



**AMMB Holdings Berhad**

(223035-V) (Incorporated in Malaysia)

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ANNUAL REPORT **2008**

# CORPORATE MISSION

“To entrench our position as a premier financial services group providing innovative products and services to our customers.”

## Cover Rationale

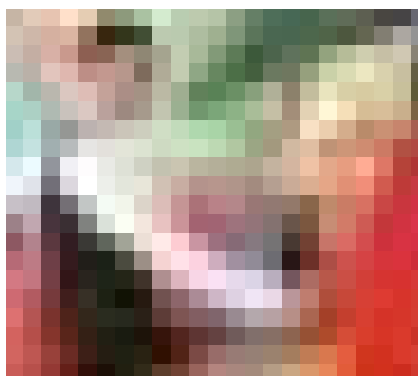
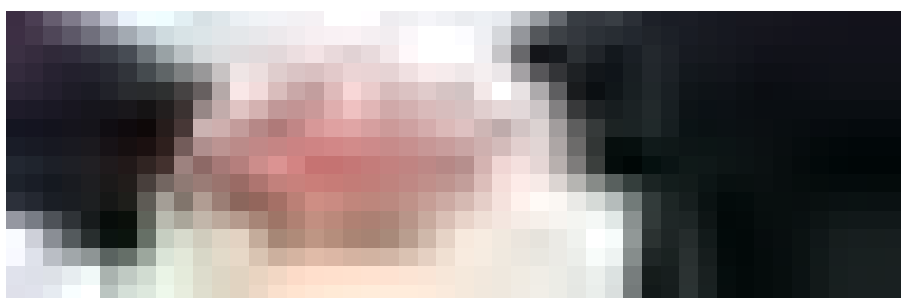
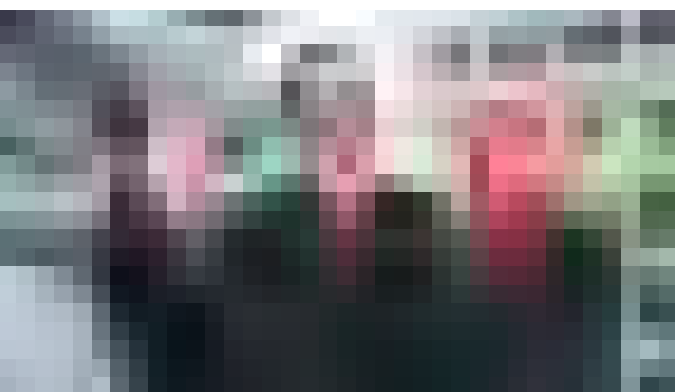
The cover for 2008 depicts a serene yet dynamic look. The fast movement through a tree-lined path reflects the AmBank Group's rapid expansion, but at the same time, not forgetting its core values of putting its customers first. The greenery also signifies the AmBank Group's responsibility to the environment, workplace, marketplace, and community in its role as a socially responsible corporate citizen. Constantly on the move with its bold red and yellow colours, the AmBank Group is geared towards becoming the premier financial institution in Malaysia and the region.



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# NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of AMMB Holdings Berhad (“the Company”) will be held at Ballroom 3, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 26 September 2008 at 9:30 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 and the Reports of the Directors and Auditors thereon.  
(Resolution No. 1)
2. To approve a first and final dividend of 6.0% less tax for the financial year ended 31 March 2008.  
(Resolution No. 2)
3. To approve payment of Directors’ fees of RM36,000 per annum for each Director for the financial year ended 31 March 2008.  
(Resolution No. 3)
4. To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company’s Articles of Association:
  - (a) Y Bhg Dato’ Azlan Hashim  
(Resolution No. 4)
  - (b) Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman  
(Resolution No. 5)
  - (c) Y Bhg Dato’ Izham Mahmud  
(Resolution No. 6)
  - (d) Mr Soo Kim Wai  
(Resolution No. 7)

5. To re-elect Mr Alexander Vincent Thursby who retires pursuant to Article 97 of the Company’s Articles of Association.  
(Resolution No. 8)
6. To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.  
(Resolution No. 9)

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

#### 7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

“THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per cent of the issued share capital of the Company for the time being.”  
(Resolution No. 10)

8. To transact any other business of which due notice shall have been received.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN** that the first and final dividend of 6.0% less tax for the financial year ended 31 March 2008, if approved by the shareholders at the Seventeenth Annual General Meeting, will be paid on 21 October 2008 to shareholders whose names appear in the Record of Depositors on 7 October 2008.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 7 October 2008 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**RAVINDRA KUMAR THAMBIMUTHU**  
(LS 0000902)  
Group Company Secretary

Kuala Lumpur  
4 September 2008

## Notes:

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor, or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting.
- (5) **Explanatory Note on Resolution No. 10  
Authority to Issue Shares Pursuant to Section 132D of the  
Companies Act, 1965**

Ordinary resolution No. 10, if passed, will give the Directors of the Company, from the date of the Annual General Meeting, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10 percent of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### Directors who are Seeking Re-Election at the Seventeenth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 89 of the Company's Article of Association and seeking re-election are as follows:

- Y Bhg Dato' Azlan Hashim
- Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman
- Y Bhg Dato' Izham Mahmud
- Mr Soo Kim Wai

Mr Alexander Vincent Thursby was appointed to the Board on 2 January 2008, retiring pursuant to Article 97 of the Company's Articles of Association and is seeking re-election.

The details of the five Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors and their securities holdings in the Company and its subsidiaries are set out in the Shareholding Structure of this Annual Report.

# LETTER TO SHAREHOLDERS



TAN SRI DATO' AZMAN HASHIM  
*Chairman*

“ The financial year that has just ended on 31 March 2008 marked another milestone. It has been a year of achievement as we delivered on our commitments and value to shareholders by achieving higher profits, declaring higher dividends and strengthening our position, in efforts to elevate the AmBank Group for greater future growth and stability. ”

In the previous financial year ending 31 March 2007, the Group embarked on a clean-up exercise to address the issue of high non-performing loans. Consequently, as a result of a significant one-off prudent provisioning charge, the Group reported a marginal pre-tax profit of RM23.1 million and a net loss of RM203.8 million after tax and minority interests.

I am pleased to report that for the financial year that has just ended on 31 March 2008, the Group has rebounded strongly following this exercise to record a pre-tax profit of RM1.2 billion and a net after tax and minority interests profit of RM668.5 million. The results exceeded analyst consensus earnings estimates and expectations of the Group for the year.

It has been a great performance year for the AmBank Group, reflecting the resilience and efforts of our management and staff working together. In this regard, I would like to thank everyone for their contribution.

This was also a year of new expectations as we welcomed ANZ as a strategic partner of the AmBank Group. The partnership will enable us to further elevate the Group's status as a premier banking group domestically with a vision to equal our international banking peers and embark to leverage on ANZ's regional presence for opportunities beyond the Malaysian shores. A new vision for greater future growth and stability for the AmBank Group has been drawn up. This is part of the Group's progressive measures and continuous efforts to enhance shareholders and customer value propositions as well as create a conducive environment to work for our close to ten thousand strong workforce family.



### Our Partnership with ANZ and AmVision 2011: Creating the Future

It has now been a year since we embarked on our strategic partnership with ANZ, marking another milestone and chapter as the AmBank Group continues to stay ahead of the curve as a dynamic and evolving banking group. We have been making progressive headway in many areas within the Group since the partnership commenced in May 2007, such as retail banking, hire purchase, branch network, finance and risk management and strategy. The partnership is starting to pick up momentum and this is reflected in the financial results turnaround achieved during the year.

This partnership with ANZ is appropriate and the timing is right for the Group to redefine its future aspirations and in particular its medium term aspirations to build on its strengths by leveraging on the international expertise, best practices and capabilities of our partner. Named AmVision 2011, this is the culmination of the collaboration and strategic work that the Group's leadership team has undertaken over the past six months. Together, we have identified four main goals to be achieved under the AmVision 2011 agenda:

- Build on our position as a leading financial services company in Malaysia and be recognised as an Employer of Choice in the industry;
- To double the Group's underlying after tax profits by 2011 (with 20% compounded annual growth);
- To deliver a target Return on Equity of 20% and Cost to Income ratio of 40% in the medium term of three to five years; and
- To achieve top three market positioning in all of our chosen business segments in the medium term of three to five years.

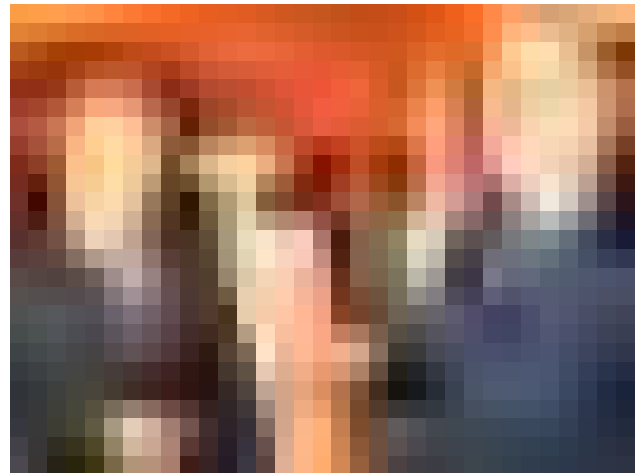
Whilst we have set bold targets, we believe this is necessary for us to maintain our leadership and position amidst the changing shape of the financial services industry and increased competition. We will do our very best to deliver on our plans to all our primary stakeholders; our customers, shareholders and staff.

AmVision 2011 will help the Group address key challenges in our business with a different perspective, unlock our growth potential to take advantage of opportunities within the marketplace across all our main business segments through a range of initiatives to generate new revenue and organic growth opportunities.

We expect to achieve these goals by producing higher revenue growth, reducing NPLs, lowering cost of funds and improving return to shareholders. AmVision 2011 will be delivered through a Core Programme and Initiatives Portfolio managed by the Group Project Management Office ("PMO"), which will play a pivotal role in driving and managing these initiatives. The PMO will also take a holistic view and prioritise projects that would have the biggest impact on revenue growth. It will also perform a control role for all projects with the aim to optimise the investment spend budget by leveraging synergies across businesses to maximise resource allocation opportunities.

# LETTER TO SHAREHOLDERS

From left: Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), YBhg Dato' Zarinah Anwar (Chairman, Securities Commission), YABhg Tun Mohamed Dzaiddin (Chairman, Bursa Malaysia) and YAB Dato' Seri Abdullah Haji Ahmad Badawi (Prime Minister of Malaysia) sharing a light moment at Invest Malaysia 2008. (Photo courtesy of Star Publications)



## Our Strong Financial Performance

As earlier mentioned, the Group made RM1.2 billion in profit before taxes for the financial year. This represents earnings per share of 27.91 sen on a fully-diluted basis and a post-tax return on equity of 11.2%, up by 17% from the previous financial year.

After adjusting for one-offs arising from changes to accounting and provisioning policies, prior period adjustments, strategic investments and divestments and tax and regulatory regimes, the Group's profit after tax and minority interests grew at 55.4% to RM727.6 million. All this was achieved despite an increasingly competitive operating landscape for the financial services industry, as both domestic and foreign banks engaged in price competition and creative advertising campaigns to gain market share within a challenging economic environment amidst higher oil prices, heightened geopolitical risks and global uncertainties.

All major business segments of the Group contributed to the strong turnaround in profits. The retail and commercial banking arm of the Group was the largest contributor to the Group's pre-tax profits, recording RM742.6 million, followed by the investment banking arm of the Group, reporting RM398.5 million and the insurance operations contributing RM56.5 million to the Group's profits for the year.

The strong earnings performance was aided by sound growth in net interest income, up by RM258.5 million or 19% and non-interest income, up by RM68.8 million or 6% in spite of tough trading conditions. Both loan loss provisions and impairment loss on securities declined significantly, down by RM512.2 million or 66.3% and RM111.9 million or 60.5% respectively.

## Dividend Pay-out

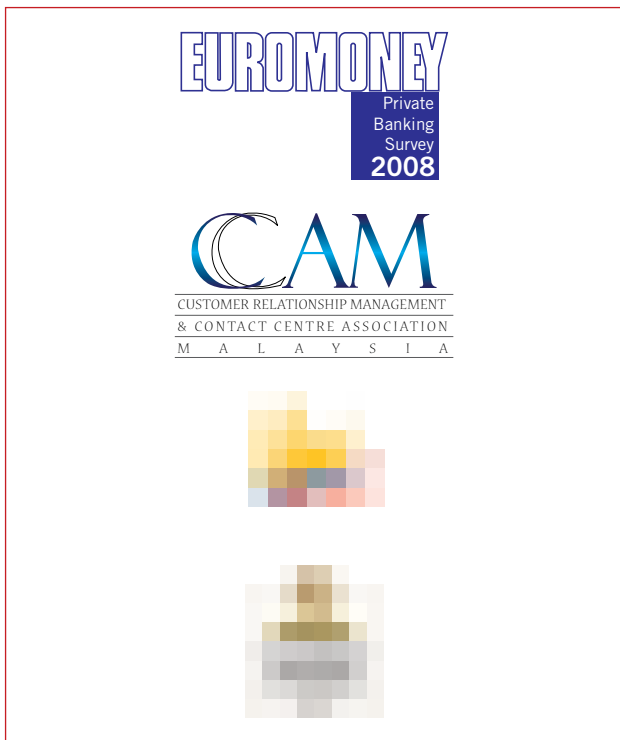
We continue to deliver on our commitment and value proposition to shareholders. The Board of Directors has recommended a first and final dividend payment of 6% less tax, a 20% increase in dividend pay-out from the previous financial year. This will result in a payment of approximately RM122.5 million to shareholders as compared to RM78.8 million in the previous year, an increase of RM43.7 million or 55.0%.

## Customer Service and Reach

The AmBank Group is committed to deliver improving customer services and this is evident by our continued investments in multi-channel customer service delivery infrastructures. With our multiple delivery channels of Relationship Managers as well as a growing number of branches, electronic banking channels ("EBCs") and automated teller machines ("ATMs") from 176 branches, 65 EBCs and 286 ATMs a year ago, to 183 branches, 90 EBCs and 399 ATMs, nationwide currently. The number of ATMs is constantly growing by the week following the strategic tie-up with 7-Eleven Malaysia Sdn Bhd ("7-Eleven") in May 2007 to install 400 ATMs at 400 7-Eleven stores across the country in the next two years. As at July 2008, we have already installed 50 ATMs at 7-Eleven stores in Kuala Lumpur, Selangor, Pahang and Kedah. This provides reach, banking simplicity and convenience to all our existing and future customers. The Group also expects to increase the number of branches to over 200 by 2011.

At the same time, we have also embarked on a branch remodeling exercise for all our existing branches as well as relocating certain branches and expanding others. This is in line with our value proposition to provide customers a new "feel and look" to enhance and offer better accessibility, comfort and convenience. We have also continued with our customer F.I.R.S.T. campaign and armed with the Six Sigma methodology, continuously strive to improve customer service levels at the branches and other business operations centers and the results have been encouraging.

We also continue to enhance the capabilities, infrastructure and services of our 24-hour contact center, mobile banking and Internet banking channels. Our efforts to provide the best to our customers are evident by the number of awards and accolades we have received. We garnered five awards at the 8th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) Annual Contact Center Awards 2007 as well as winning the "Most Customer Friendly Services" award at the e-Banking Expo 2007 for a third time. The Group will continue to commit significant resources in our pursuit to improve standards of customer service, as excellent customer service is our key to staying ahead in an intensely competitive financial services industry.



## Market Recognition

Good performance driven by culture of innovation does not go unnoticed and the Group has garnered a host of awards and accolades during the year to reflect the commitment and hard work of our staff across the Group. Amongst these awards and accolades are:

- AmBank (M) Berhad was recognised as the No. 1 Automobile Lender in Asia Pacific, Gulf States and Central Asia at the Asian Banker Excellence in Retail Financial Services Awards 2007, for its outstanding performance in building business franchises that are sustainable, competitive and profitable.
- The Group's Funds Management Division swept the 3-Year Best Bond categories for both the Malaysian Ringgit Fund and Malaysian Ringgit Islamic Fund as well as the 3-Year Best Fund Group for Bonds at the Edge-Lipper Malaysia Fund Awards 2008.
- The Group's Private Banking services won the "Best Local Private Banking in Malaysia" awards for the second consecutive year under the Euromoney Private Banking Survey 2008.
- The Group's AmBank Contact Center won the Gold Award for "Most Significant Achievement" under the Prestige Awards Category at the 8th Customer Relationship Management and Contact Centre Association of Malaysia Annual Contact Center Awards 2007.
- AmInvestment Bank won the Best Islamic REIT Deal in Southeast Asia as the Lead Arranger for the Al-'Aqar Capital Sdn Bhd's RM300 million Sukuk Ijarah Programme, the world's first listed healthcare Islamic REIT in the Alpha South East Asia Magazine Awards.

- AmInvestment Bank was awarded the Most Outstanding Islamic Investment Bank by the Forum-KLIFF Islamic Finance Awards 2007.
- AmInvestment Bank was also ranked the Best Equity House in Malaysia in the FinanceAsia Awards.
- The AmBank Group was voted by corporates as the Best Domestic Provider of Foreign Exchange Services in the AsiaMoney Awards.

## Universal Banking Model

In my Letter to Shareholders from the previous year, I highlighted that the Group would propose to privatise its 51% owned subsidiary, AmInvestment Group Berhad ("AIGB"), as part of an internal restructuring exercise for the AmBank Group to migrate to a universal banking model. Due to the greater liberalisation of the Malaysian banking sector, the investment banking framework on lending activities, underwriting of debt instruments and equities as well as proprietary trading, was consolidated thereby limiting the Group's investment banking arm's ability to underwrite larger corporate deals due to its smaller capital base, relative to that of the commercial bank. This new framework, coupled with the heightened competition by both domestic and foreign banks would have a significant impact on the investment bank's ability to compete with the larger players in the industry. Hence, the decision towards a universal banking platform, which is also in line with global trends and international market practices.

I am pleased to inform that we had successfully completed the privatisation of AIGB in January 2008. This will enable the Group to now embark on the next stage of corporate reorganisation as we see opportunities in the universal banking model. This enhanced business model will complement and facilitate the transfer of ANZ's international best practices and capabilities to the Group, especially in the areas such as financial management, risk management and information technology. The universal banking platform will also help build synergies between Corporate and Investment Banking and other businesses.

The internal restructuring exercise will be completed in phases. Phase one, which is the transfer of the Group's treasury and large corporate lending activities ("Fund Based Activities") from its investment banking arm to its commercial bank was recently completed in April 2008. This was to consolidate all of the Group's Fund Based Activities through the commercial bank to promote better management of the Group's credit and market risks. This will also create an enlarged balance sheet, which other subsidiaries of the Group can leverage on, in particular the investment bank to generate and underwrite the larger corporate deals.

# LETTER TO SHAREHOLDERS

Following the transfer of the Fund Based Activities, we are now in the midst of phase two, to restructure and streamline the Group's core businesses into four main business groups, namely the Banking Group, Asset Management Group, Capital Markets Group and the Insurance Group. The realignment is expected to cater for greater integration of business focus and operations. The streamlining is also expected to improve on efficiency and effectiveness in capital and resource allocation and utilisation.

Although we have just embarked on this internal restructuring exercise post the AIGB privatisation, the AmBank Group is envisaged to leverage on Group-wide synergies to boost future earnings and in turn, enhance shareholder's value from this exercise once it is completed.

## Talent Management

While improving financial performance is important, our ability to attract and retain human capital is critical to our future. Talent management is fundamental to an organisation that is dynamic and continuously seeking to gain competitive advantage. We are therefore constantly searching and building up talent among new and existing staff that strategically can lead the Group to greater heights. Accordingly, we have made large investments to strengthen the capabilities of our people through structured training and a Talent Management Programme.

We also continue to reorganise business divisions and improve our infrastructure and the way we work, keeping in mind the increasing size and complexity of our businesses. Our culture also encourages and rewards staff for their commitment, creativity and teamwork in responding rapidly to changes in customer needs and the market place.

## Serving the Community

We commend our staff for their efforts in serving the communities in which the Group operates. During the year, the Group continued to play its part in the development of our community and the progress of the country with its monetary and non-monetary support to various charitable, educational and cultural programmes. Many of our Directors and senior staff are also actively involved in the Councils of many national voluntary and charitable organisations.

