

# Business Operations Review

FY2010 marks the third consecutive year of record profit performance. Underpinning the remarkable results is the strategic theme of deposit growth, income diversification, portfolio rebalancing, enhanced risk disciplines and cost management.

## Retail Banking

Retail Banking's growth in the year is attributed to its focus on viable segments, pricing for risk, customer services and product innovation. Focus on process improvements and technology enhancements is key to reducing cost of serving and turnaround times. The Division continuously improves service levels and extends delivery channels to accord customers greater accessibility. On the deposits front, focus is on current and savings accounts, spurred by strategies to increase cross-selling and build main-bank relationships. Vigilant measures were taken to improve asset quality and risk management was strengthened to maintain portfolio health.

## Business Banking

During the year, Business Banking focused on lending towards stable/growth sectors and clients with good track record. Measures and initiatives are in place to up our ante in trade, transactional, cash management and deposits, and enlarge our SME customer base. Greater emphasis was attached to credit risk assessment with more stringent criteria for new acquisitions and regular surveillance of accounts' conduct.

## Investment Banking

Capitalising on the improved capital markets, Investment Banking posted notable growth during the year, securing a number of major transaction deals and winning numerous accolades

and industry awards to entrench its position as a market leader. The Division has reinforced relationships with its priority customers and delivered on its core expertise to provide high quality services in advisory, asset management, agency and broking. New and innovative products with customised solutions underpin the Division's growth strategy.

## Corporate & Institutional Banking

Relationship Banking and Regional Business was renamed Corporate and Institutional Banking in FY2010 to reflect AmBank Group's focus on strengthening relationships with large client groups. The name change is designed to manifest and deepen AmBank Group's clients' segmentation strategy and capabilities



L-R: Datin Maznah Mahbob, Chief Executive Officer, Funds Management Division, AmlInvestment Management Sdn Bhd, Teng Chean Choy, Managing Director, Treasury & Markets, AmBank (M) Berhad, Mohd Effendi Abdullah, Director/Head, Islamic Markets, AmlInvestment Bank Berhad and Daniel Yu, Editor-in-Chief, Asset Publishing and Research at The Asset Triple A Islamic Finance Awards 2010 ceremony.

across the wholesale banking platform. Its focus is on a client base consisting of large corporate, government-linked companies, multi-nationals, financial institutions and sophisticated groups. This provides a platform to integrate opportunities to offer AmBank Group's suite of products and 'end-to-end' solutions for its clients' total financial needs and business.

### Treasury & Markets

With the improvement in trading conditions, Treasury & Markets has contributed higher income, abetted by stepped up risk governance and execution. The Group strives to deliver more consistent profits in fixed income via hedging, size growth and quality enhancement of the liquid securities portfolio. In the FX and interest rate derivatives front, we have built a substantive business facility offering tailored solutions, since commencement in late 2008. We are ready to extract higher income leveraging the complete and integrated business platform with ANZ's technical transfer.

### Islamic Banking

The Group stayed true to its motto of becoming an Islamic bank of choice by ensuring a high degree of value to its customers and stakeholders via its notable profit, as well as financing and deposits growth. Its brand position has been strengthened with increasing visibility of the AmIslamic corporate brand. Presently, key business emphasis is on diversification of financing, fee-based and treasury product offerings to accord customers wider choice.

### Life Assurance (AmLife Insurance Berhad/"AmLife")

AmLife developed a three-pronged strategy to perk up profits for FY2010: (i) To improve capital efficiency via better asset liability management; (ii) To boost sales via enlarged distribution channels; (iii) To increase operational efficiency via new core life administration system. Strengthened by the new operating platform and strategic partnership with Friends Provident Fund plc, AmLife is geared to expand its revenue stream and market access through diversification of product offerings and technology capacity.

### General Insurance (AmG Insurance Berhad/"AmG")

A new Chief Executive Officer ("CEO") of AmG was appointed in March 2010 to solely focus on growing the general insurance business. Prior to the appointment as CEO, Mr Duncan Brain was a Director of AmG since 2006, and he was also Head of South East Asia for the Insurance Australia Group ("IAG"). The Division's encouraging growth in fund assets and profits were underpinned by AmG's established distribution framework and its aggressive marketing strategies. AmG is scaling the market by offering competitive customer propositions in commercial, motor and non-motor personal lines. At the same time, AmG is leveraging on IAG's technical expertise to continuously improve our business and operating framework.

*Moving into the new financial year ...*

*"Leveraging tailwinds in the global, regional and domestic financial and economic recovery to position the AmBank Group as a major banking group in Malaysia with diversified business fundamentals and expanding franchise. The AmBank Group is ever committed to delivering greater value to shareholders via profitable growth, sustainable investments and regional collaboration with ANZ and our strategic partners."*

### RETAIL BANKING

The Retail Banking division has further strengthened its strategies of working on preferred segments, mainly areas with acceptable credit risks and better returns. Increasing focus has been applied to portfolio management and deposit taking businesses. Substantial analysis, surveys and modeling were done to continuously improve and transform products and services to ensure customer needs are met. The delivery proposition has evolved to build strong customer relationships.



**Datuk Mohamed Azmi Mahmood**  
Managing Director, Retail Banking  
AmBank (M) Berhad

### Growth and Performance

In FY2010, Retail Banking's profit after tax improved by 8.1% year-on-year. The improvement was mainly due to an improved year-on-year revenue of RM198 million (11.3% growth). Net lending grew 3.3% whilst our low cost savings and current account ("CASA") deposits grew by 17.4%. This was largely attributable to a focus on channel expansion and productivity, successful deposit campaigns, product bundling, focus on a salary crediting facility and acquisition of main bank customer relationships.

Retail Banking remained the largest contributor to the Group's pre-tax profits, totaling to RM905.3 million (FY2009: RM837.9 million). Auto Financing and Mortgage loans contributed approximately two thirds of total retail revenue. Asset quality improved 82 bps (FY2010: Net NPL 2.2%) bringing the loan loss coverage to a healthy 76.2% (FY2009: 61.8%).

### Highlights and Achievements

Aligned to our goal of ensuring outstanding customer experience, in September 2009, the Form Free Zone in Branches project was launched. Through this initiative, customers no longer need to complete forms for over-the-counter transactions. This simplifies the transaction process while improving AmBank front-liners' efficiency in fulfilling the needs of customers.

Through our culture of customer focus, our efforts were also recognised and awarded for excellence in service through the following awards in our contact centre environment:

- AmBank Contact Centre achievements at the 10th CCAM Annual Contact Centre Awards
  - i. Best Telemarketing Contact Centre – Silver Award
  - ii. Mystery Shopper Results (Telemarketing) – Bronze Award
  - iii. Best Contact Centre Manager – Silver Award
  - iv. Best Contact Centre Telemarketer – Silver Award
  - v. Best Contact Centre Support Professional – Silver Award

Retail Banking for the first time produced its own certified in-house Lean Six Sigma black belt transformation and quality improvement specialist and a school of green belt holders. They are trained incumbents from the existing work force spread throughout the retail bank, using a world class methodology to improve processes and services.

### Key Success Factors

In this technology-driven era, connecting to customers via a variety of channels and touch points is vital in reinforcing our image as a highly accessible and convenient bank for our customers. At present, AmBank has more than 780 ATMs nationwide and during the year we became the bank with the second most independent ATM locations in Malaysia. Out of this number, AmBank has presence in 377 7-Eleven convenience stores and more than 400 ATMs strategically located within our branch vicinities, shopping malls and petrol stations throughout Malaysia.

In addition, we have recently launched our latest innovative solution, the AmBank Mobile Banking platform, AmGenie, in November 2009 to offer mobile banking convenience to our customers. Customers can now perform banking transactions while on the move.

Whilst AmBank auxiliary channels have been expanded widely, the AmBank branch footprint has also received significant investment. Through our expansion programme, AmBank continues to provide one of the most accessible branch networks with 190 branches nationwide.



Our distribution channels are continuously enhanced to provide extended reach, improve sales and elevate the quality of customer interaction and servicing.

To further improve our customer service skills, AmBank frontliners are continuously trained in various essential sales skills focused on leadership and diagnostic sales methodologies. The objective of the AmAmazingWay Diagnostic Selling Skills and AmAmazingWay Leadership Skills training programme is to deepen relationships with customers through creating a culture of exemplary sales and service.

### Retail Banking Aspirations

Retail Banking is to develop a liability-led business, complemented with asset growth in certain segments and products, and grow scale in wealth management in both Mass and Mass Affluent segments. The focus is to grow the business in identified and selected segments of the market where we can establish sustainable and superior levels of profitability and to support the Group's key priority of growing the deposits base. We will continue to deliver customer value propositions centering around the themes of friendliness, simplicity and convenience.

For FY2011, the summary of Retail Banking's key strategic agenda is to:

- Develop a liability-led business
- Focus on target markets and portfolio bases that provide good returns, with special emphasis on deposits-based selling
- Strengthen risk and sustain portfolio health
- Streamline business operating models for productivity and efficiency, including channels
- Enhance customer service levels
- Continue to build brand and operational infrastructure for better cost-to-serve and speed-to-serve

Whilst we are currently operating in a more competitive financial environment, Retail Banking is ever ready to engage scalable growth ahead via a more robust model that will adapt to changes. Retail Banking is poised to be amongst the best.



