

Business Review

Investment Banking



TRACY CHEN WEE KENG
Chief Executive Officer

WHO WE ARE AND WHAT WE DO

Investment Banking offers a comprehensive range of investment services, products, and solutions tailored to meet the diverse needs of our corporate, retail, and institutional clients. Our offerings include corporate finance and mergers and acquisitions advisory, equity capital markets fundraising, debt and Sukuk capital markets services, and stockbroking. In wealth management services, we also provide funds management services through our private banking department and our funds management arm, AmInvest, the brand name used by our subsidiaries, AmFunds Management Berhad and AmIslamic Funds Management Berhad. Investment Banking is dedicated to delivering superior investment performance and innovative financial products and services.

OUR KEY FOCUS AREAS

01 Funds Management

Manage diverse investment mandates, wholesale funds, and unit trust funds spanning the risk-return spectrum for individuals, corporations, and institutions.

02 AmPrivate Banking

Provide high-net-worth clients with tailored wealth management solutions aligned with their risk profiles, time horizons, and investment objectives.

03 Equity Markets

Emphasise quality loan growth, increasing market share, and implementing digitalisation initiatives to enhance customer experience and operational efficiency.

04 Debt Markets

Deliver innovative and customised financing solutions to sovereign, corporate, and institutional clients, leveraging our proven capabilities in fixed income, derivatives, credit solutions, and advisory services for both conventional and Islamic financing.

05 Equity Capital Markets

Manage the marketing, sales, and distribution of equities in both primary and secondary markets, covering listed securities on stock exchanges and unlisted securities of private/public companies.

06 Corporate Finance

Focus on deal origination and execution while cultivating strong relationships with corporate clients to provide bespoke solutions and advisory services.

HIGHLIGHTS OF 2024

BUSINESS HIGHLIGHTS

We utilised our strong network and client relationships to offer customised solutions to high-net-worth individuals, institutions, corporations, and sovereign clients, encompassing both conventional and Islamic financing advisory services. Additionally, we effectively oversaw the marketing and distribution of primary and secondary equity offerings while prioritising market share expansion and quality loan growth. Our digitalisation initiatives further enhanced customer experience and overall operational efficiency, ensuring mutual growth.

FUNDS MANAGEMENT

Strategic Shift and Record Income Growth

Shifted from lower-margin to **higher-margin funds** resulting in record income growth.



AmPRIVATE BANKING

Expand and Enhance Solution Offerings and Strengthen Cross-Collaboration

Discretionary Portfolio Mandate (available in MYR and foreign currencies).



Multi-Asset Discretionary Investment Portfolio Mandate



EQUITY MARKETS

Accolades in Financial Excellence

Achieved **First Runner Up** for Best Institutional Equities Participating Organisation at the 2023 Bursa Excellence Awards.



Ranked among the **top three Derivatives Brokers** in Malaysia for the FKLI product.



DEBT MARKETS

Road-to-Capital Markets (RTCM) Initiative

The **RTCM initiative yielded even higher gains** than in previous years with clients acknowledging our efforts to guide them to the debt capital markets as part of their corporate life cycle.

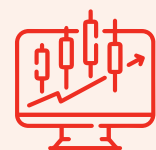


CORPORATE FINANCE & EQUITY CAPITAL MARKETS

Largest ACE IPO

Acted as the Principal Adviser, Sponsor, Lead Bookrunner, and Sole Underwriter for Alpha IVF Berhad's IPO, the **largest IPO** on the ACE Market of Bursa Malaysia.






Acted as the **Principal Adviser, Sponsor, Placement Agent and Underwriter** for TSA Group Berhad's IPO on the ACE Market of Bursa Malaysia.



