

C. BUSINESS REVIEW

AmInvestment Bank



TRACY CHEN

Chief Executive Officer

AmInvestment Bank Berhad

AmInvestment Bank’s overall income increased 6.4% to RM360.6 million, reflecting higher fee income from Debt Markets, Corporate Finance and AmInvest. Operating expenses were flat at RM176.1 million. PAT grew by 16.6% YoY to RM153.5 million.

AmInvestment recorded a commendable performance during the period under review, growing our total income from RM339.0 million in FY2021 to RM360.6 million while our PAT improved by 16.6% to RM153.5 million. The improved performance is a testament to our deep-seated relationships with our client base and an unwavering commitment to providing innovative market-driven solutions.

Our Debt Markets retained its dominance in the Malaysian debt capital markets. Its market share in the overall Malaysian Bond Market grew to 11.8% from 10.8% in the previous year while maintaining our market leadership in the Malaysian Ringgit Sukuk market at 10.3%. Our strategy of close collaboration with our colleagues across various business lines provides corporate clients with end-to-end solutions for their growth and financial needs.

With corporate deals resuming, Corporate Finance capitalised on the rebound of Malaysia’s M&A market and was involved in several significant transactions, enabling us to achieve the #1 position on Bloomberg’s Malaysia M&A league table for 2021.

FY2022 was a turning point for Private Banking as global markets continued to challenge the wealth

management industry in terms of product innovation and market strategy. As capital markets recovered in the second half of the year, we shifted our focus to the US equity markets, with clients benefitting greatly from our recommendations. Assets Under Management (AUM) reached a record high as clients continued to seek higher returns in the volatile equity and bond markets.

Equity Markets recorded a decline in total income by 11.2% in FY2022 to RM97.2 million due to the softer market conditions on Bursa Malaysia. However, this was partially mitigated by a significant increase in net interest income on the back of a double-digit percentage growth in share margin financing. Our market share improved to 4.16% from 4.05%, due to our inherent strength in the institutional investor segment.

Our fund management business, AmInvest, also turned in a sterling performance, closing the year with an AUM of RM47.6 billion. This performance was driven by our ability to leverage on the demand for investment funds by investors coupled with strong client relationships. We also introduced new ESG-themed fund offerings under our Sustainability Series of Funds for investors seeking to be ‘responsible investors’.

ABOUT US

We are among the top investment banks in Malaysia. We provide our clients with a full range of investment banking solutions and services which include corporate finance and M&A advisory, equity capital markets, debt and Sukuk capital markets, fund management, private banking and stockbroking services.

Our key areas of expertise include:

- **Debt Markets (DM):** Delivers innovative and customised financing solutions to sovereign, corporate and institutional clients. The team leverages on its proven capabilities in fixed income, derivatives, credit solutions, and advisory services, covering conventional and Islamic financing.

- **Corporate Finance (CF):** Delivers an extensive range of corporate and advisory services comprising mergers and acquisitions (M&As), take-overs, restructuring, initial public offerings (IPO), issuance of equity and equity-linked instruments, valuations and independent advisory services. CF is dedicated to providing clients with the highest levels of deal execution and service.
- **Equity Capital Markets (ECM):** Markets and distributes equities in the primary and secondary markets of listed securities of public listed companies and unlisted securities of private/public companies. We leverage on our well-established distribution network and close relationships with fund managers, retail investors and research analysts to provide timely market intelligence on primary and secondary equity offerings.
- **Equity Markets (EM):** Provides a comprehensive range of products and services, including futures broking and equity derivatives, share trading, and share margin financing. EM offers share

trading facilities to retail and institutional investors and share margin financing facilities to retail and corporate investors. Customers can trade or invest in companies listed on Bursa Malaysia and selected overseas exchanges.

- **Fund Management (AmInvest):** Manages a broad range of investment mandates and unit trust funds across the risk-return spectrum for individuals, corporates and institutions. AmInvest also offers Private Retirement Schemes and Exchange Traded Funds (ETFs). We manage active in-house mandates in our time zone, such as active Asian equities, Asian bonds and Global Sukuk, and partner with “best of breed” global fund managers to provide actively managed funds in other time zones, regions, and asset classes.
- **Private Banking (AmPrivate):** Provides high net-worth clients with investment solutions, both discretionary and non-discretionary, to fit their risk profile (both in Malaysian Ringgit and foreign currencies).