## Deposits and Customer Solutions

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Overall ranked sixth in terms of total bank wide deposits (amongst local banks)</li> <li>• Growing low cost deposits base</li> <li>• Enhancing product suite and service</li> <li>• Acquiring new main bank customers</li> <li>• Stronger focus on corporate deposits acquisition, especially operating accounts, by segment focused deposits sales</li> <li>• Focus on acquiring more salary crediting accounts to SMEs through our payroll services</li> </ul>
<b>Products &amp; Services</b>	<p><b>Deposit (Conventional and Islamic) products:</b></p> <p><b>Transactional Deposits</b></p> <p><i>Savings Account</i></p> <ul style="list-style-type: none"> <li>• Basic Savings</li> <li>• Basic Saving-i</li> <li>• AmGenius</li> <li>• Savers G.A.N.G</li> <li>• Savers G.A.N.G-i</li> <li>• Family First Special Savings account</li> </ul> <p><i>Current Account</i></p> <ul style="list-style-type: none"> <li>• Basic Current Account</li> <li>• Basic Current Account-i</li> <li>• AmStar</li> <li>• AmStar Extreme</li> <li>• Family First Everyday Account</li> </ul> <p><b>Investment Deposits</b></p> <p><i>Fixed Deposits</i></p> <ul style="list-style-type: none"> <li>• Conventional FD</li> <li>• Mega FD</li> <li>• Am50 Plus</li> <li>• Interest Plus</li> <li>• AmQuantum Investment</li> </ul>
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• Dedicated deposit relationship team at each Regional Office</li> <li>• 190 AmBank branches</li> <li>• AmBank Self Service Machines</li> </ul>
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• Increase main bank relationship</li> <li>• Accelerate payroll acquisition</li> <li>• Reduce cost of funds</li> <li>• Reduce customer attrition and dormancy through active Customer Relationship Management initiatives</li> <li>• Build 'Top Rate' as brand identity for Fixed Deposit to ensure 'Top of Mind' recall by customers</li> </ul>
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Focused on direct marketing activities at our branches. These programmes focus on increasing visibility and awareness of our deposit products, building relationships and being closer to the community</li> <li>• Embarked on transformation initiatives to improve services (e.g. improved account opening turnaround time, offsite account opening process)</li> <li>• Launched the Tiger Prospers All campaign in conjunction with the Chinese New Year to garner deposits</li> <li>• The senior citizen Am50 Plus FD Top Rate campaign was successful in garnering more than RM800 million in deposits</li> </ul>



**Brad Gravell**  
Head, Retail Distribution & Deposits  
AmBank (M) Berhad



## Auto Financing

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Leading auto financier with 21.0% market share (based on BNM's Loans by Purpose and Sectors: Purchase of Passenger Cars as at 31 March 2010)</li> <li>• Maintain product profitability and strengthen fee-based income</li> <li>• Focus on profitable target segments via the Asset Writing Strategies</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Conventional auto financing</li> <li>• Islamic auto financing</li> <li>• Auto refinancing schemes</li> <li>• Floor plan/floor stocking for dealers</li> <li>• Step-up repayment schemes</li> <li>• Interest subsidy scheme</li> <li>• Balloon repayment scheme</li> <li>• Government servants financing scheme</li> <li>• Variable interest rates</li> <li>• AmDrive Care</li> <li>• AmAuto Life</li> <li>• AmAuto Extended Warranty</li> <li>• Motor insurance and road tax renewal</li> <li>• AmBank CARz card</li> <li>• AmWins online application</li> </ul>
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• 20 auto financing business centres and 14 hybrid branches nationwide</li> <li>• Strategic alliances with major franchise holders and vehicle companies in Malaysia</li> <li>• Relationships with more than 4,000 authorised dealers nationwide</li> </ul>
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• To achieve higher ROE</li> <li>• Maintain premier position as the “preferred auto financier” in terms of passenger vehicles</li> </ul>
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Sales force reward system pegged against performance through a robust sales incentive scheme</li> <li>• Marketing executives equipped with notebooks with ability to access front end application system via web</li> <li>• Piloted paperless processing</li> <li>• Simplified web based application data entry at dealers' premises</li> <li>• Centralised processing concept at two business regions</li> <li>• Fully centralised credit administration unit in Kuala Lumpur</li> </ul>



**Shaharudin bin Ismail**  
General Manager, Head of Auto Finance Division  
AmBank (M) Berhad

## Mortgages

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Maintain premier market position within banking fraternity in Malaysia</li> <li>• Focus on profitable and quality segments with cross-sell possibilities</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Easy and flexible repayment packages</li> <li>• No frills packages</li> <li>• Interest-savings packages</li> <li>• Shariah compliant Islamic home financing packages</li> </ul>
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• Professional Mortgage Advisors are in major cities nationwide</li> <li>• Consumer lending specialists and personal bankers in 190 branches nationwide</li> <li>• Strategic alliances with major developers and real estate agents</li> </ul>
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• Focus on profitable segments</li> <li>• Increase revenue generation through cross-selling activities, especially for credit cards</li> <li>• Improve staff productivity with strong KPIs</li> <li>• Explore and expand new product features</li> </ul>
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Business transformation savings of RM1.1 million</li> <li>• Increased loan base through inorganic growth</li> <li>• Implementation of new scoring engine to improve quality of new loan acquisitions</li> <li>• Service provider for business entities</li> </ul>



**Oon Kin Seng**  
General Manager, Mortgage Division  
AmBank (M) Berhad

## Credit Cards

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Seventh largest credit card financier</li> <li>• Achieve exponential growth in Islamic portfolio</li> <li>• Increase customer profitability with focus on the affluent segment and receivables building</li> <li>• Build value proposition around female segment</li> <li>• Increase fee based income through expansion of merchant business</li> </ul>	 <p><b>Perry Ong</b> General Manager, Cards &amp; LOC Division AmBank (M) Berhad</p>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Conventional and Islamic MasterCard and VISA cards: Platinum, Gold and Classic</li> <li>• Co-branded Cards: RealRewards Gold MasterCard, Samsung Imagine Visa, eCosway Platinum and Gold MasterCard</li> <li>• Specialty Cards: Auto Card - Carz MasterCard/VISA, No-frills Card - True VISA</li> <li>• Corporate: Business Platinum MasterCard</li> </ul>	
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• Direct Sales (in-house)</li> <li>• AmBank branches nationwide</li> <li>• Outsourced sales agencies</li> <li>• Telemarketing initiatives</li> <li>• Strategic tie-ups</li> </ul>	
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• To be 'card of choice' to our targeted segments</li> <li>• To be a major player in the issuance of Islamic credit cards</li> <li>• Increase product holding ratio across AmBank</li> <li>• Maximise branch network as a key delivery channel</li> <li>• Top 10 in acquiring/merchant business and Top 5 EPP player</li> </ul>	
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Relaunched Platinum Card with a new look, with the adoption of batik as motif on the card design and enhanced value proposition for cardholders</li> <li>• Associate Sponsor of the ASTRO Masters 2009 for third consecutive year</li> <li>• Launched AmBank Carz card (both credit and prepaid), the only Auto Card with up to 5% rebates on all petrol brands</li> <li>• Introduced Dual Credit Line in the third Balance Transfer/QuickCash Campaign</li> <li>• Introduced <i>I am Me</i>, a mini-magazine only for female cardholders, packed with product reviews and offers – won a merit award in the MasterCard Hall of Fame, Best Loyalty Programme category</li> </ul>	

## Prepaid Cards

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Largest prepaid card issuer in the market</li> <li>• Focus on the uncarded/unbanked segment</li> <li>• Clear segmentation strategies</li> </ul>	 
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• NexG PrePaid MasterCard</li> <li>• Co-branded cards: Cathay Cineplexes, Smartlink, eCosway, RealRewards, FIFA and UEFA cards</li> <li>• Online registration via EDC terminals</li> <li>• Card available balance on sales slip</li> </ul>	
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• Direct Marketing Sales Personnel</li> <li>• Retail over-the-counter at <ul style="list-style-type: none"> <li>- AmBank branches nationwide</li> <li>- 7-Eleven outlets in Klang Valley</li> <li>- Pos Malaysia outlets nationwide</li> <li>- myNews.com outlets nationwide</li> <li>- TM Points nationwide</li> </ul> </li> <li>• Strategic alliances for corporate sales</li> <li>• More than 5,000 reload locations with ePay, mainly at shopping complexes</li> </ul>	
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• To maintain No. 1 position</li> </ul>	
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Expanded retail sales channel to include myNews.com</li> <li>• Launched Carz PrePaid MasterCard</li> </ul>	

## Asset Financing and Small Business

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>To meet the financial needs of small and medium enterprises by providing a comprehensive range of financial packages with core concentration in equipment and working capital financing</li> <li>To intensify our participation in BNM funded loans and CGC guaranteed loans</li> <li>To increase our presence in commercial lending to Bumiputera companies through the Bumiputera Development unit</li> <li>To promote micro-financing through the AmMikro unit</li> </ul>	 <p><b>Dzulkipli Ibrahim</b> General Manager, Asset Financing &amp; Small Business AmBank (M) Berhad</p>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>Industrial HP</li> <li>Asset Refinancing</li> <li>Overdraft</li> <li>Term Loan</li> <li>Commercial Property Loan</li> <li>Trade Financing</li> <li>Contract Financing</li> <li>Factoring</li> <li>Bank Guarantee</li> <li>Block Discounting</li> <li>CGC guaranteed loans</li> <li>BNM funded loans</li> <li>Micro Credit Financing</li> </ul>	
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>Marketing Officers based in eight regional hubs and desks nationwide</li> <li>190 branches nationwide</li> <li>Referrals from suppliers and business associates</li> <li>Strategic marketing tie-ups with established suppliers and equipment vendors</li> <li>Smart partnerships with established corporations</li> </ul>	
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>To set best-in-class industry standards for equipment financing</li> <li>To be a top supporter of CGC guaranteed loans</li> </ul>	
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>Continuous product development and innovation</li> <li>Unsecured OD facility to AmBank Platinum and Gold car dealers, a structured lending programme offered to AmBank's panel dealers</li> <li>Tie-up with 7-Eleven on financing of its franchisees</li> <li>Active participation in Government stimulus package under the Working Capital Guaranteed Scheme</li> </ul>	

## Personal Financing

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>Fourth largest personal financier</li> <li>Focus on Government and government linked companies' ("GLC") employees</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>Personal financing based on Shariah concept of Bai Al-Inah to government and Government Linked Companies' ("GLC") employees</li> <li>Simple and hassle free application and documentation</li> </ul>
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>AmBank and AmIslamic Bank branches nationwide</li> <li>Direct marketing sales force at all major towns countrywide</li> <li>Joint strategy between AmBank, cooperatives and other business alliances</li> </ul>
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>To attain leading position in Personal Financing-i segment with excellent service delivery to customers</li> </ul>
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>Exceptional asset quality with negligible Non-Performing Financing ("NPF")</li> </ul>