## Economic Outlook and Prospects for 2008/2009

Looking ahead, the slowdown in global economic performance, which started in the second half of last year, is expected to continue through the second half of this year before gradually recovering next year. However, the global growth recovery would be dependent on the length and depth of the US slowdown and the extent of the impact from the US sub-prime and credit crisis. Meanwhile, inflation is mounting in both the advanced and emerging economies following the surge in oil and food prices.

Despite the global economic uncertainties, the outlook of the Malaysian economy in 2008 remains encouraging with real GDP expected to grow by 5.2%. Domestic demand is continuing to lead growth amidst accommodative fiscal and monetary policies.

While the real purchasing power of consumers is affected by the rising inflationary pressure, private consumption continues to show resilience and will remain the main contributor of overall domestic demand and growth this year. The growth momentum in 2008 is also supported by the expansion in public investment following the implementation of projects under the Ninth Malaysian Plan and the economic corridors and further inflow of foreign direct investments. The strength of domestic demand is expected to be retained through 2009-2010, the final two years of the Ninth Malaysian Plan. At the same time, we are also anticipating a gradual world economic recovery that can help sustain growth of the domestic economy in 2009-2010 in the range of 5.0% – 6.0%.

Hence, for a Group that has gone through turbulent times in its 32 years of existence, we are as resilient as the Malaysian economy and barring any unforeseen circumstances, are confident to meet the challenges in our path in 2008/2009. We look forward to the unwavering support of our shareholders, our partnerships and commitment of all levels of our staff to drive the Group forward.

## Our Priorities in Financial Year 2009

The priorities for the financial year ending 31 March 2009 will be primarily focused on continued efforts to put in place the necessary building blocks towards achieving the Group's medium term core strategic agenda – AmVision 2011, with emphasis on the following areas:

- Reduce cost of funds by continuing efforts to grow the Group's low-cost deposits base. Initiatives will be centered around the acquisition of new accounts, increasing activation, increasing cash management and trade services utilisation, and more active cross-selling of services and products to the Group's customer base. The Group will also continue to expand its distribution channels through branch networks, ATMs, Internet banking and mobile banking to provide easy access, simplicity and more convenient services to its customers.
- Improve further the Group's overall asset quality, with further reduction in the net non-performing loans ratio, through good management with focus on strengthening risk management systems, processes and practices as well as continuous enhancements of credit scoring model capabilities, debt strategies, collections and recoveries management.
- Continue to grow the auto financing (hire purchase) business. Being the largest business in terms of the Group's balance sheet, auto financing will remain a key lending business for the Group. Plans are also being executed to grow more rapidly lending in other business segments of the Group such as mortgages, small and medium sized industries and credit cards leading to a more diversified loan asset base.
- To continuously leverage on the ANZ strategic partnership especially on ANZ's exposure to international businesses and cross border capabilities in Asia to elevate the Group's brand equity and technical expertise. Growth focus will be on retail and commercial lending, and transactional banking.

These areas of emphasis and initiatives will be delivered within a "business as usual" environment with focus on organic growth and customer service excellence through a combination of quality, competitive pricing, superior sales and service experience to all segments of our customers. Prudent investments will continue to be made where needed to enhance infrastructure capabilities, MIS, risk management and human resource capabilities.

One of the major initiatives on building organic growth and unlocking the Group's potential is the establishment of a new foreign exchange, interest rate and commodities derivatives business with ANZ's support. The initiative will see the sourcing of business leadership and technology expertise from ANZ. The AmBank Group will leverage and build a platform of industry leading systems, applications, capabilities, know-how and best practices from our strategic partner. The development of this new business will provide the best level of foreign exchange, interest rates and commodities derivatives services and customised solutions to benefit our local and foreign customers to meet their growing needs. The business is expected to contribute significant revenue growth for the AmBank Group and strengthen our position in the Malaysian foreign exchange, interest rates and commodities derivatives market segment.

This initiative will also see the transfer of knowledge in terms of specialised markets sales, trading, risk management, operations and technology expertise.

We cannot deny that the next twelve months will remain very challenging for the Group's operating environment. Along with current conditions of the global markets, softening of investor confidence as well as domestic consumer and business confidence, it remains uncertain when the debt and equity markets will stabilise and recover to 2007 levels.

However, given our entrenched position in various customer and product segments, market experience and expertise, leadership and considerable brand equity, coupled with the initiatives we have put in place, we should be able to forge ahead through these uncertain times, amidst a resilient domestic economy.

### A Word Of Appreciation

I would like to express my deepest appreciation and gratitude to our many stakeholders. Our continued progress over the years would not have been possible without the trust and partnership of our clients; the untiring commitment, dedication and integrity of our management and staff; the guidance, invaluable advice and support of the Ministry of Finance, Bank Negara Malaysia, the Securities Commission, Bursa Malaysia Securities Berhad and all other relevant authorities, as well as the Minority Shareholders Watchdog Group; and most importantly the long standing and steadfast support of our shareholders for their continued confidence in the AmBank Group.

I would also like to take this opportunity to thank the members of our Board of Directors for their counsel and astute guidance during the financial year. At the same time, I welcome Mr. Alexander Vincent Thursby, who has been appointed a non-independent non-executive director to the Board of Directors of the Company on 2 January 2008.

Once again, my sincere gratitude and appreciation to our many stakeholders and I thank each and every shareholder of the AmBank Group for their confidence in us and continued support for helping to make this year a success and as we set our course for the future. We remain optimistic about the opportunities, and we believe we have the ingredients and building blocks in place to take the AmBank Group to the next level for shareholders, customers, staff, and the community as we progressively reinvent the way we do business.



**Tan Sri Dato' Azman Hashim**  
Chairman

Kuala Lumpur  
18 August 2008

# OUR PHILOSOPHY

The strategies we follow and the actions we take are all aligned to value creation for all our stakeholders.

## The AmBank Way

A Culture of Excellence and Professionalism

### Customer Priority

Our clients are our reason for existence. We are committed to them and we will strive to provide outstanding service to all our customers.

### Integrity

Integrity and honesty are paramount in everything we do when we conduct our business. We will treat all our business partners and competitors with unwavering grace and honour.

### Speed And Creativity

We strive to be fearless, responsive and nimble in our approach to doing business. We are not afraid to pioneer new ideas and approaches.

### Quality

Any output or deliverable we produce serves to represent the AmBank Group. We know we must never compromise on what we need to do to preserve the reputation of the Group.

### Initiative

We are empowered to take responsibility for what we do, going the extra mile and applying sound judgement in the process.

### Vision And Goal-Orientation

We are a winning team. Our victories and goals are achieved through a strong sense of purpose, ownership and commitment.

### Teamwork

Teamwork is the essence of our success. We willingly come together in formal and informal teams, valuing our colleagues and cooperating wholeheartedly with them.

### Open-Mindedness

The spirit of open communication is important to us. We will give and receive criticism constructively. We will always treat each other with respect and good humour.

### Self-Realisation

We will coach, develop and mould our people to allow them to realise their highest potential. We will facilitate their ability to meaningfully contribute to the AmBank Group.



scaling new heights

# CORPORATE DEVELOPMENTS

It has been an eventful year for the AmBank Group as it executed its game plan superbly to consolidate its strength and invest in areas that drive future growth. The Group also streamlined its corporate structure to enhance its product depth and breadth. For the Financial Year 2008, the prevalent strategic theme was to position the Group to be a powerful dominant player in the Malaysian financial services industry.

## Strengthening the ANZ partnership

On 2 March 2007, AMMB Holdings Berhad (“AHB”), AmcorpGroup Berhad (“Amcorp”) with Australia and New Zealand Banking Group Limited (“ANZ”) signed the respective definitive agreements that would pave the way for ANZ to hold an equity stake in AHB. As at 31 March 2008, ANZ held a 19.17% shareholding in AHB, three (3) positions on the AHB Board, three (3) senior management positions and six (6) management positions within the AmBank Group.

ANZ is recognised internationally for its expertise in Retail and SME Banking, Risk Management, Auto Financing, Financial Markets and Project Management. ANZ’s international expertise combined with AmBank Group’s strong brand equity and foothold in the Malaysian financial services industry delivers a powerful combination of strengths that will over time enable the Group to become a dominant force in the Malaysian financial services industry.

The Group has worked closely with its partner to redefine the future vision for AHB, encapsulated in AmVision 2011 Aspirations with the following key goals:

- i. Build on our position as a leading financial services company in Malaysia and be recognised as an Employer of Choice in financial services
- ii. Double our underlying profit (Net Profit After Tax) by 2011 (20% compound annual growth)
- iii. Target a Return on Equity of 20% and Cost to Income ratio of 40% in the medium term
- iv. Achieve top three market position in all of our chosen business segments in the medium term

To realise these objectives, a strategic agenda has been developed to build out new capabilities, address key challenges facing the Group and to accelerate key growth opportunities. This includes:

- Addressing the big strategic issues – Non Performing Loans (NPL’s), Cost of Funds and Auto Finance.
- Building Retail and SME Banking to become the main revenue growth engine for the Group and expanding their distribution footprints.
- Diversifying the Investment Bank’s revenue streams and building a new Forex and derivatives platform.
- Growing the Insurance business to contribute a bigger share of Group outcomes.
- Accelerating growth in Credit Cards and Mortgages.
- Improving Risk, Finance and Governance frameworks within the Group.

From the jointly developed vision and strategies, there is evidently a strong emphasis on management discipline and collaboration in the partnership with ANZ, building a solid foundation of trust and a high performing team culture. ANZ continues to provide necessary skills and resources to help leverage the partnership strengths and build the platform for achieving the Group’s goals and aspirations.

## Privatisation of AmInvestment Group Berhad (“AIGB”)

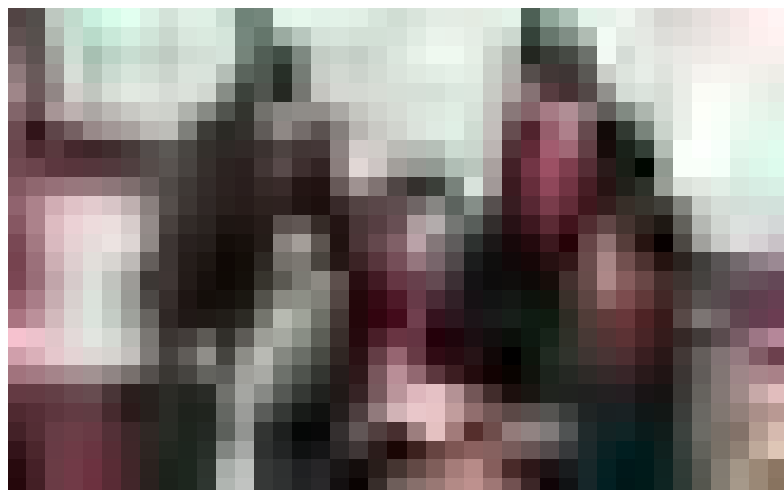
The privatisation of AIGB is part of a restructuring exercise for the AMMB Holdings Berhad Group (“AmBank Group”) to migrate to a universal banking platform, amidst greater liberalisation in the Malaysian financial banking sector and heightened competition. The steps toward a universal banking platform are in line with global trends and international market practices and it is widely practised within the Malaysian financial services sector.

The privatisation of AIGB was funded from the proceeds of:

- i. Renounceable rights issue of 295,972,939 new ordinary shares of RM1.00 each (“RIGHTS SHARES”) in AMMB Holdings Berhad at an issue price of RM3.40 per rights share on the basis of one (1) rights share for every eight (8) existing ordinary shares of RM1.00 each and one (1) rights share for every eight (8) existing converting preference shares of RM1.00 each held in AMMB Holdings Berhad (“RIGHTS ISSUE”). Pursuant to adjustment arising from the rights issue, AMMB Holdings Berhad issued 1,281,618 additional warrants 2003/2008 (“WARRANTS 2003/2008”).
- ii. Bank borrowings of RM1.4 billion.

AmInvestment Bank Berhad’s core business focus post privatisation, will be capital market activities, corporate advisory, structured finance, equities, debt related activity and broking.

From the Group’s perspective, the privatisation of AIGB paved the way for integration of business activities of AmInvestment Bank and AmBank to enable AmInvestment Bank to leverage on AmBank’s balance sheet to provide for larger/structured investment banking deals in line with Bank Negara Malaysia’s (BNM) stringent guidelines on lending, underwriting of both debt and equities instruments and proprietary trading. This facilitates the attainment of scale as well as diversification of revenue for the Group.



## Embarking on a Group Restructuring Exercise

In order to maintain its competitive edge, the Group embarked on a Group Restructuring exercise to streamline the corporate structure towards a universal banking platform. Streamlining the Group’s corporate structure provides the opportunity to develop new competitive products and services as well as better asset-liability management and trading process. In addition to the above:

- i. On 12 April 2008, the Group completed the transfer of its Treasury and large Corporate Lending activities (the “Fund Based Activities”) from AmInvestment Bank Berhad to AmBank (M) Berhad and AmIslamic Bank Berhad. The consolidation of the Fund Based Activities under the Banking Group (with AmBank (M) Berhad as the lead institution) will promote better management of the Group’s credit and market risks and create an enlarged balance sheet which other operating companies of AmBank Group can leverage on, particularly AmInvestment Bank.
- ii. Subsequent to the transfer of the Fund Based Activities to AmBank and AmIslamic Bank, the Group restructuring business realignment will result in the AmBank Group being streamlined into four (4) business groups namely the Banking Group, Asset Management Group, Capital Market Group and Insurance Group. The realignment will cater for greater integration of business focus and operations, a more systematic management of risks common to the particular industry segment and improved efficiency and effectiveness in capital and resource allocation and utilisation.
- iii. The opportunity for cross selling activities is enhanced further due to clear business demarcation, focus and control, which is integrated at the lead institution for each of the four (4) business groups.
- iv. The Group restructuring will further encourage specialisation of staff skills and centralised process efficiency.

# CORPORATE DEVELOPMENTS

## **Establishment of AmG Insurance Berhad (“AmG Insurance”) to facilitate the separation of the composite insurance business of AmAssurance Berhad (“AmAssurance”) to Life and General Insurance.**

AMMB Holdings Berhad (“AHB”) is in the midst of deploying several corporate initiatives in respect of the insurance business. These initiatives are intended to support the growth strategy in relation to the Group’s insurance business portfolio. The growth strategy includes focus on specialist insurance business, diversification of revenue base and attainment of market share in the Takaful insurance market. These initiatives will involve restructuring the corporate insurance entity, acquisition of strategic stakes in other insurers, as well as the entrance of new strategic partners.

The corporate restructuring program entails the separation of the composite insurance entity AmAssurance Berhad (“AmAssurance”) into two separate and distinct entities intended to house specialist insurance businesses. To this end, a subsidiary bearing the name AmG Insurance Berhad (“AmG”) was incorporated on the 25th January 2008 as a vehicle for the specialist conduct of general insurance business. The existing insurance entity, AmAssurance, will then become the vehicle for the specialist conduct of life insurance business. Each insurance entity will respectively and exclusively hold a general or life insurance license.

In respect to the acquisition of strategic stakes in other insurers, and pursuant to the approval obtained from Bank Negara Malaysia (BNM), AmAssurance is in the midst of negotiations with MAA Holdings Berhad (“MAAH”) for:

- i. The proposed acquisition of the general insurance business held by MAAH in Malaysian Assurance Alliance Berhad (“MAA”).
- ii. The proposed acquisition of an equity stake in MAA Takaful Berhad, the Takaful insurance subsidiary of MAAH.

In addition, AmAssurance has also obtained BNM approval to commence negotiations with parties interested in acquiring a stake in the Life assurance business. The entrance of a new Life assurance business partner is expected to assist in developing specialist life assurance business for the Group.

## **Memorandum of Understanding (“MOU”) between AmInvestment Bank Berhad and Woori Investment & Securities Co., Ltd.**

To further expand its investment banking activities abroad, AmInvestment Bank Berhad signed a MOU with Woori Investment & Securities Co., Ltd from Seoul, Korea effective on 29th November 2007. The scope of cooperation encompasses the following business areas:

- i. Investment Banking business particularly cross border mergers and acquisitions, listing of companies on the Malaysia and Korea stock exchanges, issuance of securities, project financing, securitisation, etc.
- ii. Issuance or arrangement of Islamic Bonds.
- iii. Fund Management business including REITS and private equity.
- iv. AmInvestment and Woori shall utilise their respective distribution network to cooperate in the sale of mutual funds and brokerage trading in the other Party’s securities.
- v. To provide research materials on the economy, markets and companies in English to each Party.
- vi. AmInvestment shall arrange and assist Woori Investment & Securities Co., Ltd in participating in IPOs and US\$ or Ringgit denominated bond issuance including CBs and BWs by Malaysian companies.

From the Group’s perspective, the MOU is to enhance further the Group’s investment banking business in the Korean market and to establish brand equity and presence.

## **Conclusion**

The FY2008 was an outstanding year for AMMB Holdings Berhad (“AHB”). Significant strides were made in executing our game plan, re-energising the Group’s vision and renewing the passion, pride and excellence of the employees of the Group. Realising the full potential of the Group requires multi-year efforts, long term foresight and commitment. The Group will continue making the necessary investments required and execute aggressively to achieve the key goals of AmVision 2011 Aspirations.



# OUR HISTORY

The AmBank Group has enjoyed considerable success over the last three decades. Together, we have built one of the largest and fastest-growing financial institutions in the country.

Tracing our early history, Arab-Malaysian Development Bank Berhad was incorporated on 5 August 1975 as a joint venture between Malaysian Industrial Development Finance Berhad, with a 55.0% shareholding, Arab Investments for Asia (Kuwait) with a 33.0% shareholding, and the National Commercial Bank (Saudi Arabia) holding 12.0%.

We commenced operations on 1 April 1976, and in December 1983 became known as Arab-Malaysian Merchant Bank Berhad, a name by which we were known for over three decades until our recent rebranding in June 2002. Today, we have grown into a Group with a staff strength of almost 10,000. With our extensive nationwide branch network, ATMs, and Internet banking services, we are proud to acknowledge that the AmBank Group, as one of the largest financial services group in the country, is only a brick and click away.

## 1976

- The Group commenced operations on 1 April 1976 as a joint venture comprising Arab and Malaysian shareholders.

## 1977

- The Group acquired a 70.0% shareholding in Malaysian Industrial Finance Company Limited (MIFCL), which was later renamed Arab-Malaysian Finance Berhad (AMFB).

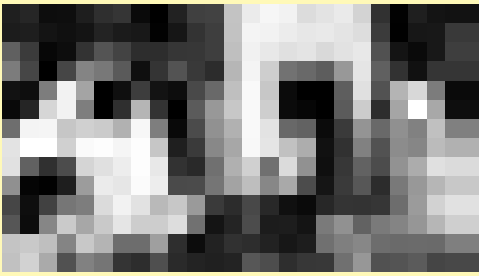
## 1980

- AMMB co-lead managed the US\$200.0 million, 12-Year Syndicated Term Loan for the Government of Malaysia.
- AMMB initiated the formation of Malaysian Kuwaiti Investment Company Sdn Bhd, a joint venture between Perbadanan Nasional Berhad and Kuwait Real Estate Investment Consortium and Public Institution for Social Security, Kuwait.
- AMMB acted as Adviser to Kuwait Real Estate Investment Consortium, Singapore.
- AMFB became the first private sector institution in Malaysia to issue public bonds – RM20.0 million 8.5% Guaranteed Bonds 1987, listed on the KLSE. The Bonds, guaranteed by the Bank, marked a new chapter in the history of private sector fund raising in the capital markets.

## 1982

- Tan Sri Dato' Azman Hashim acquired 100.0% shareholding in the Group.
- The Group acquired the remaining 30.0% shareholding of AMFB, making it a wholly owned finance company subsidiary.





