged on both interest income and capital gains.

Non-resident investors are subject to a statutory withholding tax rate of 15.4% on interest income from fixed income investment. This consists of a 14% withholding tax and a 10% 'inhabitant's tax surcharge'.

Sales of fixed income securities between a non-resident and a resident are subject to capital gains tax (CGT). Sales of fixed income securities between two non-residents are exempt from CGT.

For transactions executed on the OTC market, non-resident investors are taxed at 11% (or the treaty rate) of the sale proceeds or 22% of the capital gains, net of transaction charges, whichever is lower. These rates include the 10% inhabitant's tax surcharge. Thus the effective rate of capital gains tax is between 11% and 22%.

Whenever a bond transaction is made, the selling broker needs to calculate and withhold the CGT. The tax deduction is included in the net price of the transaction. The amount of tax (both interest and capital gains) will depend on the time period the seller has held the bond.

The rates of withholding tax (on interest and capital gains) may be reduced under applicable double taxation agreements, provided that appropriate documentation is submitted. Double tax treaties are in place with 70 countries.

There is no officially recognised tax reclaim procedure. Taxes can be reclaimed on a case by case basis, although the reclaim is not always guaranteed.

### ***Portfolio restrictions on domestic investors***

There are no restrictions on outward (foreign) investments by domestic institutional investors.

### ***Investor base for local currency bonds***

#### **Overview**

Major investors include domestic and foreign banks, investment banks and brokerages, investment trust companies, and other financial institutions. Retail investors still hold small amounts of outstanding government and corporate bonds.

Commercial banks hold 21% of government bonds.

#### Pension Funds

The National Pension Service (NPS) controls national pensions in the Republic of Korea. It held a portfolio of about KRW220 trillion as of 2007. About 80% of the funds placed in financial markets were invested in fixed-income securities.

#### Asset Management Companies

The asset management companies in the Republic of Korea include investment trusts, mutual funds, and trust accounts of commercial banks and securities companies. The industry comprises about 50 asset management companies authorized by the Financial Supervisory Commission (FSC). Bond funds have at least 60% of their assets invested in their respective core securities. There are other variations, including spot funds and derivatives investment trusts. There are also funds that specialize in high-yield bonds, many of which have tax-exempt features to attract risk-tolerant investors.

#### Insurance Companies

The Republic of Korea has the largest insurance industry in Asia outside of Japan.

Total AUM of insurance companies (including life and non-life) is around USD 500 billion.

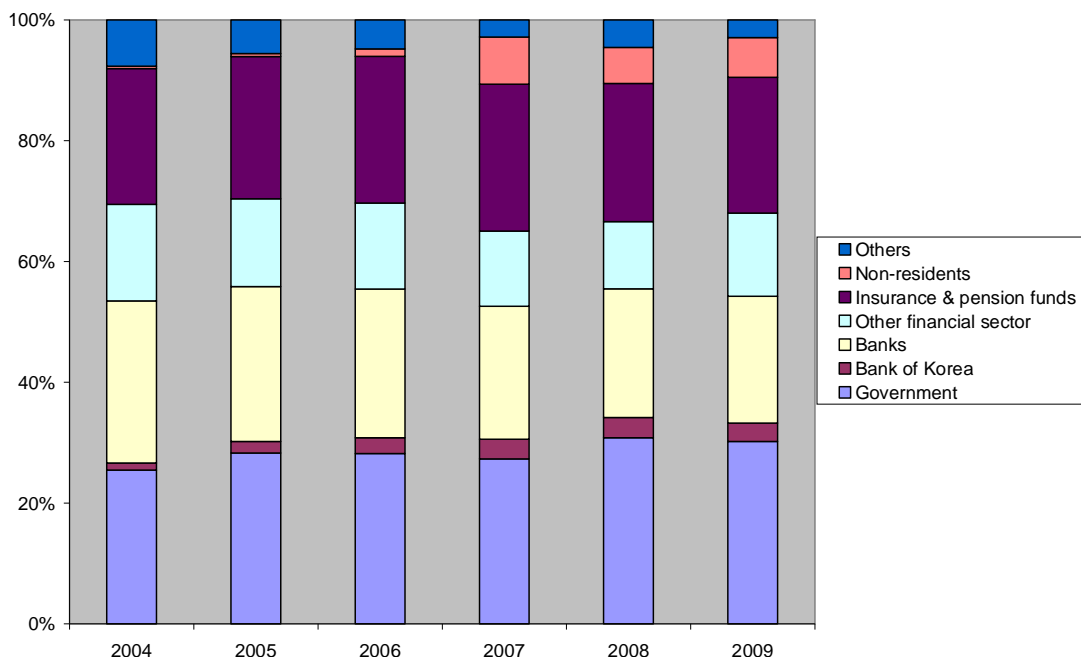
The Financial Services Commission now allows domestic institutional investors to purchase a limited amount of foreign currency-denominated bonds issued abroad by Korean companies, subject to a minimum holding period of one year. Convertible bonds, bonds with warrants, and exchangeable bonds are not eligible.

In May 2009 a law was approved exempting foreign investors from withholding taxes on interest income and capital gains on treasury bonds and monetary stabilization bonds. The investors must apply to the tax office for the exemption.

### **Government bonds - distribution of holdings**

The following chart shows the investor profile for government bonds over the past 5 years:





Source data: AsianBondsOnline

The above data is for December each year to 2008, and for September 2009. As at September 2009, commercial banks held 21% of government bonds and contractual savings institutions (insurance companies and pension funds) held 21%. The government sector, including Bank of Korea, held 33%. Non-resident investors held 7%.

### Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	National Pension System	Pension fund	197,274	Apr-09
2	Public Capital Management Fund	Official institution	187,762	Dec-08
3	National Agricultural Cooperative Federation	Official institution	101,191	Dec-08
4	Samsung Life Insurance	Insurance company	94,900	Mar-09
5	Foreign Exchange Stabilization Fund	Official institution	59,488	Dec-08
6	Korea Development Bank	Official institution	57,462	Jun-07
7	National Housing Fund	Official institution	50,172	Dec-08
8	Korea Life Insurance (Daehan Life)	Insurance company	38,606	Mar-08
9	Kyobo Life Insurance	Insurance company	36,009	Mar-08
10	Korea Post Savings Fund	Official institution	34,241	May-09
11	Korea Investment Corporation	Sovereign Wealth fund	30,000	Jun-09

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.

## 6.1 Samsung Life

Name	Samsung Life Insurance Co., Ltd.
Ranking (based on total AUM)	5
Institution type	Insurance company
Country	SOUTH KOREA

### Contact details

Head office	Samsung Life Insurance Bldg 150, Taepyeong-ro 2-ga Seoul, Jung gu, 100-716 SOUTH KOREA
Telephone	+82 2 751 8000
Corporate web site	<a href="http://www.samsunglife.com">http://www.samsunglife.com</a>

### Brief overview of institution

Samsung Life Insurance Company (SLI) is a South Korean insurance company. The company offers insurance products and services including life, health, accident, and annuities. Besides, it also provides asset management, and related financial products, including mortgage loans. SLI is a private mutual company and is a part of the Samsung group. The company has operations in the US, the UK, People's Republic of China, India, Thailand and Japan.

The company operates through four divisions: Individual Insurance, Strategic Distribution Channel, Group Insurance and Asset Management. Through these divisions Samsung Life offers services which include insurance, domestic securities, separate accounts, cash deposits, overseas securities, real estates, loans, and other services.

SLI invests the largest portion of its assets in domestic bonds for sustainable long-term asset management, and participates in stock markets to increase profitability. When investing in domestic securities, SLI takes into consideration the long maturities of its products, and when deemed necessary, we actively utilize the management skills of outsourced asset managers. For sustainable long-term asset management, SLI has established clear management philosophies, investment principles and guidelines. We also follow the principles of stable asset management with a systematic post-control scheme that includes performance evaluation and risk management. SLI carries out its investments in domestic securities with a long-term perspective based on a risk management system if thorough research and analysis.