## AmBank Branches

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• AmBank has presence in 190 locations including two Sales and Service Kiosks in Kuching, Sarawak (The Spring and Boulevard Shopping Malls)</li> <li>• AmBank maintained its 5th position in total number of branches nationwide</li> <li>• AmBank is the No. 1 bank in Malaysia for weekend banking with 98 branches open on weekends and 21 branches offering extended banking hours</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Diverse retail and investment products and services with focus on cross-selling through diagnostic selling approach</li> </ul>
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• Four new branches were opened in USJ Sentral, Dataran Mentari, Johor Bahru – Bukit Indah and UIA - Gombak</li> <li>• Three branches were relocated to bigger premises to cater to high customer traffic and to provide a more comfortable branch environment</li> <li>• 22 branches were renovated to offer a fresh look-and-feel fitting to current market trends</li> <li>• Increase of numbers of sales force especially specialised workforce to focus solely on Consumer Lending, Wealth and Small Business</li> <li>• More than 1,000 sales staff were trained with AmAzingWay series to up-skill the sales personnel into highly customer focused individuals and team members</li> </ul>
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• To offer best customer experience through quality services, highly reachable channels and innovative products</li> <li>• Long term aspiration - triple main bank customers by 2015</li> <li>• To be the premier bank in offering diversified retail product portfolio to customers through need-based and financial planning approach</li> <li>• To increase product holding per customer through active and proactive cross-selling and referral approach</li> <li>• For Wealth Management business, AmBank aspires to be the preferred wealth manager for bancassurance and investment products through consistent professionalism in need-based selling by sales force</li> </ul>
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• Branch sales productivity has improved significantly from historical levels and continues on an upward trajectory</li> <li>• Introduction of Unit Trust system, AmUtopia, allowing shorter turnaround time in customer investment information enquiries</li> <li>• Beginning November 2009, AmBank branches started adopting “Form Free Zone” which enhances customers’ banking experience by simplifying OTC processes</li> </ul>



## Electronic Channels and Contact Centre

### - Self Service Machines, Internet Banking and Mobile Banking

<b>Market Position &amp; Focus</b>	<ul style="list-style-type: none"> <li>• Collaboration between AmBank and 7-Eleven will see an overall increase to 400 ATMs in 7-Eleven stores nationwide</li> <li>• AmBank has the 2nd highest ATM network coverage/location spread in Malaysia in terms of independent ATM locations</li> </ul>	
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Inter-bank Loan Repayment can be made via AmBank ATM. This allows customers to use their MEPS cards to pay for AmBank auto financing, credit card bills, home and property loans at any AmBank ATM. AmBank is the first bank in Malaysia to offer such a service</li> <li>• Inter-bank Bill Payment service is available via ATM. This service allows customers to use their MEPS cards to pay for 7 key utility bills (Astro, Syabas, TMNet, Digi fixed line and postpaid, Indah Water, Maxis fixed line and postpaid, and TNB) at any AmBank ATM. Once again, AmBank is the first bank in Malaysia to offer such a service</li> </ul>	
<b>Distribution Channel</b>	<ul style="list-style-type: none"> <li>• The partnership between AmBank and 7-Eleven has seen an increase in the number of ATM installations. To date, AmBank has 377 ATMs at selected 7-Eleven stores nationwide and another 410 ATMs are located in shopping malls, petrol stations and other key locations throughout Malaysia</li> <li>• For customer convenience, AmBank has deployed 202 Cash deposit machines and 153 Cheque deposit machines nationwide</li> <li>• AmBank has also reintroduced Cheque Scanning Machines in order to better serve customers</li> <li>• More than 21 new Electronic Banking Centres were established in different regions nationwide</li> <li>• Prepaid top up and eRemittance are additional services made available via AmOnline, the Internet Banking system. With these improvements, customers can top up their prepaid mobile including Hotlink, Xpax, Digi and Umobile services</li> <li>• Currently, there are over 530 different bills that can be paid via AmOnline directly or indirectly</li> </ul>	
<b>Medium Term Aspirations</b>	<ul style="list-style-type: none"> <li>• To make Electronic Channels as simple, friendly, convenient and secure as possible for AmBank customers</li> <li>• Maintain 3rd largest ATM network with a wide footprint</li> <li>• Provide best in class Mobile Phone Banking services</li> <li>• Award winning Contact Centre</li> <li>• First tier bank as a Bill Payment Service Provider</li> </ul>	
<b>Salient Highlights FY2010</b>	<ul style="list-style-type: none"> <li>• AmBank Contact Centre bagged the following awards at the 10th CCAM Annual Contact Centre Awards               <ol style="list-style-type: none"> <li>i. Best Telemarketing Contact Centre – Silver Award</li> <li>ii. Mystery Shopper Results (Telemarketing) – Bronze Award</li> <li>iii. Best Contact Centre Manager – Silver Award</li> <li>iv. Best Contact Centre Telemarketer – Silver Award</li> <li>v. Best Contact Centre Support Professional – Silver Award</li> </ol> </li> <li>• AmBank is the first bank in Malaysia to launch a Wireless ATM. This allows AmBank to expand its ATM network to serve more areas where no leased line infrastructure is available</li> <li>• AmBank launches AmGenie, the “Preferred Mobile Phone Banking Solution”. Customers can now carry the bank in their pockets</li> <li>• AmGenie is also the first fully iPhone compatible mobile phone banking solution in Malaysia</li> </ul>	

## BUSINESS BANKING

Business Banking registered strong growth in its portfolio amidst economic contraction as well as stiff competition amongst Malaysian banks in FY2010. Gross loans and advances grew by 18.7% year-on-year with Islamic banking financing contributing 24% of the growth.

Income grew by 5.2% despite the lower interest rate environment. This growth was largely contributed by fee income. As at end of FY2010, the Trade Finance portfolio make up 29.4% of the Business Banking assets and contributed more than 50% of the total fee income. This represented a growth of 23.8% from the last financial year.

Our continuous effort to increase exposure to the SME segment resulted in an increase of 22.0% in loans to the SMEs. The SME sector now contributes more than 40% of the Business Banking loan books.

The strategy to strengthen the Southern Region has yielded positive results. The Southern Region doubled its asset size in FY2010 and overall Regional Business Centres (including Commercial Business Centres) now contribute 23.0% of the total Business Banking portfolio.

Phase 1 of the new Trade System was rolled out in December 2009. This system allows trade customers to apply for issuance of Letters of Credit ("LCs") and Bank Guarantees ("BGs") online. Phase 2 of the Trade System Replacement Project will be

focusing on providing customers with transactional information (present and historical) which will allow customers to better manage their financials and trade transactions.

The division has also rolled out the Customer Information and Analytics system in FY2010. It is used as an additional account planning tool to support the Relationship Managers in setting clear objectives for each customer and drive cross sell activities.

Business Banking will continue to leverage on its human capital to grow its business. Emphasis will be placed on service delivery excellence to increase the customer base, enhance our share of customers' business and strengthen our foothold in the identified niche market while exercising prudence in risk management.

Going forward, for FY2011, Business Banking aspiration is to develop a well diversified, profitable and sustainable client base and grow deposit and cash management, quality loans, international trade finance via ANZ connectivity, non-interest incomes and "share of wallet".

### Cash Management and Transactional Banking

For FY2010, AmBank's Cash Management customer base has doubled compared to FY2009.

In order to stay abreast with changing customer requirements, the Cash Management unit is continuously enhancing the system to improve the customer experience and introducing



**Dato' James Lim Cheng Poh**  
Managing Director, Business Banking  
AmBank (M) Berhad

new solutions in the coming year such as Supply Chain Management and Gross Payroll functionalities.

The department strives to expand its customer base by launching marketing initiatives to generate product awareness, building alliances with our correspondent banks, deepening wallet share from existing customers and leveraging on the Group's delivery channels.



**Sim How Chuah**  
Senior General Manager, Business Banking  
AmBank (M) Berhad



**John Lam**  
General Manager, Business Banking  
AmBank (M) Berhad



**Pakhurrazzi bin Mohamad Taib**  
General Manager, Business Banking  
AmBank (M) Berhad

## INVESTMENT BANKING

The FY2010 was an eventful year as it witnessed the global economy and financial system emerging from a crisis that is still shaping a new financial landscape. As consumer confidence started to return after March 2009, activities in the local capital markets picked up strongly. In tandem with the improved operating environment, Investment Banking had an active year across all its business divisions that is also reflected in a much improved bottom line. Marked increases in business volume were experienced in most of our business lines, particularly in equities trading and debt capital markets.

The local equity market rebounded strongly in the current financial year. By the year's end on 31 March 2010, Bursa Malaysia had gained 50% over the previous year in both turnover, which had swelled to RM706 billion, and index at 1,320.57 points. Amongst the top gainers in the same period were the Indonesian, Singapore and Hong Kong markets where their key indices were up about 90%, 70% and 50% respectively. The buoyant market conditions in the financial year have enabled our Equities Trading division to secure a much improved pretax profit.

The initial public offerings ("**IPO**") and mergers and acquisitions ("**M&A**") markets were much softer with total market volume 38% and 27% lower respectively than the year before. In spite of this, our **Corporate Finance** division topped the 2009 Bloomberg League Table for M&As. We led the market with 23 M&A deals constituting a 16.36% market share valued at approximately RM5.5 billion, including the largest take-over (RM1.65 billion privatisation of Sarawak Energy Bhd) and one of the largest cross-border (RM1.03 billion disposal by Starhill REIT) deals of the year. In the IPO market, our **Equity Capital Markets ("ECM")** desk played a pivotal role in the successful distribution of IPO shares, including two China-based offerings out of three foreign listings during the year namely, Multi Sports Holdings Ltd and XiDeLang Holdings Ltd. The ECM desk is a leading participant in the primary and secondary markets for equity and equity-linked products. We were also Joint Managing Underwriter and Adviser for the top two largest corporations by market capital,

Maxis Berhad and TA Global Berhad, respectively.

**AmFutures** remains one of the top brokers in the futures market with a market share in excess of 21% in Bursa FTSE 30 Futures Contract ("**FKLI**") and 5% in Crude Palm Oil Futures Contract ("**FCPO**"). Volatility has been low on the FKLI contracts due to the low trading volume of their respective underlying FTSE 30 stocks. Profit margins have been thin because the low interest regime has given rise to lower interest income but we expect a favourable turnaround in 2010 as the market interest rate is expected to rise.

The **Debt Capital Markets ("DCM")** team has consistently placed the Bank as a frontrunner in the Bloomberg and Rating Agency Malaysia league tables for the past seven years. Our leadership in the Malaysian debt capital markets is evidenced by our dominant market share and consistent top 3 league table position. DCM works collaboratively with our **Islamic Markets team** to entrench AmInvestment Bank's position as a leading player in the local Islamic capital market, regularly winning market and industry awards each year.

The outlook for the debt capital markets business remains stable, underscored by strong liquidity in the Malaysian financial system of over RM203 billion and high national savings.