KEY INITIATIVES & OUTCOMES

Key Initiatives

Debt Markets (DM)

- Provide debt and project finance advisory to corporate clients and government-linked companies to tap capital markets for funding.
- Continuously promote Green and Sustainability Bonds and Sukuk in line with our ESG aspirations.

Corporate Finance (CF) & Equity Capital Markets (ECM)

- Collaborate with client coverage teams in Wholesale Banking and Business Banking to deliver one-stop financial advisory and funding to corporate clients.
- Train client coverage teams on specialised products for the debt and equity capital markets.
- Prioritise and enhance marketing on Initial Public Offering (IPO) and listing of companies on Bursa Securities.
- Provide investment banking advice to corporate clients in Business Banking and Mid-Corp sectors to access the capital markets.
- Launch Retail Corporate Day.

Equity Markets (EM)

- Grow share margin financing to boost net interest income.
- Optimise costs through process re-engineering and organisational restructuring.

AmInvest

- Introduce new ESG-themed fund offerings under our Sustainability Series of Funds for investors.
- Launch new unit trust funds.
- Focus on growing higher margin funds, particularly higher fee fixed income funds and equity funds.
- Control expenses and reduce costs through stringent cost management across direct and overhead expenses, as well as cost reduction negotiations with vendors and outsourced service providers.

AmPrivate

- Strengthen our team of Private Client Managers to generate new product ideas and portfolio strategies and continue serving the needs of high-net-worth clients.
- Increase the number of Private Client Managers at identified locations, serving both new and next-generation High-Net-Worth Clients.

Outcomes

- Ranked No. 4 with 11.8% market share for Overall Malaysian Bonds/Sukuk for 2021.
- Ranked No. 4 with 10.3% market share for Malaysian Ringgit Sukuk for 2021.
- Acted as a Principal Advisor/Lead Arranger for major Sukuk and Syndicated Financing deals, including:
 - > RM3.0 billion AAA Islamic Medium Term Notes (IMTN) for Tenaga Nasional Berhad.
 - > RM2.0 billion AA1 Sukuk Wakalah Programme & issuance for Kuala Lumpur Kepong Berhad.
 - > RM1.5 billion IMTN issuance for DanaInfra Nasional Berhad.
 - > RM1.5 billion IMTN issuance for Perbadanan Tabung Pendidikan Tinggi Nasional.
 - > RM850.0 million A1 Subordinated Tier 2 Capital for AmBank Group.
 - > RM650.0 million AAA-rated IMTN issuance for Pengurusan Air SPV Berhad.
 - > RM255.0 million Tranche 7 Revolving Asset-Backed Securitisation issuance for Zamarad Assets Berhad.
 - > RM500.0 million AAA-rated ASEAN Sustainability IMTN issuance for SME Bank Berhad
 - > RM450.0 million AAA-rated ASEAN Sustainability Sukuk Wakalah for Bank Pembangunan Berhad

- Ranked No.1 on Bloomberg's Malaysia M&A league table for 2021.
- Maintained a healthy IPO deal pipeline with a significant number of potential transactions.
- Achieved a ranking of No.3 on Bloomberg's Malaysia Equity Fundraising League Table in FY2021.
- Successfully launched the inaugural Retail Corporate Day
 - > featured three of our corporate clients - Perak Transit Berhad, Kerjaya Prospek Group Berhad and Swift Haulage Berhad
 - > Attended by around 1,000 retail investors
- Acted as Joint Bookrunner/Joint Managing Underwriter/Joint Underwriter for four notable IPOs:
 - > RM1.2 billion for CTOS Digital Berhad.
 - > RM1.0 billion for Farm Fresh Berhad.
 - > RM344.2 million for Swift Haulage Berhad.
 - > RM267.5 million for Senheng New Retail Berhad.
- Successfully managed the following private placements:
 - > RM825.0 million for AMMB Holdings Berhad.
 - > RM214.2 million for MY E.G. Services Berhad.

- Achieved 11.9% growth in gross share margin financing with a 25.0% increase in NII.
- Total expenses reduced by 3.0% with cost-to-income (CTI) ratio at 49.1%
- Remained as one of the top three investment banks in the institutional investor customer segment.
- Market share of total traded value on Bursa Malaysia improved to 4.16% from 4.05%

- Launched three inaugural Sustainable Series funds:
 - > Positive Change (equity global fund).
 - > Climate Tech (equity – alternative energy fund).
 - > Nutrition Fund (equity global fund).
- Increased income by 10.3%.
- Reduced CTI to 45.3%.