SLI established an organization for global investment in 1990 and initiated business by investing KRW 200 billion in the U.S. European markets. Since then, we have continuously diversified our geographical investment targets and developed many new products to enhance stability and maximize profitability. As a result, at the end of September 2008, KRW 13 trillion has been invested in global product.

SLI invests in various alternative investment products, besides traditional investment products such as stocks and bonds. These products have enabled us to lead alternative investment markets including Private Equity Funds (PEFs), Index-Linked Notes (ILNs), etc. SLI continues to expand its investment horizons into non-traditional investment products such as commodity funds and SOC funds.

Number of employees	Around 6,000
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<b>Senior officers</b>	Position
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Soo Chang Lee	Chief Executive Officer, President
Chun Hyeon Park	Executive Vice President
Moon Sung Cho	Executive Vice President
Jong Man Yoon	Managing Director
Sang Yong Kwak	Managing Director
Sang Yeol Kwon	Executive Vice President
Sang Ho Park	Executive Vice President
Hyun Moon Park	Executive Vice President

**Summary of investments: Samsung Life**

As at:	31 March 2009
FX rate:	USD = KRW 1383.1

<b>TOTAL</b>	KRW billions	USD millions
Total assets	121,667	87.967
Assets under management	70,650	51.081

<b>Breakdown by asset type</b>	KRW billions	% of total
Cash and money market	5,387	7.6%
Bonds	63,044	89.2%
Equities	1,401	2.0%
Other	818	1.2%
<b>TOTAL</b>	<b>70,650</b>	<b>100.0%</b>

## 6.2 Korea Life

Name	Korea Life Insurance
Ranking (based on total AUM)	9
Institution type	Insurance company
Country	SOUTH KOREA

### Contact details

Head office	Korea Life 63 Building 60 Youido-dong, Yongsongpo-gu Seoul 150-763 SOUTH KOREA
Telephone	+82 2 789 6114
Corporate web site	<a href="http://www.korealife.com">http://www.korealife.com</a>

### Brief overview of institution

Established in 1946 as South Korea's first life insurance company, KLI is today the second largest insurance seller in the Republic of Korea. Last year, KLI earned a 'AAA' credit rating - the highest in the country - and tied for second place on the National Consumer Satisfaction Index (NCSI).

Number of employees	4,872
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Senior officers	Position
Seung-Youn Kim	Chairman
Eun Chul-Shin	CEO and Vice Chairman
Kyung-Ro Lee	Executive Vice President

**Summary of investments: KLI**

As at:	31 March 2008
FX rate:	USD = KRW 988.6

<b>TOTAL</b>	KRW billions	USD millions
Total assets	49,495	50.066
Assets under management	32,301	32.673

<b>Breakdown by asset type</b>	KRW billions	% of total
Cash and money market	1,660	5.1%
Bonds	23,511	72.8%
Equities	195	0.6%
Other	6,935	21.5%
<b>TOTAL</b>	<b>32,301</b>	<b>100.0%</b>

### 6.3 *Kyobo Life*

Name	Kyobo Life Insurance Company
Ranking (based on total AUM)	10
Institution type	Insurance company
Country	SOUTH KOREA

#### Contact details

Head office	Jongno-1ga, Jongno-gu, Seoul 110-714 SOUTH KOREA
Telephone	+82 2 721 2121
Corporate web site	<a href="http://www.kyobo.co.kr">http://www.kyobo.co.kr</a>

#### Brief overview of institution

Kyobo Life Insurance is one of South Korea's top life insurance firms. The company provides life insurance and asset management products to more than 10 million customers. Its offerings include traditional life, health and disability, and retirement and pension products for individuals and businesses. Products are distributed through financial planning agents. Kyobo Life also offers personal-use and mortgage loans, and it has some international operations. The company was founded in 1958 by Shin Yong-Ho, father of CEO Shin Chang-Jae. The Kyobo Group conglomerate (or chaebol) operates under a common management structure in a variety of sectors including real estate, investment banking, and a bookstore.

Senior officers	Position
Shin Chang-Jae	Chairman and CEO
Park Seong-Gyu	SEVP and COO
Hwang Yongnam	Vice Chairman

**Summary of investments: Kyobo Life**

As at:	31 December 2008
FX rate:	USD = KRW 1,262

<b>TOTAL</b>	KRW billions	USD millions
Total assets	51,861	41,094
Assets under management	33,305	26,391

<b>Breakdown by currency</b>	KRW billions	% of total
Local currency	28,553	85.7%
Foreign currency	4,752	14.3%
TOTAL	33,305	100.0%

<b>Breakdown by asset type</b>	KRW billions	% of total
Cash and money market	1,216	3.7%
Government bonds	24,932	74.9%
Corporate bonds	2,037	6.1%
Equities	879	2.6%
Other	4,241	12.7%
TOTAL	33,305	100.0%



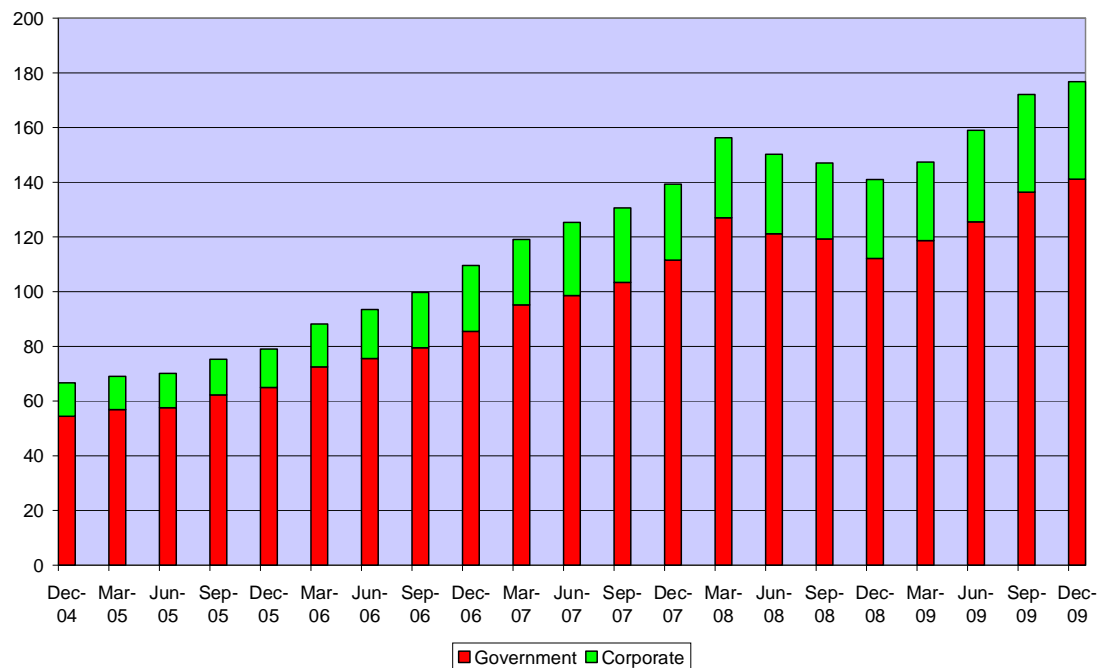
## 7 Thailand

Thailand's bond market has developed significantly since the Asian financial crisis, with increased bond issuance and an actively-traded local market. The Ministry of Finance (MOF) has stepped up issuance of government bonds for its financing requirements and to build a reliable yield curve in support of market-risk pricing. Government bonds still dominate the market. With the introduction of regulations governing corporate bond issuance, a variety of issuers have entered the market, including multinationals, supra-nationals, and local companies. Both government and corporate bonds are available with tax waivers to foreign investors.

In October 2009, the Thai Bond Market Association (ThaiBMA) was considering expanding the role of municipal bonds in the development of Thailand's bond market. Some municipalities could potentially raise funds for local infrastructure investment through issuance of bonds. However, current government regulations limit bond issues to only 10% of a municipality's total budget.