Notwithstanding the negative sentiment prevailing in the global markets for much of the year, Malaysia has remained the largest market for sukuk in the world for 2009. The local sukuk market has increased more than 50% in issuance value over the previous year with issuances largely denominated by sovereign-related entities whilst on the global front, Malaysia commands a 54% market share, followed by the United Arab Emirates.

Assets under management by our **Private Banking** division grew by 33.1% to RM 4.4 billion in the current financial year, our sixth year of consecutive growth. In this year of recovering markets, the Division was busy catering to strong client appetite for investments in fixed income, equity and managed funds. The Division won the award for Best Local Private Bank in Malaysia from Euromoney for 2010, its third acclaim in the last four



**Kok Tuck Cheong**  
Managing Director/Chief Executive Officer  
AmInvestment Bank Berhad

years. First published in 2004, the Euromoney Private Banking and Wealth Management Survey is considered the global industry benchmark for the wealth management industry.

Our **Funds Management Division ("FMD")** is a leading fund management house with some RM20 billion assets under management ("**AUM**"); 60% of our AUM is derived from the unit trust business and 40% from separately managed mandates. FMD also performed very well this year, securing numerous awards and accolades. In a year of low interest rates and uncertain equity outlook, we successfully launched six unit trust funds. Three of these were from our AmConstant series of closed ended fixed income funds which were very well received by our investors, meeting our investors' preference for steady income and higher than bank deposit returns.

We maintained our position as the second largest unit trust fund manager (Lipper Hindsight, March 2010) with a market share of 12%. For the institutional market segment, if internally-managed funds are excluded, we are the largest in the country. We continue to dominate the money market funds category and, garnering 22.2% in market share (Malaysian Association of Asset Managers & Lipper Hindsight – 31 March 2010), are the largest private fixed income asset manager in Malaysia. We have a stable of capital protected funds with two, AmDual Opportunities and AmGlobal Currencies which matured during the year, emerging as the top performers amongst their categories over their two-year investment periods.



## Corporate Finance

The Corporate Finance division postures itself as a “one-stop solutions” provider to clients on corporate advisory and funds raising matters, in particular the following:

- (a) IPO on Bursa Malaysia Securities Berhad;
- (b) Secondary issues for equity and equity-linked securities which include specific and distinctive funds raising and financing solutions, such as hybrid equity or equity-linked products and convertible bond issues;
- (c) M&A and related services; and
- (d) Strategic business reviews, valuation and innovative corporate restructuring solutions.

We have a diverse clientele base, traversing a diversified cross-section of various industries (e.g. oil and gas, financial institutions, plantations and property development) and we service mainly large capital companies, government-linked corporations and multi-national companies. Over the years, we have developed a strong track record in the origination and execution of many significant domestic and cross-border transactions, with strong support from our equity capital markets desk. Our experience and continuous striving for excellence enable us to constantly formulate breakthrough solutions and ideas acceptable to all stakeholders. Additionally, we provide post-listing follow-through assistance



**Anuar Omar**  
Director/Head, Corporate Finance  
AmInvestment Bank Berhad

for our clients on technical and other advisory matters.

We are also known for our professionalism, leadership in innovation, and commitment to excellence. As a testament to our strengths in the capital markets, the Bank was accorded the following industry accolades:

- **Best Equity House in Malaysia** in Alpha South East Asia's Best Financial Institution Awards and Finance Asia Country Awards for Achievement 2010.
- **M&A Adviser of the Year 2010** by Malaysian Mergers & Acquisitions Association.
- **Best Privatisation Deal of the Year** in Alpha Southeast Asia Inaugural Southeast Asia Deal Awards 2009 as the main adviser for the privatisation of AmInvestment Group Berhad and its renounceable rights issue of RM1.0 billion.

- **Best Merger & Acquisition** by The Edge Malaysia on the acquisition by Carlsberg Brewery Malaysia Berhad of the entire equity interest in Carlsberg Singapore Pte Ltd for a cash consideration of RM370 million.

- **Innovative Deal of the Year** by Malaysian Mergers & Acquisitions Association as the main adviser for the strategic business alliance between TIME dotCom Berhad and Digi.Com Berhad.

Going forward, we shall strive to maintain our reputation as one of the leading providers of corporate finance and advisory services. To maintain our edge in a highly competitive operating environment where customer requirements are fast evolving in tandem with changes in the market, we keep abreast of market developments and trends to continue to deliver the most appropriate solutions and service to our customers.

Awards and Accolades		Award/Recognition
	Alpha Southeast Asia Best Financial Institutions Awards 2010	Best Equity House
	Finance Asia Country Awards for Achievement 2010	Best Equity House
	Malaysian Mergers & Acquisitions Association Awards 2010	M&A Adviser of the Year
	Alpha Southeast Asia Annual Deal & Solution Awards 2009	Best Privatisation Deal of the Year in Southeast Asia - AmInvestment Group Berhad
	Malaysian Mergers & Acquisitions Association Awards 2009	Innovative Deal of the Year - Digi.Com Berhad and TIME dotCom Berhad
	Bloomberg	Topped Mergers and Acquisitions League Table 2009
	The Edge Malaysia Awards 2009	Best Merger & Acquisition - Carlsberg Brewery (M) Berhad
	Islamic Finance News Awards 2009	IPO Deal of the Year - Maxis Berhad IPO
	Asiamoney Country Deals of the Year 2009	Best Deal of the Year - Maxis Berhad IPO
	IFR Asia Awards 2009	Capital Market Deal of the Year - Maxis Berhad IPO



## Some of Our Prominent M&A Deals



Adviser to Delegation Sdn Bhd (“**Offeror**”), a wholly-owned subsidiary of State Financial Secretary, Sarawak, for the privatisation of Sarawak Energy Berhad (“**SEB**”). The voluntary offer with the deal size of RM1.65 billion was the largest take-over deal in 2009. The Offeror has successfully privatised and delisted SEB.



Adviser to Starhill Real Estate Investment Trust (“**Starhill REIT**”) for the disposal of the Starhill Gallery and Lot 10 Property (“**Properties**”) to Starhill Global REIT (“**SG REIT**”) pursuant to a proposed rationalisation exercise to reposition Starhill REIT as a full-fledged global hospitality REIT. It was one of the largest cross-border deals of the year with a total disposal consideration of RM1.03 billion. The Properties will be transferred by way of a securitisation exercise which allows SG REIT to acquire and hold the Properties in a tax efficient manner. AmInvestment Bank Berhad is also the Lead Arranger and Facility Agent for the securitisation exercise.



Adviser to Carlsberg Brewery Malaysia Berhad on the acquisition of the entire equity interest in Carlsberg Singapore Pte Ltd for a cash consideration of RM370 million.



Adviser to IOI Corporation Berhad (“**IOI Corp**”) on the voluntary take-over offer of IOI Properties Berhad (“**IOI Prop**”). It provided a win-win deal for both IOI Corp and the shareholders of IOI Prop. IOI Corp was able to acquire IOI Prop at a discount to net assets, while shareholders of IOI Prop were able to swap IOI Prop shares for IOI Corp shares which are more liquid and have better short to medium term prospects compared to the property sector.

## Our Notable IPO Successes



**John Tan Giap How**  
Director/Head, Equity Markets  
AmInvestment Bank Berhad

### Equities Trading

The Equities Trading division remains focused on delivering top quality services and support to our clients and sales force respectively, and continues to exploit improving market conditions to boost our bottom-line. Whilst the previous period under review (April 2008 to March 2009) saw equity markets around the world declining sharply due to the global financial crisis, the

current year (April 2009 to March 2010) witnessed a strong rebound in the equity markets worldwide. The monetary and economic stimulus packages introduced by the Malaysian Government, mirrored by many other governments worldwide, have calmed financial markets and allowed the local economic recovery to gain traction.

### Futures Broking

AmFutures was the first to offer Direct Market Access (“DMA”) services to retail clients in December 2008 and remains one of only two local brokers to do so. DMA allows the end-client (customer) to key in their own orders without going through dealers as well as view market bid/offer prices online. This is important because futures is a volatile instrument that requires quick accessibility for the end-clients to execute their orders. Accordingly, almost 75% of our trades are now executed via the DMA platform and this volume is expected to grow. The popularity of DMA is demonstrated by our increase in market share to 21% this year from 16% previously. This is despite the fact that the Bursa FTSE 30 Futures Contract (“FKLI”) volume has shrunk by 30% or 0.9 million contracts over the previous year to 2.0 million contracts in 2009. In addition to Bursa

Malaysia products, we also use the DMA platform for end-clients to access Specified Foreign Futures Exchanges such as Hong Kong, Singapore and the United States as well.

FCPO was very volatile for the earlier part of the calendar year with the low and high CPO prices ranging from RM1,720 to RM2,799. However, in the second half, it tapered into a tighter price range of between RM2,300 and RM2,400. The volume registered of four million contracts in 2009 was much higher than the previous year's volume of three million.

### Equity Capital Markets

The Equity Capital Markets ("ECM") unit is mainly engaged in the distribution of equities in the primary equity and equity-linked markets. It collaborates with the Corporate Finance division by offering market intelligence support in the origination, structuring, syndication and execution of equity-related issues which include initial public offerings, rights issues and private placements.

Our ECM team constantly cultivates close relationships with fund managers, both local and foreign-based, as well as high net worth equity investors. This gives us valuable market insights to ensure efficiency in the syndication, marketing and distribution of our ECM deals. We work seamlessly to provide our clients with the highest quality advice and deliver the best-in-class deal execution.

### Equity Derivatives

AmlInvestment Bank's Equity Derivatives ("ED") desk develops and issues instruments such as listed warrants, listed equity-linked bull structures, equity-linked structured products, exchange-traded funds ("ETFs") and OTC options to provide investors with a broader range of investment and hedging instruments to suit their risk profile. The instruments are linked to Malaysian and global equities to provide greater access and diversification. At the forefront of innovation in our market, AmlInvestment Bank was the first to issue zero-strike warrants over Berkshire Hathaway, designed to cater to medium term investors and, first to issue put warrants, which allow investors to trade and derive value from bearish markets.

As global markets continued to rally in the financial year, the Equity Derivatives desk customised products that enabled

investors to capitalise on the rally on both local and global stocks. And to better serve our customers, we provide liquidity for both our OTC and warrant programmes via our active market and trading desk in the cash equities, listed and OTC derivatives space.