- AUM grew by 5.0% to a record high with a strong Return on Capital Employed (ROCE) of 40.7% in FY2022.
- Achieved more than RM100.0 million in sales for US Linked Equity Structured Notes within 6 months.
- Risk diversification by advising clients to shift focus to MYR bonds due to lower price volatility.
- Increased clients' global equity exposure via thematic funds/ETF through:
 - > Baillie Gifford Funds
 - > CSOP HK Tech Fund
 - > AmChina A-Shares Fund
 - > European Equity Alpha Fund

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OUR PERFORMANCE

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DM retained its dominance in the Malaysian debt capital markets. Its market share in the overall Malaysian Bond Market space expanded to 11.8% from 10.8% while maintaining its market leadership in the Malaysian Ringgit Sukuk market at 10.3%. Among the top four investment banks ranked in Bloomberg's Malaysia Bonds and Malaysian Ringgit Sukuk League Tables, DM is ranked 1st in total deal volume versus total asset size and total deal volume versus single counterparty exposure limit. This performance is a testament to our close collaboration with our client coverage colleagues, deep-seated relationships with our client base, and an unwavering commitment to providing innovative market-driven solutions.

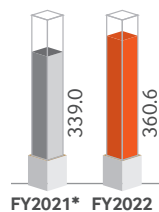
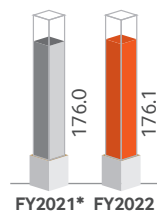
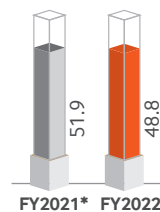
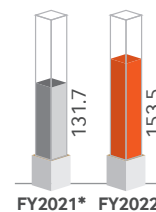
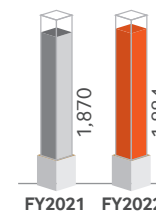
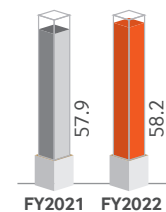
CF's strategy aligns with the aim of Wholesale Banking Coverage (WBC) and Business Banking (BB), where we provide integrated financial solutions to our corporate clients to help them achieve their business objectives. We capitalised on Malaysia's M&A market rebound and were involved in several significant transactions in the country, which enabled us to achieve the No.1 position on Bloomberg's Malaysia M&A league table for 2021. Top-notch advisory solutions coupled with high levels of execution excellence have enabled CF to remain as a Top 3 adviser in Malaysia.

ECM contributed to our growth through equity fundraising activities focused on mid-cap sized companies listed on Bursa Malaysia. ECM raised more than RM1.6 billion in FY2022 predominantly through IPOs and placements. In addition, ECM completed four notable IPOs and two notable private placements, achieving a ranking of No.3 on Bloomberg's Malaysia Equity Fundraising League Table in FY2021.

EM recorded a decline in brokerage income in FY2022 due to the softer market conditions on Bursa Malaysia. However, this was partially mitigated by a significant increase in our net interest income on the back of a double-digit percentage growth in our share margin financing book. We remain one of the top three investment banks in the institutional investor customer segment and this played a key role in our improved market share of total traded value on Bursa Malaysia in the year under review.

AmInvest achieved double-digit growth in income. We closed the year with a fund size of approximately RM48 billion. Our 3-year Cumulative Annual Growth Rate for AUM was 5.9%. AmInvest's growth came from capturing a rise in demand for investment funds by institutional and retail investors while applying robust client retention strategies amidst the uncertain times, offering appropriate products to our investors and growing our investment portfolios by capitalising on the volatility of the capital markets.

AmPrivate recorded a historical high in AUM despite a lower revenue growth. We achieved a strong ROCE of 40.7% in FY2022. Clients were able to ride out the market volatility via product diversification from fixed income into US Equity-Linked Structured Notes by leveraging on our global specialists. At the same time, we capitalised on our Fixed Income expertise by advising clients to increase their exposure to MYR bonds and sukuk since such instruments offer lower price volatility compared to USD-denominated bond issuances.