### **Local bond market development**

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

Thailand's bond market has grown strongly over this period, from USD 67 billion in December 2004 to USD 176 billion in December 2009, an annual growth rate of 22%. The corporate bond proportion has remained fairly constant at around 20% throughout this period.

THAILAND	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	21%	24%	22%
Growth last 12 months	26%	24%	25%
Proportion of total market (as at Dec 09)	79.8%	20.2%	100%

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

There is no requirement for foreign investor registration. However, documentation required for custodian account opening in Thailand needs to be notarised and consularised.

### **Currency controls**

The Thai baht (THB) is not freely convertible. Each foreign exchange (FX) or non-FX related payment transaction of USD 20,000 or greater must be reported by the sub-custodian to the Bank of Thailand (BOT), stating the purpose of the transaction.

Foreign investors may net a number of security transactions against a single FX, provided that all the settlement dates are the same.

Same-day, next day and forward value FX are permitted if there is an underlying transaction (up to the value of the transaction). If there is no underlying transaction, then for buying THB from a commercial bank, FX is permitted up to THB 300 million across all accounts per entity group, and for selling THB to commercial banks FX is permitted up to THB 10 million across all accounts per entity group.

Spot FX (both purchases and sales of THB) is permitted with no underlying transaction.

THB may be purchased offshore.

There are no restrictions on the repatriation of capital and income.

### **Cash and overdraft controls**

Non-residents are permitted to maintain a Non-Resident Baht Account for Securities (NRBS) or a Non-Resident Baht Account (NRBA). All cash related to securities trading and settlement activity must go through the NRBS cash account.

Funds can only be transferred between the same types of non-resident accounts, i.e. NRBS to NRBS or NRBA to NRBA. Transfers from NRBA to NRBS or vice versa are not allowed. All clean cash movements in and out of NRBS or NRBA accounts require a 'purpose code' / supporting documentation of the underlying transaction. If there is no purpose code, the purpose of the transfer must be stated.

THB balances for a non-resident entity must not exceed THB 300 million per account type across all accounts for the same account type (NRBA and NRBS). The BOT may force non-resident investors with balances in excess of THB300 million per account type to sell the excess THB to the BOT at a penalty rate.

Overdraft facilities provided by Thai financial institutions to non-resident investors are capped at THB300 million per bank (i.e. across all non-resident accounts at that bank).

Financial institutions are not allowed to pay interest on non-resident investors' accounts, including current and savings accounts and term deposits.

### **Taxation of non-resident investors**

All non-resident investors are exempt from withholding tax on interest and capital gains tax from government bonds and government agencies bonds.

Corporate bond interest (including state enterprise bonds) is taxed at 15%, withheld at source. The tax may be exempted or reduced to 10% by tax treaties. In particular, investors domiciled in Singapore and in most other ASEAN countries are exempt from withholding tax.

Government bonds (and state enterprise bonds) are exempt from capital gains tax for non-resident investors.

Generally, for other securities transactions executed in Thailand, including debentures and bonds, gross capital gains are subject to a 15% capital gains tax.

Double tax treaties are in place with 52 countries. Tax reclaims are available but may take up to 2 years.

## ***Portfolio restrictions on domestic investors***

The Bank of Thailand (BOT) has continually relaxed exchange control regulations on portfolio investment abroad since 2002. Currently, seven types of institutional investors are allowed to invest in securities abroad, including

- 1) mutual funds,
- 2) securities companies,
- 3) provident funds,
- 4) the Government Pension Fund (GPF),
- 5) Social Security Fund,
- 6) Insurance companies, and
- 7) Special Financial Institutions (SFI).

Quantitative limits are set on foreign investment by the BOT's FX regulation. For Thai securities issued abroad, there is no limit. For the foreign securities issued abroad,

- For the first three types of institutional investors, currently the BOT has given a quota of USD 30 billion to the SEC to allocate among them.
- For the last four types, they can set up fund with outstanding not exceeding USD 50 mil. per fund with no prior approval from the BOT. If the institutional investors want to invest more than this threshold, they may submit request to the BOT on case-by-case basis.

In addition to these institutional investors, the authorities also allow individual investors to invest in foreign securities through setting up private funds, opening accounts with securities companies, and buying foreign securities listed in the SET. (The SEC set the individual limit at USD 5 million per person, which will also be applied to the USD 30 billion quota mentioned above.)

As institutional investors, mutual fund and provident fund can invest in a variety of overseas securities/assets which include the following:

- Equity instruments: shares
- Debt instruments:
  - issued or guaranteed by a foreign government, foreign government's agency or an international organization;
  - issued or guaranteed by a state enterprise established under foreign law;
  - issued by foreign juristic persons.
- Convertible bonds
- Units of a collective investment scheme including units of a property fund/ REITs
- Deposits/ near cash
- Derivatives warrant
- Derivatives
- Structured note.

There are single issuer limits and product limits applied to the afore-mentioned assets, depending on the issuer, the issuer's rating and the issue rating. Besides those limits, investing in foreign assets/securities must also meet the following criteria:

- such securities and assets are offered in the jurisdiction whereby the regulator is an ordinary member of IOSCO or the exchange is a member of World Federations of Exchanges (WFE);
- the offshore investment does not deviate from the objectives and policies as specified in the mutual fund's scheme nor incur losses greater than the principal investment;

- relevant information in English on the securities and assets must be available and accessible through the Internet;
- information on prices/ fair values must be reliable and prepared in accordance with international standards; and
- level of investor protection can be achieved at least equivalent to that provided by investing in local securities/ assets.

Notwithstanding the afore-mentioned criteria, the mutual fund or provident fund may make deposit or invest in near cash abroad only when the deposit or near cash is short-term and the issuer of near cash is a financial institution situated in a country in which the fund has invested in securities/ assets. The mutual fund or provident fund shall make such deposit or invest in such near cash merely for the purpose of facilitating fund administration abroad e.g. awaiting for investment or being an expense account.

In August 2009, the Bank of Thailand (BOT) relaxed regulations on overseas investments in derivatives and securities transactions by institutional investors and 'persons in Thailand'. The new regulations (i) allowed 'juristic who have at least THB5 billion in assets and principal businesses in manufacturing, services, or trading to invest in securities abroad up to USD50 million per entity; and (ii) allowed institutional investors to engage in derivatives transactions, securities borrowing and lending, repurchase agreements, and reverse repurchase agreements.

In September 2009 the BOT announced plans to increase the offshore investment ceiling of institutional investors from the current USD30 billion. The Securities and Exchange Commission (SEC) has approved USD 21 billion of overseas investments, which are mostly directed to Korean fixed-income funds. Institutional investors are likely to expand their holdings of longer maturities as they seek higher returns.

## ***Investor base for local currency bonds***

### **Overview**

Bond investors include pension/provident funds, asset management companies, mutual funds, commercial banks, government savings banks, insurance companies, savings funds, and corporate and retail investors.

#### Pension Funds

The Thai pension system is small but complex. There are multiple schemes covering different portions of the work force, but with low overall coverage. Private sector employees are covered by the mandatory Old Age Pension Fund (OAPF). The Social Security Fund (SSF) is managed by the Social Security Office. Thai government officials are covered by the Government Pension Fund (GPF). Local government officials are covered by their own individual schemes. Private teachers are covered by a separate provident fund. The Provident Funds and Retirement Mutual Funds provide voluntarily coverage schemes for corporations and individuals. The GPF invests a large portion of its holdings in Thai fixed-income assets and is a significant participant in the Thai debt market. Private provident funds are also major investors. Fund investment guidelines stipulate that a portion of provident funds must be invested in bonds issued by the Government and commercial banks.

#### Insurance Companies

There are around 100 registered insurers (including 25 life insurance companies). Insurance companies commonly invest in government bonds, state-owned enterprise (SOE) bonds, and promissory notes subject to certain limits.