On the structured solutions front, Equity Derivatives provides equity-linked solutions to meet the more complex financing and capital management needs of corporations, institutions, pension funds, and asset management firms. ED is also responsible for the origination of hybrid capital market securities such as convertible/exchangeable bonds ("CB/EB") which is supported by the set-up of its CB/EB trading desk in 2010.



**Seohan Soo**  
Director/Head, Debt Capital Markets  
AmlInvestment Bank Berhad

### Debt Capital Markets

#### Awards and Accolades Won by DCM and Islamic Market Divisions in FY2010



##### The Asset Triple A Asian Country Awards 2009

- Best Domestic Bond House  
– AmlInvestment Bank Berhad
- Best Deal (Malaysia) – 1Malaysia Development Berhad RM5.0 billion Islamic MTN programme



##### The Asset Triple A Islamic Finance Awards 2010

- Most Innovative Islamic Finance Deal  
– 1Malaysia Development Berhad
- Best Islamic Deal (Malaysia)  
– 1Malaysia Development Berhad



Alpha South East Asia

##### Alpha Southeast Asia Deal Awards 2009

- Most Innovative Deal of the Year in Southeast Asia  
– 1Malaysia Development Berhad RM5.0 billion Islamic MTN programme
- Best Islamic Deal of the Year in Southeast Asia  
– Penerbangan Malaysia Berhad RM2.2 billion Islamic MTN programme



##### KLIFF 2009 Islamic Finance Awards

- Most Outstanding Islamic Real Estate Product  
– Al-'Aqar Capital Sdn Bhd RM300 million Sukuk Ijarah programme



##### Islamic Finance News Awards

- Most Innovative Deal of the Year  
– Cagamas Berhad RM915.0 million MTN programme
- Tawarruq Deal of the Year  
– Cagamas Berhad RM915.0 million MTN programme



##### Bloomberg League Tables 2009

- PDS – No. 2 with 18.7% market share
- Sukuk – No. 2 with 24.1% market share
- Loan Syndication – No. 1 with 21.5% market share



##### RAM Lead Manager's League Table 2009

- No. 2 on RAM Lead Managers' League Table (Overall) by Issue Value
- No. 3 on RAM Lead Managers' League Table (Overall) by Number of Issues
- No. 2 on RAM Lead Managers' League Table (Islamic) by Issue Value
- No. 2 on RAM Lead Managers' League Table (Islamic) by Number of Issues
- No. 2 on RAM's Corporate Sukuk Market League Table (Industry)



##### MARC Lead Manager's League Table

- No. 3 on MARC's Lead Managers' League Table 2009 for Sukuk Issues - Number of Issues

The Bank's Debt Capital Markets team provides a wide range of innovative financing solutions via the Malaysian Debt Capital Markets and Islamic Capital Markets. With a long-standing track record in structuring award-winning transactions, the team's strategic focus involves the building of a sustainable business model with a diversified product base that is constantly expanded to incorporate new ideas to propel growth. Currently, these range from the provision of debt capital solutions to advisory services.

The global financial crisis and negative economic outlook in 2008/09 presented the Malaysian bond market with rising credit concerns and widening credit spreads. Notwithstanding that, the total amount of PDS issued in 2009 stands













at RM52.4 billion, an 8% increase from the total PDS issued the year before despite a Gross Domestic Product ("GDP") contraction of 1.7% in 2009. In 2009, PDS issuances in the local bond market were largely dominated by government-guaranteed bonds, AAA-rated bonds and subordinated debt issued by financial institutions. In FY2010, the Debt Capital Markets team completed 19 transactions, raising over RM12.2 billion PDS across a diversified portfolio of debt instruments, catering to issuers over a wide spectrum of industry sectors including financial services, infrastructure and utilities, and transportation.

In 2009, DCM was accredited a total of seven industry awards, including the 'Best Domestic Bond House (Malaysia)

for the Year' from The Asset Triple A Asian Country Awards 2009. We also received recognition for our leadership in product innovation as the Bank sole-led the 30-year government-guaranteed RM5 billion Islamic securities for 1Malaysia Development Berhad in 2009. The deal, accredited the 'Best Deal (Malaysia) for the Year' by The Asset Triple A Asian Country Awards and 'Most Innovative Deal of the Year in Southeast Asia' by Alpha Southeast Asia Deal Awards 2009, sets a new benchmark as the first and largest bond issue ever to be guaranteed by the Government of Malaysia. We are currently in the No. 1 position on the Bloomberg league table for Syndicated Loans – Mandated Loan Arranger/ Mandated Loan Bookrunner in 2009.

## Significant Transactions Completed in FY2010

### Private Debt Securities/Sukuk

 <b>Lafarge Malayan Cement Berhad</b> <b>RM350 Million</b> Islamic Securities Programme March 2010 Principal Adviser, Lead Arranger and Lead Manager	 <b>AmBank (M) Berhad</b> <b>RM7.0 Billion</b> Senior Notes Issuance Programme March 2010 Principal Adviser, Lead Arranger and Lead Manager	 <b>Cagamas Berhad</b> <b>RM500 Million</b> Islamic Commercial Papers and Islamic Medium Term Notes Issuance February 2010 Joint Lead Manager	 <b>Cagamas Berhad</b> <b>RM200 Million</b> Conventional Commercial Papers Issuance February 2010 Joint Lead Manager	<b>Tresor Assets Berhad</b> <b>RM100 Million</b> Tranche F Issuance of Asset-Backed Securities January 2010 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager
 <b>Cagamas Berhad</b> <b>RM425 Million</b> Islamic Medium Term Notes Issuance December 2009 Joint Lead Manager and Joint Bookrunner	 <b>Mulpha SPV Limited</b> <b>USD200 Million Medium Term Note Programme</b> December 2009 Joint Lead Arranger	 <b>Cagamas Berhad</b> <b>RM700 Million</b> Conventional Commercial Papers and Commercial Medium Term Notes Issuance November 2009 Joint Lead Manager and Joint Bookrunner	 <b>Cagamas MBS Berhad</b> Listing of RM4.0 Billion Sukuk and RM6.0 Billion Conventional Bonds on Bursa Malaysia on an Exempt Regime basis August 2009 Principal Adviser	 <b>Cagamas Berhad</b> <b>RM410 Million</b> Conventional and Islamic Medium Term Notes Issuance August 2009 Joint Lead Manager and Joint Bookrunner
 <b>MISC Berhad</b> <b>RM1,000 Million</b> 3 <sup>rd</sup> Issue under the Murabahah Medium Term Notes Program July 2009 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	<b>Tresor Assets Berhad</b> <b>RM96.9 Million</b> Tranche E Issuance of Asset-Backed Securities June 2009 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	 <b>1Malaysia Development Berhad</b> <b>1Malaysia Development Berhad</b> Islamic Medium Term Notes Programme of up to RM5.0 Billion May 2009 Principal Adviser, Lead Arranger and Lead Manager	 <b>Putrajaya Holdings Sdn Bhd</b> <b>Sukuk Musyarakah Medium Term Notes Programme of up to RM1,500.0 Million</b> April 2009 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	<b>Danga Capital Berhad</b> <b>RM10.0 Billion Islamic Medium Term Notes pursuant to a Ringgit Issuance Programme and a Multi-Currency Issuance Programme</b> April 2009 Joint Principal Adviser and Joint Lead Arranger

## Syndication

 <p><b>JATI CAKERAWALA SDN BHD</b> (Company No: 709262-B)</p> <p>RM600 Million</p> <p>Syndicated Loan</p> <p>November 2009</p> <p>Mandated Lead Arranger</p>	 <p><b>Perbadanan Tabung Pendidikan Tinggi Nasional</b></p> <p>RM1,500 Million</p> <p>Syndicated Bai' Inah Term Facility</p> <p>November 2009</p> <p>Mandated Lead Arranger</p>	 <p><b>Sarawak Energy Berhad</b></p> <p>RM1,900.0 Million</p> <p>Syndicated Bridging Facility comprising RM1.6 Billion Syndicated Islamic Facility and RM300.0 Million Syndicated Term Loan</p> <p>July 2009</p> <p>Mandated Lead Arranger</p>	 <p><b>Al-Aqar KPJ REIT</b></p> <p>RM250.0 Million</p> <p>Syndicated Ijarah Facility</p> <p>April 2009</p> <p>Mandated Lead Arranger</p>
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## FY2010 Transaction Highlights

### Private Debt Securities/Sukuk



#### 1Malaysia Development Berhad

- First 30-year government-guaranteed benchmark in the Malaysian Islamic capital markets
- Single largest Ringgit sukuk issue in 2009 and largest sukuk issuance ever to be guaranteed by the Government of Malaysia in a single tranche
- Sovereign wealth fund established in Malaysia with the objective of driving sustainable, long term economic development for Malaysia

#### Danga Capital Berhad

#### Khazanah Nasional Berhad via Danga Capital Berhad

- One of the largest Islamic securities programmes to be established in 2009
- First multi-currency denominated MTN programme to be established by Khazanah Nasional Berhad
- Structured under the Shariah principles of Musyarakah utilising a double SPV structure



#### Cagamas MBS Berhad

- First listing of Ringgit-denominated sukuk and conventional bonds on Bursa Malaysia under the exempt regime
- Listing of all outstanding sukuk and conventional bonds issued under Cagamas MBS Berhad's five residential mortgage-backed securities transactions with tenures of 3 – 20 years

## Syndication



#### Perbadanan Tabung Pendidikan Tinggi Malaysia

- Sole-mandated Lead Arranger for the 10-year RM1.5 billion Syndicated Bai'Inah Term Facility
- Facility is fully underwritten by AmlIslamic Bank Berhad
- Supports the national agenda of promoting higher education scholarships via Islamic financing



#### Sarawak Energy Berhad

- Mandated Lead Arranger for RM1.90 billion syndicated bridging facility comprising a RM1.6 billion syndicated Islamic facility and a RM300 million syndicated term loan for the construction of a 944MW hydroelectric power plant in Murum, Sarawak
- Gulf Cooperation Council compliant Islamic financing that uses the Murabahah Tawarrug Shariah principles



#### Jati Cakerawala Sdn Bhd

- Mandated Lead Arranger and Sole Bookrunner for the 10-year RM600 million Syndicated Term Loan Facility
- The Syndicated Term Loan Facility is to refinance a bridging loan which is to fund the leveraged buy-out of up to 100% stake in an independent power producer



## Islamic Markets

The Bank has been consistently in the league as a leading Islamic investment banking solutions provider in the local Islamic capital market. The Islamic Markets team has constantly pushed to expand the boundaries of the Islamic capital market with the development of new and innovative Islamic products. Our current line of products includes sukuk, Islamic syndication, Islamic equity capital markets and this year, the team has expanded into Islamic private equity and trust funds.