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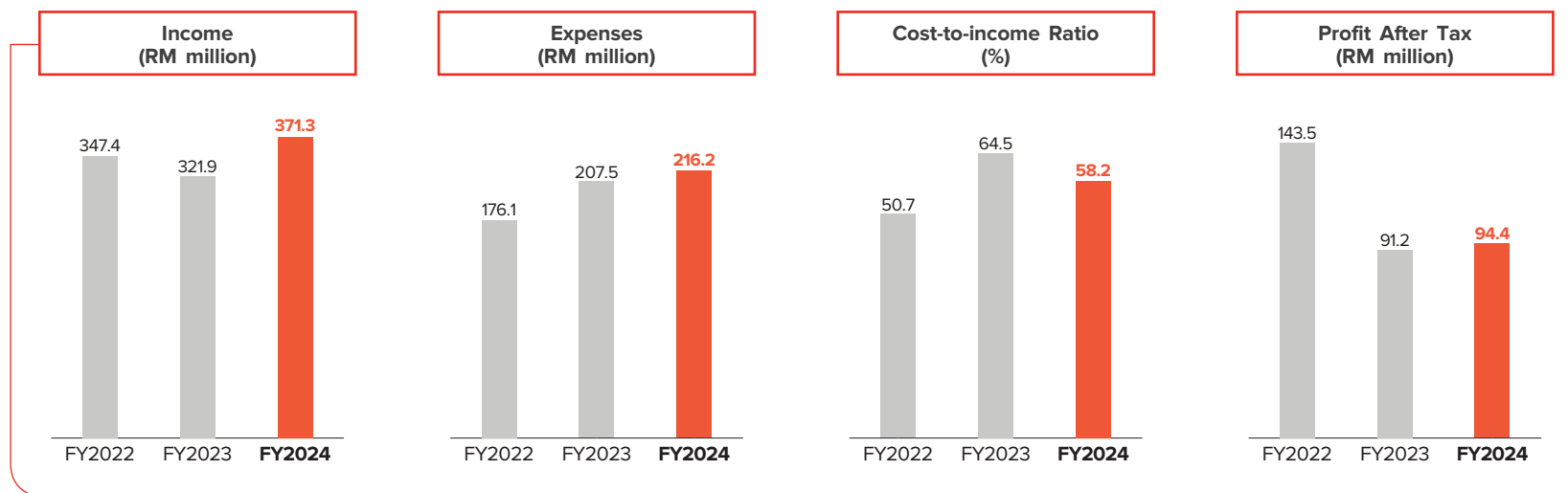
SUSTAINABILITY HIGHLIGHTS

We strengthened our business impact by integrating Environment, Social, and Governance (ESG) principles into our investment strategies. This commitment to sustainable practices not only met increasing investor demand for responsible investments but also boosted our market standing. Our DM division had supported clients with various ESG-related fundraising exercises.

| | |
|---|---|
| <p>FUNDS MANAGEMENT</p> <p>Socially Responsible Investment (“SRI”)</p> | <p>Increased SRI fund offerings to 11, with more in the pipeline.</p>  <p>Launched a new ESG fund, the AmSustainable Series – Global Lower Carbon Equity Fund, and converted three existing funds (AmIncome Institutional SRI 1 & 3 and AmInstitutional Income Bond SRI) into SRI funds.</p>  |
| <p>AmPRIVATE BANKING</p> <p>Driving Sustainability</p> | <p>Encouraged clients to invest in green bonds by promoting more of such issuances to them.</p>  |
| <p>DEBT MARKETS</p> <p>SRI/ESG Sukuk Issuances</p> | <p>RM3.5 billion of SRI/ESG Sukuk: RM1 billion SRI Sustainability Sukuk by SME Bank, RM1 billion Sustainability Sukuk Wakalah by Bank Pembangunan, and RM1.5 billion SDG (UN Sustainability Development Goals) Sukuk by Malaysia Rail Link.</p>  |
| <p>EQUITY CAPITAL MARKETS</p> <p>Green Project Financing Loans</p> | <p>Totaled RM1.081 billion: USD210 million (about RM987 million) for SK Nexilis Malaysia’s copper foil manufacturing plant and RM94 million for NUR Power Group’s 50MW solar plant near Kulim Hi-Tech Park.</p>  |