#### Asset Management companies

Asset management companies are also among institutional investors in bonds. Asset management companies and trustees registered with the Securities and Exchange Commission (SEC) can be found by following the links provided below. The SEC link on mutual fund profiles (including fixed-income funds) is also included. The asset management industry in Thailand has developed in terms of size and product availability. Investment companies continue to develop the industry. The three primary types of funds constituting the market are: mutual funds, private funds, and provident funds.

#### Foreign investors

Foreign investors account for less than 2% of the market. There is a 10-15% withholding tax which discourages corporate bond investment (they mainly buy government bonds where the tax rate is zero). Foreign investors would help to deepen the market in terms of risk pricing.

#### Profile of investors in local bond market

Tenor	Investors	Rating requirements
7 years +	Insurance companies	AA rated or better
5 - 7 years	Pension funds	A rated or better
	Provident funds	
	Banks (some)	
	Mutual funds	
3 years	Pension funds	
	Provident funds	
	Banks	

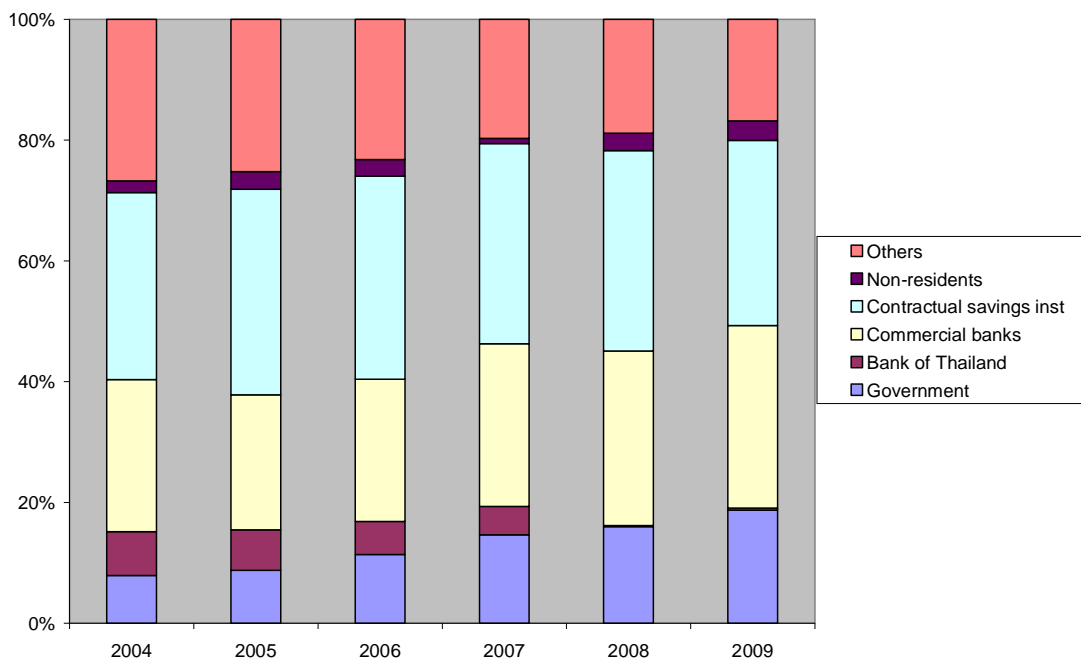
Overall, the local institutional investor base is limited. There are 30-40 institutions that buy corporate bonds regularly. However, within this group there are 5 big investors that dominate the market: the government pension fund, the social security system, and 2-3 large insurance companies and mutual funds. A sizeable bond issue must target these big investors.

The investor base is slowly developing, and restrictions have been eased. Mutual funds can now invest overseas. Mutual funds keep their maturities short (around 3 years), to avoid mark-downs. All institutional investors must mark to market.

Banks are also buyers at the short end. There is a demand from insurance companies for good quality longer term paper, up to 20 years or more. In the intermediate maturities (5-7 years) there are pension and provident funds and sometimes insurance companies.

#### Government bonds - distribution of holdings

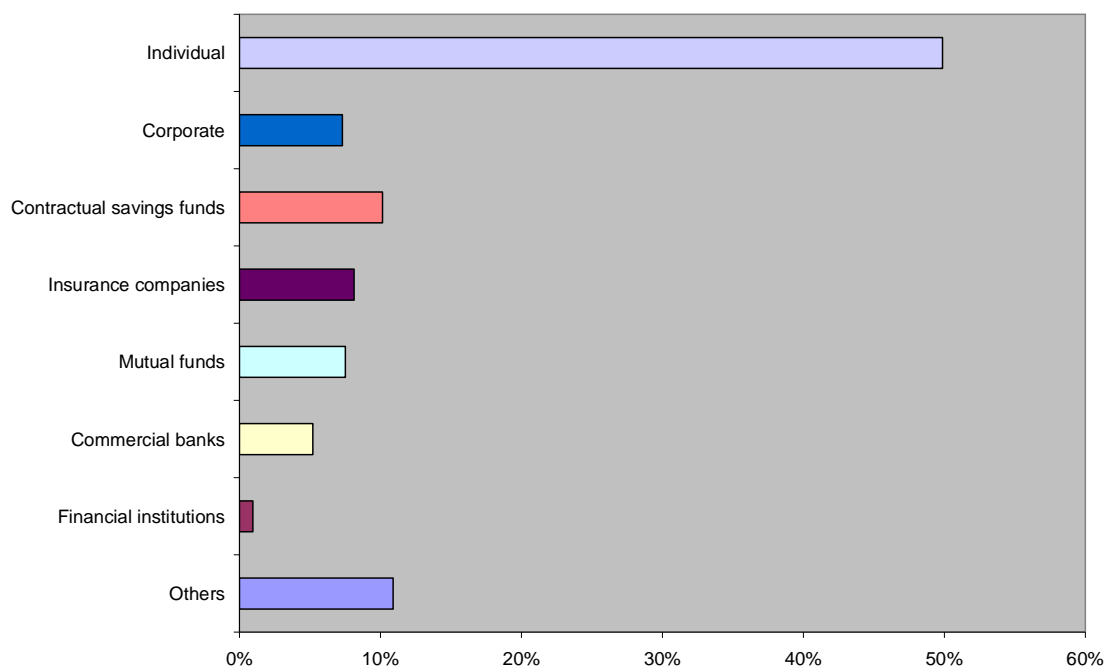
The following chart shows the investor profile for government bonds over the past 5 years:



Source data: AsianBondsOnline

The above data is for December each year. As at December 2009, commercial banks and other financial institutions held 30% of government bonds and contractual savings institutions held 31%. The government sector held 19%. Non-residents held 3%.

## Corporate bonds - distribution of holdings



Source data: Thai Bond Market Association

The above data is for September 2009. The largest investors in Thailand's corporate bonds were retail investors, holding 57% of the total. Among retail investors, individuals held 50%, while corporate investors owned 7%.

Among institutional investors of corporate bonds, contractual savings funds held 10%, followed by insurance companies (8%), mutual funds (8%), commercial banks (5%), and financial institutions (1%), which includes the Export-Import Bank of Thailand, Government Housing Bank, and Government Saving Bank.

## Largest domestic institutional investors

Rank	Institution	Type	AUM USD millions	As at
1	Bangkok Bank	Commercial bank	17,199	Mar-09
2	Social Security Office	Pension fund	16,898	Dec-08
3	Government Pension Fund	Pension fund	11,700	Jun-09
4	Siam City Bank	Commercial bank	10,102	Dec-08
5	Kasikorn Bank	Commercial bank	8,426	Mar-09
6	Krung Thai Bank	Commercial bank	7,023	Dec-08
7	TMB Bank [Thai Military Bank]	Commercial bank	5,907	Mar-09
8	Siam Commercial bank	Commercial bank	5,841	Mar-09
9	Crown Property Bureau	Sovereign wealth fund	5,000	Dec-06
10	Bank of Ayudhya	Commercial bank	4,776	Dec-08
11	Thai Life Insurance	Insurance company	3,180	Dec-07

Source data: AsianInvestor Magazine

Note: AUM data in the table above may differ from data in this report, due to different dates, exchange rates, and classification of assets. The figures are intended as a guide only.