In FY2010, the Islamic Markets team completed a total of nine Islamic transactions totaling about RM20.4 billion comprising sukuk, syndicated deals and Islamic private equity fund. Sukuk continues to be the main product of Islamic Markets, dominating 90% of total transactions. Some of the notable sukuk transactions during the year include the RM10.0 billion Multi-Currency Sukuk Musyarakah Programme issued by Khazanah Nasional Berhad via a special purpose vehicle, Danga Capital Berhad and the RM5.0 billion Islamic medium term notes programme issued by 1Malaysia Development Berhad ("1MDB"), which is credited for being the longest duration Government-guaranteed Islamic securities issued to date.

The Bank was the Sole Lead Arranger for the RM1.5 billion Syndicated Bai'Inah Term Financing Facility for Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN"). It was also Adviser to the first Islamic private equity fund for the Johor Corporation Berhad Group, Intrapreneur Development Sdn Bhd, which has a total fund size of RM50.0 million.



**Mohd Effendi Abdullah**  
Director/Head, Islamic Markets  
AmlInvestment Bank Berhad

Our market share this year has increased significantly in RAM's Corporate Sukuk Market League Table to 13.7% from 6.8% in 2008. The Bank had lead-managed RM5.7 billion worth of sukuk issues in 2009. AmlInvestment Bank also ranked No.2 in Bloomberg's 2009 Sukuk Underwriter League Table, underwriting a total of RM7.7 billion worth of sukuk issues that garnered a market share of 24.1%. As a testament to our track record in the Islamic capital market, the Bank has won a total of eight Islamic Finance awards from the local and international fraternities including "Most Innovative Deal of the Year" from Alpha Southeast Asia, as well as "Most Innovative Islamic Finance Deal" and "Best Islamic Deal in Malaysia" from The Asset Triple A.

From the regional perspective, Malaysia will continue to lead in the sukuk market, being well supported by the strong liquidity in the local financial system and an increased demand for funds arising from government pump-priming activities.



## Private Banking

AmPrivate Banking offers a diversified range of products and services (both local and foreign) to its high net worth clients. Our investment services include:

- Cash management solutions
- Direct investments (advisory)



**Cheah Chuan Lok**  
Director, Private Banking  
AmlInvestment Bank Berhad

- Managed investments (discretionary portfolio)
- Wealth protection and advisory (estate planning)
- Financing

We have a dedicated team of Private Client Managers who works closely with clients to customise investment portfolios in accordance to their individual risk profile. Clients may choose to self-manage their investment portfolio (on an advisory basis) or elect a discretionary mandate to leave investment-making decisions to our Fund Managers. Investors are given borderless access to invest in funds that are managed by some of the world's most highly regarded names in money management. Our clients are therefore able to optimise the returns on their investments in accordance to their risk preference and not be restricted by a lack of expertise or portfolio availability.

AmPrivate Banking branches are currently located in Pulau Pinang, Johor Bahru, Kuching, Miri and Kota Kinabalu.

## Funds Management

The Funds Management Division ("FMD") consists of AmlInvestment Services Bhd, AmlInvestment Management Sdn Bhd and AmlIslamic Funds Management Sdn Bhd. FMD provides conventional and Islamic funds management services on domestic and regional equities, bonds and global sukuk. Our business objective is to be the preferred investment solutions provider to both institutional and retail clients in the Malaysian and offshore sectors.

FMD currently manages 49 unit trust funds under the retail brand of AmMutual. We have one of the broadest array of investment products and asset classes in our dedication to offer our investors "best of breed" funds under our open architecture business model. Our global alliances allow us to continue providing first-of-its-kind funds in Malaysia, such as those that offer exposure to Asian bonds, precious metals, real estate, BRIC and global agribusiness.

From the Malaysian Employees Provident Fund ("EPF") FMD was acclaimed their Best Overall Fixed Income Manager by winning the awards of Best Overall Fixed Income Portfolio Manager 2009 and Best 3-Years Realised Return Fixed Income Manager

## Awards and Accolades Won in FY2010



### Islamic Asset Management House of the Year - Amlslamic Funds Management

Awarded by The Asset Triple A Islamic Finance Awards 2010



### Best Overall Fixed Income Portfolio Manager 2009

Awarded by EPF for portfolio performance and quantitative factors



### Best 3 Years Realised Returns Fixed Income Manager 2009

Awarded by EPF for best returns for fixed income fund in the 3-year category



### Best Bond Group Award

Awarded by The Edge-Lipper for performance ending 31 December 2009



### AmDynamic Bond – Best Bond MYR Fund (3 years)

Awarded by The Edge- Lipper for 3 years performance ending 31 December 2009



### AmDynamic Bond – Best Bond MYR Fund (5 years)

Awarded by The Edge- Lipper for 5 years performance ending 31 December 2009



### The Best Investment House in Malaysian Ringgit Bond

Awarded by The Asset Benchmark Research in 2009



### Most Astute Investor in Malaysian Ringgit Bond

Awarded by The Asset Benchmark Research in 2009



### One of the Most Astute Investors in Malaysian Ringgit Bond

Awarded by The Asset Benchmark Research in 2009



**Datin Maznah Mahbob**  
Chief Executive Officer, Funds Management Division  
AmInvestment Management Sdn Bhd

2009. FMD also secured the Best Bond Group award by Edge-Lipper Malaysia Fund and one of its funds ranked Best Bond Malaysian Ringgit Fund in the 3-year and 5-year categories for the fourth consecutive year since 2007. Furthermore, FMD has been recognised by the Asset Benchmark Research as the Best Investment House in Malaysian Ringgit Bonds and Most Astute Investor in Malaysian Ringgit Bonds. Last but not least, FMD's shariah investment arm Amlslamic Funds Management, was chosen as the Islamic Asset Management House of the Year for The Asset Triple A Awards 2010.

## CORPORATE & INSTITUTIONAL BANKING

In FY2010, the Relationship Banking and Regional Business division was renamed Corporate & Institutional Banking ("CIB") to reflect AmBank Group's focus on deepening relationships for the longer term and providing the necessary lending, investment and financial solutions for large corporate client groups. This division focuses on making available a wider spectrum of the Group's commercial banking and investment banking products and services.

CIB provides clients with high quality comprehensive financial solutions, which include but are not limited to lending, liability management, debt, equity and Islamic capital markets, trade and cash management, foreign exchange and derivatives, offshore market solutions, as well as advisory and investment products.

The division is staffed with various teams with diversified experience, concentrating on niche client groups and specific industry sectors. The division is further supported by Regional Business Centres (“RBCs”) in Pulau Pinang, Johor, Kota Kinabalu, Kuching and Labuan to ensure that the Group has a footprint across Malaysia and the Labuan offshore centre, or Labuan International Business and Financial Centre (“Labuan IBFC”).

This division focuses primarily on building and developing strong relationships with government-linked corporations (“GLCs”), government and state-owned entities, foreign and local multi-national companies, financial institutional groups, conglomerates and large corporates which require a wide range of banking and capital market solutions. The division works closely with other divisions within the Group to structure value-added financial solutions for the Group’s clients. With the increase in the coverage of banking solutions by the division, the CIB teams are able to increase coverage of clients in various sectors. In addition, by marketing various products and services that the Group offers, this division also plays a pivotal role in cross-selling the products and services of the Group.

Going forward, the broad strategies of the division is to provide innovative and quality solutions (including syndication and cross-selling) to both domestic and cross border via ANZ, targeting high impact and high-value clients, MNCs and GLCs. In addition, the division has well-documented asset writing strategies to

provide it with clear direction to manage economic and market conditions as well as to ensure its objectives are within the Group’s risk appetite.

For FY2010, Gross loans and advances grew by 81.0% year on year to RM9,116 million. Total income grew by 44.2% to RM267.9 million with fee income contributing 42.0% of total income.

### Financial Institutions Group

The Financial Institutions Group (“FIG”), a new division under CIB was established in late 2009 with a strategic focus on banks, non-bank financial institutions (“FIs”) including credit institutions, insurers and asset managers. Its main objective is to continue enhancing existing and developing new FI relationships for the AmBank Group.

The FIG coverage team works with various product teams across AmBank Group to create a one-stop centre in providing customised solutions to fit the FI clients’ needs, amongst others, to include treasury/markets solutions, capital and liability management advisory, senior and capital fundraising and M&A advisory.

The FIG department also has a dedicated industry specialist team known as FIG Solutions - which provides dedicated industry advisory and structured innovative capital solutions. FIG Solutions produces the weekly FIG Monitor which covers capital markets movements for both equity and bond activities of Malaysian FIs.



**Pushpa Rajadurai**  
Managing Director, Corporate & Institutional Banking  
AmInvestment Bank Berhad

### PT. AmCapital Indonesia

Established in 1995, PT. AmCapital Indonesia (“AMCI”) is one of the retail brokers and fully integrated securities companies in Indonesia. Our range of products and services include equity broking, fixed income trading, corporate finance, online trading and investment research. AmBank Group owns 99% equity in AMCI.

The Equity Broking division provides shares trading and margin lending to retail clients.

AMCI continued to expand its business activities by branching out to other towns and strategic locations. Currently, apart from our headquarters, we have two branches established in Surabaya and Pluit, Jakarta.

The Fixed Income division facilitates bonds transactions including government and corporate bonds. Our Company featured regularly in the top ten ranking in fixed income transactions.

AMCI Online Trading was established in March 2010, with the product named as AmClicks.



L-R: Tan Chong Hin (Director/Head, Financial Institutions Group), Steven Perng, Wan Marina Tunku Mohd Jamil, Saifuddin bin Abu Bakar, Stephanie Gan, Chan Wan Seong, Joanna Yu and Dato’ Gopikrishnan Menon, Directors, Corporate & Institutional Banking.





L-R:  
**Mustofa**  
 President Director  
*PT. AmCapital Indonesia*  
  
**Ma Wei Tong**  
 Managing Director/  
 Chief Executive Officer  
*AmFraser Securities  
 Pte Ltd*  
  
**Azlan Mike Skinner**  
 Country Manager  
*AmCapital (B) Sdn Bhd*

### **AmFraser Securities Pte Ltd, Singapore ("AmFraser")**

AmFraser's push to expand its footprint in the securities industry gained momentum in a year that saw market consolidation with the Company significantly increasing its sales force during the financial year ended 31 March 2010.

