



*Dear Valued Shareholders,*

***On behalf of the Board of Directors, I am pleased to inform you that the Group has delivered its eighth year of consecutive profit growth and improved financial returns. Our net profit grew by 7.6% compared to last year to RM1,918.6 million.***

For FY2015, the Board is pleased to propose a final single-tier dividend of 15.3 sen. Together with our interim single-tier dividend of 12.0 sen per share which was paid on 16 December 2014, the group's total dividend payment of 27.3 sen in FY2015 represents a significant increase of 13.3% from 24.1 sen in FY2014. Our total dividend payout ratio has also risen to 43% from 41% in FY2014, and within our investor market guidance of between 40 and 50%.

Our consistent performance was guided by a set of clear strategic priorities and driven by AmBank Group's vision - As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us, supported by over 11,000 of our dedicated managers and staff, our 'AmBankers'.

To deliver this, we have remained on course with our strategic agenda to: (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

### **Customer centricity and branding initiatives**

In my FY2014 letter, I mentioned that we are aggressively investing in customer centric initiatives. We have made some progress, but more needs to be done. This includes digital platform expansion and enhancement, targeted segment focus and ongoing customer campaigns.

On 11 and 18 June 2014, we celebrated a nationwide 'Customer Appreciation Day' at all branches to express our appreciation to customers for their loyal patronage with AmBank to highlight the 'Appreciative' component in our five brand values - Principled, Proactive,

Appreciative, Connected and Evolving (p<sup>2</sup>ace). Each customer was warmly greeted and presented with a gift as a token of appreciation. Additionally, we launched the '#givealittle movement', offering opportunities for our customers and the community to experience the warm and caring culture that defines AmBank.

Our brand re-positioning, "Your Bank. Malaysia's Bank. AmBank" was introduced in September 2013. We have progressively aligned our brand propositions across our various business divisions to ensure a holistic and consistent brand experience across all communication channels. Our branches, promotional materials and corporate attire were refreshed with our new brand motif.

We recently rebranded our Islamic business to AmBank Islamic Berhad, with the logo colour changed to red and yellow from red and green, in line with the corporate colours of AmBank. This is to position our brand more prominently against our competitors in the domestic Islamic finance industry and leverage on AmBank's strong brand position. This also enhances the linkage and seamless collaboration between conventional and Islamic offerings within the Group and across all customer touch points.

### **Wins and achievements – continued regional recognition**

AmBank Group has continued to receive awards which recognise our expertise and commitment to excellence. At the 12th RAM League Awards 2014, AmInvestment Bank (AmInvestment) swept a total of five awards, including two Market Pioneer Awards as a testament to our leadership, innovation and development of the sukuk markets in Malaysia:

- First Basel III-compliant Sukuk – AmlIslamic Bank Berhad's RM3 billion Subordinated Sukuk Murabahah Programme
- World's First RMB-bond by a Mortgage Corporation – Cagamas Global Sukuk Berhad's US\$2.5 billion Multi-Currency Sukuk Programme.

Additionally, AmInvestment received the following awards:

#### **RAM Award of Distinction 2014**

- Lead Manager Award Islamic 2014 by Programme Value (2nd)
- Lead Manager Award Islamic 2014 by Number of Issues (Joint 3rd)

#### **Blueprint Award**

- New Real-Estate Benchmark Deal – Midciti Sukuk Berhad's Sukuk Murabahah Programme of up to RM3 billion in nominal value.

Under the Islamic Finance New Deals of the Year 2014, AmInvestment won the 'Malaysia Deal of the Year' and the 'Real Estate Deal of the Year'. These were awarded to AmInvestment for their outstanding structuring capabilities in KLCC REIT's special purpose vehicle, Midciti Sukuk's RM1.6 billion Sukuk Murabahah issuance. This transaction represents the first AAA-rated corporate REIT in Malaysia and establishes a wider proof of concept for all REITs to tap into the Islamic capital markets.

At the 8th Annual Alpha Southeast Asia Deal & Solution Awards 2014, AmInvestment won the following:

- Best Islamic REIT Deal of the Year in Southeast Asia
- Most Innovative Deal of the Year in Southeast Asia – Arranger.

AmInvest, the brand representing our fund management business continued to garner multiple awards during the year. AmInvest was honoured as Malaysia's 'Best Pension Fund Manager' and 'Best Institutional House' for the second consecutive year by Asia Asset Management at its 2014 Best of the Best Awards.