## 7.1 Bangkok Bank

Name	Bangkok Bank PCL
Ranking (based on total AUM)	2
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	333 Silom Road Bang Rak Bangkok, 10500 THAILAND
Telephone	+66 2 231 4333
Corporate web site	<a href="http://www.bangkokbank.com">http://www.bangkokbank.com</a>

### Brief overview of institution

<p>Bangkok Bank PCL is a commercial bank in Thailand. The Bank offers personal banking services, including transaction accounts, payment services, fund transferring services, investment, telephone banking, Internet banking, credit cards and loans. It also provides business banking for small businesses and owner-operated companies, commercial banking for medium-sized businesses with substantial assets (including those in the export/import sector) and corporate banking services for large corporations and international companies. Major products and services include lending, trade finance, treasury, transferring funds, investments, international banking, credit cards, merchant services, securities services and loans and operating accounts. The Bank has 730 branch offices throughout the country and 19 international branches in Hong Kong, China; Taipei, China; Japan; the United States, the United Kingdom; Singapore; Malaysia and People's Republic of China among others.</p>
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Number of employees	19,050
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Senior officers	Position
Chatri Sophonphanit	Chairman of the Board of Directors
Piti Sithiamnuai	Chairman of the Executive Board, Director
Chartsiri Sophonphanit	President, Director
Sing Tangthasawat	Managing Director, Executive Director



**Summary of investments: Bangkok Bank**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	1,595,971	45,967
Assets under management	476,911	13,736

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	309,824	65.0%
Foreign currency	167,087	35.0%
TOTAL	476,911	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	180,403	37.8%
Government bonds	211,941	44.4%
Private debt securities	47,719	10.0%
Equities	36,848	7.7%
Other	0	0.0%
TOTAL	476,911	100.0%

## 7.2 Social Security Office

Name	Social Security Office
Ranking (based on total AUM)	3
Institution type	Pension fund
Country	THAILAND

### Contact details

Head office	88/28 Moo 4 Tiwanon Road, Taladkwan Muang District, Nonthaburi 11000 THAILAND
Telephone	+66 2956 2345
Corporate web site	<a href="http://www.sso.go.th">http://www.sso.go.th</a>

### Brief overview of institution

The SSO is a government department established in 1990. It is responsible for operating Thailand's social security system (Social Security Fund and Workmen's Compensation Fund). It has 9 million members, around 25% of the country's working population.

The investment of SSF must comply with the Social Security Committee Regulations on investment of the Social Security Fund B.E. 2006. These regulations stipulate the scope to invest in highly secure assets at not less 60% of the total amount of the fund and invest in risky assets at not more than 40% of the total amount of the fund.

Number of employees	About 6,000
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Senior officers	Position
Pan Wannapinij	Secretary General
Sittipol Rattanakorn	Advisor on Efficiency
Sujitra Boonchoo	Deputy Secretary-General
Pranin Muttaharach	Deputy Secretary-General
Pajongsin Varnakovida	Deputy Secretary-General

**Summary of investments: SSO**

As at:	31 December 2006
FX rate:	USD = THB 36.1

<b>TOTAL</b>	THB millions	USD millions
Total assets	420,186	11,640
Assets under management	465,719	12,901

<b>Breakdown by asset type</b>	THB millions	% of total
Short-term investments	69,802	16.6%
Long-term investments	350,384	83.4%
<b>TOTAL</b>	<b>420,186</b>	<b>100.0%</b>

The SSO reported in its 2006 annual report that 52% of its investments were in government fixed income (Treasury bills, government bonds, BOT bonds), 19% in State Enterprise Bonds, 3% in term deposits, 10% in private debentures, 6% in other debt instruments, 3% in investment units, and 7% in equities.

### 7.3 Government Pension Fund

Name	Government Pension Fund
Ranking (based on total AUM)	4
Institution type	Pension fund
Country	THAILAND

#### Contact details

Head office	990 Rama IV Road, 4th Floor Bangkok 10500 THAILAND
Telephone	+66 1636 1000
Corporate web site	<a href="http://www.gpf.or.th">http://www.gpf.or.th</a>

#### Brief overview of institution

The Government Pension Fund (GPF) was established under the Government Pension Fund Act B.E. 2539. The objectives are to ensure member benefits upon retirement, to encourage member saving consciousness, as well as to provide members with other welfare and benefits. GPF invests in compliance with ministerial regulations. It covers more than one million civil servants.

GPF has two categories of members; contributing and non-contributing. Members who joined the civil service after 27 March 1997 must be contributing members. Those who served the government earlier had the rights to choose to be either contributing or non-contributing members.

Members contribute 3% of salary on a monthly basis. Employers must match this 3% and provide another 2% for post-reform compensations. Assets under management stem from member accounts and government accounts.

The Government Pension Fund Act, B.E. 2539 prescribes that at least 60% of the GPF fund is to be invested in sound investments under the framework set and guided by its Board in compliance with the Act and applicable ministerial regulations. The investment ratio currently approved by the Board of Directors is 80:15:5 between fixed income instruments, equity and property, respectively.

GPF's former Secretary General Visit Tantisunthorn was dismissed in June 2009 over allegations of misconduct.

Number of employees	About 240
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Senior officers	Position
Tipsuda Thavaramara	Assistant Secretary-General

**Summary of investments: GPF**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	395,404	11,388
Assets under management	390,068	11,235

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	349,111	89.5%
Foreign currency	40,957	10.5%
TOTAL	390,068	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Thai fixed income	290,991	74.6%
Foreign fixed income	18,333	4.7%
Thai equity	28,475	7.3%
Foreign equity	22,624	5.8%
Alternative investments	13,652	3.5%
Property	15,993	4.1%
TOTAL	390,068	100.0%

## 7.4 Siam City Bank

Name	Siam City Bank PCL
Ranking (based on total AUM)	5
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	1101 New Petchburi Road Makkasan Ratchathewi Bangkok 10400 THAILAND
Telephone	+66 2 253 0200
Corporate web site	<a href="http://www.scib.co.th">http://www.scib.co.th</a>

### Brief overview of institution

<p>Siam City Bank PCL is a commercial bank in Thailand. The Bank offers general retail and corporate banking services, including transaction accounts, payment services, fund transferring services, investments, telephone banking, credit cards and loans. It also provides internet banking through SCIB d-Banking for business clients and SCIB i-Net for individual clients. Headquartered in Bangkok, Siam City Bank had 402 branches and 1,459 automated teller machines (ATMs) throughout the country during the year ended December 31, 2006. It has a nationwide network. Siam City Bank also expands its services to cover related business through its major four subsidiaries and three affiliated companies.</p>
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Number of employees	8,198
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Senior officers	Position
Somphon Kiatphaibun	Chairman of the Board of Directors
Chokchai Aksaranan	Chairman of the Executive Board, Director
Chaiwat Uthaiwan	Chief Executive Officer, President, Director
Rathian Srimongkhon	Chief Financial Officer, Senior Assistant President of Financial Management and International
Enghak Nonthikarn	Vice President of Risk Management, Human Resources, Credit Operations and Information Systems

**Summary of investments: Siam City**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	420,092	12,099
Assets under management	136,099	3,920

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	121,333	89.2%
Foreign currency	14,766	10.8%
TOTAL	136,099	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	49,380	36.3%
Government bonds	52,110	38.3%
Private debt securities	24,581	18.1%
Equities	10,028	7.4%
Other	0	0.0%
TOTAL	136,099	100.0%

## 7.5 Kasikornbank

Name	Kasikornbank PCL
Ranking (based on total AUM)	6
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	1 Soi Kasikonthai, Ratburana Road Rat Burana Bangkok 10140 THAILAND
Telephone	+66 2 222 0000
Corporate web site	<a href="http://www.kasikornbank.com">http://www.kasikornbank.com</a>

### Brief overview of institution

Kasikornbank PCL (formerly Thai Farmers Bank PCL) is a commercial bank in Thailand. The Bank provides a broad range of consumer, commercial and corporate banking services, including lending, deposit-taking, credit card services, international trade financing, custodian services, asset management and investment banking services. The Bank's personal solutions involve Internet banking, payment services and housing loans. The small and medium-sized enterprise (SME) solutions cover SME loans, domestic overdrafts and commercial loans. The corporate solutions consist of cash management services, international trade and foreign exchange and investment banking and securities services. Headquartered in Bangkok, the Bank has 568 branches throughout Thailand, as well as four branch offices overseas. It has 17 subsidiaries and five affiliated companies. It has a worldwide network.