Total Income
(RM Million)

Total Expenses
(RM Million)

Cost-to-Income Ratio (CTI)
(%)

Profit After Tax (PAT)
(RM Million)

Gross Loans
(RM Million)

Assets Under Management (AUM)
(RM Million)


* FY2021 comparatives have been restated to exclude AmReit which is now under the oversight of Business Banking.



AWARDS & RECOGNITION

DM

- **The Asset Triple A Islamic Finance Awards 2021**
 - > Best Corporate Hybrid Sukuk: Dialog Group Berhad's RM500.0 million Perpetual Sukuk Wakalah issuance.
- **15th Annual Alpha SEA Deal and Solution Awards 2021**
 - > Best ASEAN Green SRI Sukuk & Best SRI Sukuk Small Medium Enterprise: Development Bank Malaysia Berhad ("SME Bank")'s RM500.0 million Sustainability Sukuk Wakalah issuance.
 - > Most Innovative Islamic Finance Deal of the Year & Best Islamic Finance Deal of the Year: Zamarad Assets Berhad's RM2.0 billion Asset-Backed Securitisation Sukuk Programme – Tranche 6.
 - > Best Corporate Sukuk of the Year: Tenaga Nasional Berhad's RM3.0 billion Sukuk Wakalah issuance.
- **IFN Deal of the Year 2021**
 - > SME Bank's RM500.0 million Sustainability Sukuk Wakalah issuance.
- **The Assets Triple-A Sustainable Capital Markets Country & Regional Awards 2021**
 - > SME Bank's RM500.0 million Sustainability Sukuk Wakalah issuance.

CF

- **15th Annual Alpha Southeast Asia Best Financial Institutions Awards 2021**
 - > Best Small to Mid-Cap Corporate Finance House in Malaysia.
- **15th Alpha Southeast Asia Best Deal & Solution Awards 2021**
 - > Best Equity/IPO Deal of the Year in Malaysia: CTOS Digital Bhd's RM1.2 billion IPO (Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter).
 - > Best Domestic M&A Deal of the Year in Southeast Asia: IJM Corporation Bhd's US\$364.17 million (RM1.53 billion) Disposal of 56.0% Equity Interest in IJM Plantations Bhd (Principal Adviser).
- **The Asset Triple A Islamic Finance Awards 2021**
 - > Best IPO, Malaysia: Mr D.I.Y. Group Berhad's RM1.5 billion IPO (Joint Underwriter).
- **The Asset Triple A Country Awards 2021**
 - > Best IPO, Malaysia: CTOS Digital Bhd's RM1.2 billion IPO (Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter).

ECM

- **The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021**
 - > Best IPO: CTOS Digital's RM1.2 billion IPO.

EM

- **Bursa Malaysia Bhd 9th Annual Bursa Excellence Awards 2021**
 - > 2nd Runner-Up: Best Institutional Equities P.O. – Investment Bank.
- **Bursa Malaysia Retail Investor Campaign 2021 Award**
 - > Top Remisier Category: Highest Traded Value – New Accounts.
 - > Top Dealer Category: Highest Traded Value – ETFs.
 - > Top Dealer Category: Highest Traded Value – L&I ETF.
 - > Top Futures Broker Representative Category: Highest Number of New Accounts Opened (Derivatives).
 - > Champion: Mirror, Learn & Trade Analyst Reward Program (Highest Portfolio Gain).
 - > 2nd Runner-Up: Highest Engagement with Followers.
- **Global Banking & Finance Awards 2021**
 - > Best Securities Brokerage Malaysia 2021