### 1983

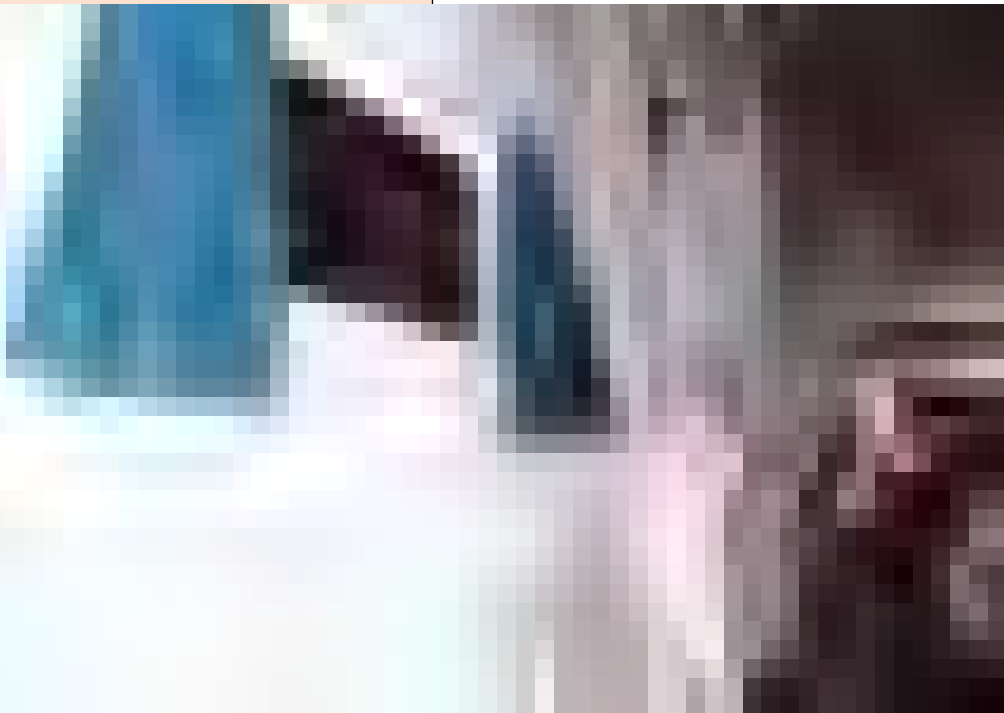
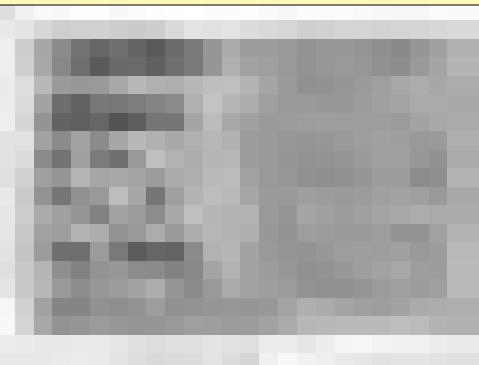
- The Group established a credit and leasing company, Arab-Malaysian Credit Berhad.

### 1984

- The Group launched the first venture capital company to undertake private equity investments – Malaysian Ventures Berhad.
- The Group arranged the first leveraged lease facility in the country for Sistem Televisyen Malaysia Berhad – TV3.
- AMMB completed its Government assigned study on the privatisation of Jabatan Telekom.
- In 1984, the Group acquired Arab-Malaysian Insurance Berhad, a general insurance company formerly known as Teguh Insurance Company Sdn Bhd.

### 1985

- The Group acquired Perima Assurance Berhad, a life insurance company. Both the life and general insurance companies were later merged in 1987, holding composite insurance licences, and the entity's name changed to Arab-Malaysian Eagle Assurance Berhad (now known as AmAssurance Berhad).



### 1986

- The Group acquired a stockbroking firm, Kris Securities Sdn Bhd, later renamed as AmSecurities Sdn Bhd.
- The Group relocated to its corporate headquarters on Jalan Raja Chulan.
- In December 1986, Antah Holdings Berhad and the Tokai Bank Limited, Japan acquired 20.0% shareholding each in the Group.
- Launched Arab-Malaysian Unit Trusts Berhad, to manage unit trust funds.

### 1987

- On 22 January 1987, AMMB launched the first unit trust to invest 90.0% in Malaysian Government securities, called the Arab-Malaysian Gilts, to provide tax-exempt income to individual investors on their short term funds.
- In July 1987, AMMB launched the AMIGOS (Arab-Malaysian Individuals' Government Securities) programme to enable retail investors to invest in government securities.

- AMMB sponsored the establishment of The Malaysia Fund Inc, a closed-end investment fund listed on the New York Stock Exchange, to invest in equities of Malaysian companies listed on the KLSE. The Malaysia Fund raised US\$87.0 million.

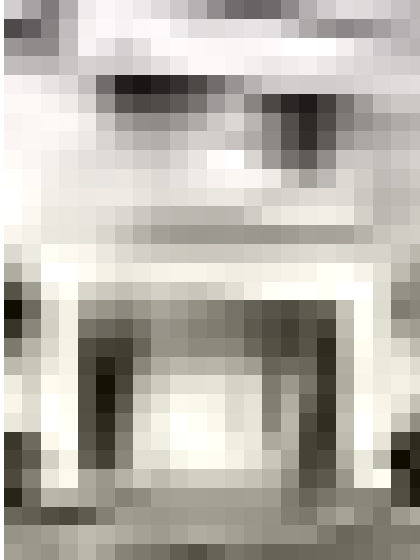
### 1988

- AMMB became the first merchant bank to be listed on the KLSE.
- AMMB was appointed as Adviser to the Government to formulate the National Privatisation Masterplan.
- AMMB launched the first equity unit trust fund, called the Arab-Malaysian First Fund.

### 1989

- On 21 April 1989, AMMB together with the Nikko Securities Co. Ltd Tokyo and the International Finance Corporation, Washington launched a USDollar denominated unit trust fund, The Malaysia Growth Fund, aimed primarily at Japanese investors.
- On 28 September 1989, the Arab-Malaysian Property Trust became the first property trust to be listed on the KLSE.

# OUR HISTORY

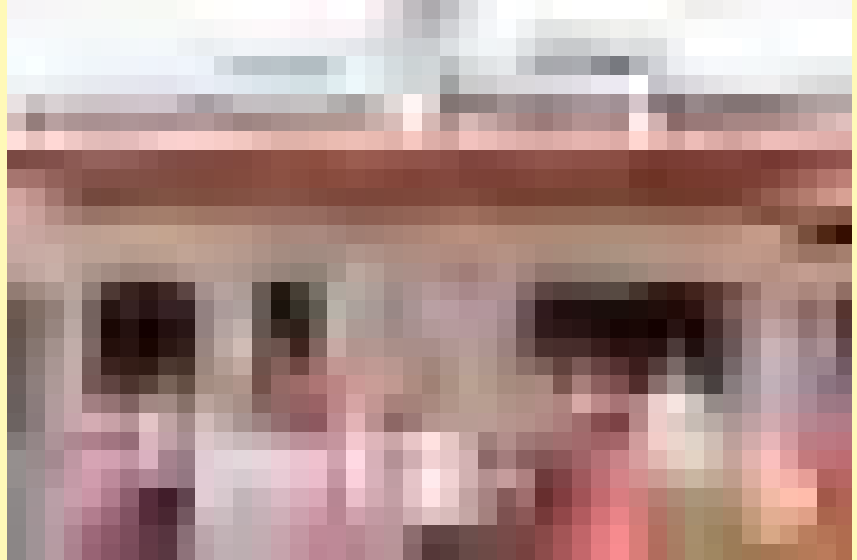


## 1990

- AMMB was appointed as Adviser and Managing Underwriter for the flotation of Telekom Malaysia Berhad.
- AMFB acquired First Malaysia Finance Berhad.

## 1991

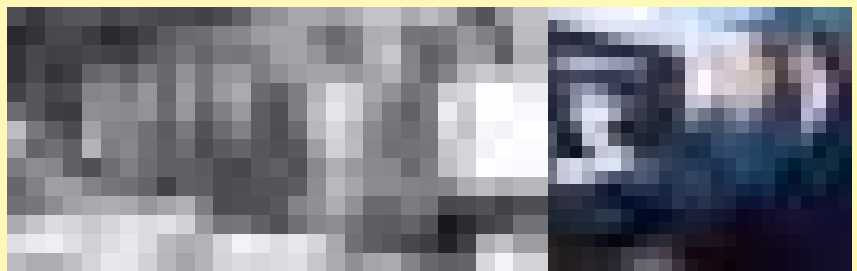
- In July 1991, the Group acquired a 49.0% equity stake in Fraser International Pte Ltd, the holding company of Fraser Securities, Singapore.
- AMMB, in collaboration with The Nikko Securities Co. Ltd. in Japan, sponsored the establishment of Malaysia Fund (Labuan), the first offshore unit trust fund in the Federal Territory of Labuan.
- Incorporation of AMMB Holdings Berhad, as the vehicle for the implementation of a corporate restructuring scheme. Pursuant to the restructuring scheme, AMMB Holdings Berhad became the holding company of the Arab-Malaysian Banking Group, and assumed the listing status of AMMB.



- Arab-Malaysian Finance Berhad, the Group's finance company, was listed on the KLSE.
- Establishment of AMMB Labuan (L) Ltd to provide offshore funds management.

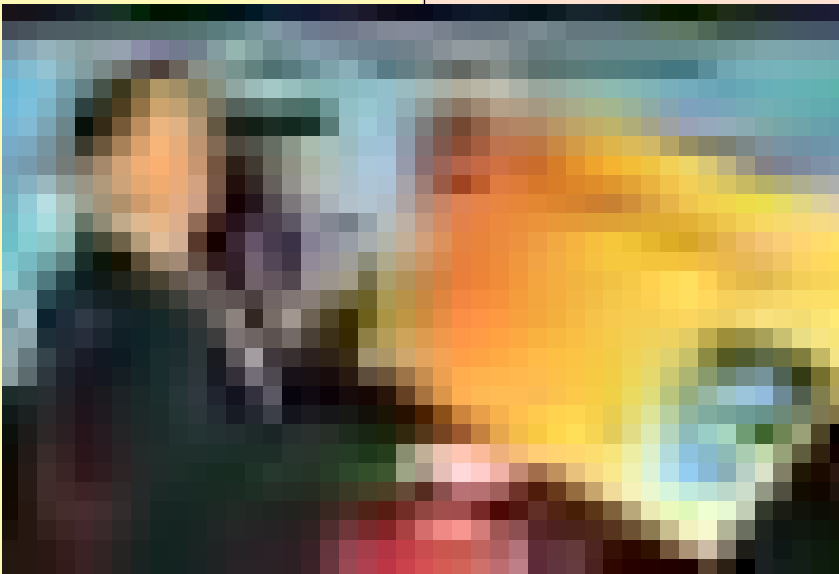
## 1992

- AMMB Holdings Berhad won the Asian Management Award for Financial Management from Asian Institute of Management.



## 1993

- AMMB launched Tabung Ittikal Arab-Malaysian, the first Islamic Unit Trust Fund on 12 January 1993.
- AMMB was Co-Manager of General Electric Corporation's US\$300.0 million Dragon Bonds Issue.
- AMMB acted as Manager and Arranger for the RM240.0 million Syndicated Credit Facility for the construction of Menara Kuala Lumpur.



### 1994

- On 1 August 1994, the Group ventured into commercial banking with the acquisition of the Malaysian operations of Security Pacific Asian Bank Limited from Bank of America (Asia) Limited. Commencement of commercial banking operations under Arab-Malaysian Bank Berhad.

### 1995

- On 1 April 1995, AMMB International (L) Ltd commenced offshore banking operations in Labuan, the first merchant bank to offer offshore banking services.
- AMMB Futures Sdn Bhd commenced futures broking business.

### 1996

- AMMB Holding Berhad's annual report won the 'Overall Award for the Most Outstanding Annual Report' for six consecutive years from 1991 to 1996 in the NACRA competition.
- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Futures Sdn Bhd.
- Transferred the portfolio funds management business of AMMB into a separate subsidiary company, AMMB Asset Management Sdn Bhd.

- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Asset Management Sdn Bhd and Arab-Malaysian Unit Trusts Berhad.
- The 1996 Far Eastern Economic Review Survey of Asia's 200 Leading Companies ranked AMMB first in the overall category of "Innovative in Responding to Customer Needs" and third in terms of "Overall Leadership".
- Visa International awarded the AmBank Al-Taslim VISA Card the "1996 Member Excellence Award for the Most Creative Card Programme in Asia".

### 1997

- AMMB Securities (HK) Limited commenced stock broking operations in Hong Kong.
- The Group's website was awarded the 'Internet Website of the Year' for 1997 by the Association of Computer Industry Malaysia (PIKOM).

### 1998

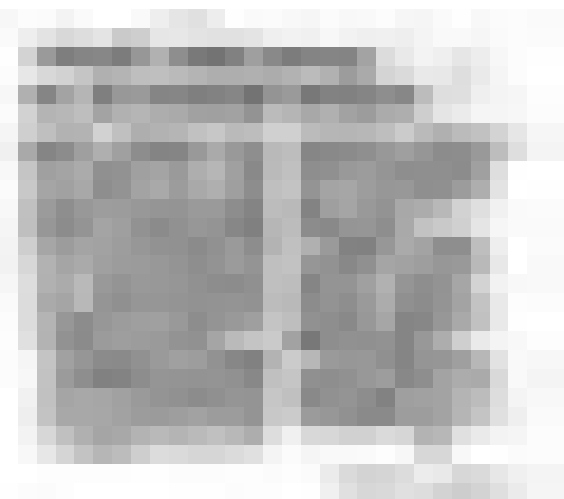
- AMFB acquired the assets and liabilities of Abrar Finance Berhad, in line with the Government's plan to consolidate the industry.
- AMMB received 'Derivatives OTC National Award' from Malaysian Monetary Exchange Berhad.

### 2000

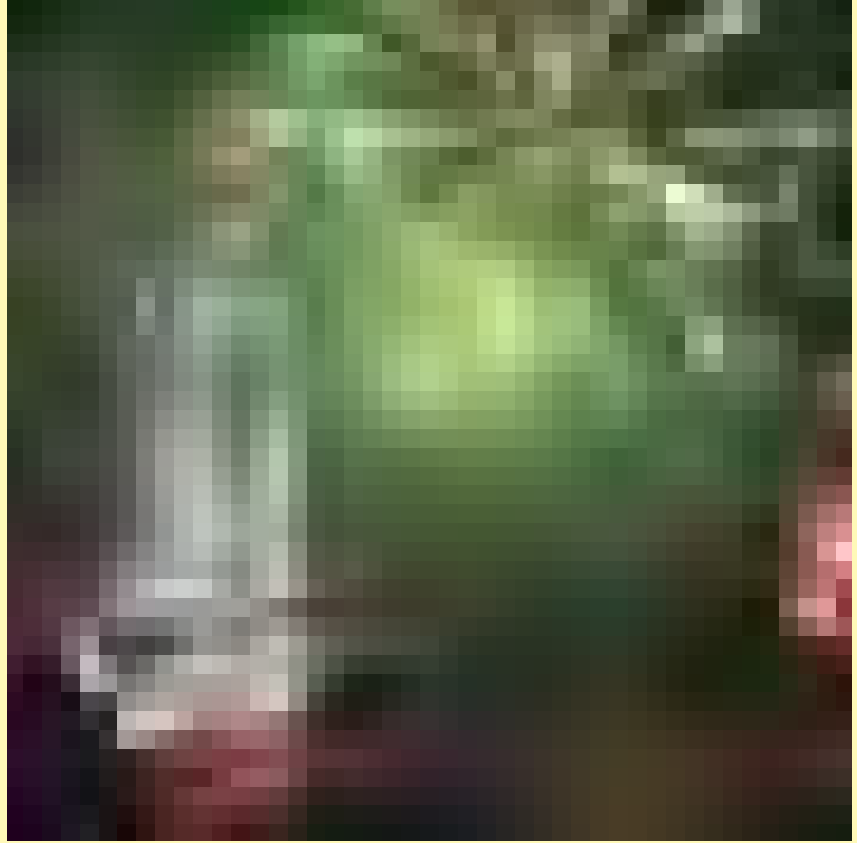
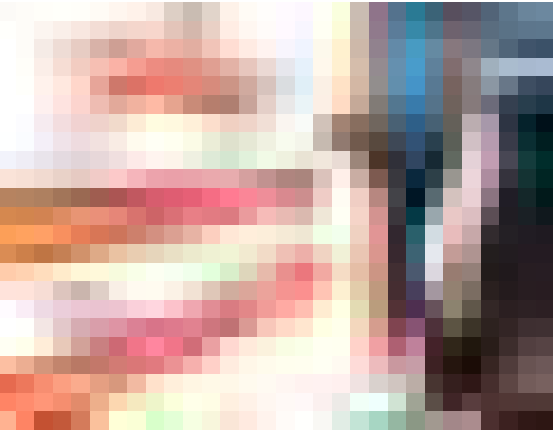
- CFO Asia selected AMMB Holdings Bhd Annual Report FY2000, as one of the top three annual reports in Malaysia.

### 2001

- AMFB acquired MBf Finance Berhad.
- AmBank and AMFB together with the State Government of Selangor Darul Ehsan, launched Tabung Perumahan Ehsan, a special housing loan scheme for the lower income group in the State.



# OUR HISTORY



## 2002

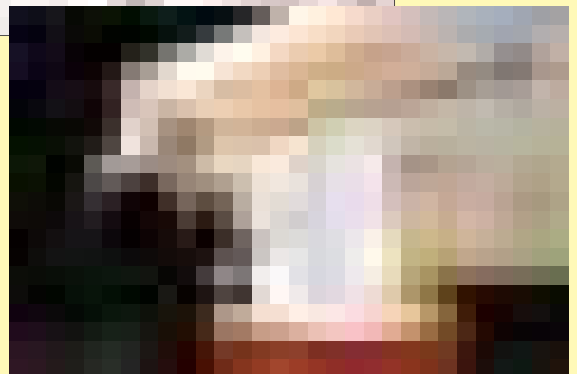
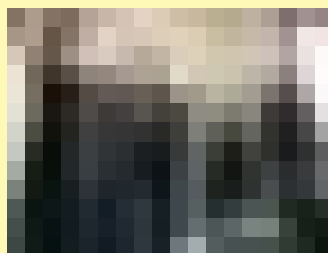
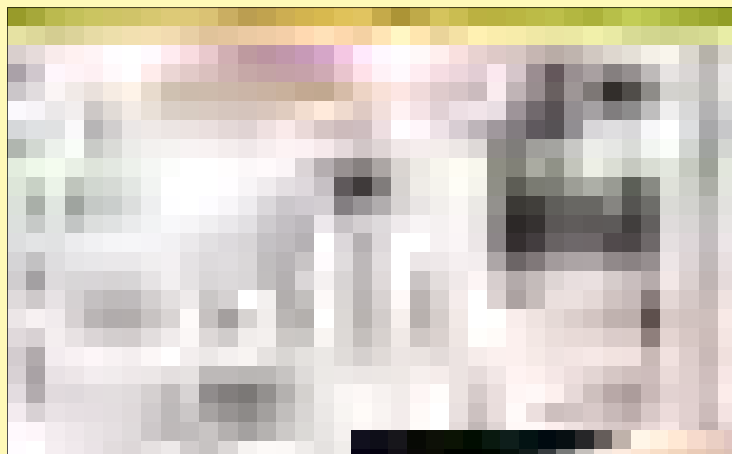
- Merger of Arab-Malaysian Finance Berhad and MBf Finance Berhad, following the vesting of the assets and liabilities of AMFB into MBf Finance Berhad. MBf Finance Berhad changed its name to AmFinance Berhad. AMFB was converted into a holding company.
- Re-branding and changing of the name from “Arab-Malaysian Banking Group” to “AmBank Group” with new Group corporate colours of vibrant red, representing prosperity and good fortune and bright yellow symbolising commitment and unity – reflect our new corporate identity and herald the transformation towards a more customer-centric organisation.

## 2003

- Bangunan AmFinance, now known as Menara AmBank, was officially launched by the then Prime Minister, Tun Dr Mahathir Mohamad.

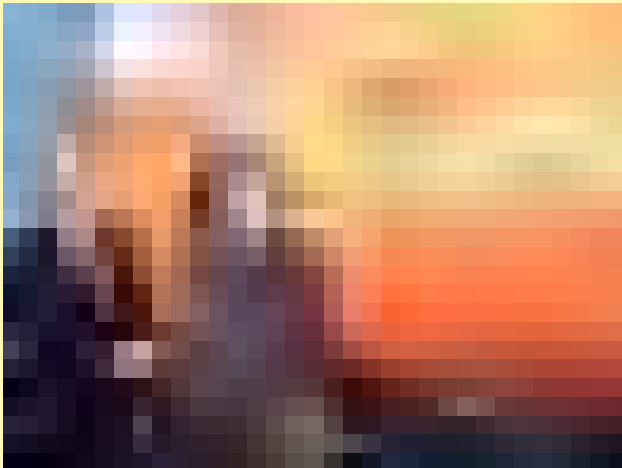
## 2005

- Completed privatisation of AMFB Holdings Berhad.
- Listed AmInvestment Group Berhad (AIGB) on Bursa Malaysia on 18 May 2005, the Group’s investment banking operations.
- On 1 June 2005, the merger of AmBank and AmFinance took place to create AmBank (M) Berhad, the sixth largest domestic bank in the country.



