

# CORPORATE Developments

## Completion Of The Privatisation Of AmlInvestment Group Berhad (“AIGB”) And Group Restructuring Exercise

AIGB privatisation was completed in January 2008, as part of the move towards establishment of the universal banking platform. The privatisation paved the way for the Group Restructuring Exercise to streamline corporate structure into four business groups: Banking, Asset Management, Capital and Insurance. The restructuring was finalised with the business transfer of the fund-based activities of AmlInvestment Bank Berhad (“AmlInvestment”) to AmBank (M) Berhad and AmlIslamic Bank Berhad on 12 April 2008.

AmlInvestment has also embarked on an internal reorganisation exercise with the intention to re-align the shareholding structure of certain operating subsidiaries (“Proposed Internal Transfer”) to constitute the Asset Management and Capital business groups, which involve the following:

- i. AmlInvestment to acquire from AmSecurities Holding Sdn Bhd (“AMSH”) the following companies:
  - a. AmFutures Sdn Bhd, a licensed futures broker wholly-owned by AMSH;
  - b. AmResearch Sdn Bhd, a wholly-owned subsidiary of AMSH involved in investment advice; and
  - c. PT. AmCapital Indonesia, a 95.58% owned Indonesian subsidiary of AMSH licensed to carry on stockbroking, underwriting and investment management.
- ii. AIGB to acquire from AmlInvestment the following companies:
  - a. AmlInvestment Management Sdn Bhd, AmlInvestment’s wholly-owned asset management subsidiary; and
  - b. AmlInvestment Services Berhad, AmlInvestment’s wholly-owned unit trust management subsidiary.

Save for the proposed transfer of PT. AmCapital Indonesia to AmlInvestment, the Proposed Internal Transfer had been completed on 1 April 2009.

The new structure provides the foundation for greater integration of business focus and operations, increased concerted effort on cross-selling, enhanced asset-liability management, improved industry-specific risk management and higher efficiency in resource allocation and utilisation. The capital position of the Group has

strengthened, which provides it with the resilience essential to operate in a tougher landscape in 2009.

## Restructuring Of The Group’s Insurance Business

The Group had on 17 November 2008 incorporated a wholly owned subsidiary under the name of AMAB Holdings Sdn Bhd (“AMAB Holdings”), which functions as an insurance holding company to hold AMMB Holdings Berhad’s (“AHB”) investments in AmAssurance Berhad (“AmAssurance”) and AmG Insurance Berhad (“AmG”).

Following that, in December 2008, the Group completed the restructuring of its insurance business, which encompassed the following:

- i. Split of the composite insurance business of AmLife Insurance Berhad (“AmLife”, formerly AmAssurance Berhad) via transfer of its general insurance business to AmG; and
- ii. Restructuring of the shareholding of AmG and AmLife via:
  - a. increase of equity interest by 19.0% of IAG International Pty Ltd (“IAG”) in AmG, from 30.0% to 49.0%;
  - b. sale of 30.0% equity interest of IAG in AmLife to AHB; and
  - c. subsequent sale of the 30.0% equity interest in AmLife held by AHB to Friends Provident Public Limited Company (“FP”).

The conclusion of the insurance business transformation has delineated the path for greater specialisation within the general and life insurance businesses in AHB Group respectively. It commemorated the entry of a new strategic partner, FP, in the life insurance business, whilst the strategic involvement of IAG in the general insurance business has increased. The Group is optimistic that the partnerships will revitalise its reputation in the local insurance arena, benefiting from knowledge transfer, technical expertise exchange and the international presence of IAG and FP.

Effectively AMAB Holdings Sdn Bhd to date owns 70.0% of AmLife and 51.0% of AmG. At present, AmG is in progress of conducting the due diligence for a potential acquisition of the general insurance business of another domestic insurance company along with a stake in its Takaful operations.

## Proposed Bumiputera Issue Of 96,300,000 New Ordinary Shares At Par Value Of RM1.00 Each In The Company

In January 2009, AHB proposed to undertake Special Issue Shares of 96,300,000 new ordinary shares of RM1.00 each to Identified Bumiputera Shareholders who qualify under the Capital Markets and Services Act, 2007.

The rationale behind the Proposed Special Issue is to reinstate Bumiputera equity in AHB to the level prior to equity participation by Australia and New Zealand Banking Group Limited (“ANZ”) as per the equity condition imposed by the Securities Commission (“SC”) in its approval to AHB in respect of the equity participation by ANZ in 2007.

On 13 April 2009, SC had granted the approval to proceed with the Proposed Special Issue conditional on the allocation of the Special Issue Shares to Identified Bumiputera Shareholders being approved by the Ministry of Finance (“MOF”). In the event that the Special Issue Shares are not fully subscribed by the Identified Bumiputera Shareholders, or the MOF is unable to allocate the Special Issue Shares within a year, the Bumiputera equity condition imposed by the SC will be removed.

AHB held its twenty-third extraordinary general meeting on 25 May 2009 where the shareholders had voted in favour of the Proposed Special Issue. Subsequently AHB announced that the Special Issue Share would be priced at RM2.77 per share, a 15.0% discount to the volume weighted average market price for five market days up to and including 25 May 2009. The new shares issued will be eventually listed and quoted on Bursa Malaysia Securities Berhad upon completion of the Proposed Special Issue.