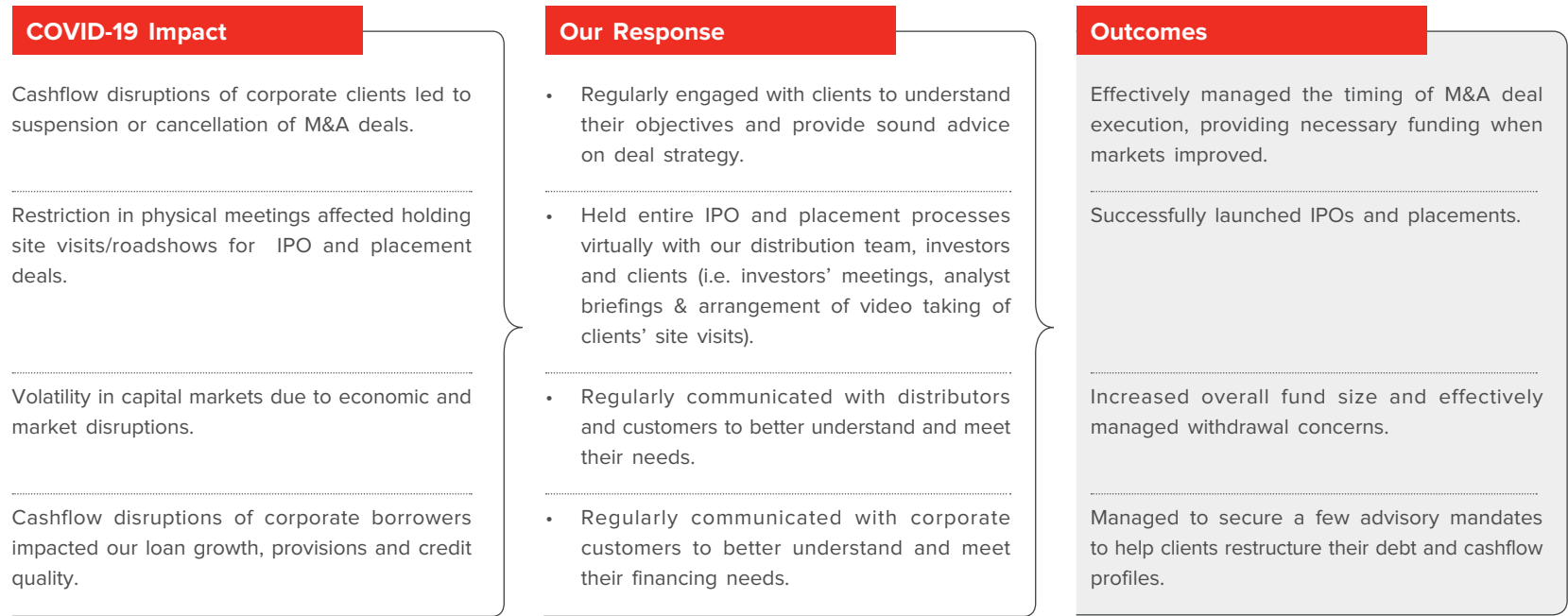
AmlInvest

- **Refinitiv Lipper Fund Awards Malaysia 2022**
 - > Best Bond Fund Family Group Over 3 Years (3rd consecutive year).
- **Asia Asset Management Best of the Best Awards 2022**
 - > Best Pension Fund Manager, Malaysia (4th consecutive year).
- **EPF 2021 External Fund Managers Awards**
 - > Best Domestic Fixed Income Fund Manager 2020.