## 2006

- In January 2006, AmPrivate Equity, a private equity fund, was launched.
- On 10 March 2006, Insurance Australia Group Limited, Australia acquired 30.0% shareholding in AmAssurance Berhad.
- On 20 April 2006, Am ARA REIT Managers Sdn Bhd was incorporated with AIGB holding 70.0% equity and ARA Asset Management (Malaysia) Limited 30.0%, to manage the AmFIRST REIT to be listed on Bursa Malaysia.
- On 1 June 2006, AmIslamic Bank commenced operations, with the vesting of the Islamic assets and liabilities of AmBank (M) Berhad into a separate subsidiary company.



- On 21 December 2006, AmFIRST REIT listed on Bursa Malaysia.
- The AmInvestment Group was awarded seven RAM League Awards by Rating Agency Malaysia for its outstanding achievements in the domestic bond market.

## 2007

- The AmBank Group completed the integration exercise of AmSecurities Sdn Bhd into AmInvestment Bank on 3 March 2007. The AmInvestment Bank began operating as a full-fledged investment bank effective 5 March 2007, offering both merchant banking and stockbroking services.

- On 18 May 2007, the AmBank Group commemorated the entry of Australia and New Zealand Banking Group Limited as its strategic partner and major investor.



- On 19 June 2007, AMMB Holdings Berhad proposed the privatisation of AIGB and the proposed rights issue of up to 326,887,241 new shares, on the basis of one (1) new share for every eight (8) existing ordinary shares and every eight (8) Converting Preference Share in the company at an issue price of RM3.40 per share.
- The signing of a Memorandum of Understanding (MOU) between AmInvestment Bank Berhad and Woori Investment & Securities Co., Ltd on the 29th of November 2007 to promote the parties mutual interests for cooperation in the investment banking business.

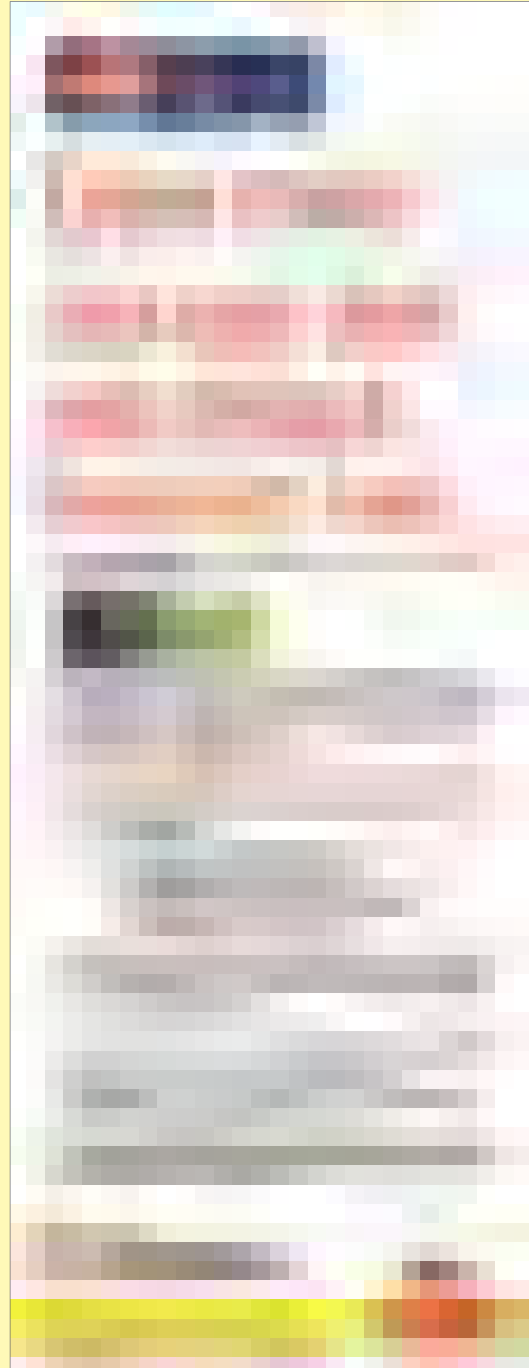


- Establishment of a subsidiary in Brunei, AmCapital (B) Sdn Bhd to provide investment banking related business activities.

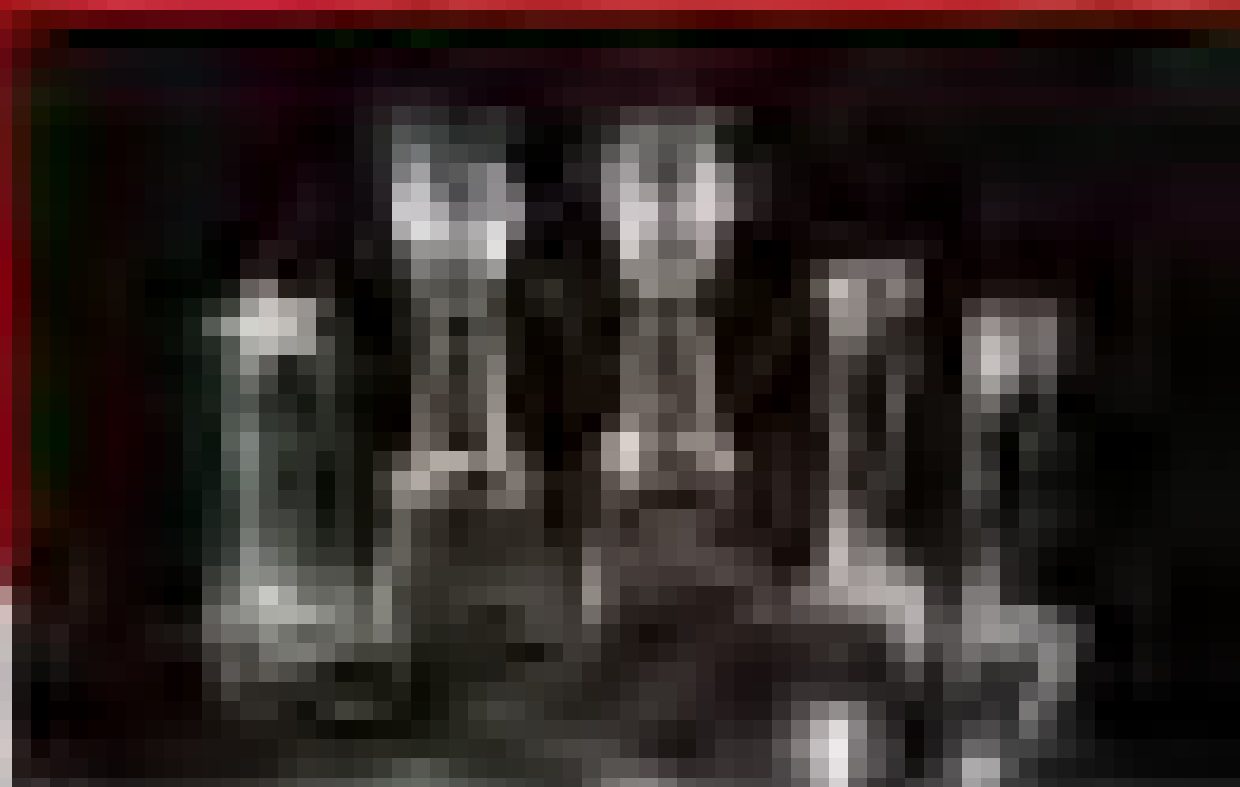
# OUR HISTORY

## 2008

- Completed the AMMB Holdings Berhad (AMMB) rights issue and privatisations of AIGB on the 15th of January 2008, with AIGB effectively becoming a wholly-owned subsidiary of AMMB.
- Completed the transfer of the Fund Based Activities of AmInvestment Bank to AmBank (M) Berhad and AmIslamic Bank Berhad on the 12th of April 2008 as part of AMMB's internal corporate restructuring post the AIGB privatisation.
- Establishment of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into general insurance and life insurance business.
- Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI"), the private equity fund management subsidiary of AMMB, entered into a joint venture agreement with Konzen Capital Pte Ltd, a member of Konzen Group, to manage a USD 320 million Pioneering Water Fund in Asia.



# THE HISTORY OF THE UNITED STATES



The following text is a list of names, likely a roster or a list of participants, arranged in several lines. The text is mostly illegible due to the low resolution and blurriness of the image. It appears to be a list of names, possibly including surnames and first names, arranged in a structured format.

# CORPORATE STRUCTURE

## • Subsidiaries and Associated Companies

The following are the Company's subsidiaries and associated companies grouped under the major business lines: –

Companies	Effective Shareholdings (%)
<b>Investment Banking</b>	
AmInvestment Bank Berhad	100.00
<b>Broking</b>	
AmFutures Sdn Bhd	100.00
PT. AmCapital Indonesia	95.58
AmFraser Securities Pte Ltd	100.00
AmResearch Sdn Bhd	100.00
<b>Asset Management</b>	
AmInvestment Services Berhad	100.00
AmInvestment Management Sdn Bhd	100.00
AmPrivate Equity Sdn Bhd	80.00
Am ARA REIT Managers Sdn Bhd	70.00
Malaysian Ventures Management Incorporated Sdn Bhd	100.00
<b>Trustee/Custodian/Investment Services</b>	
AmTrustee Berhad	80.00
AMMB Nominees (Tempatan) Sdn Bhd	100.00
AMMB Nominees (Asing) Sdn Bhd	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	100.00
AMSEC Nominees (Asing) Sdn Bhd	100.00
AM Nominees (Tempatan) Sdn Bhd	100.00
AM Nominees (Asing) Sdn Bhd	100.00
MBf Trustees Berhad	60.00
MBf Nominees (Tempatan) Sdn Bhd	100.00
AmFraser Nominees Pte Ltd	100.00

Companies	Effective Shareholdings (%)
<b>Commercial and Retail Banking</b>	
AmBank (M) Berhad	100.00
AmIslamic Bank Berhad	100.00
AmInternational (L) Ltd	100.00
Arab-Malaysian Credit Berhad	100.00
AmTrade Services Limited	100.00
<b>Life and General Insurance</b>	
AmAssurance Berhad	70.00
AmG Insurance Berhad	70.00
<b>Investment Holding Companies / Others</b>	
AMFB Holdings Berhad	100.00
AmInvestment Group Berhad	100.00
AmSecurities Holding Sdn Bhd	100.00
Am ARA REIT Holdings Sdn Bhd	70.00
AMBB Capital (L) Ltd	100.00
AmFraser International Pte Ltd	100.00
AmEquities Sdn Bhd	100.00
AmProperty Holdings Sdn Bhd	100.00
Bougainvillaea Development Sdn Bhd	100.00
MBf Information Services Sdn Bhd	100.00

Companies	Effective Shareholdings (%)
<b>Dormant</b>	
AmProperty Trust Management Berhad	100.00
AMMB Consultant Sdn Bhd	100.00
AMSEC Holdings Sdn Bhd	100.00
MBf Equity Partners Sdn Bhd	100.00
AMCB Mezzanine Sdn Bhd	100.00
AMMB Factors Sdn Bhd	100.00
Annling Sdn Bhd	100.00
Crystal Land Sdn Bhd	80.00
Everflow Credit & Leasing Corporation Sdn Bhd	100.00
Natprop Sdn Bhd	100.00
AmCredit & Leasing Sdn Bhd	100.00
Komuda Credit & Leasing Sdn Bhd	100.00
Lekir Development Sdn Bhd	100.00
Li & Ho Sdn Bhd	100.00
Malco Properties Sdn Bhd	51.00
MBf Nominees (Asing) Sdn Bhd	100.00
Teras Oak Pembangunan Sdn Bhd	100.00
Arab-Malaysian Services Berhad	70.00
AmManagement Services Sdn Bhd	100.00
AmSecurities (HK) Limited	100.00

Companies	Effective Shareholdings (%)
<b>Dormant (cont'd)</b>	
AmCapital (L) Inc.	100.00
AmCapital (B) Sdn Bhd	100.00
AMMB Labuan (L) Ltd	100.00
AMMB Properties Sdn Bhd	100.00
Malaysian Ventures Sdn Bhd <sup>^</sup>	27.41
Malaysian Ventures (Two) Sdn Bhd <sup>^</sup>	34.67
South Johor Securities Nominees (Asing) Sdn Bhd	100.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	100.00
Economical Enterprises Sdn Bhd	100.00
Fraser Financial Planners Pte Ltd	100.00
Fraser Financial Services Pte Ltd	100.00
Fraser-AMMB Research Pte Ltd	100.00

<sup>^</sup> under members' voluntary liquidation.

# BOARD OF DIRECTORS

**Y Bhg Tan Sri Dato' Azman Hashim**

Non-Independent Non-Executive Chairman

**Y Bhg Dato' Azlan Hashim**

Non-Independent Non-Executive Deputy Chairman

**Y A Bhg Tun Mohammed Hanif Omar**

Senior Independent Non-Executive Director

**Y Bhg Tan Sri Datuk Dr Aris Othman**

Independent Non-Executive Director

**Y Bhg Tan Sri Datuk Clifford Francis Herbert**

Independent Non-Executive Director

**Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain**

Independent Non-Executive Director

**Y Bhg Dato' Izham Mahmud**

Independent Non-Executive Director

**Dr Robert John Edgar**

Non-Independent Non-Executive Director

**Mr Alexander Vincent Thursby**

Non-Independent Non-Executive Director

**Mr Peter John Hodgson**

Non-Independent Non-Executive Director

**Mr Cheah Tek Kuang**

Group Managing Director

**Mr Soo Kim Wai**

Non-Independent Non-Executive Director

**Mr Owen James Wilson**

Alternate Director to Dr Robert John Edgar,  
Mr Alexander Vincent Thursby and Mr Peter John Hodgson

## CORPORATE INFORMATION

**Group Company Secretary**

Ravindra Kumar Thambimuthu  
LL B (Melbourne)  
LL B (Hons)  
LL M (London)  
Dip Air & Space Law (London)  
ravindra-kumar@ambg.com.my

**Registered Office**

22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
Telephone No : 603-2036 2633/44/55  
Facsimile No : 603-2031 6453  
Telex : MA31167 & 31169 ABMAL  
Cable : ARABMAL

**Registrar**

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Malaysia  
Telephone No : 603-2721 2222  
Facsimile No : 603-2721 2530

**Auditors**

Messrs Ernst & Young  
Chartered Accountants

**Principal Banker**

AmBank (M) Berhad

**Stock Exchange Listing**

Main Board of Bursa Malaysia  
Securities Berhad (13 February 1992)

**Website**

ambg.com.my

**Investor Relations**

Email : ir@ambg.com.my



explore the unknown

## PROFILE OF DIRECTORS



**Y BHG TAN SRI DATO' AZMAN HASHIM**  
Non-Independent Non-Executive Chairman

Y Bhg Tan Sri Dato' Azman Hashim, a Malaysian, aged 69 was appointed to the Board of AMMB Holdings Berhad on 15 August 1991 and has been the Chairman of the Company since 1991. He is the Non-Independent Non-Executive Chairman of the Company. He is a member of the Company's Nomination Committee and Remuneration Committee.

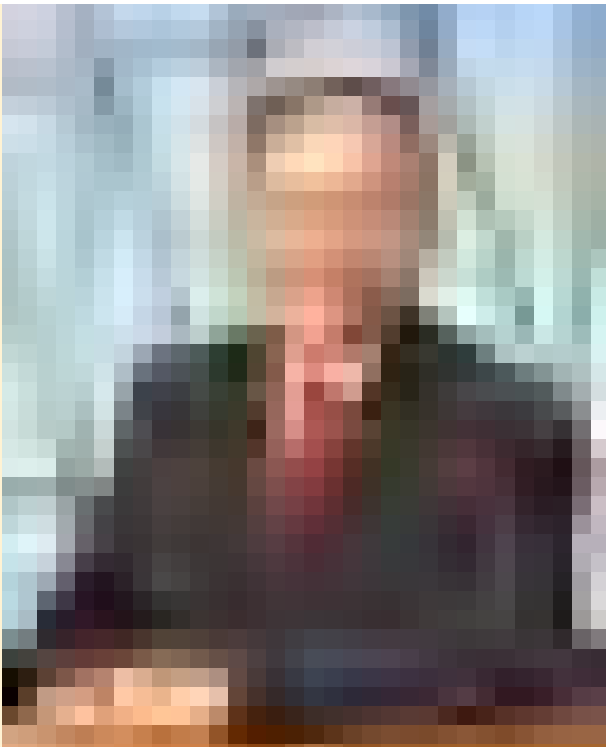
He also sits as Chairman of the Board of several subsidiaries of AMMB Holdings Berhad, namely AmInvestment Group Berhad, AMFB Holdings Berhad, AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad, AmProperty Trust Management Berhad, AmAssurance Berhad and AmG Insurance Berhad.

Tan Sri Dato' Azman, a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the Board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Dato' Azman is the Executive Chairman of AmcorpGroup Berhad and RCE Capital Berhad, and Chairman of Malaysian South-South Corporation Berhad and MCM Technologies Berhad. He serves as a member on

the Boards of Pembangunan MasMelayu Berhad and the Islamic Banking and Finance Institute Malaysia Sdn Bhd. Tan Sri Dato' Azman is also involved in several charitable organisations as Chairman of AmGroup Foundation and Perdana Leadership Foundation, and Trustee for ECM Libra Foundation, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Canselor Open University Malaysia and recently, Yayasan Wakaf Malaysia.

Tan Sri Dato' Azman is the Chairman of the Malaysian Investment Banking Association, the Malaysia Productivity Corporation, East-Asia Business Council and Chairman Emeritus of the Pacific Basin Economic Council (PBEC) International and Co-Chairman of Malaysia – Singapore Roundtable. He is President of the Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and Non-Aligned Movement's ("NAM") Business Council and Treasurer, Malaysia-Australia Foundation. He is a Member of the APEC Business Advisory Council, The Trilateral Commission (Asia-Pacific Group), the Malaysian-British and Malaysia-China Business Councils, and the United Nations Economic and Social Commission for Asia and the Pacific ("UNESCAP") Business Advisory Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors, AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor, Open University of Malaysia and Member, Governing Body of the Asian Productivity Organisation and International Advisory Panel, Bank Negara Malaysia International Centre for Education in Islamic Finance ("INCEIF").



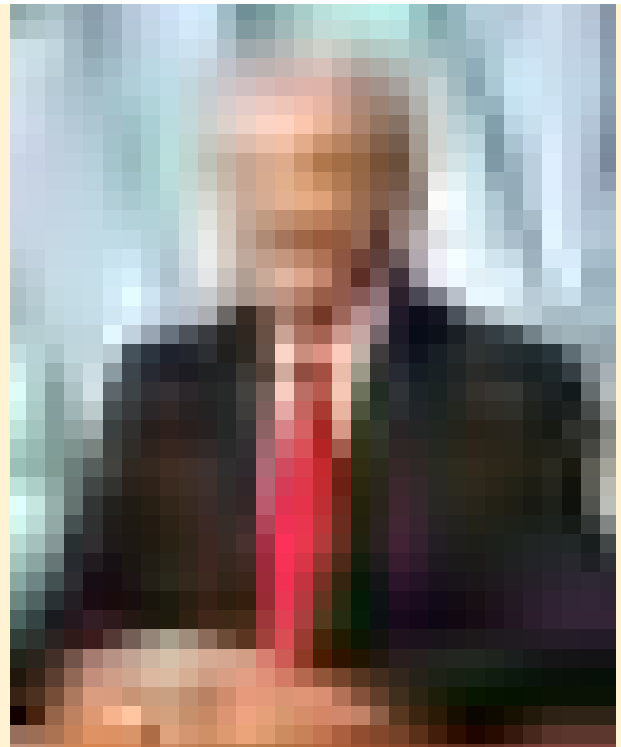
**Y BHG DATO' AZLAN HASHIM**  
Non-Independent Non-Executive Deputy Chairman

Y Bhg Dato' Azlan Hashim, a Malaysian, aged 66 was appointed to the Board of AMMB Holdings Berhad on 12 February 1992 and has been the Deputy Chairman of the Company since 1992. He is the Chairman of the Group Information Technology Committee and a member of the Company's Audit and Examination Committee.