FINANCIAL HIGHLIGHTS

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|--|--|--|--|
| <p>FUNDS MANAGEMENT</p> | <p>6.3% YoY increase by RM9.3 million from RM147.8 million, an all-time high income of RM157.1 million.</p> | <p>Reported a Profit before tax (“PBT”) of RM81.1 million, a 1.2% YoY increase.</p> | <p>5.9% growth YoY of assets under management (“AUM”) by RM2.8 billion from RM47.8 billion, reaching a record high of RM50.6 billion.</p> |
| <p>AmPRIVATE BANKING</p> | <p>3.4% YoY increase with revenue reported at RM44.4 million.</p> | <p>Reported a PBT of RM10.3 million, a decline of RM1.6 million on the back of higher personnel expenses.</p> | <p>8.9% growth in AUM (including Secured Financing Facility) of RM11.74 billion vs FY2023 of RM10.8 billion.</p> |
| <p>EQUITY MARKETS</p> | <p>Revenue increased 15.9% YoY from RM73.1 million to RM84.7 million on the back of higher Bursa traded volume which had improved from average monthly traded volume of RM102 billion in FY2023 to RM129 billion in FY2024.</p> | | |
| <p>DEBT MARKETS, EQUITY CAPITAL MARKETS & CORPORATE FINANCE</p> | <p>46.6% YoY increase in revenue by RM27 million to RM84.9 million.</p> | <p>PBT reported at RM46.4 million, more than double that of FY2023.</p> | |



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BUSINESS PERFORMANCE REVIEW 2024

| Strategic Focus | KEY INITIATIVES | ACHIEVEMENTS |
|--|---|--|
| FUNDS MANAGEMENT | | |
| High-Margin Funds Strategy | <ul style="list-style-type: none"> • Focused on promoting and growing short-term bond funds with higher fees, and less reliance on lower-margin funds. | <ul style="list-style-type: none"> • 3.77% increase in short-term bond funds from RM10.6 billion in FY2023 to RM11 billion in FY2024. |
| AmPRIVATE BANKING | | |
| Expand and Enhance Solution Offerings while Strengthening Cross-collaboration | <ul style="list-style-type: none"> • Introduced a range of innovative products both onshore and offshore. | <ul style="list-style-type: none"> • 8.9% growth in AUM (including Secured Financing Facility) of RM11.74 billion vs FY2023 of RM10.8 billion. • 262% growth in Structured Products. |
| EQUITY MARKETS | | |
| Focus on Quality Loan Growth and Increased Market Share | <ul style="list-style-type: none"> • Enhanced cross-collaboration within AmBank Group to boost referrals for new trading accounts and margin loans. • Fostered collaboration with ECM to secure more placement leads. • Strengthened the institutional sales team to penetrate more non-government-linked company accounts. • Cultivated sustainable recurring margin income growth. • Improved research capability. | <ul style="list-style-type: none"> • Increase in Market Share from 5.1% in March 2023 to 8.42% in March 2024. • Advanced in Broker ranking from 8th place in 2022 to 7th place in 2023. |
| Improved Operational Efficiency through Digitalisation | <ul style="list-style-type: none"> • Upgraded the retail trading platform. | <ul style="list-style-type: none"> • Implemented a Single Order Management System to enhance trading efficiency for institutional clients. • Introduced eFORMs for online submission of application forms and supporting documents. |
| DEBT MARKETS | | |
| Focus on Debt Raising and Project Finance Advisory Services | <ul style="list-style-type: none"> • Provided debt-raising and project finance advisory services to corporate and government-linked clients. • Fostered close collaboration across all business lines for end-to-end client solutions. • Launched the Road-To-Capital Markets (RTCM) initiative. | <ul style="list-style-type: none"> • Maintained dominance in Malaysian debt capital markets. <ul style="list-style-type: none"> – Increased overall market share to 13.1% from 11.7% in 2022. – Maintained a 10.5% market share in the Malaysian Sukuk market. – Increased market share in MYR Loan Markets to 23.6%, leading over RM3.3 billion in syndicated loans, achieving the #1 position in Malaysia for 2023. • Ranked 4th in the Ringgit Malaysia Bloomberg Sukuk League Table with a 10.5% market share, with 63.8% of corporate bonds and sukuk underwritten by us being Islamic issues. |
| CORPORATE FINANCE & EQUITY CAPITAL MARKETS | | |
| Generated Revenue, Enhanced Visibility and Built Deal Pipeline | <ul style="list-style-type: none"> • Fostered close collaboration with client coverage teams in Wholesale and Business Banking to provide comprehensive financial guidance and funding solutions. • Enhanced marketing of IPOs and listings. • Facilitated the RTCM initiative by offering investment banking advice to corporate clients in Business Banking and Mid Corp sectors for effective capital market access. | <ul style="list-style-type: none"> • Successfully listed TSA Group Berhad and Alpha IVF Berhad. • Executed significant M&A transactions, including MBSB's acquisition of 100% equity interest in MIDF. |

CHALLENGES AND MITIGATION

CHALLENGES

MITIGATION

FUNDS MANAGEMENT

Bond Market Volatility

The bond market faced volatility due to rising policy rates and inflation concerns.