One key product introduced during the year was Contracts for Difference ("CFDs") for Singapore securities. CFDs allows clients to go long or short on selected stocks on SGX-ST. CFDs on other markets' securities will be added as additional business products in the new financial year.

Corporate Finance activity for the year encompassed local and regional advisory and fund raising opportunities. It supported AmInvestment Bank Group's pioneering efforts for Chinese companies to list on Bursa Malaysia and successfully launched its first IPO of an Indonesian company on the Singapore Stock Exchange with market capitalisation close to SGD200 million in April 2010. The unit is also actively involved in cross border merger and acquisitions exercises.

### **AmCapital (B) Sdn Bhd**

AmCapital (B) Sdn Bhd is a new company established in Brunei entering its first full year of operations, and is wholly owned by the AmBank Group.

It is one of the few onshore companies with an Investment Advisor's Licence, supported by AmInvestment Bank Group in Kuala Lumpur. AmCapital (B) Sdn Bhd is building its presence through regular participation in events and dialogues with clients, regulators, various ministries and corporations in Brunei Darussalam.

Services provided include investment advisory, Islamic fund management and Islamic capital markets.

AmCapital (B) Sdn Bhd aims to secure more funds mandates and increase its assets under management ("AUM"). In addition, it is exploring cross-border business opportunities for its clients tapping the Group's offices in Singapore, Indonesia and Malaysia, as more Brunei businesses build their presence in the Asean region.

### **Offshore Banking**

The Group's offshore banking operations in the Labuan International Business and Financial Centre are undertaken by AmBank (M) Bhd Labuan Offshore Branch and AmInternational (L) Ltd. (wholly owned by AmBank (M) Berhad).

During the year, we focused our attention on providing foreign currency banking solutions to Malaysian corporations venturing abroad. These included support for a water treatment project in Vietnam and a power plant project in Cambodia. We also provided US Dollar financing to Malaysian corporations in the oil and gas sector as well as the shipbuilding industry.

The year under review also saw a reduction in our fixed income securities trading activities in view of the global financial crisis as we shifted our focus to corporate lending activities. We also unwound our equity securities trading position.

### **Trustee Services**

AmTrustee Berhad ("AmTB") was incorporated on 28 July 1987 and is registered as a trust company under the Trust Companies Act, 1949. AmTB is 80.0% owned by the AmBank Group. AmTB commenced its operations in March 1992. It provides comprehensive conventional and Islamic corporate and private trust services. The services offered include acting as trustee for unit trust funds, REITs, bonds, stakeholders, custodial services, retirement funds as well as will-writing and the setting up of trust accounts for individuals and institutions.

### **Private Equity**

Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") is a wholly-owned subsidiary of AmInvestment Group Berhad. MVMI is the first venture capital/private equity fund in Malaysia and was setup in 1984.

MVMI currently manages a RM100 million country fund called AmPrivate Equity ("AmPE"), our third private equity fund. The investments are in the logistics, energy services, environmental services and resource-based sectors.

Once our existing AmPE fund is over 75.0% invested, MVMI will be raising a follow-on fund to be called AmPE2.



L-R: Tan Leong Theng, Director, Northern Region;  
 Liew Sung Soo, Director, Sabah; Iskandar Ismail,  
 Head, Labuan Offshore; Sim Kheng Boon, Director,  
 Sarawak and Han Hing Siew, Director, Southern  
 Region, Corporate & Institutional Banking.



AmPE2 will be a RM200 million Shariah-compliant private equity fund that invests primarily in Malaysia and the ASEAN region.

AmKonzen Water Investments Management Pte Ltd (“AmKonzen”), our Singapore associate company, is expected to make a first close of up to USD50 million in 2010 for the Asian Water Fund. Thereafter over a one year period AmKonzen is expected to be managing a total of USD100 million. This Fund will invest in water assets in the region’s booming water sector, primarily in China and South East Asia.

#### **Am ARA REIT Managers Sdn Bhd**

Am ARA REIT Managers Sdn Bhd (“Am ARA”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST”) has completed a revaluation exercise of its six investment properties namely Bangunan AmBank Group, Menara AmBank, AmBank Group Leadership Centre, Menara Merais, Kelana Brem Towers and The Summit Subang USJ during the financial year ended 31 March 2010.

Following the revaluation, AmFIRST’s assets under management (“AUM”) has increased from RM980 million previously to RM1.008 billion.

AmFIRST has undertaken an extensive makeover of Menara Merais during the year under review and active marketing is ongoing to let out current vacant spaces. The refurbishment and repositioning of The Summit Subang USJ have also been outlined to transform it into a preferred shopping mall in the area.

Listed on 21 December 2006, AmFIRST which is managed by Am ARA, is currently one of the larger commercial space REITs in Malaysia with 2.3 million sq ft (inclusive of The Summit Hotel) of net lettable area. It aims to diversify its property portfolio through investment in income-producing real estate, which is primarily used for commercial, retail and/or office purposes.

Am ARA was incorporated in Malaysia on 20 April 2006 and is wholly-owned by Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings is 70.0% owned by AmInvestment Group Berhad and 30.0% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of Singapore-

based ARA Asset Management Limited, an affiliate of the Cheung Kong Group of Hong Kong.

### **TREASURY & MARKETS**

Treasury & Markets (“T&M”) division’s core strength and expertise in the areas of fixed income and interest rate derivatives has expanded through its collaboration with ANZ. Now, T&M is able to offer a broad range of innovative financial products in foreign exchange, interest rate and commodities, including derivatives and structured products.

Various initiatives have been launched since 2008 under the “Transformation Programme”. These include the establishment of a Markets Sales Unit specialising in providing tailor-made financial solutions to clients, a dedicated foreign exchange dealing team, a foreign exchange trading desk, a Research and Strategy Unit to ensure adequate coverage of foreign exchange and fixed income markets, and a Strategic Business and Product Management Unit to streamline and monitor project implementations.

In order to deliver a multi-product platform, T&M has put in place a new front-end system, operating system and risk management system for product delivery, pricing and structuring capabilities. With this platform, T&M is able to implement financial risk management for clients and enhance in-house trading. This contributes significantly in penetrating new markets and enhancing cross-selling of products,

besides ensuring a stable, diversified revenue base for the organisation.

To ensure ongoing progress, T&M continues to further build its strengths drawing on technical expertise from ANZ.

Moving forward, T&M’s aspiration is to provide substantive, integrated and client-led business underpinned by a full suite of forex, rates, commodities and financial institution offerings with ANZ collaboration.

### **ISLAMIC BANKING**

Since its launch in May 2006, AmIslamic Bank Berhad (“AmIslamic Bank”) has not only shown significant growth but has also capitalised on the robust demand for Islamic financial services. With its universal banking license and 16 years of experience in offering Islamic banking products and services via the AmBank Group channels, AmIslamic Bank continues to build its relationship with existing customers as well as cultivate new ones in providing a complete range of innovative retail and commercial banking products and services. This is further complemented by the AmBank Group’s extensive network of branches, ATMs, online banking, mobile banking and e-banking centres nationwide.

The bank currently provides a full spectrum of Islamic banking services including retail, commercial and Islamic investment banking facilities, which are in accordance with Shariah principles. The bank continues to focus on developing new innovative products to suit customer needs and requirements.



**Teng Chean Choy**  
Managing Director, Treasury & Markets  
AmBank (M) Berhad



**Yvonne Phe**  
Co-Head, Treasury & Markets  
AmBank (M) Berhad



**Datuk Mahdi Murad**  
Chief Executive Officer  
Amlslamic Bank Berhad

At the same time it leverages the Group's synergies to reach a wider consumer market span in promoting its products and services.

Amlslamic Bank showed significant progress in an increasingly competitive environment, in line with the increased integration of the Malaysian Islamic financial system into the global Islamic financial landscape. With its pre-tax profit rising to RM356.6 million and total assets expanding to RM17.2 billion as at end-March 2010, it has proven itself as an increasingly important component of the Group's business. Total financing was reported at RM11.8 billion, which accounted for 68.0% of total assets due to the continued demand for financing in the retail and business banking segments. Amlslamic Bank's asset quality has continued improving despite the challenging economic environment. This is evident by the Bank's gross and net NPF ratios of 1.5% and 0.96% respectively as at end-March 2010, which are better than the industry's average.

The following are some of the strategic initiatives that are being undertaken at Amlslamic Bank, some of which have been completed:

#### **Amlslamic Bank Branch**

As a key part of its business moving forward, Amlslamic Bank will open another dedicated Amlslamic Bank branch. The third branch will be located at Azman Hashim Complex, International Islamic University Malaysia ("IIUM") Gombak. This marks another significant accomplishment in enhancing its visibility

and fulfilling AmBank Group's vision in making Amlslamic Bank the preferred Islamic Bank of choice in Malaysia and the region.

Another important component in increasing Amlslamic Bank's brand visibility is the introduction of a dual signage combining the signages of Amlslamic Bank and AmBank throughout the AmBank shared branches network. As at 31 March 2010, the dual signage has been installed at seven branches nationwide including Kota Bharu and Pasir Mas in Kelantan, Kuala Terengganu, Kemaman and Jerih in Terengganu, Kangar in Perlis, and Section 15, Shah Alam.

#### **Tie Ups and Alliances**

Product and business development efforts remain the focus of Amlslamic Bank. Apart from enhancing existing products and developing new ones, Amlslamic Bank also invests in various alliances and collaborations with external parties to expand its product reach and market penetration. In addition to those in the pipeline, the following are some of the major initiatives:

- Signing ceremony between Amlslamic Bank and Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") for a Bai' Inah Term Financing-i where Amlslamic Bank is the financier and facility agent. The financing is guaranteed by the Government of Malaysia.
- Amlslamic Bank has begun collaborating with Yayasan Waqaf Malaysia and Universiti Kebangsaan Malaysia to be the collection agent for their "Cash Waqaf Fund" via the Bank's extensive channels.