Dato' Azlan served the Malayan Railways from 1966 to 1971, where he was the Chief Accountant for two years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh & Co., and was a Senior Partner there prior, to joining the AMDB Berhad's Board from 1982 to July 2007.

Dato' Azlan is currently the Non-Executive Chairman of AmFraser International Pte Ltd, AmFraser Securities Pte Ltd and AmInternational (L) Ltd, and Executive Chairman of Global Carriers Berhad. He also serves on the Boards of Metrod (M) Berhad, Paramount Corporation Berhad, Sapura Industrial Berhad, Kesas Holdings Berhad, Kumpulan Perangsang Selangor Berhad, Syarikat Permodalan & Perusahaan Selangor Berhad and Kumpulan Hartanah Selangor Berhad. He is a Trustee of AmGroup Foundation.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute, World Bank, Washington D.C., USA and Institute of Bankers Malaysia. He is also a Certified Public Accountant.

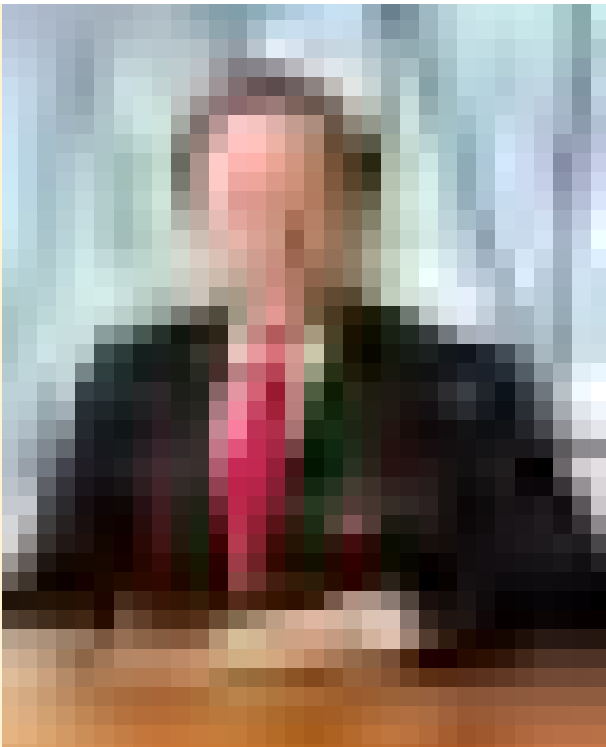


**Y A BHG TUN MOHAMMED HANIF OMAR**  
Senior Independent Non-Executive Director

Y A Bhg Tun Mohammed Hanif Omar, a Malaysian, aged 69, was appointed to the Board of AMMB Holdings Berhad on 6 May 1994 and is the Senior Independent Non-Executive Director of the Company. He is also a Board member of AMMB Holdings Berhad's subsidiaries namely AMFB Holdings Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInvestment Bank Berhad. He is the Chairman of the Company's Nomination Committee.

He was the Inspector-General of the Malaysian Police Force for 20 years until his retirement in January 1994. Tun Mohammed Hanif is also currently the Chairman of General Corporation Berhad, and Deputy Chairman of Genting Berhad and Resorts World Berhad. He has been the President of the Malaysian Institute of Management since 2001.

He received his BA from the then University of Malaya, Singapore in 1959, LLB (Hons) from Buckingham University, United Kingdom in 1986 and Certificate of Legal Practice (Hons) from the Legal Qualifying Board in 1987.



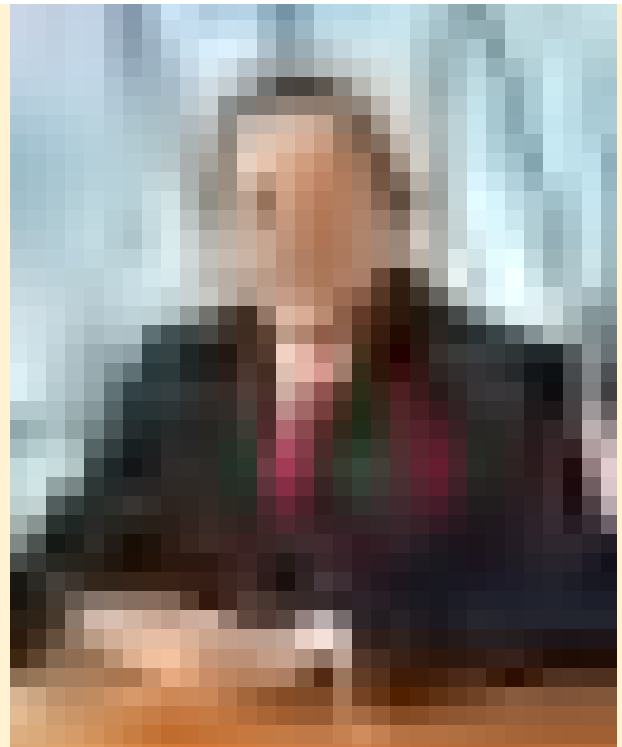
**Y BHG TAN SRI DATUK DR ARIS OTHMAN**  
Independent Non-Executive Director

Y Bhg Tan Sri Datuk Dr Aris Othman, a Malaysian, aged 63, was appointed to the Board of AMMB Holdings Berhad on 1 April 2004. He is the Chairman of the Company's Audit and Examination Committee, and a member of the Nomination Committee, Remuneration Committee and Group Risk Management Committee.

Tan Sri Datuk Dr Aris is also a Board member of the Company's subsidiary namely, AmInvestment Bank Berhad. He is also a director of YTL Power International Berhad. He is currently the Chairman of Malaysia Airports Holdings Berhad.

Tan Sri Datuk Dr Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad, Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury and Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr Aris was with the Ministry of Finance, during which he had served as Executive Director (South-East Asia Group) of the World Bank from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by a career in banking, where he had held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad.

Tan Sri Datuk Dr Aris holds a PhD in Development Economics and a M.A. in Political Economy both from Boston University, Massachusetts, a M.A. in Development Economics from Williams College, Massachusetts, and a Bachelor of Arts (Honours) in Analytical Economics from University of Malaya.



**Y BHG TAN SRI DATUK CLIFFORD FRANCIS HERBERT**  
Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert, a Malaysian, aged 66, was appointed to the Board of AMMB Holdings Berhad on 16 April 2004. He is the Chairman of the Company's Group Risk Management Committee, and a member of the Company's Audit and Examination Committee and Nomination Committee.

Tan Sri Datuk Clifford joined the Malaysian civil service in 1964 as Assistant Secretary in the Public Services Department. From 1968 to 1975, he was the Assistant Secretary in the Development Administration Unit, Prime Minister's Department. Tan Sri Datuk Clifford served in the Ministry of Finance from 1975 to 1997, culminating as Secretary General to the Treasury.

From 1994 to 1997, he was also a Board member of Bank Negara Malaysia. From 1994 to 2000, he was the Chairman of KL International Airport Berhad which built the Kuala Lumpur International Airport. He was the former Chairman of Percetakan Nasional Malaysia Berhad and had been a Board member of numerous statutory bodies and government related public companies.

Tan Sri Datuk Clifford is currently the Board member of Resorts World Berhad, Shell Refining Company (Federation of Malaya) Berhad, AmInvestment Bank Berhad, AmBank (M) Berhad and AmIslamic Bank Berhad. Additionally, Tan Sri Datuk Clifford is also involved in several charitable organisations. He is a Vice-President of the Federation of Malaysian Manufacturers.

Tan Sri Datuk Clifford holds a Masters of Public Administration from University of Pittsburgh and a Bachelor of Arts (Honours) from University of Malaya.



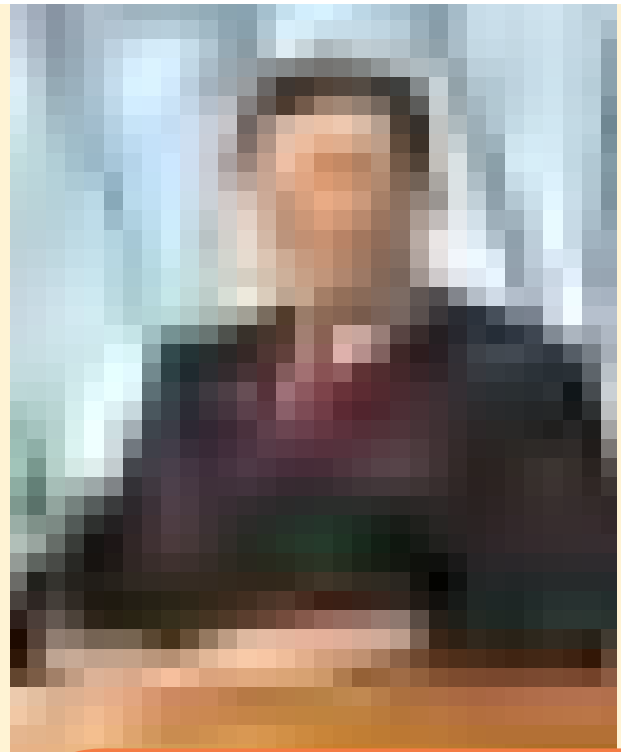
**Y BHG TAN SRI DATO' MOHD IBRAHIM MOHD ZAIN**  
Independent Non-Executive Director

Y Bhg Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, a Malaysian, aged 65, was appointed to the Board of AMMB Holdings Berhad on 16 April 2004.

He is currently the Chairman of Kawan Food Berhad ("KFB") and was appointed to the Board of KFB on 1 June 2005. He is a director of Tamadan Bonded Warehouse Berhad.

Upon his graduation in 1965, he was attached to University Technology MARA as a lecturer where he was later appointed as a Council member/Director, a position he held until October 2006. His career in banking includes positions he had held as Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, and Chairman of Bank Kerjasama Raykat (M) Berhad. He was also the former Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, and Chairman of Pan Malaysia Industries Berhad, Bescorp Industries Berhad, Chemical Company of Malaysia Berhad, Pan Malaysia Capital Berhad and Pan Malaysia Holdings Berhad.

Tan Sri Dato' Mohd Ibrahim graduated from the British Institute of Management and Institute of Marketing in the United Kingdom, and holds a Masters in Business Administration from the University of Ohio, USA.



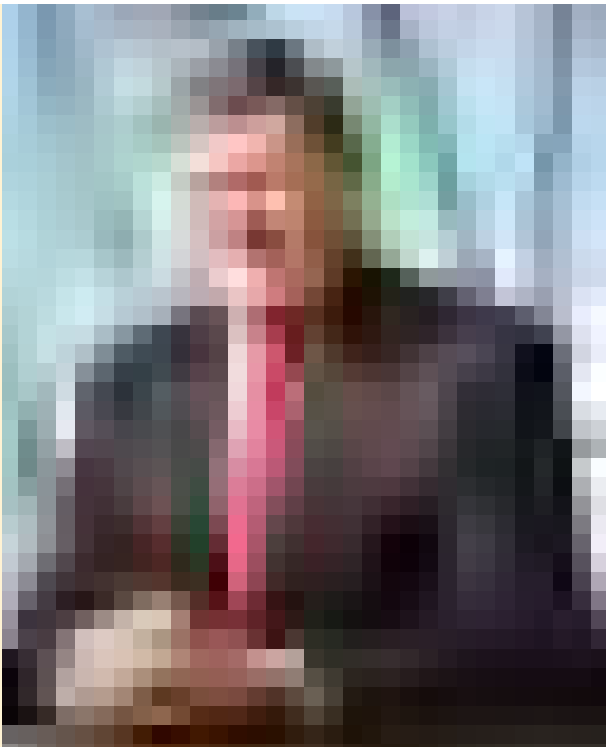
**Y BHG DATO' IZHAM MAHMUD**  
Independent Non-Executive Director

Y Bhg Dato' Izham bin Mahmud, a Malaysian, aged 67, was appointed to the Board of AMMB Holdings Berhad on 16 October 2003. He is the Chairman of the Company's Remuneration Committee and a member of the Audit and Examination Committee.

Dato' Izham joined the Malaysian civil service in 1965 and had served for almost a decade, mainly at the Federal Treasury. His career in merchant banking began in 1974 with Aseambankers Malaysia Berhad, where he later became the Managing Director, a position that he held for over 17 years.

He is currently the Executive Chairman of Deleum Berhad and its group of companies. He is also a director of AmInvestment Bank Berhad and Opus Group Berhad.

He holds a Bachelor of Science (Honours) in Economics from Queen's University, Belfast, Northern Ireland and a Master of Arts in Economic Development from Vanderbilt University, USA.



**DR ROBERT JOHN EDGAR**  
Non-Independent Non-Executive Director

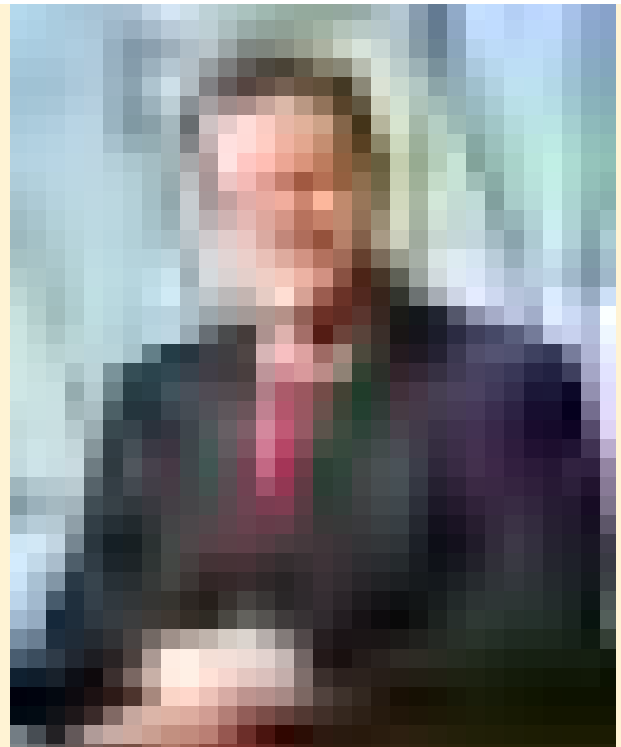
Dr Robert John Edgar, an Australian, aged 62, was appointed to the Board of AMMB Holdings Berhad on 15 August 2007. He is a member of the Company's Audit and Examination Committee and Nomination Committee.

Dr Edgar is currently the Senior Managing Director of Australia and New Zealand Banking Group Limited ("ANZ"). In addition to being generally responsible for ANZ Group's operations and performance, he is specifically responsible for ANZ's joint venture with the ING Group, ING Australia; Private Banking; and Boards of ANZ's joint ventures in Asia. He is also responsible for leading ANZ Group's strategic agenda.

He is a director of a number of companies in the ANZ Group and Chairman of Esanda Finance, ING Australia and ANZIB Special Asset Management Ltd and a Director of ANZ National Bank Limited (New Zealand), ANZ Royal Bank (Cambodia) Ltd and Bank of Tianjin (China).

He joined ANZ in 1984 as a Senior Economist. He was previously Group Executive, Strategic Planning and Development, General Manager of South Asia at ANZ Grindlays Bank, Managing Director of Esanda Finance Corporation Limited (a wholly owned finance company subsidiary of ANZ), Managing Director Corporate and Institutional Banking and the Managing Director, Institutional Financial Services, ANZ.

He holds a Bachelor of Economics (Hons) from the University of Adelaide, Australia, and a PhD from the Ohio State University, USA.



**MR ALEXANDER VINCENT THURSBY**  
Non-Independent Non-Executive Director

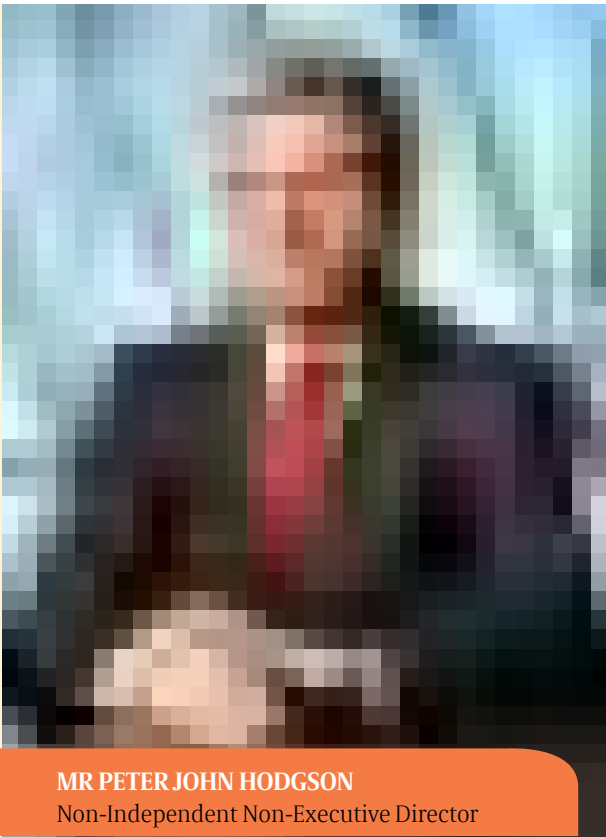
Mr Alexander Vincent Thursby, a British, aged 48, was appointed to the Board of AMMB Holdings Berhad on 2 January 2008. He is currently the Group Managing Director, Asia Pacific and Partnerships, Australia and New Zealand Banking Group Limited (ANZ).

Prior to this, Mr Thursby was the Senior Managing Director and Group Head of Corporate and Institutional Client Relationships in Standard Chartered Bank plc ("SCB") from mid-2005 to 2007. He has been with SCB for more than two decades holding various senior positions, inter-alia, as:

- Regional Head, Corporation and Institutional Client Relationships in North East Asia and Greater China
- CEO, UAE and Regional Head, Corporate Banking, Middle East South Asia (MESA)
- Chief of Staff to Group CEO and Executive Director
- Regional Head, Corporate and Institutional Banking and Strategy in Africa, London
- Senior Manager, Derivatives, South East Asia, Singapore
- President Director (CEO), Standard Chartered Leasing, Indonesia

He was a director and committee member in a number of companies in the SCB Group. He is a Life Member of the British Chamber of Commerce, Hong Kong.

He holds a Bachelor of Business Administration degree from Kuring-Gai College of Education, Sydney and has attended the London Business School – International Business Consortium and Insead, France – Senior International Management Programmes.



**MR PETER JOHN HODGSON**  
Non-Independent Non-Executive Director

Mr Peter John Hodgson, an Australian, aged 53, was appointed to the Board of AMMB Holdings Berhad on 15 August 2007. He is also a member of the Company's Remuneration Committee and Group Risk Management Committee.

Mr Hodgson is currently the Group Managing Director, Institutional, Australia and New Zealand Banking Group Limited ("ANZ"). He oversees all businesses that deal with ANZ's large business, corporate and institutional customers. Institutional is a market leader in Australia and New Zealand and has significant operations in Asia, Europe and the United States.

Prior to this role, Mr Hodgson was for three years ANZ's Chief Risk Officer and chaired the Bank's Credit and Trading Risk Committee. He has over 28 years experience in banking in Australia and overseas. He was previously Managing Director, Corporate and Structured Financing based in Melbourne.

Before joining ANZ in 1997, Mr Hodgson was responsible for the BZW Infrastructure Advisory Group. Prior to this, Mr Hodgson was Head of the Project and Export Finance Group at Bank of America with responsibility for Europe and Asia.

Mr Hodgson holds a MA (Hons) in Law from St Catherine's College (Cambridge), United Kingdom.



**MR CHEAH TEK KUANG**  
Group Managing Director

Mr Cheah Tek Kuang, a Malaysian, aged 61, was appointed to the Board of AMMB Holdings Berhad on 14 January 1994 and is currently the Group Managing Director of the Company. He is also a member of the Group Information Technology Committee.

He joined AmInvestment Bank Berhad ("AmInvestment Bank") in 1978 and held various senior positions. In 1994, he was promoted to Managing Director, and he became the Group Managing Director of AmInvestment Bank from January 2002 to December 2004 before assuming the office of Group Managing Director in AMMB Holdings Berhad. He remains a Non-Independent Non-Executive Director of AmInvestment Bank.