- Expanding bond allocation and capitalising on market fluctuations to excel in this environment.
- Leveraging early high yields and adeptly navigating shifting sentiments, we profited from timely actions when necessary.

AmPRIVATE BANKING

Market Uncertainties

Rise in funding costs stemming from market uncertainties and a high global interest rate environment.



- Diversifying into currencies with lower funding costs.

EQUITY MARKETS

Low Trading Volume

Competitive brokerage rates from foreign retail broking competitors.



- Recruiting top remisiers, attracting High-Frequency Traders, launching Mobile Foreign Share Trading, fostering internal collaboration, enhancing research capability, growing sustainable margin income, and driving digitalisation for improved efficiency and customer experience.

Deterioration in Asset Quality in Margin Loan Portfolio

A decline in the value or creditworthiness of the assets used as collateral for loans.



- Strengthening our policies and processes to improve collateral management and monitoring.

DEBT MARKETS

Fixed Income Market Dynamics

The global economic uncertainties in FY2024 led the Fed to balance interest rates with growth goals, stabilising the fixed income market. Locally, early-year selloffs widened credit spreads in primary markets. Anticipating a Fed rate cut, demand surged for corporate bonds and sukuk, driven by investors seeking yield amid expectations of lower global yields from central bank monetary policy adjustments.



- Striving to provide optimal execution guidance and advice across all debt products, despite challenges posed by interest rate and market volatility.

CORPORATE FINANCE & EQUITY CAPITAL MARKETS

Fee Compression

Amidst increasing competition for sizable deals.



- Forging close partnerships with client relationship teams in Wholesale Banking & Business Banking, providing comprehensive solutions, including financing, and leveraging our track record in deal execution to defend key client relationships and attract new ones.

Regulatory Compliance

Ensure adherence to evolving rules and regulations.



- Implementing regular staff training sessions on regulatory matters and encouraging in-house knowledge-sharing sessions to promote continuous learning.

Challenging Stock Market Conditions

Impacted by a backdrop of persistently high interest rates and ongoing geopolitical tensions.



- Be selective on deals, focusing on defensive businesses and/or high-quality clients and ramping up block trade activities.

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FUNDS MANAGEMENT (FMD)

Best Malaysia Bond Fund – AmDynamic Bond,



Morningstar Awards for Investing Excellence 2024 – Malaysia.

Best Bond Fund Family Group Over 3 Years



(5 Consecutive Years), LSEG Lipper Fund Awards Malaysia 2024.

Cambridge Excellence Award for Islamic Asset Management in Malaysia 2024,



Cambridge Islamic Funds Awards 2024.

Best ASEAN Awards: Best Application of ESG,



Asia Asset Management Best of the Best Awards 2024.

Best ESG Manager, Malaysia,



Asia Asset Management Best of the Best Awards 2024.

Insurance Fund House of the Year, Malaysia



(6 Consecutive Years), Institutional Asset Management Awards 2023.

EQUITY MARKETS (EM)

Bursa Excellence Awards 2023



Best Institutional Equities Participating Organisation, First Runner-Up.

Best Domestic Fixed Income Fund Manager 2022,



EPF External Fund Managers Awards 2022.

Best ETF Provider, Malaysia



(2 Consecutive Years), The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2023. (Acknowledged as the largest ETF fund manager in Malaysia.)

Broker ranking improved



from 8th in 2022 to 7th in 2023.

DEBT MARKETS (DM)

1 The Asset Triple A Sustainable Infrastructure Awards 2023

Project Finance House

Of The Year – Malaysia 2023.



Transport Deal of the Year:



Amanat Lebuhraya Rakyat Berhad's RM5.5 billion Sustainability and SRI Sukuk Murabahah (Sole Financial Adviser, Senior Principal Adviser, Lead Arranger, Bookrunner and Lead Manager).