Number of employees	11,327
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Senior officers	Position
Banyong Lamsam	Chairman of the Board of Directors
Banthun Lamsam	Chief Executive Officer, Director
Sirilak Rattanachai	Senior Vice President of Financial Planning
Prasarn Trairatworakun	Managing Director
Prasopsuk Damrongchitanon	Assistant Managing Director of Finance and Control
Methi Phathrakornkun	Assistant Managing Director of Finance and Control



**Summary of investments: Kasikornbank**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	1,303,554	37,545
Assets under management	329,377	9,487

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	316,674	96.1%
Foreign currency	12,703	3.9%
TOTAL	329,377	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	226,486	68.8%
Government bonds	92,053	27.9%
Private debt securities	7,596	2.3%
Equities	2,820	0.9%
Other	422	0.1%
TOTAL	329,377	100.0%

## 7.6 *Krung Thai Bank*

Name	Krung Thai Bank PCL
Ranking (based on total AUM)	7
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	35 Sukhumvit Road Khlong Toei Nua, Wattana Bangkok 10110 THAILAND
Telephone	+66 2 255 2222
Corporate web site	<a href="http://www.ktb.co.th">http://www.ktb.co.th</a>

### Brief overview of institution

Krung Thai Bank PCL is a financial institution in Thailand. The Bank's main offerings are deposit services, consumer loan services, commercial loan services and credit card services. It provides financial services to its clients ranging from retail, corporate, as well as government and state enterprise groups. It also provides self-service banking services, such as Internet and telephone banking; payment services, such as automated teller machine (ATM) payment, mobile payment, as well as Internet and telephone payment services; funds transfer services, such as ATM funds transfer, Bahtnet funds transfer, media clearing and Internet and telephone funds transfer services, and foreign financial services, such as foreign exchange. Headquartered in Bangkok, the Bank operates 695 branches throughout the country and seven overseas branch offices.

Number of employees	15,703
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Senior officers	Position
Supharat Khawathakun	Chairman of the Board
Chaiwat Vibunsawat	Vice Chairman of the Board of Directors, Chairman of the Executive Board
Aphisak Tantiworawong	Managing Director
Somkiat Saengsuren	Deputy Managing Director of Risk Management and Good Governance
Saiyan Satangmongkhon	Deputy Managing Director of Risk Management

**Summary of investments: Krung Thai**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	1,330,376	38,317
Assets under management	232,864	6,707

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	207,306	89.0%
Foreign currency	25,558	11.0%
TOTAL	232,864	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	127,542	54.8%
Government bonds	62,344	26.8%
Private debt securities	10,697	4.6%
Equities	2,868	1.2%
Other	29,413	12.6%
TOTAL	232,864	100.0%

## 7.7 TMB Bank

Name	TMB Bank PCL
Ranking (based on total AUM)	8
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	3000 Phaholyothin Road Latyao, Chatuchak Bangkok 10900 THAILAND
Telephone	+66 2 299 1111
Corporate web site	<a href="http://www.tmbbank.com">http://www.tmbbank.com</a>

### Brief overview of institution

TMB Bank PCL (formerly Thai Military Bank PCL) provides a broad range of personal and corporate banking services, including deposits, such as savings accounts, fixed-deposit accounts and current accounts; credit card and automated teller machine (ATM) card services; commercial finance products, such as home loans and post-graduate study loans; international trade finance services; investment services, such as private fund management, and other services including Internet banking, telephone banking, money transfer and real estate services. The Bank's corporate banking services are comprised of a range of financial services designed to suit local business needs for all sizes and types of businesses, including fund management, bill payment services, small business loans and government bonds. During the year ended December 31, 2006, the Bank operated 464 domestic branches and three overseas branch offices. It had six subsidiaries and two affiliated companies.

Number of employees	9,074
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Senior officers	Position
Somchainuek Engtrakun	Chairman of the Board of Directors
Chulakorn Singhakovin	Chairman of the Executive Board, Director
Suphark Siwarak	Chief Executive Officer, President, Executive Director
Thanet Phutrakun	Chief Financial Officer
Kraithip Krairuek	Chief Operating Officer, Executive Director
Charnlekha Viriyavit	Vice President of Finance

**Summary of investments: TMB**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	601,985	17,338
Assets under management	165,323	4,762

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	158,666	96.0%
Foreign currency	6,657	4.0%
TOTAL	165,323	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	83,904	50.8%
Government bonds	74,881	45.3%
Private debt securities	1,283	0.8%
Equities	5,255	3.2%
Other	0	0.0%
TOTAL	165,323	100.0%

## 7.8 Siam Commercial Bank

Name	Siam Commercial Bank PCL
Ranking (based on total AUM)	9
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	9 Rajadapisek Road Chatu Chak Bangkok 10900 THAILAND
Telephone	+66 2 544 1111
Corporate web site	<a href="http://www.scb.co.th">http://www.scb.co.th</a>

### Brief overview of institution

Siam Commercial Bank PCL, headquartered in Ratchadapisek, Bangkok, Thailand, is a commercial bank. The Bank provides personal and business banking products and services, including transaction accounts, fund transferring services, Thai baht and foreign currency deposits, funds management, loan services, investment, foreign currency exchange and electronic banking services. During the year ended December 31, 2006, Siam Commercial Bank has 12 subsidiaries and operated 793 branch offices and 3,823 automated teller machines (ATMs) throughout the country. It has a global network.

Number of employees	18,461
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Senior officers	Position
Chirayu Isarangkun Na Ayuthaya	Chairman of the Board of Directors
Vichit Suraphongchai	Chairman of the Executive Board, Director
Kannika Chalitaphorn	President, Director
Yokphorn Tantisawetrat	Vice President of Finance and Risk Management

**Summary of investments: Siam Commercial**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	1,241,640	35,762
Assets under management	268,632	7,737

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	234,276	87.2%
Foreign currency	34,356	12.8%
TOTAL	268,632	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	117,648	43.8%
Government bonds	120,966	45.0%
Private debt securities	14,093	5.2%
Equities	15,925	5.9%
Other	0	0.0%
TOTAL	268,632	100.0%

## 7.9 Crown Property Bureau

Name	The Crown Property Bureau
Ranking (based on total AUM)	10
Institution type	Sovereign wealth fund
Country	THAILAND

### Contact details

Head office	173 Nakhonratchasima Road Dusit Bangkok 10300 THAILAND
Telephone	+66 2687 3000
Corporate web site	<a href="http://www.crownproperty.or.th">http://www.crownproperty.or.th</a>

### Brief overview of institution

The Crown Property Bureau is a government agency responsible for managing the personal wealth of the King of Thailand and his immediate family. According to Section 8 of the Royal Assets Structuring Act of 1936, the CPB is exempt from taxes. The annual report of the CPB is submitted to the King alone. The CPB also supports other activities for the benefit of Thai subjects and society.

It controls Thailand's biggest and best-regarded conglomerate, the publicly listed Siam Cement, and a collection of other companies.

During the late 1980s, the CPB had 600 employees, of which 90% were devoted to managing the Bureau's massive real estate holdings.

Forbes Magazine estimated in 2008 that the total market value of the CPB was USD 35 billion. The CPB recorded over THB 5 billion in earnings in 2004.