His directorships in other public companies include AmInvestment Group Berhad, AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad, AmAssurance Berhad, AmG Insurance Berhad, Bursa Malaysia Berhad and Cagamas Berhad. He is also the Chief Executive Office of AmBank and is an Investment Committee Member of the SEAVI III Trust. He is an Investment Panel Member of the Employees Provident Fund Board and a Member of the Kumpulan Wang Persaraan. He also currently serves as a Council Member of the Association of Banks in Malaysia and is the Alternate Chairman of the Malaysian Investment Banking Association.

Mr Cheah has a Bachelor of Economics (Honours) degree from the University of Malaya and is a Fellow of the Institute of Bankers Malaysia.



**MR SOO KIM WAI**

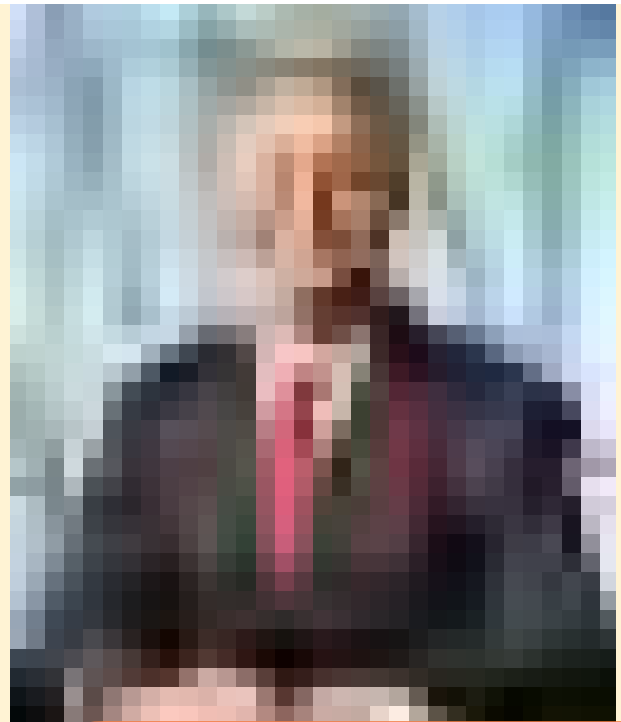
Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 47, was appointed to the Board of AMMB Holdings Berhad on 4 October 2002. He is also a member of the Company's Remuneration Committee.

He is currently the Group Managing Director of Amcorp Group Berhad. Mr Soo joined Amcorp Group Berhad in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five years with Deloitte Kassim Chan from 1980 to 1985.

He also sits on the Board of RCE Capital Berhad, MCM Technologies Berhad, AmProperty Trust Management Berhad and AMDB Berhad. He holds directorships in other private limited companies.

Mr Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants) and Fellow of the Certified Practising Accountant (CPA), Australia and Association of Chartered Certified Accountants (ACCA), United Kingdom.



**MR OWEN JAMES WILSON**

Alternate Director to Dr Robert John Edgar, Mr Alexander Vincent Thursby and Mr Peter John Hodgson

Mr Owen James Wilson, an Australian, aged 44, was appointed to the Board of AMMB Holdings Berhad as an Alternate Director to Dr Robert John Edgar and Mr Peter John Hodgson on 15 August 2007. He was also appointed as an Alternate Director to Mr Alexander Vincent Thursby on 15 April 2008. He is currently the Managing Director of Retail Banking Asia, Australia and New Zealand Banking Group Limited ("ANZ").

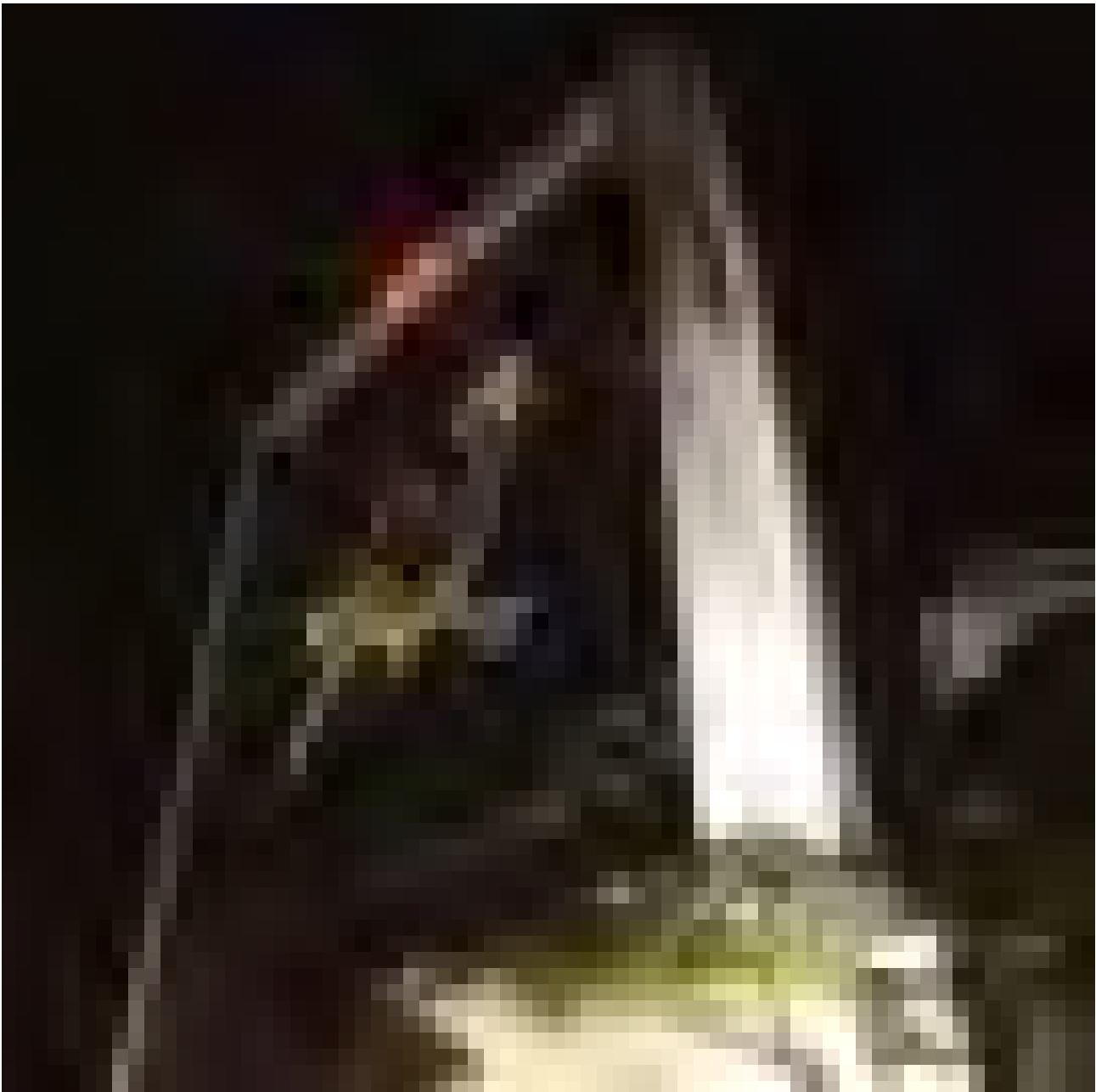
Mr Wilson is responsible for the retail businesses in the ANZ branch network, including Private Banking, and ANZ's retail banking and credit card partnerships across Asia.

Prior to this role, Mr Wilson was Managing Director of International Partnerships and was responsible for leading ANZ's expansion in Asia. He managed ANZ's existing banking partnerships in China, Indonesia, Malaysia, Cambodia, Vietnam and Laos and was also responsible for ANZ's credit card businesses in Indonesia, the Philippines and Vietnam.

In 2002, Mr Wilson was appointed the role of Chief Operating Officer, Institutional. Between 1995 and 2002, Mr Wilson's career included various finance roles culminating in the Chief Financial Officer position within Institutional.

Mr Wilson joined ANZ in 1993 as Manager, Global Balance Sheet & Capital Management following a successful career with KPMG in Melbourne and London.

He holds a Bachelor of Commerce degree from Deakin University. He has been an associate member of the Institute of Chartered Accountants in Australia since 1989.



**Additional Information:**

*None of the Directors have any family relationship with other Directors or substantial shareholders of the Company, except as disclosed herein.*

*Tan Sri Dato' Azman Hashim and Dato' Azlan Hashim are brothers.*

*Tan Sri Dato' Azman Hashim is the Executive Chairman and a substantial shareholder of AmcorpGroup Berhad ("AMCORP"), which in turn is a substantial shareholder of AMMB Holdings Berhad. Tan Sri Dato' Azman Hashim is a director of Clear Goal Sdn Bhd, his family-owned company, which is deemed a substantial shareholder of AMMB Holdings Berhad by virtue of its interest in AMCORP.*

*Mr Soo Kim Wai is the Group Managing Director of AMCORP, which is a substantial shareholder of AMMB Holdings Berhad.*

*None of the Directors have been convicted for offences within the past 10 years. None of the Directors have any conflict of interest with the Company other than as announced or set out in Note 36 to Financial Statements under "Significant Related Party Transactions and Balances".*

# ORGANISATION STRUCTURE

## • Principal Businesses

### AmInvestment Group Berhad

- ▶ Investment Banking
- ▶ Debt Capital Markets
- ▶ Islamic Capital Markets
- ▶ Treasury Derivatives
- ▶ Corporate Advisory
- ▶ Equity Capital Markets
- ▶ Equity Derivatives
- ▶ Private Banking
- ▶ Offshore Banking
- ▶ Funds Management
- ▶ Private Equity
- ▶ Real Estate Investment Trusts
- ▶ Stockbroking
- ▶ Futures Broking
- ▶ Research
- ▶ Trustee Services
- ▶ Structured Finance

### AmBank (M) Berhad

#### **Retail Banking**

- ▶ Auto Financing
- ▶ Mortgages and other Consumer Loans
- ▶ Credit Cards and Line of Credit
- ▶ Personal Financing
- ▶ Retail Distribution (Bancassurance, Wealth Management, Internet Banking, Mobile Banking, Electronic Banking Centers)

- ▶ Asset Financing and Small Business (Including Leasing and Equipment Financing)
- ▶ Deposits (Savings Accounts, Demand Deposits and Fixed Term Deposits)

#### **Business Banking**

- ▶ Commercial Banking
- ▶ SME Financing
- ▶ Trade Finance and Services
- ▶ Factoring
- ▶ Cash Management
- ▶ Treasury Products

### AmIslamic Bank Berhad

#### **Retail Banking**

- ▶ Auto Financing
- ▶ Home Financing
- ▶ Cards Services
- ▶ Deposits – Savings, Current and Investments
- ▶ Remittance Services
- ▶ Asset Financing and Small Business
- ▶ Personal Financing
- ▶ Internet Banking
- ▶ Transactional Services

- ▶ Mudharabah Deposits
- ▶ Inter-bank Money Market
- ▶ Fixed Income Securities
- ▶ Money Market Securities

#### **Business Banking**

- ▶ Commercial Banking
- ▶ SME Financing
- ▶ Trade Finance and Services

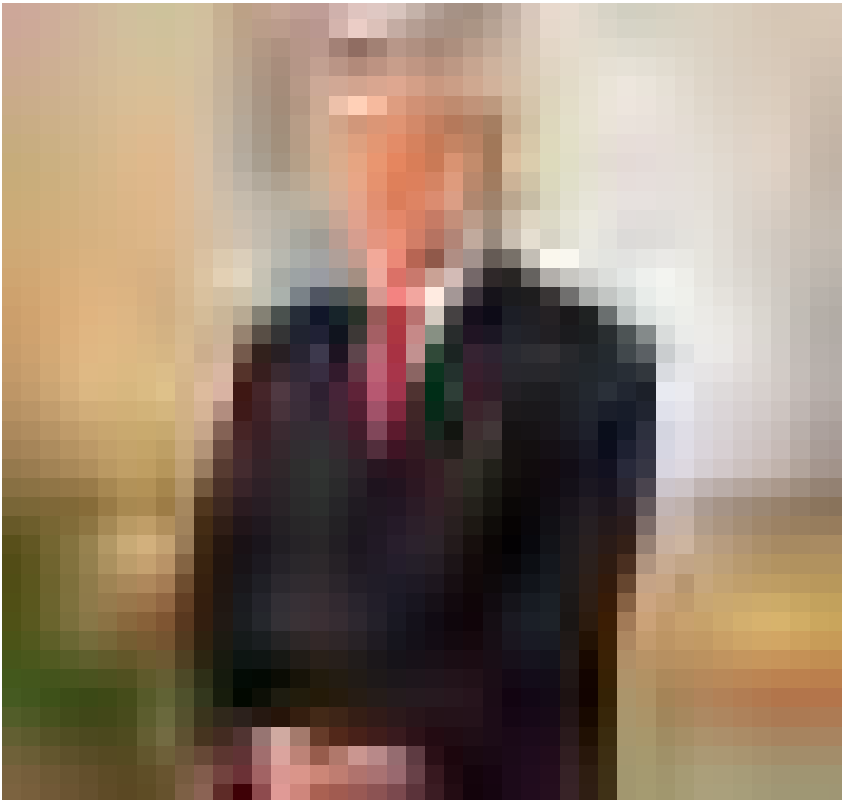
### AmAssurance Berhad

- ▶ Life Insurance
- ▶ General Insurance

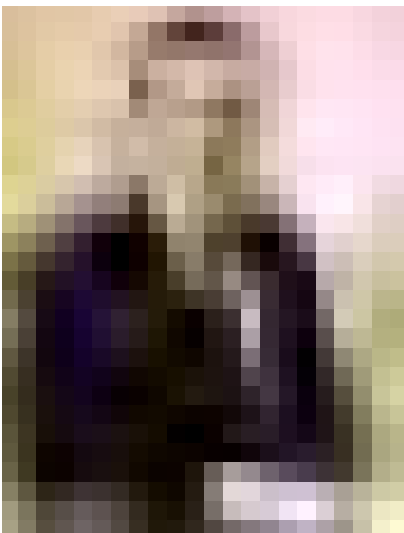


challenge everything

# GROUP MANAGEMENT



**CHEAH TEK KUANG**  
Group Managing Director,  
AMMB Holdings Berhad  
and  
Chief Executive Officer,  
AmBank (M) Berhad



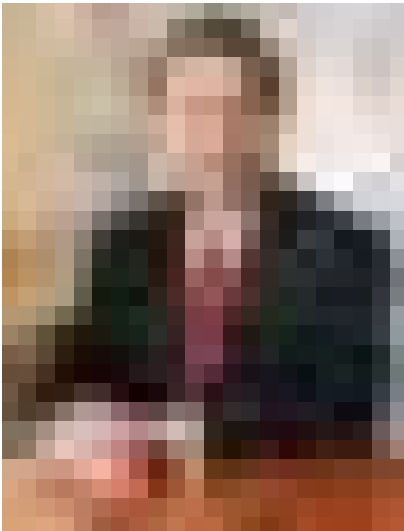
**ANTHONY JOHN HEALY**  
Deputy Group Managing Director,  
AMMB Holdings Berhad



**MOHAMED AZMI MAHMOOD**  
Managing Director, Retail Banking,  
AmBank (M) Berhad

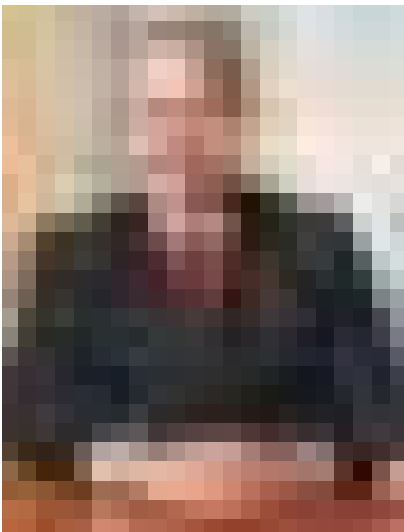
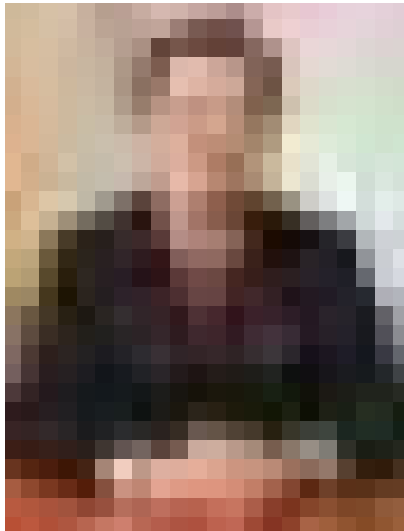


**DATO' JAMES LIM CHENG POH**  
Managing Director, Business Banking,  
AmBank (M) Berhad



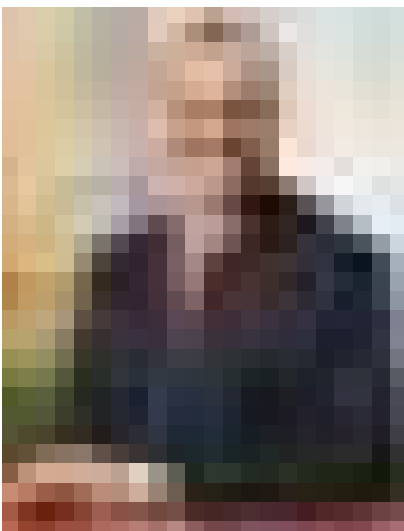
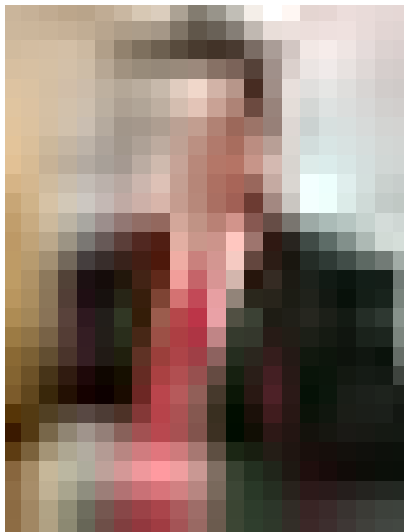
**KOK TUCK CHEONG**  
 Managing Director,  
 AmInvestment Bank Berhad

**NG LIAN LU**  
 Chief Executive Officer,  
 AmAssurance Berhad



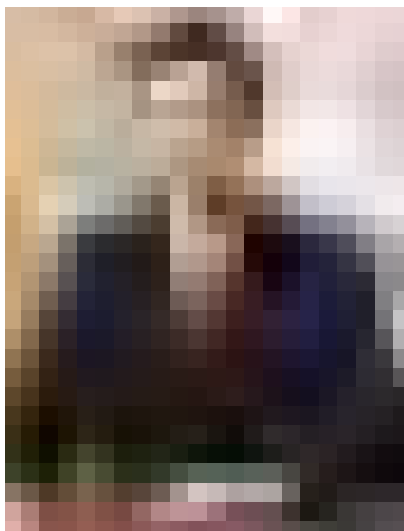
**AHMAD ZAINI OTHMAN**  
 Chief Executive Officer,  
 AmIslamic Bank Berhad