The bank was also honoured with the following accolades:

- Amlslamic Bank's AmMomentum Select NID-i (Islamic negotiable instrument of deposit) was named Best Islamic Product (Finance Asia Structured Products Awards 2009) and Best Islamic Structured Product (The Asset Triple A Islamic Finance Awards 2010). The solution uses a flexible investment strategy that invests into diversified markets including exposure to equities, energy, agriculture and metals.
- Amlslamic Bank has been awarded the Best Bancatakaluf Award 2009 by the Malaysian Takaful Association

for its performance in selling of AmHigh Takaful Investment-Linked Plan. The product was developed through a tripartite agreement signed by Amlslamic Bank with Takaful IKHLAS Sdn Bhd and FWU AG (which specialises in 'white label' investment solutions for European and International distribution partners) in promoting the distribution of a Takaful investment-linked plan through Amlslamic Bank and AmBank's branches throughout the country.

#### **Retail and Business Banking Activities**

For FY2010, the major focus was on growing the AmBank Group's retail and commercial business. In this regard, a number of new products and programmes were introduced:

- Flexi Bai' Bithaman Ajil for Home Financing-i, a home financing product with flexible rate features.
- AmMomentum Select Islamic Negotiable Instruments of Deposit ("NID-i"), an Islamic structured deposit designed to take full advantage of the current economic climate and provide investors with a flexible investment strategy in diversified markets.
- Amlslamic Bank signed a Memorandum of Participation in the Bursa Commodity House ("BCH"). BCH is a Malaysia International Islamic Financial Centre ("MIFFC") initiative operated by Bursa Securities' wholly-owned subsidiary, Bursa Malaysia Islamic Services Sdn Bhd. BCH is a Shariah-compliant web-based commodity trading platform aimed at facilitating Commodity Murabahah transactions for the development of the Islamic financial market infrastructure as well as to facilitate liquidity management for Islamic financial institutions.
- Amlslamic Bank participated in the launch of the Interbank Murabahah Master Agreement ("IMMA") by Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Governor, BNM at Crowne Plaza Mutiara, Kuala Lumpur.
- Amlslamic Bank signed the Memorandum of Adoption for Wakalah Standard Agreement with BNM in November 2009.
- The Wakalah Deposit Investment Account is a new product for corporate customers and interbank placements.

- Amlslamic Bank launched the Amlslamic Bank CARz Card-i, a card specially designed to cater to motorists, packaged with numerous auto-related benefits.

### Marketing and Promotions

Amlslamic Bank has fulfilled its obligation to the community through its business zakat distribution for financial year 2008/2009. With an increase in the zakat amount to RM 1.17 million, Amlslamic Bank was able to reach a wider distribution area. 40 charity homes and organisations were selected as recipients in addition to the 14 state zakat collection centres. The zakat amount was distributed through several events organised by Amlslamic Bank and regional offices.

In tandem with the Bank's retail focus strategy, the Bank participated in the Malaysia International Halal Showcase ("MIHAS") in May 2009 and the Franchise Seminar and Business Opportunities Exhibition in February 2010 to promote Islamic products and services directly to target markets.

In enhancing the Bank's image and brand presence, Amlslamic became Associate Sponsor of an MIFC programme with Bloomberg on "Shaping Islamic Finance Together". This is an initiative under the auspices of Bank Negara Malaysia. The programme's editorial content highlights market vibrancy, product innovation/ thought leadership, international linkages and a ready talent pool in Islamic finance over seven segments.

### Strategic Focus and Initiatives for FY2011

Some major strategic initiatives that will continue throughout FY2011 include:

- Continued implementation of the dual signage strategy throughout the Group shared branches network.
- Ongoing product development, business tie-ups and dealings.
- Gearing up development and capitalising on business opportunities in equity business.
- Increasing business penetration for government and government-linked companies for both deposits and financing.



**Ng Lian Lu**  
Chief Executive Officer  
AmLife Insurance Berhad

### INSURANCE

For FY2010, the insurance arms of AmBank Group, AmLife Insurance Berhad ("AmLife") and AmG Insurance Berhad ("AmG") have demonstrated resilience in their operating revenue streams, and continued to deliver stellar financial results against the backdrop of turbulent economic conditions in 2009.

#### Life Assurance (AmLife Insurance Berhad/"AmLife")

##### AmLife Financial Performance

Despite economic challenges AmLife's businesses have continued to thrive and grow noticeably during the year under review. For the financial year ended March 2010, AmLife registered an increase in its audited net profit after tax of RM39.1 million compared to the previous year's RM13.1 million. AmLife's audited total assets increased by 21.9% to RM2.6 billion while the audited life policyholders' fund grew by 18.6% from last year's RM1.6 billion to RM1.9 billion.

The robust financial growth underlines the great performance of agency sales and bancassurance channels, which brought in excellent sales with their finest products – AmCash Guarantee 21 plus, AmTriple Guarantee Series 2 and AmAsia Recovery.

#### Tactical Initiatives

Some of the notable initiatives for the AmLife businesses throughout the financial year include:



**Duncan Brain**  
Chief Executive Officer  
AmG Insurance Berhad

- The launch of **AmAsia Recovery**, a capital guaranteed investment-linked plan designed to leverage the potential growth of the Asian economic upswing, on 21 May 2009.
- The launch of **AmCash Guarantee 21 plus**, a 21-year participating endowment plan that provides protection and guaranteed cash payouts to the Insured at regular three-year intervals, on 30 July 2009.
- **AmTriple Guarantee Series 2**, a zero risk investment savings plan was launched in August 2009 to provide investors a safe haven to place their investments in times of adverse global economic conditions.
- **MegaLife Enhanced**, an insurance plan that offers protection plus attractive returns on the premium upon maturity was launched on 25 January 2010.
- **AmMedic Flexi**, a hospital and surgical standalone plan with greater coverage and flexibility was launched on 1 June 2009.

#### General Insurance (AmG Insurance Berhad/"AmG")

##### AmG Financial Performance

For the fiscal year under review, AmG achieved audited net profit after tax of RM48.8 million, with audited gross written premium of RM624.4 million. For FY2010, AmG reported audited total assets of RM1.0 billion, 12.8% higher than last year.



As at 31 December 2009, AmG was ranked sixth overall in Malaysia's general insurance industry with a market share of 5.3%.

### Tactical Initiatives

Some of the notable initiatives for the AmG businesses throughout the financial year include:

- The launch of **AmPro Super Care** in December 2009. AmPro Super Care is a Personal Accident Plan that covers the entire family at an affordable rate.
- A marketing tie-up with **PLUSmile** in December 2009, and **Popular** in January 2010 to cross-sell AmG insurance products.

### Corporate Social Responsibility

#### *What Women Want*

Despite the global economic slowdown that resulted in a high level of job lay-offs across the country in 2009, AmLife believes that being a responsible corporate and gender-fair citizen guarantees long term success and sustainability in the market.

With that in mind, AmLife organised its first nationwide Corporate Social Responsibility ("CSR") business partnership campaign, themed "What Women Want" ("WWW"), to offer 1,500 job opportunities to all Malaysian women in a time of recession to ease the impact of gender discrimination on women workers.

The first-ever lady-focused campaign was graced by Deputy Minister of Women, Family and Community Development, YB Datin Paduka Chew Mei Fun on 9 June 2009. The campaign was held in five major cities in Malaysia, including Kuching, Pulau Pinang, Johor Bahru, Kuala Lumpur and Kota Bharu, from July to December 2009.

As AmLife understands that first impressions always matter during the first interview session, a professional image consultant was engaged throughout the WWW roadshow to physically support all candidates with image enrichment sessions prior to the interview.

The chosen elites from the WWW campaign will undergo training in AmLife's business training academy, AmAcademy. Comprehensive financial training will equip them with knowledge

on how to effectively manage their personal and family finances, while subsequently playing a role in instilling good financial planning practices to everyone in the community.

#### *"It's My Life" Online Game*

AmLife is well aware that practising sound financial management is not only limited to adults, but should be a priority for everyone in the community. To broaden the campaign of knowledge sharing with the young generation, AmLife launched an online game called "It's My Life" immediately after the "What Women Want" CSR campaign, to further impart the knowledge of financial planning to Malaysian youngsters.

The financial literacy educational online game was designed with rich content of real life questions and learning experiences related to financial planning, to educate the players to become money masters, and learn the importance of financial planning via various challenging questions appearing as they go through different stages of life in the game.

By launching the innovative game on AmAssurance's corporate website in February 2010, it is hoped that the gamers, especially youngsters will start practising prudent financial planning and be prepared for unexpected turns in life events.

### Evolving for the Future

AmAssurance continues to live up to its commitment to move towards a paperless working environment with the launch of its new core Life Insurance system, called AmPowerLife System ("AmPLIS") in December 2009.

The system upgrading project not only cuts down the turnaround time of the processing cycle, but reaffirms AmAssurance's vision to be the top insurer preferred for service. With the new system in place, customers can expect a speedier and more efficient response from AmAssurance on any Life Insurance transactions which involves multiple process layers.

As prompt service has always been the main focus in every aspect of AmAssurance's business, the cost savings from manpower after implementing the full-fledged system will be channeled towards initiating more customer-centric technology and products, which will be rolled out in the near future.

### Awards & Recognition

We are gratified that our effort in creating value for society and contribution to nation building was recognised, with AmAssurance, the composite insurance brand name being named as the Prominent Company in the Malaysia Independence Award held in August 2009. With the addition of this latest award, AmAssurance has garnered three awards over two years.

### Looking Ahead

Although there were some signs of recovery in the economy during the first quarter of 2010, the new financial year will continue to be a challenging one for AmLife and AmG. Nonetheless, with the recovering market outlook in Malaysia, both AmLife and AmG remain positive on the prospects for the companies.

- With strong production growth in 2010, AmLife aims for another year of strong growth in its new business premiums in FY2011. Besides rolling out initiatives to sustain business momentum, AmLife will also focus on building good connections with the community through various corporate social responsibility projects to uphold the company's image as an exemplary model of a responsible corporate citizen. Moving forward, AmLife will continue to leverage its strategic partner, Friend Provident Fund plc to deliver premium product and customer propositions to target segments and streamline its process to improve efficiencies.
- AmG sees merger and acquisition ("M&A") activities as being imperative to realising this goal, as well as for positioning itself for the challenging longer-term strategic landscape. The expected completion of the acquisition of MAA's general insurance business in the second half of the year will increase AmG's scale to almost double that of its current size, and create one of Malaysia's largest general insurance businesses. AmG's FY2011 strategic aspiration is to deliver competitive customer propositions via becoming a scale specialist in motor and niche specialist in commercial and non-motor personal lines with the support from IAG.