At The Edge-Lipper Malaysia Fund Awards 2014, AmInvest received the asset class group award for 'Best Mixed Asset Fund' for the second consecutive year. Additionally, AmDynamic Bond Fund was singled out for the second successive year in the Bond Malaysian Ringgit 10-year performance category for demonstrating consistent strong risk-adjusted returns; and AmIslamic Balanced, a Shariah-compliant mixed-asset fund, was awarded top honours for its 10-year performance in the Mixed Asset MYR Balanced-Malaysia Islamic category.

AmInvest was named the Best Islamic Fund Manager for the second consecutive year at the Global Islamic Finance Awards (GIFA) 2014 by Edbiz Consulting, an international Shariah advisory firm based in London.

At the 15th National Customer Experience Industry Awards organised by the Association of Customer Experience (formerly known as Contact Centre Association of Malaysia), AmBank Contact Centre won four awards in the Outbound, People and Work Force Planning / Quality Assurance categories.

In addition to the many business and performance-based awards, the Group received recognition in the areas of corporate governance and investor relations, a testimony to the Group's commitment towards transparency, good corporate governance and investor relations practices.

We received double recognitions at the 10th Corporate Governance Asia Recognition Awards 2014 Best of Asia and 5th Asian Corporate Director of the Year Award 2014. The awards were 'Icon on Corporate Governance' for AmBank Group, and 'Asian Corporate Director of the Year' which was conferred on Mr Ashok Ramamurthy, our former Group Managing Director.

More recently, AmBank was honoured with three major awards at the 5th Asian Excellence Recognition Awards 2015, organised by Corporate Governance Asia. This award identifies excellence in financial performance, Investor Relations and communications, business ethics, corporate social responsibility and environmental practices in corporations. AmBank won the Best Investor Relations Company in Malaysia and Best Corporate Social Responsibility in Malaysia awards, whilst Ms Mandy Simpson, our Chief Financial Officer was presented with the Asia's Best Chief Financial Officer (Investor Relations) Award.



AmBank Group was awarded with the Asia's Best Chief Financial Officer, Best Investor Relations Company in Malaysia and Best Corporate Social Responsibility in Malaysia Awards at the Fifth Asian Excellence Recognition Awards 2015. Accepting the awards on behalf of AmBank Group were Mandy Simpson (left), Chief Financial Officer, AmBank Group and Syed Anuar Syed Ali, Head, Group Corporate Communications & Marketing (right).

## Grooming talent for tomorrow

High on the list of our human capital agenda include cultivating a culture of excellence and nurturing leadership capabilities. Priority is placed on developing employees' competencies, retaining talent and creating an environment that fosters continuous learning and development.

Introduced in FY2010, our internal employee engagement survey has provided the direction and focus for the Group's organisational and human capital initiatives. Based on the survey's feedback, we have progressed and achieved milestones in five key areas:

1. Strategy, objectives and directions – unveiled a new Vision, Mission, Values and Brand Charter, together with an employee value proposition
2. Leadership – simplified performance management system and implementing 360-degree assessment for management
3. Communications – upgraded our internal 'Connected' portal to foster a connected community, hosted

regular townhalls and teh-tarik / coffee sessions across the Group

4. Career development – enhanced our talent / leadership development programme, introduced individual development planning and new Technical Competency Framework
5. Rewards & recognition – embarked on Total Remuneration Project and more recently introduced Flexible Benefits to cater to the different needs of our people.

We value our people's thoughts and opinion; and the Group is committed towards building a connected organisation which can outperform our peers.

## Reaching out to our communities

AmBank continuously contributes to the business ecosystem in the areas where we operate, and programmes and initiatives are implemented with the sustainability of the various sectors in mind. In our Corporate Social Responsibility initiatives, we care for the health and long-term betterment of the marketplace, the community, our staff and the environment. Without the support of these parts of the ecosystem, the Group would not be where it is today. On a broader level, we strive to align our initiatives with the larger effort of contributing to the nation's growth and advancement.

Through the AmBank-MyKasih Community Programme, we aim to help less-fortunate Malaysians irrespective of creed, race and religion. This is carried out not only through our funding of food aid, but also counselling, financial literacy and skills training programmes offered to the recipients. The Group allocates a sum of RM1 million each year for this programme. Food aid recipients use their MyKad to draw upon a fortnightly allowance to shop, select and pay for essential items at retail outlets which are participating in the programme. Similarly, student beneficiaries use their MyKad-linked student smartcard to buy food and drinks at the school canteen, as well as books and stationery at the school bookshop. To date, we have committed to be involved in over 15 locations across Malaysia.

Severe floods affected many families across peninsular Malaysia towards the end of 2014. Our sympathy goes to



them. Many of the unfortunate victims are our customers, business partners and staff. We have offered a moratorium of up to six months on affected customers' installments / repayments as well as waivers on all incidental and replacement charges on passbooks, certificates and cards. Customers may contact our hotlines or branches if they require assistance.