**ANDREW STRAIN KERR**  
 Chief Risk Officer,  
 AMMB Holdings Berhad

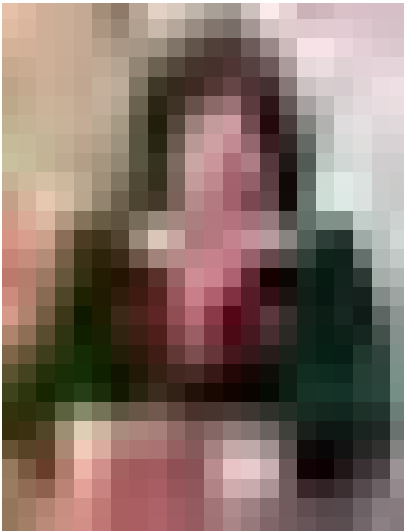


**ASHOK RAMAMURTHY**  
 Chief Financial Officer,  
 AMMB Holdings Berhad

**CHARLES TAN**  
 Chief Information Officer,  
 Group Information Services,  
 AMMB Holdings Berhad

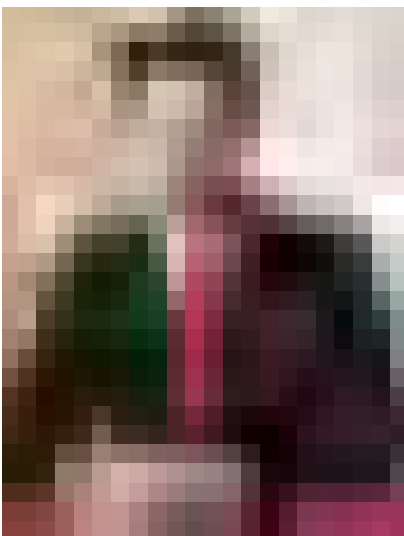
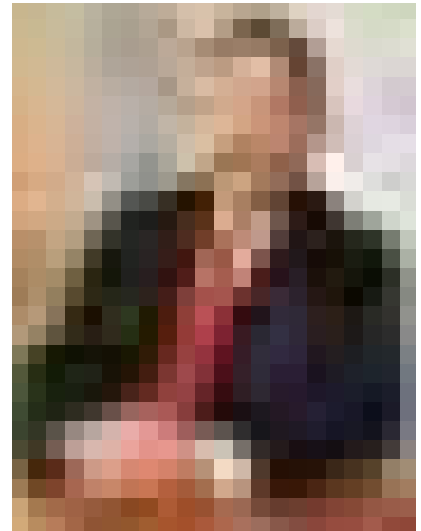


# GROUP MANAGEMENT



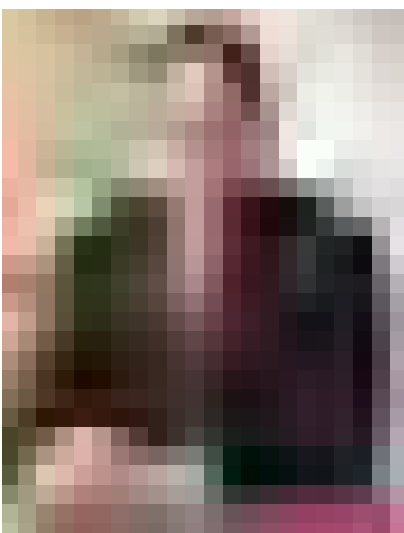
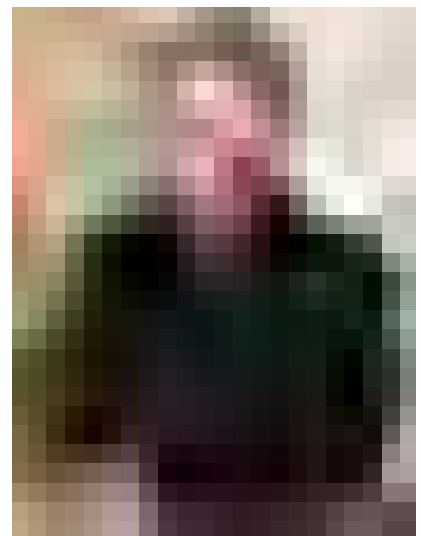
**PUSHPA RAJADURAI**  
Executive Director,  
AmInvestment Bank Berhad

**MAHDI MURAD**  
Executive Director, Retail Banking,  
AmBank (M) Berhad



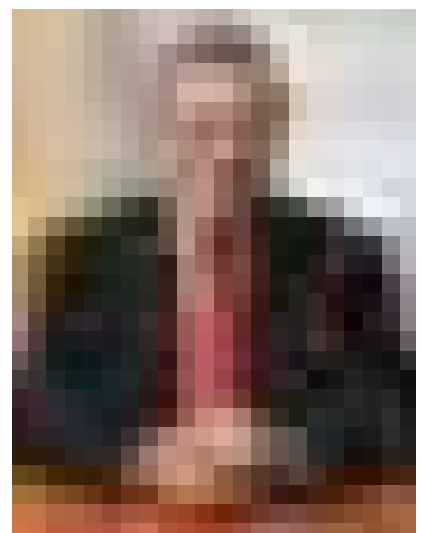
**SIM HOW CHUAH**  
Senior General Manager,  
Business Banking,  
AmBank (M) Berhad

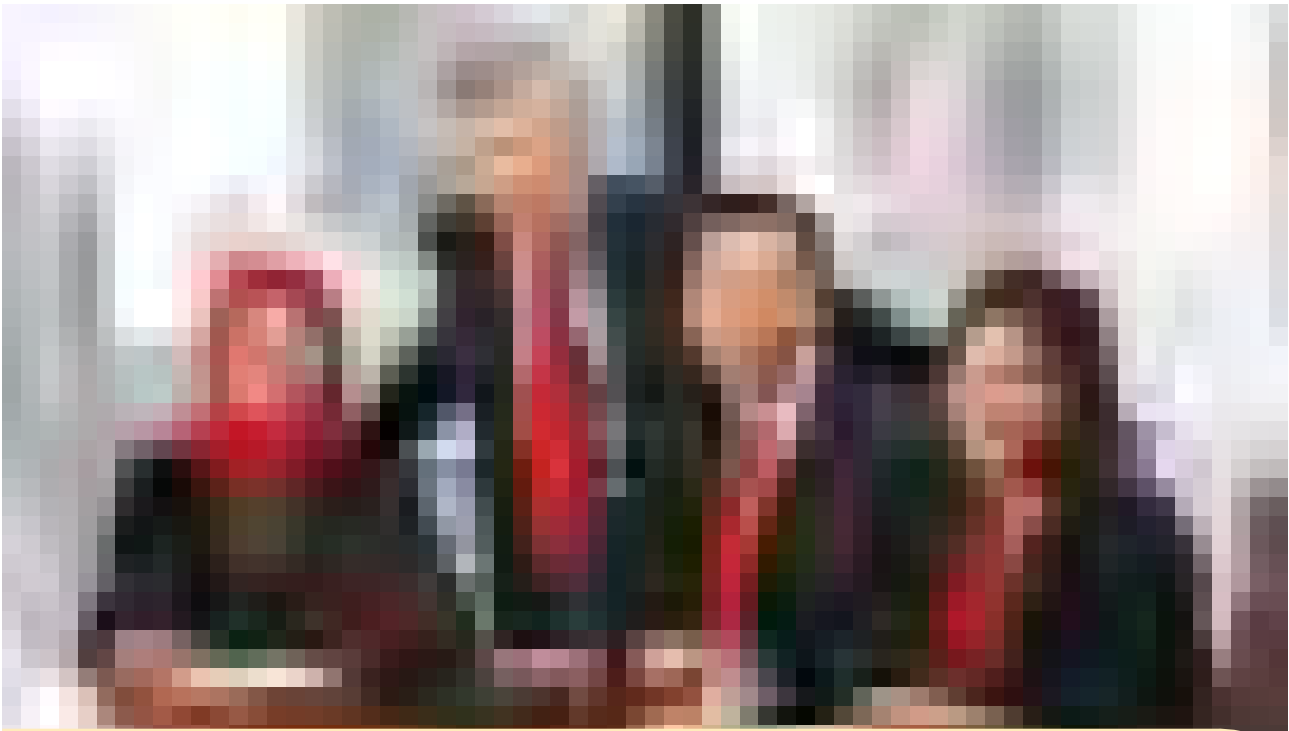
**DATIN MAZNAH MAHBOB**  
Chief Executive Officer,  
Funds Management Division  
AmInvestment Bank Berhad



**JOHN TAN GIAP HOW**  
Director/Head, Equity Markets,  
AmInvestment Bank Berhad

**RAVINDRA KUMAR  
THAMBIMUTHU**  
Group Company Secretary/  
Legal Advisor,  
Group Legal and Company Secretary,  
AmInvestment Bank Berhad





**FAUZIAH YACOB**

Director, Group Human Resources

**TAN KOK CHEENG**

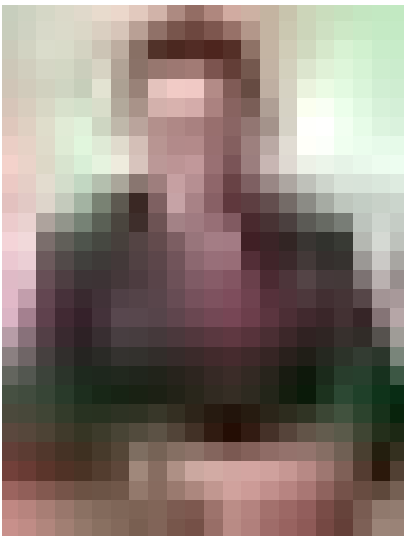
Director, Group Internal Audit

**TENG CHEAN CHOY**

Director, Group Treasury

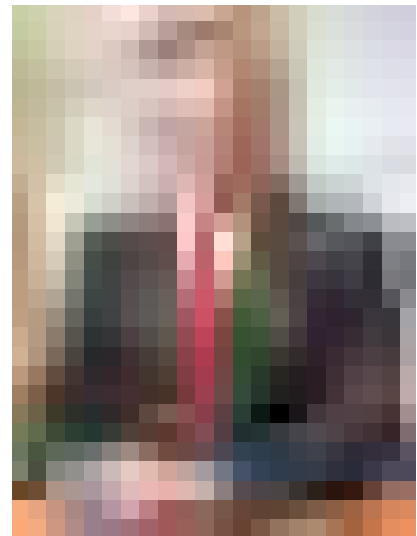
**ALICE DORA BOUCHER**

Director, Group Credit



**SYED ANUAR SYED ALI**  
Director, Group Public Affairs

**ABDUL AZIZ MOHD ISA**  
Head, Group Marketing



**MURUGIAH M N SINGHAM**  
Director, Group Compliance

**NORHANIFAH A JALIL**  
Head, Group Organisational  
Development



# CORPORATE GOVERNANCE

The Company's Board of Directors provides strategic guidance and oversight of the AmBank Group's operations for our shareholders. The Board acknowledges its overriding responsibility to act diligently and responsibly, in accordance with the law, in serving the interests of shareholders, as well as its employees, customers and the community at large.

## BOARD OF DIRECTORS

### Principle 1: Conduct of Affairs

The Board is fully committed to ensuring that it continues to comply with the Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance.

The Board's roles and responsibilities include:

- Reviewing and approving the strategic business plans of the Group as a whole and that of the individual operating units. This encompasses the annual budget, medium term corporate plan, new investments/divestments as well as mergers and acquisitions.
- Overseeing the conduct of the business to ascertain its proper management including setting clear objectives and policies within which senior executives are to operate.
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.
- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Serving as the ultimate approving authority for all significant financial expenditure.

### Principle 2: Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director remain separate and are clearly distinct. The Chairman of the Board is non-independent and non-executive.

The Chairman plays an important leadership role within the Group and is involved in:

- Chairing the meetings of Shareholders and the Board;
- Monitoring the performance of the Board and the mix of skills and effectiveness of individual contribution; and
- Maintaining on-going dialogue with the Chief Executive Officers of the various major subsidiary companies and providing appropriate mentoring and guidance.

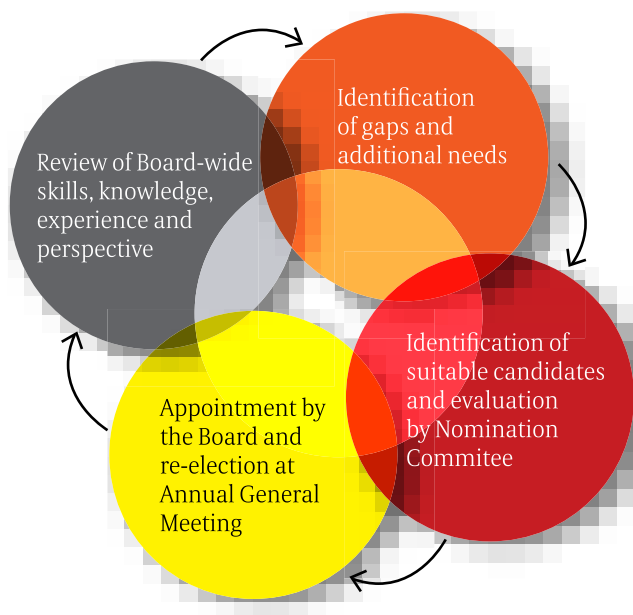
The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Managing Director and through him and subject to his oversight, to other Senior Management. The Board monitors the management and performance of the Group Managing Director on behalf of the shareholders.

### Principle 3: Board Composition, Selection and Appointment

The Board currently comprises twelve (12) Directors of which five (5) are Independent Non-Executive Directors, providing a healthy Board balance. The Board continues to achieve a balance of skills, knowledge, experience and perspective among its Directors.

#### Appointment

- The Group welcomes the addition of a new Board member, Mr. Alexander Vincent Thursby who has been appointed as a Non-Independent Non-Executive Director of the Company effective 2 January 2008.



## SELECTION OF DIRECTORS

### Principle 4: Board Performance

#### Board Independence

The Independent Non-Executive Directors are from varied business backgrounds. Their experience enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board.

Decision-making on key issues regarding the Company and its subsidiaries are fully deliberated by the Directors. Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight. They fulfill their roles in ensuring that strategies proposed by the management are fully discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

#### Independence

In accordance with the criteria as specified under the Bursa Securities Listing Requirements, the Nomination Committee and the Board establish whether or not a Non-Executive Director may have a relationship with the AmBank Group which could (or could be perceived to) affect their decision-making.

#### Senior Independent Non-Executive Director

In line with the recommendations stipulated in Part 2 of the Code on Corporate Governance, the Board has nominated Y A Bhg Tun Mohammed Hanif Omar as the Senior Independent Non-Executive Director to whom any concern on issues affecting the AHB Group of companies may be conveyed.

#### Election at Next Annual General Meeting

The Company's Articles of Association permits the Board to appoint a person to be a Director of the Company at any time, but the person must seek election by shareholders at the next Annual General Meeting.

#### Tenure

The Articles of Association provides that all Directors must retire at least once in three years and may be re-elected at the Annual General Meeting.

#### Formalisation of Rights, Duties and Obligations

There are several key elements relating to the formalisation of Rights, Duties and Obligations once a Director is appointed, including:

- *Director's Code of Conduct*  
This code sets out that Directors will pursue the highest standards of ethical conduct.
- *Director's Covenants*  
The covenants cover a number of issues including indemnity, Directors' and officers' liability insurance, the right to obtain independent advice and the requirements concerning confidential information.
- *Induction Training*  
New Directors participate in a formal induction programme which ensures that Directors meet with the AmBank Group executives and other key staff members and to be accustomed with the Group's governance framework, financial management and business operations.

Each new Director receives a set of notes outlining the Director's principal obligations, roles and responsibilities, terms of reference of the various Board Committees and regulatory guidelines. It also sets out details of scheduled Board and Committee meetings.

Board members are also encouraged to participate in seminars and conferences and continuous education programmes to keep abreast with the current developments in the investment banking and financial services industry. Arrangements are also made for them to attend the programmes organised by the Group's Organisational Development Department. During the year, the Directors attended various training courses related to their responsibilities and developments in the industry.

#### Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

# CORPORATE GOVERNANCE

## Principle 5: Access to Directors

The management is able to consult the Directors as required on a regular basis. Employees and shareholders have access to Directors through the Chairman, Senior Independent Director and the Group Company Secretary.

## Principle 6: Access to Information

In the discharge of their duties, all Directors have complete and unrestricted access to information pertaining to the Group. The advice and services of the Group Company Secretary are readily available to the Board in matters of law, governance and in complying with statutory duties, including compliance with the Bursa Listing Requirements.

The Group Company Secretary attends Board and Committee meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Committee meetings and resolutions.

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding their responsibilities at the expense of the Group. In addition, the Board and each Committee, at the expense of the Group, may obtain professional advice that they require to assist in their work.

Board meetings are held monthly, wherein Board reports are circulated prior to the meetings, allowing the Directors to review further information that may be required. Additional Board meetings are convened whenever necessary. The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

Fourteen (14) Board meetings were held during the FY2008. The attendance of every Board member at the meetings of the Board and the various Board Committees is as set out below:

### Number of Meetings attended in Financial Year (“FY”) 2008

	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Group Information Technology Committee	Group Risk Management Committee (established since 31.7.2007)
Tan Sri Dato' Azman Hashim	14	3	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	11	2 (resigned on 19.10.07)	2	3	7	N/A
Tun Mohammed Hanif Omar	14	N/A	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Othman	14	3 (Chairman)	N/A	4 (Chairman)	N/A	2 (wef 3.10.07)
Tan Sri Datuk Clifford Francis Herbert	14	3	N/A	2 (wef 3.10.07)	N/A	2 (Chairman) (wef 3.10.07)
Tan Sri Dato' Mohd Ibrahim Mohd Zain	12	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	12	3	2 (Chairman)	4	N/A	N/A
Dr Robert John Edgar	6 (wef 15.08.07)	1 (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A	N/A
Alexander Vincent Thursby	2 (wef 2.01.08)	N/A	N/A	N/A	N/A	N/A
Peter John Hodgson	6 (wef 15.08.07)	N/A	Nil (wef 3.10.07)	N/A	N/A	2 (wef 3.10.07)
Owen James Wilson [Alternate Director]	Nil (wef 15.08.07)	N/A	N/A	N/A	N/A	N/A
Cheah Tek Kuang	14	N/A	N/A	N/A	4	N/A
Soo Kim Wai	14	N/A	2	N/A	N/A	N/A
Number of meetings held in FY2008	14	3	2	4	7	2

## Principle 7: Board Committees

The Board delegates certain responsibilities to the Board Committees. The committees that assist the Board are as follows:

1. Nomination Committee
2. Remuneration Committee
3. Audit & Examination Committee
4. Group Risk Management Committee
5. Group Information Technology Committee

Independent Directors make up the majority of these four main Committees. The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Committee.

The Group Managing Director and the Chief Executive Officers and other senior management staff are invited to attend the relevant Committee meetings.

### The Nomination Committee

- The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors of the Board.
- The Nomination Committee met three (3) times during the FY2008.

The Committee is responsible for regularly reviewing the Board's structure, size and composition, as well as making recommendation to the Board on any changes that are deemed necessary.

It reviews the performance of the Board, Committees and Directors. It also recommends the appointment of Directors to Committees of the Board, as well as annually reviews the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.

The Board of Directors, on the recommendation of the Nomination committee had also approved the mechanism for the formal assessment on the effectiveness of the Board as a whole and Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board. The assessment of the effectiveness of the Board, Committees and of the Chairman and each of the directors is carried out annually.

### The Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises two (2) members. The Committee is responsible for determining and recommending to the Board that the IT development within the Group is in line with its business objectives and strategy and to serve as an independent and objective party in the review of the Group's utilisation of its IT resources including computer hardware, software, manpower and other IT related investments.

In addition, the GITC reviews and recommend for approval by the various companies of the Group, major IT acquisition and ensure conformance of the acquisition with the IT plan.

There were seven (7) meetings held during the FY 2008.

## Principle 8: Procedures for Developing Remuneration Policies

### The Remuneration Committee

All members of the Remuneration Committee are Non-Executive Directors. In carrying out its duties, the Committee met two (2) times during FY2008.

The Committee is responsible for determining and recommending to the Board the framework /methodology for the remuneration of Directors, the Chief Executive Officers and other senior management staff bench marked against the industry.

## Principle 9: Level and Mix of Remuneration

### Directors' Remuneration

The Directors' remuneration is designed to ensure that the Group continues to attract and retain Directors and senior management with appropriate skills and experience to manage the Group successfully. The Board determines the remuneration of Non-Executive Directors and Executive Directors and senior management of the Group, with the interested Directors abstaining from discussions with respect to their remuneration.

## Principle 10: Risk Management

### Risk Management Committee

The review for risks in all aspects of business is the responsibility of the Risk Management Committee.

The Committee is responsible for overseeing, monitoring and reviewing risk management, principles and policies, strategies, processes and controls, including credit, market, balance sheet operational risk and compliance. The Committee also ensures that timely actions are taken in response to emerging risk issues.

The Risk Management Committee of Directors held two (2) meetings during the FY 2008.

# CORPORATE GOVERNANCE

## Principle 11: Accountability

### The Audit and Examination Committee

The Audit and Examination Committee (“AEC”) is responsible for the oversight and monitoring of:

- The Group’s financial reporting accounting policies and controls;
- The work of Group Internal Audit;
- The AEC of the major subsidiary companies;
- Compliance with regulatory requirements; and
- The appointment, evaluation and oversight of the external auditor.