Number of employees	About 600
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Senior officers	Position
Mr. Korn Chatikavanij, Finance Minister	Chairman
His Excellency Chaovana Nasyvanta, Privy Councilor	Director
Mr. Suthee Singhasaneh	Director
Mr Panas Simasathien	Director
Mr. Snoh Unakul	Director
Mr. Chirayu Isarangkun Na Ayuthaya	Director and Director-General

CPB Property Co., Ltd and CPB Equity Co., Ltd, both subsidiaries of the Bureau, are headed by Michael David Selby.



## 7.10 Bank of Ayudhya

Name	Bank of Ayudhya PCL
Ranking (based on total AUM)	11
Institution type	Commercial bank
Country	THAILAND

### Contact details

Head office	1222 Rama III Rd Bangphongphang, Yan Nawa Bangkok 10120 THAILAND
Telephone	+66 2 296 2000
Corporate web site	<a href="http://www.krungsri.com">http://www.krungsri.com</a>

### Brief overview of institution

Bank of Ayudhya PCL is a commercial bank in Thailand that offers a range of financial products and services. Its consumer services include savings accounts, personal loans and credit card services. The Bank also provides corporate services for domestic and international commerce, including deposits, withdrawals, funds transfer, loans, commercial foreign exchange services and financial management. Its customers have online access to their accounts through the Bank's electronic banking services. The Bank offers currency exchange services such as banknotes, international financial documents and foreign deposit accounts. During the year ended December 31, 2006, Bank of Ayudhya operated 551 branches throughout the country and three branch offices in Hong Kong, China; Viangchan and Cayman Islands. It has 10 subsidiaries.

Number of employees	8,243
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Senior officers	Position
Viraphan Thipsuwan	Chairman of the Board of Directors
Kong Khoon Tan	Chairman of the Executive Board, Chief Executive Officer, President, Director
Janice Rae Van Ekeren	Vice Chairman of the Executive Board, Chief Financial Officer, Director
Thinnawat Mahatharadon	Chief Financial Officer, Senior Assistant President
Chet Raktakanit	Chief Operating Officer, Senior Assistant President, Executive Director
Tak Bunnak	Assistant President of Financial Management

**Summary of investments: Bank of Ayudhya**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Total assets	745,477	21,471
Assets under management	161,604	4,654

<b>Breakdown by currency</b>	THB millions	% of total
Local currency	149,423	92.5%
Foreign currency	12,181	7.5%
TOTAL	161,604	100.0%

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	105,274	65.1%
Government bonds	38,646	23.9%
Private debt securities	7,558	4.7%
Equities	6,717	4.2%
Other	3,409	2.1%
TOTAL	161,604	100.0%

## 7.11 Thai Life Insurance

Name	Thai Life Insurance Co., Ltd
Ranking (based on total AUM)	12
Institution type	Insurance company
Country	THAILAND

### Contact details

Head office	Thai Life Insurance Building 1 123 Ratchadapisek Road Din Daeng Bangkok 10400 THAILAND
Telephone	+66 2 247 0247
Corporate web site	<a href="http://www.thaillife.com">http://www.thaillife.com</a>

### Brief overview of institution

The A-ratings on Thai Life reflect the company's sound financial profile, which is underpinned by its strong business franchise and market position in the Thai life insurance industry, its robust profitability, conservative balance sheet structure, and strong management. Thai Life's investment profile and strategy are prudent, although the quality of its investments is limited by the relatively low sophistication in the domestic market. In addition, the life insurer's financial profile is restrained by its negative spread position, albeit manageable at about 1%. Although the company's financial flexibility is limited by the family ownership of the company, this is underpinned by satisfactory cash flows and its ability to generate capital internally.

Thai Life is firmly entrenched as the second-largest domestic life insurer, accounting for a 17% market share in 2004. Its leading position in the life industry enables the company to benefit from better economies of scale through a larger pool of resources and expertise, lower per unit expenses, and the overall improvement in its mortality, morbidity, and expense experience. The company is also well positioned to take advantage of the expected growth in the life industry, given its strong market share. Thai Life has been successful in building a strong image as a steadfast and reliable local life insurer among the local population, and counts this as a key competitive edge in continuing to penetrate the local market.

Senior officers	Position
Mr. Vanich Chaiyawan	Chairman
Apirak Thaipatanagul, Ph.D	Director & Chief Executive Officer
Mr. Chai Chaiyawan	President
Mr. Kittipong Jintavaraluk	Director & Senior Executive Vice President
Mr. Trimas Paewprayoon	Executive Director
Mr. Thanya Jarernsuk	Executive Director

**Summary of investments: Thai Life**

As at:	31 December 2008
FX rate:	USD = THB 34.72

<b>TOTAL</b>	THB millions	USD millions
Assets under management	116,160	3,346

<b>Breakdown by asset type</b>	THB millions	% of total
Cash and money market	36,295	31.2%
Bonds	45,983	39.6%
Equities	18,668	16.1%
Other	15,214	13.1%
<b>TOTAL</b>	<b>116,160</b>	<b>100.0%</b>

## 8 Viet Nam

Viet Nam's bond market has improved significantly as the Government continues to initiate reforms and pass enabling legislation. Government bonds dominate the debt market, followed by municipal and then corporate bonds. Maturities vary from less than 1 year to 15 years. Convertible bonds have also been introduced.

Bonds are typically purchased at initial auctions by insurance companies, banks, and individuals; and are held until maturity. A number of licensed securities companies are authorized to provide a full range of securities services—including underwriting, brokerage, advisory, portfolio management, and trading. The Government has used “equitisation” of state-owned enterprises (SOEs) as one of the major tools for expanding the equity side of the capital market without committing itself to outright privatization of state enterprises. It has issued local bonds denominated in US dollars to attract domestic savings. A number of SOEs plan to issue both local and international bonds.

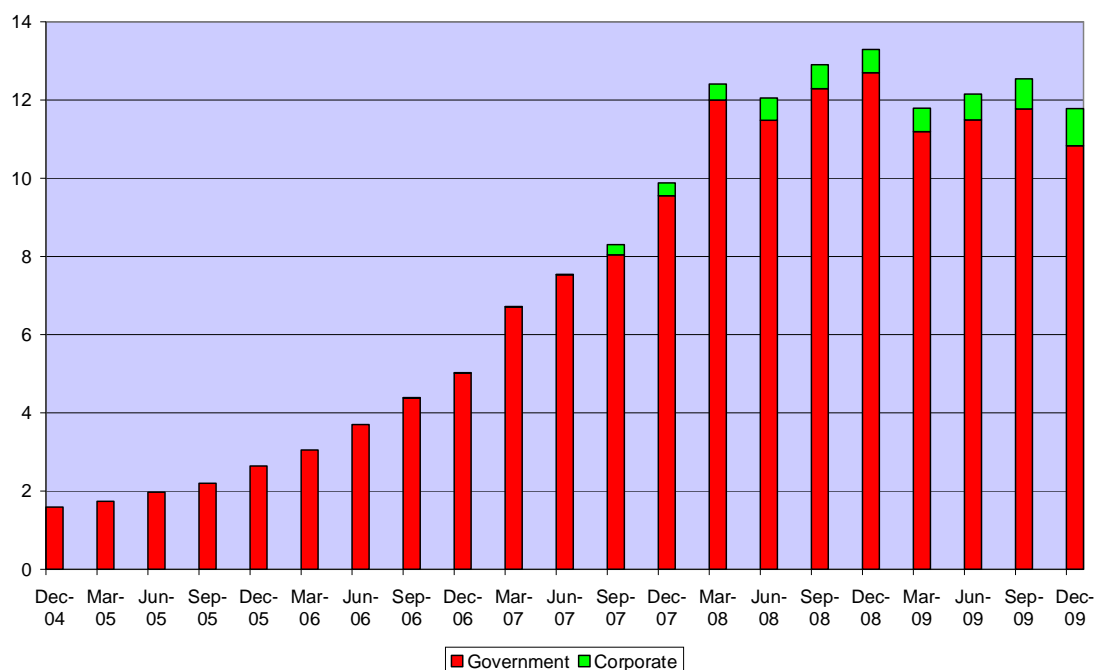
In May 2009, the State Securities Commission of Viet Nam announced it would regulate the listing and trading of USD-denominated government bonds at the Hanoi Securities Trading Center. The procedures are similar to those for VND-denominated government bonds. This legal framework aims to attract more issuance and liquidity in Viet Nam's bond market.