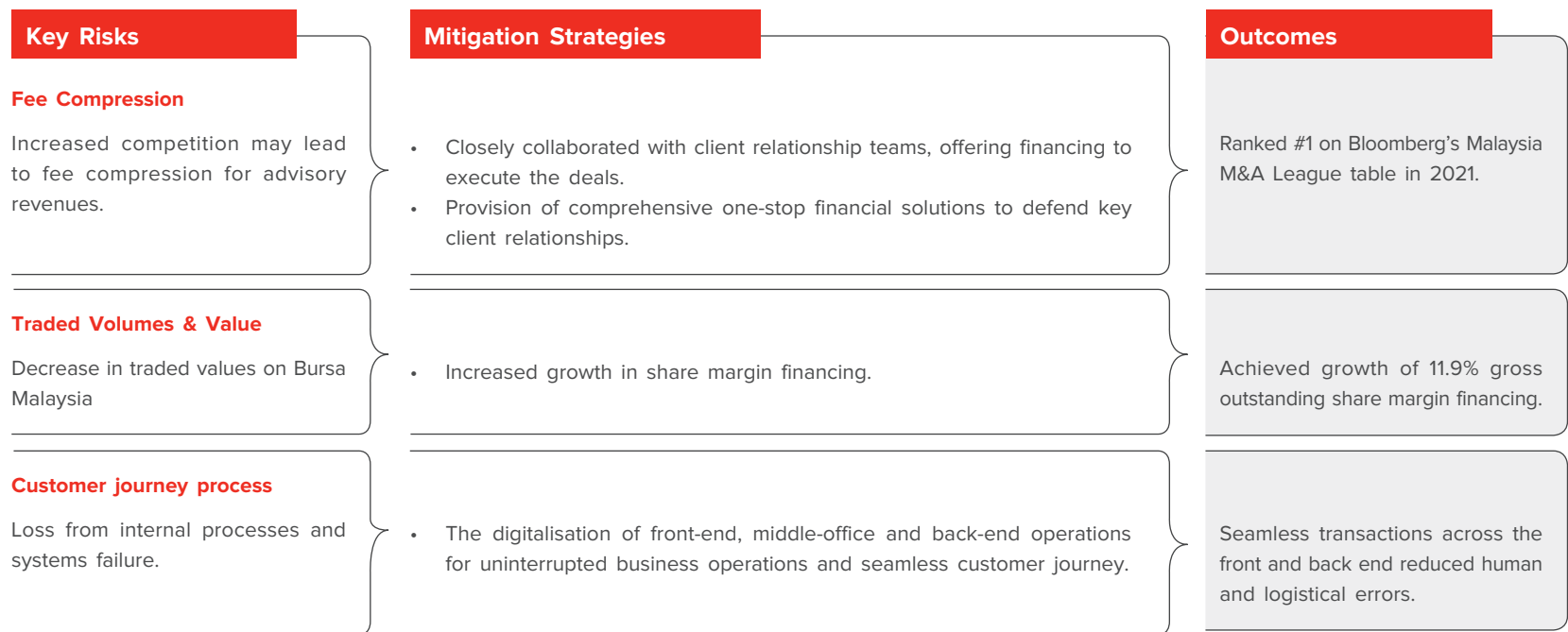
C. BUSINESS REVIEW

AmInvestment Bank

COVID-19 IMPACT & RESPONSE



RISKS & MITIGATION



PROSPECTS & OUTLOOK

FY2022 has been a testament to our strategic focus on building a sustainable high-growth business model. Following this, our focus in FY2023 is to grow sales and develop products that will help clients seek new investment opportunities and returns as they ride out the prevailing uncertain economic and political climate stemming from post-pandemic concerns, the war in Ukraine, socio-economic problems and climate-related issues.

FY2022 was dubbed an 'IPO Year'. The ECM team expects the robust pipeline of IPO deal flows will continue into FY2023. Aligning with the investment bank's strategy of repositioning itself to capture higher-value businesses, ECM will collaborate very closely with other product teams within the investment bank to offer our corporate clients a full suite of investment banking offerings which include advisory, equity and debt fundraising.

DM will continue to implement a dynamic approach in the pursuit of innovative and optimal financing solutions. The DM team will leverage its debt origination and structuring expertise, built from inclusive market and product knowledge in providing clients with integrated financing solutions.

The Malaysian equity market is likely to remain range-bound throughout most of 2022, given the volatility in commodity prices, rising inflation, supply chain disruptions, persistent labour constraints, China lockdowns and external geopolitical shocks. Moving towards the end of the year, we expect an equity market recovery as local institutional investors switch to long positions on window-dressing activities amid clearer 2023 corporate earnings growth visibility from reopened borders, tapering impact from interest rate hikes, reversal from ringgit currency weakness and absence of one-off 2022 Prosperity Tax. To capitalise on this, EM will continue with our digitalisation initiatives to enhance customer experience and improve customer loyalty, as well as to further diversify our revenue streams by offering new products such as Global Futures and Securities Borrowing and Lending.

CF will build on the foundation of its investment banking track record to deliver service excellence to corporate clients, working together with the relevant client coverage teams. CF will take forward our Road to Capital Markets programme for clients in Business Banking and Wholesale Banking sectors and build on the M&A and IPO pipeline in FY2023.

For FY2023, AmlInvest's strategy will be to focus on higher-margin funds and improve the retail vs institutional mandates mix. Further, AmlInvest will move forward in the journey towards ESG-compliant Investing, growing Islamic business to one-third of the AUM and launching additional ESG-related Sustainability Series funds.

AmPrivate's product diversification will be the main strategy to ride out market volatility by offering alternative products such as Universal Life Insurance and Non Equity-Linked Structured Notes. We will continue to reach out to potential clients by collaborating with Business Banking and Wholesale Banking on a client referral programme.