2 The Asset Triple A Islamic Finance Awards 2023

Best Sustainability Sukuk – SMEs:



Small Medium Enterprise Development Bank Malaysia Berhad's RM500 million Sustainability Sukuk Wakalah bi-istithmar (Joint Bookrunner and Joint Lead Manager).

Best Securitisation Sukuk:

Zamarad Asset Berhad's RM474 million medium-term Sukuk Murabahah (Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager).



3 Alpha SEA 17th Deals and Solution Awards 2023

Best Islamic Finance Deal of the Year and Best Corporate Sukuk Murabahah:



Digi Telecommunications Sdn Bhd's RM1 billion (US\$217 million) Sukuk Murabahah (Joint Lead Manager).

Best Corporate Sukuk Wakalah of The Year:



SP Setia Berhad's RM1 Billion Sukuk Wakalah Bi Al-Istithmar (Joint Lead Manager).

4 Euromoney Islamic Finance Awards 2024

Best Islamic Real Estate Deal – Asia:



Deal – Asia: SP Setia Berhad’s RM1 Billion Sukuk Wakalah Bi Al-Istithmar (Joint Lead Manager).

5 The Edge’s Deals of 2023: Best Fundraising Non-IPO

SMJ Energy Sdn Bhd

(formerly known as SMJ Sdn Bhd)’s **RM10 billion** AAA Multi-Currency Sukuk Wakalah Programme (Sole Principal Adviser and Sole Lead Arranger) and **RM900 million** inaugural issuance therefrom (Joint Lead Manager).



CORPORATE FINANCE (CF) & EQUITY CAPITAL MARKETS (ECM)

1 17th Annual Alpha Southeast Asia Best Financial Institution (FI) Awards 2023

Best Domestic M&A Deal of the Year in Malaysia



– Malaysia Building Society Berhad’s 100% acquisition of Malaysia Industrial Development Finance Berhad for RM1.01 billion.

Best Small to Mid-Cap Corporate Finance House in Malaysia (AmInvestment Bank)



(4th consecutive year).

Best Mid-Cap REIT Deal of the Year Malaysia



– Pavilion REIT’s RM720 million (US\$160 million) Primary Placement & RM8 billion MTN.

2 IFN Deals of the Year 2023

M&A Deal of the Year – Malaysia Building Society Berhad’s 100% acquisition of Malaysia Industrial Development Finance Berhad for RM1.01 billion.



3 The Asset Triple A Sustainable Finance Awards 2024

Best M&A – Malaysia – Malaysia Building Society Berhad’s 100% acquisition of Malaysia Industrial Development Finance Berhad for RM1.01 billion.



OUTLOOK

For FY2025, we foresee opportunities and challenges in various segments, and we are prepared to navigate these with strategic initiatives and a client-focused approach.

FUNDS MANAGEMENT

Bond yields are expected to face volatility amid rate cut expectations, but our Funds Management division remains proactive, seeing upside potential. We are committed to advancing sustainability efforts and expanding organically by engaging cash-rich corporations and affluent markets.

AMPRIVATE BANKING

We will expand our discretionary offerings and venture into non-conventional products to meet rising demand. With clients seeking higher returns, offshore investments are increasingly popular. We are also exploring a wealth system platform to enhance client support.

EQUITY MARKETS

We anticipate increased trading activity on Bursa Malaysia but expect intensified competition from foreign retail brokers offering zero brokerage fees.

DEBT MARKETS

Committed to dynamic and agile approaches, we innovate funding solutions for clients, adapting to the evolving financial landscape. Leveraging our expertise, we offer holistic solutions addressing stakeholder interests. Looking ahead to FY2025, the fixed-income market expects RM110.0 to RM120.0 billion in corporate bonds and sukuk issuances, focusing on ESG bonds. Investors must navigate central bank policies, economic fundamentals, and geopolitical tensions. RAM predicts robust financing driven by private refinancing, infrastructure needs, and financial institutions’ capital plans in 2024.

EQUITY CAPITAL MARKETS & CORPORATE FINANCE

Malaysia’s IPO and M&A outlook remains positive, buoyed by sectoral opportunities, market sentiments and investor confidence.