In August 2009, the Viet Nam Bond Market Association (VBMA) was launched. Its mission is to support the development of the local bond market, enhance the capacity of its members, and improve market efficiency. It has more than 50 members, including foreign and local commercial banks, securities firms, and other financial institutions. Over the next 3 years, VBMA plans to implement a centralised database, a code of conduct and ethics, a set of market practices, and training programs for its members.

In September 2009 the Hanoi Stock Exchange established an electronic bond trading system for government bonds. The new trading platform provides basic bond-related information such as issues, members, prices, schedules, and settlement, and will allow the identification of repo trades for the first time.

### ***Local bond market development***

The following chart shows the growth and composition of the local currency bond market over the past 5 years (in USD billions):



Source data: AsianBondsOnline

Viet Nam's bond market is small but is one of the fastest growing in the ASEAN region. From less than USD 1 billion 5 years ago it reached USD 12 billion by early 2008, but has since been fairly static in USD terms. Corporate bonds now account for 8% of the total, from a zero base 3 years ago. There are no local rating agencies. One obstacle to the liquidity of the bond market and development of a reliable yield curve is the excessively large number of government bond issues - currently over 500 outstanding - many of which have very small issue sizes.

VIET NAM	Government bonds	Corporate bonds	Total market
Growth since Dec 04 (annualised)	47%	N/A	49%
Growth last 12 months	-15%	61%	-11%
Proportion of total market (as at Dec 09)	91.9%	8.1%	100%

## ***Restrictions on inward investment***

Note: The information in this section has been extracted from "Barriers to cross-border investment and settlement in ASEAN+3 bond markets" Appendix II: Market profiles (report of ABMI Group of Experts, February 2010), with kind permission of ABMI.

### **Market access**

There is no legal restriction on investment in any bond issue. However, by law, each issuer may decide on an overall limit for non-resident investors in their bonds.

Non-resident investors must obtain a trading code. This is granted within 1-2 weeks of validly completed applications - 10 days for institutions, 7 days for investment funds, and 5 days for individuals. On receiving the trading code, investors open custody accounts and cash accounts. Securities are held in custodians' accounts with the VSD.

The Viet Nam Securities Depository (VSD) uses this trading code to monitor foreign ownership limits in the market.

The investor may open a custody account and trading account with one broker, or may open a custody account in one custodian bank and a trading account in another. In the first case, all trade orders must be placed with this one broker. In the second case, investors can place order with more than one broker, but all orders must be referred to the custody account.

### **Currency controls**

The Vietnamese dong (VND) is not freely convertible.

VND cannot be traded offshore. The FX must be in support of an underlying securities transaction and prior approval is required.

Foreign investors can freely repatriate their principal investment, profits and income earned from securities investments after payment of necessary taxes. Tax certification is required for repatriation.

### **Cash and overdraft controls**

There are no restrictions on the holding of VND balances. Non-resident investors may hold VND in an interest-bearing account and may also invest surplus cash in money market instruments.

Foreign investors are not allowed to overdraw their cash accounts. Intra-day overdrafts are not allowed and pre-funding is required.

### **Taxation of non-resident investors**

For taxable government bonds and municipal bonds held by non-resident investors:

- Sale transactions are subject to a tax of 0.10% on the gross proceeds of sale.
- Interest income is subject to a tax of 0.10% on the par value (i.e. the principal amount of the bond) plus the interest amount.

It should be noted that, in both cases, the above tax applies to the total value of the bond. In practice, all bonds purchased by non-resident investors are likely to be taxable.

Corporate income tax of 10% is imposed on the interest earned on cash account deposits. Banks are responsible for withholding this tax before paying the interest to depositors.

There are no provisions for tax reclaims or for relief at source.

## ***Portfolio restrictions on domestic investors***

There are restrictions on outward investment by domestic institutions.

Residents being organizations or individuals permitted to make offshore investment must open foreign currency offshore investment accounts at licensed credit institutions. All transactions of transferring foreign currencies abroad or into Viet Nam related to offshore investment must be conducted via these accounts; residents permitted to make offshore investment must register their foreign currency offshore investment accounts with the State Bank of Viet Nam and get its certification before transferring investment capital abroad. The State Bank of Viet Nam specifies the order, procedures and dossiers for registration and certification of foreign currency offshore investment accounts.

## ***Investor base for local currency bonds***

### **Overview**

Commercial banks and domestic life insurance companies are the major bond investors in Viet Nam.

#### Commercial Banks

Commercial banks are major bond investors. Major state-owned banks include the Vietcombank Securities Company, Viet Nam Bank for Rural and Agriculture Development, Industrial and Commercial Bank of Viet Nam, and Bank for Investment and Development of Viet Nam.

In July 2009, the State Bank of Viet Nam (SBV) issued a decision that allows commercial banks to use foreign currency government bonds as a mortgage asset to borrow Vietnamese dong from the SBV, thus supporting commercial bank liquidity.

#### Asset-Pooling Industries

Domestic life insurance companies have placed 49% of their total investments in government bonds. Manulife Viet Nam Insurance Company and Prudential Viet Nam are the first two wholly-foreign-owned life insurance companies in Viet Nam. Other insurance companies include Bao Viet Insurance, Bao Minh Insurance, and Vien Dong Insurance. The Government is considering streamlining the insurance industry to mobilize additional capital. Other institutional investors include Viet Nam's Social Security Fund, finance companies, securities firms, and, more recently, investment funds Viet Nam Securities Investment Fund (VF1) was the country's first securities investment fund. VFM is a joint venture between Sacombank and Dragon Capital. About one third of VF1's capital is invested in long-term government bonds. Other investment funds include Vinacapital and Dragon Capital.

Other insurance companies account for a total of around USD 3.5 billion AUM. Other sizeable domestic institutional investors include Post Saving Service Company, with around USD 0.5 billion AUM.

### **Largest domestic institutional investors**

Rank	Institution	Type	AUM USD millions	As at
1	Viet Nam Social Security	Pension fund	5,000	Apr-08

Source data: AsianInvestor Magazine

## 8.1 Viet Nam Social Security

Name	Viet Nam Social Security
Ranking (based on total AUM)	2
Institution type	Pension Fund
Country	VIET NAM

### Contact details

Head office	7 Trang Thi Street Hoan Kiem Hanoi VIE TNAM
Telephone	+84 4 934 4237
Corporate web site	vss@hn.vnn.vn

### Brief overview of institution

Viet Nam created its social security agency in 1995. Before then, three agencies (the Ministry of Finance, the Ministry of Labor, and the Viet Nam General Confederation of Labor ) jointly administered the program. Information management was extremely poor, due to the fact that the agencies relied on manual labor and computer technology was not available. Since the establishment of VSS, computer systems have been installed, but many of these now rely on outdated processors, and there is currently no national network connecting the VSS headquarters with its provincial and local offices.

The Viet Nam government's commitment to developing a modern, fair, and transparent social security system is evident in a number of recently adopted legal documents and reforms. The Social Security Law, which came into effect as of January 1, 2007, was a particularly important milestone. It covers compulsory and voluntary retirement pensions as well as a pension in the event of disability and short-term benefits related to sickness, maternity, and occupational disease and injury. It also establishes a contribution-based unemployment benefit that will become operational in 2010. Supporting regulations have also been approved.

Despite the considerable reform efforts underway, the social security administration continues to face several major challenges. These challenges include low compliance by the non-governmental formal sector, low coverage of the poor and targeted groups, and vulnerability in financial sustainability.

Senior officers	Position
Le Bach Hong	Director General

/end