We have donated essential and monetary items for the families affected by the flood. For Kampung Pasir Era in Kuala Krai, Kelantan, we contributed RM1 million, half of which is from the Group and the balance from my personal contribution. I have been with many AmBankers to personally visit the flood-affected areas in order to distribute food and other essential items.

### Changes to the Board members and leadership team

Our Board member, Mr Gilles Planté retired on 8 October 2014 upon completion of Bank Negara Malaysia's approved tenure of appointment as a Director. Dato' Larry Gan Nyap Liow @ Gan Nyap Liow, a long-standing Board member, ceased to be an Independent Non-Executive Director of the Group effective 31 December 2014, pursuant to the Group's nine-year limit for Independent Directors. On behalf of the Board, we thank them for their services and contributions to AmBank Group.

I would like to warmly welcome four new Directors to the Board. Dato' Seri Ahmad Johan bin Mohammad Raslan joined us as Executive Director / Senior Adviser on 9 December 2014, Mr Chin Yuen Yin and Mr Voon Seng Chuan joined us as Independent Non-Executive Directors on 20 January 2015 and 18 June 2015 respectively. Last but not least, Ms Suzette Margaret Corr (General Manager, Human Resources Australia and Group General Manager, Talent & Culture from our strategic partner, Australia and New Zealand Banking Group (ANZ)) was appointed as a Non-Independent Non-Executive Director on 23 January 2015.

On the boards of our subsidiaries, AmBank (M) Berhad, AmInvestment Bank Berhad and AmBank Islamic Berhad, Mr Graham Kennedy Hodges, the Deputy Chief Executive Officer of ANZ, has joined us as a Non-

Independent Non-Executive Director on 6 February 2015.

We would like to thank Mr Ashok Ramamurthy, who stepped down as Group Managing Director in April 2015 to return to his family in Australia. Ashok joined AmBank Group from ANZ in 2007 as the Group's Chief Financial Officer, and became the Group Managing Director in 2012.

The Board has commenced the process of identifying the next Group Managing Director. This process is being driven by our Group Nomination and Remuneration Committee of the Board, led by Senior Independent Non-Executive Director Tan Sri Datuk Clifford Francis Herbert. Meanwhile, Datuk Mohamed Azmi Mahmood, who was the Deputy Group Managing Director, has been appointed as the Acting Group Managing Director on 2 April 2015.

### Outlook and prospects for FY2016

For the coming financial year 2016 (FY2016), Malaysian economic growth is expected to slow from 6.0% in 2014 to 4.5%-5.5% in 2015 (Source: Bank Negara Malaysia Annual Report 2014). This stems from lower crude oil prices amidst expectations of slower government spending and decelerating export growth, coupled with moderating domestic consumption.

Inflation is projected to stay around 2.0% - 3.0%, reflecting the implementation of the Goods and Services Tax since 1 April 2015 and the depreciating Ringgit, partially offset by softer global commodity prices and demand (Source: Bank Negara Malaysia Annual Report 2014).

Business and economic conditions are expected to remain challenging. At the same time, compliance requirements continue to increase. Over the medium-term, the banking sector is expected to experience slower loans growth and narrower net interest spreads while asset quality may come under pressure.

Nevertheless, there are still bright spots for FY2016. Malaysia still has a relatively high savings rate with a low unemployment level, although the latter could be subject to some upward pressure. Our asset management business is expected to grow steadily.

Insurance penetration rates in many segments are low, particularly in the non-compulsory segments. We see opportunities for stronger growth in life, education and medical coverage segments as Malaysians become more affluent. Volatility in capital markets may provide sales and trading opportunities.

Given the external opportunities and challenges, we reaffirm that our FY2015 - 2017 strategic agenda to: (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability; will strengthen our competitiveness and help deliver on our financial targets.


### Value-adding strategic partnership

Our strategic partnerships with global banking and insurance groups give us a unique advantage. Our close collaboration with ANZ, IAG and MetLife will continue to be a key enabler and differentiator for us and we leverage on their global expertise in the areas of resources, expertise, connectivity and regional platforms to better serve our customers.

### Acknowledgment

On behalf of AmBank Group's Board of Directors and all our employees, I would like to thank you for your continued confidence in us and in the future of AmBank Group.

Moving ahead, I believe that the talent and dedication of our management team and employees, the relentless support from our customers, business partners, regulators and shareholders will enable us to continue creating value and drive sustainable growth to the Group.

*Yours sincerely,*  


**Tan Sri Azman Hashim**  
Non-Independent Non-Executive  
Chairman

Kuala Lumpur  
30 June 2015