It is the Board’s policy that at least one member of the AEC shall have an accounting qualification or experience in the field of finance. The AEC meets regularly with the external auditors and Group Internal Audit.

The AEC met four (4) times during the FY2008.

## Principle 12: Financial Controls

### Responsibility Statement

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which gives a true and fair view of the Group and its state of affairs, results and cash flows at the end of the financial year. Following discussions with the auditors, the Directors consider that the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

### Statement on Internal Control

The Group’s Statement on Internal Control is set out on page 52 of this annual report.

### Audit and Examination (“AEC”) Committee Report

#### *Terms of Reference*

The functions of the AEC are as follows:

- (a) To provide assistance and to review and report to the Board in relation to:
  - i) Fulfilling the statutory and fiduciary responsibilities of the Company/Group; and
  - ii) Monitoring of the accounting and financial reporting practices of the Company/Group;
- (b) To determine that the Company/ Group has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct and protecting the assets of the Company/Group;
- (c) To serve as an independent and objective party in the review of the financial information of the Company/ Group that is presented by Management to the Board and Shareholders;
- (d) To review the quarterly results and year-end financial statements of the Company/Group and to ensure compliance with accounting standards and legal requirements;
- (e) To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors;
- (f) To evaluate the adequacy and effectiveness of the Management control systems of the Company/ Group through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Management;

- (g) To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their work;
- (h) To ensure through discussions with the external and internal auditors, that no restrictions are being placed by Management and employees on the scope of their examinations;
- (i) To direct and supervise any special project or investigation considered necessary;
- (j) To prepare, when necessary, periodic reports to the Board summarising the work performed in fulfilling the AEC's primary responsibilities;
- (k) To review any related party transactions and conflict of interest situation that may arise within the Company/ Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (l) To review the annual appointment of external auditors, or letter of resignation from external auditors, to negotiate and approve the annual audit fees and/or special audit fees, and evaluate basis of billings therewith.

### Summary of Key Activities

The following is a summary of the main activities carried out by the Committee during the year:

#### Internal Audit

- Reviewed and approved Group Internal Audit's annual audit plan, including its resource and training needs.
- Reviewed Group Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was given on critical risk areas.
- Monitored the progress of Group Internal Audit in completing its audit plan and assessed the performance of Group Internal Audit.
- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.
- Reviewed reports of Group Internal Audit (including internal investigations, follow up on resolution of issues raised in reports issued by Bank Negara Malaysia, external auditors and other external parties) and considered Management's response and accordingly directed Management to take the necessary remedial action. The Committee also followed-up on resolution of major issues raised in the reports.

#### External Audit

- Reviewed the appointment of the external auditors and their independence and effectiveness.
- Reviewed their audit plan, annual audit fees and scope of work for audit and non-audit assignments.
- Reviewed the external auditor's results and report as well as the Management's consequent responses to the findings of the external auditors.

#### Financial Results

- Reviewed the quarterly results and financial statements of the Group before recommending them for approval to the Board of Directors.
- Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval.
- Compliance with the following regulatory requirements was ensured:
  - Provisions of the Companies Act 1965 and the Banking and Financial Institutions Act 1989
  - Capital Markets and Services Act 2007
  - Securities Commission Act 1993
  - The Listing requirements of Bursa Malaysia Securities Berhad
  - Applicable accounting standards in Malaysia
  - Other relevant regulatory requirements

### Related Party Transactions

- Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.

### Principle 13: Internal Audit

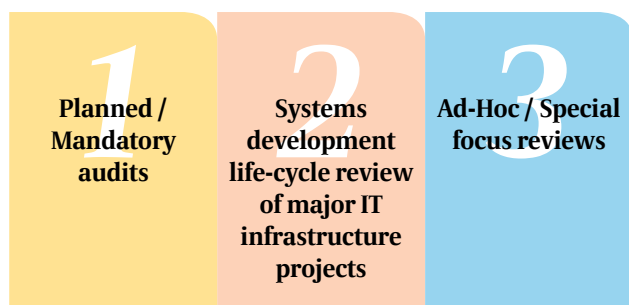
#### Internal Audit Function

Group Internal Audit function operates under a charter from the AEC that gives it unrestricted access to review all activities of the Group. The Head of the Group Internal Audit reports to the AEC. The internal auditing function is conducted on an AmBank Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

The AEC approves the annual audit work plan, and a risk-based audit approach is used to ensure that the higher risk activities in each business unit are audited each year.

# CORPORATE GOVERNANCE

The audit function covers all major business groups and consists of three main categories of work:



- Among others, the audit plan covers reviews of the adequacy of risk management in the following areas:
  1. Quality of assets
  2. Operational controls
  3. Financial controls
  4. Customer satisfaction
  5. Compliance with laws and regulations
  6. Lending practices
  7. Management efficiency
  8. Information technology
  9. Data centres and network security
- The audit plan also covers the review of the risk management function and its adequacy in managing credit, market, liquidity and operational risks.

Group Internal Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. Group Internal Audit also works collaboratively with the External Auditor and Risk Management Department to ensure a comprehensive audit scope.

There is an effective process for ensuring prompt resolution of audit issues. Group Internal Audit tables regular updates to the AEC on the progress on significant issues until such issues are satisfactorily resolved.

## Key Risk Areas & Internal Focus



## Principle 14: External Audit

Messrs. Ernst & Young (E & Y) is the Company's external statutory auditor and the auditor of its consolidated accounts for the preparation of this annual report. The external auditor performs independent audits in accordance with the Malaysian Accounting Standards, and reports directly to the AEC. The AEC additionally:

- Pre-approves all audit and non-audit services;
- Regularly reviews the independence of the external auditor; and
- Evaluates the effectiveness of the external auditor.

They are re-appointed by the shareholders of the Company annually.

## Non-Audit Services

The external auditor may not provide services that are perceived to be in conflict with the role of the auditor. These include consulting advice and sub-contracting of operational activities normally undertaken by management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the policy:

- Limits the non-audit service that may be provided; and
- Requires that audit and permitted non-audit services must be pre-approved by the AEC.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY2008 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

#### **Audit Fees**

The total of the statutory and non-statutory audit fees for the Group (excluding expenses and service tax) in the financial year ended 31 March 2008 amounted to RM1.31 million [FY2007: RM1.41 million].

#### **Non-Audit Services Fees**

Non-audit fees for the financial year ended 31 March 2008 (excluding expenses and service tax) amounted to RM0.93 million [FY2007: RM0.57 million]. The non-audit fees are primarily related to the half-year limited review of AmIslamic Bank Berhad, AmBank (M) Berhad and AmInvestment Bank Berhad's income statement that had been carried out as well as fees relating to the privatisation of AmInvestment Group Berhad, special audit of AmBank (M) Berhad and offering circular for the issuance of Non-Innovative Hybrid Tier 1 capital securities by AmBank (M) Berhad.

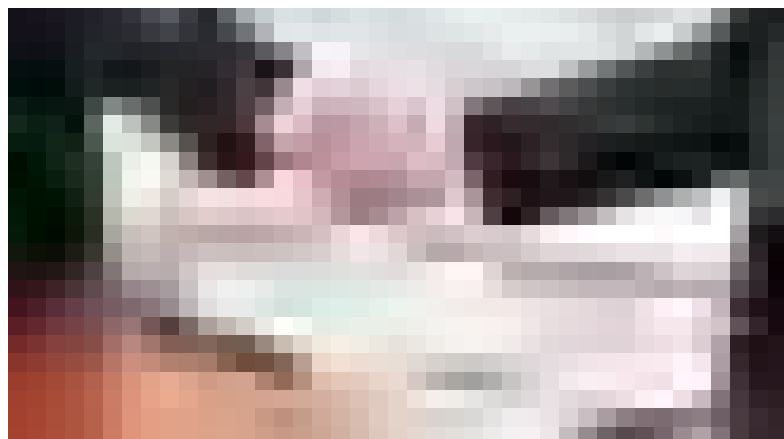
### **Principle 15: Communication with Shareholders**

#### **Reaching out to all Shareholders and Investors**

The Group practises timely, accurate and consistent disclosure of all material information to its shareholders, investors and members of the public as required by the regulations. The Chairman, Directors and selected Senior Management representatives of the Group engage actively with the shareholders and investors community in ensuring continuous disclosure policies are practised with the highest standards of integrity and due diligence.

#### **Communication with Shareholders**

- The Board members attend the AGMs and EGMs where shareholders present are given an informative review of corporate proposals, and the Group's financial performance for the year as well as prospects going forward. Shareholders are given an opportunity to raise questions and seek clarification from the Board on issues pertaining to resolutions to be passed. Shareholders have the right to vote on various resolutions related to company matters.



All shareholders are encouraged to attend the meetings and if they are unable to attend a meeting, they can submit their vote or proxies. External auditors are also present to assist the Directors in answering questions from shareholders. The auditor can respond on any business item that concerns them in their capacity as an auditor.

- Timely announcements are made to the public with regards to the Group's corporate proposals, financial results and other material announcements. Corporate and financial information on the Group are easily accessible to shareholders and the general public through the Group's website at [ambg.com.my](http://ambg.com.my), which is regularly updated. In addition, the Group has a dedicated Investor Relations website page that can be easily accessible via the corporate website. The Group has also set up a specialist Investor Relations Department with the core function of spearheading effective two-way communications with its shareholders, the financial community and other stakeholders with the objective of accurately representing the Group and achieving a fair market value for the Company's securities.
- In addition to the above, during the financial year, the Company held investors' briefings with its major institutional investors in Kuala Lumpur, Europe, Australia, United States, the United Kingdom, Singapore and Hong Kong to ensure that current and potential investors receive a balanced and complete view of the Group's performance and strategic aspirations of the business

Senior management personnel responsible for Investor Relations activities are:

1. Mr Cheah Tek Kuang  
*Group Managing Director*
2. Mr Ashok Ramamurthy  
*Chief Financial Officer*
3. Mr Ganesh Kumar Nadarajah  
*Head, Group Investor Relations*

# CORPORATE GOVERNANCE

## INVESTOR RELATIONS CALENDAR

### 2008

#### 20-22 May 2008

CLSA  
Corporate Access Forum  
*Singapore*

#### 13-16 May 2008

Merrill Lynch  
Pan Asian Conference  
*Singapore*

#### 31 March-1 April 2008

Credit Suisse  
CSFB Asian Investment  
Conference  
*Hong Kong*

#### 25-26 March 2008

Macquarie  
Invest Malaysia 2008  
*Kuala Lumpur*

#### 29-31 January 2008

JP Morgan  
Malaysia Corporate Access  
Day  
*Singapore  
Hong Kong*

#### 17 January 2008

BNP Paribas Securities  
(Singapore) Pte Ltd.  
Mini Conferences and  
Corporate Days 2008  
*Singapore*

#### 14-17 January 2008

CLSA  
Asia Investors' Forum  
*Las Vegas*

#### 8-11 January 2008

Merrill Lynch  
Merrill Lynch Conference  
*London  
New York*

### 2007

#### 19-20 November 2007

CLSA  
Asean Forum  
*Bangkok*

#### 17-18 September 2007

CLSA  
Investors Forum  
*Hong Kong*

#### 3-7 September 2007

Merrill Lynch  
Non Deal Road Show  
*London  
Boston  
New York  
San Francisco*

#### 15 August 2007

Citigroup  
Global Markets Asean Mini  
Conference  
*Singapore*

#### 1 August 2007

CIMB  
Malaysia Corporate day  
2007  
*Kuala Lumpur*

#### 4-6 July 2007

Macquarie  
Securities Financials  
Conference  
*Hong Kong  
Singapore*

#### 5-7 June 2007

Merrill Lynch  
Global Emerging Markets  
One on One Investor Forum  
*California*

#### 9-11 May 2007

Merrill Lynch  
Pan Asia Rising Stars  
*Singapore*

#### 7-8 May 2007

Macquarie  
Malaysia Corporate  
Roadshow  
*Sydney, Australia*

#### 23 April 2007

Citigroup  
AMMB Non Deal Roadshow  
*Kuala Lumpur*

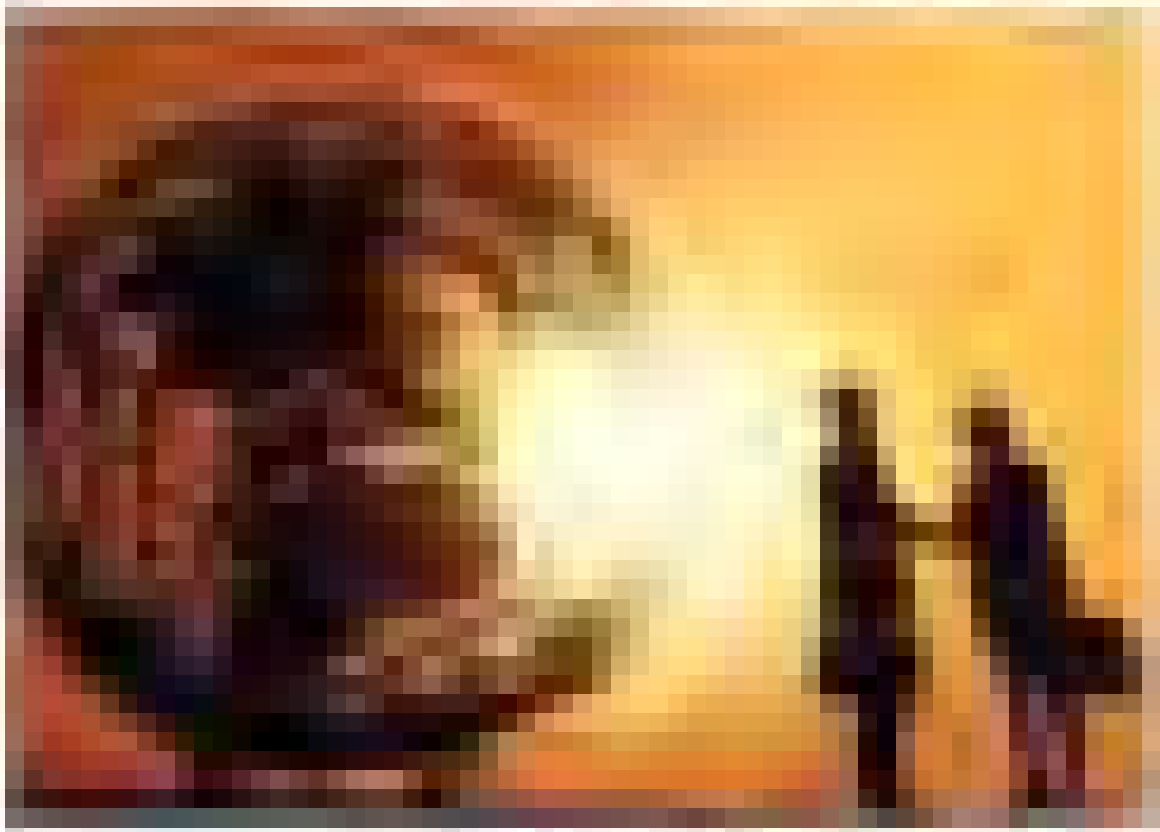
#### 16-17 April 2007

Merrill Lynch  
AMMB Non Deal Roadshow  
*Hong Kong*

#### 9-10 April 2007

Citigroup  
AMMB Non Deal Roadshow  
*Singapore*

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# STATEMENT ON INTERNAL CONTROL

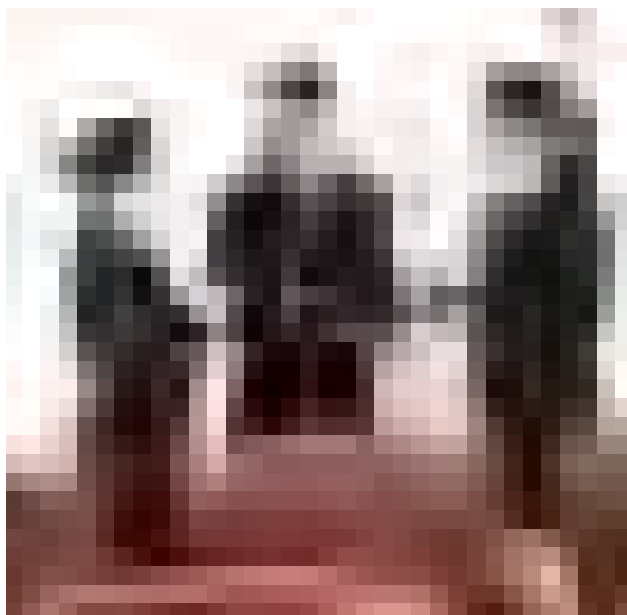
## Responsibility

The Board of Directors (Board) is responsible for the Group's system of internal controls and for reviewing its adequacy and integrity. The Board has instituted an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board and accords with the guidance on internal control, Statement on Internal Control - Guidance for Directors of Public Listed Companies.

In establishing and reviewing the system of internal controls, the Directors have considered the materiality of relevant risks, the likelihood of losses being incurred and the cost of control. Accordingly, the purpose of the system of internal controls is to manage rather than eliminate the risk of failure to achieve the policies and objectives of the Group and can only provide reasonable but not absolute assurance against risk of material misstatement or losses.

The management assists the Board in the implementation of the Board's policies on risk and control by identifying and evaluating the risks faced by the Group for consideration by the Board and design, operate and monitor the system of internal controls.

The Board is of the view that the system of internal controls in place for the year under review is sound and sufficient to safeguard shareholders' investment and the Group's assets.

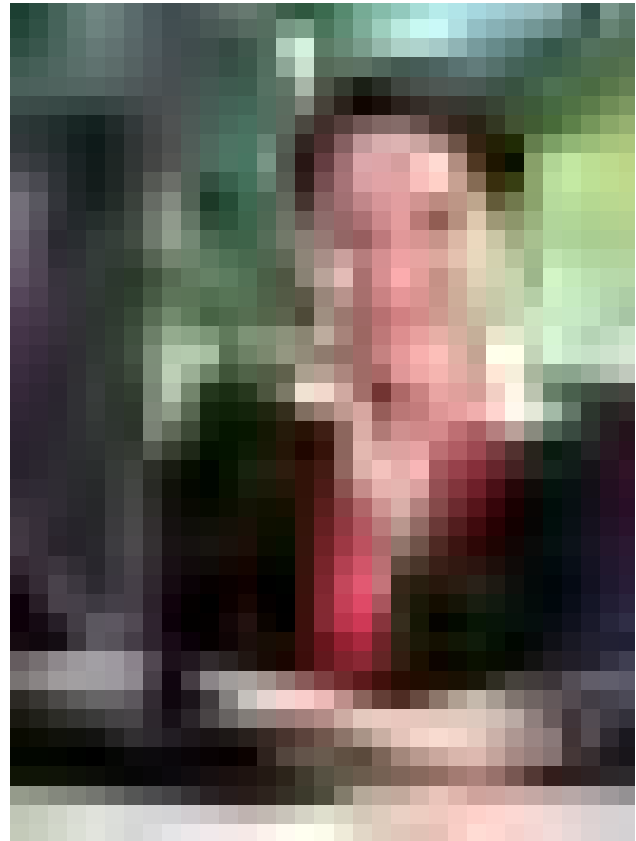


## Internal Control Environment And Key Processes

The Group has adopted a coordinated and formalised approach to internal control and risk management, which includes the following:

- The Board has established Risk Management Committee of Directors (RMCD) to assist in the oversight of overall risk management structure. To further support the RMCD, Executive Risk Management Committees (ERMC) have been set up to manage specific areas of risk for the Group. ERMC comprises Market & Funding Risk Management Committee, Joint Credit, Strategic & Capital Risk Management Committee and Operational & Legal Risk Committee. Both RMCD and ERMC meet periodically to review, deliberate and address risk issues.
- Risk management principles, policies, practices, methodologies and procedures are made available to staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements. The policies, methodologies and procedures are enhanced whenever required to meet the changes in operating environment and/or for continuous improvement in risk management.
- Organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the business and operations activities needs. This includes the empowerment and setting of authority limits for proper segregation of duties.
- The Audit and Examination Committees (AECs) of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group's internal controls systems. The AECs review the Group's financial statements, and reports issued by Group Internal Audit, the external auditors and regulatory authorities and follow-up on corrective action taken to address issues raised in the reports.

- Group Internal Audit conducts independent risk-based audits and provides assurance that the design and operation of the risk and control framework across the Group is effective. The AECs review the work of Group Internal Audit, including reviewing its audit plans, progress and reports issued.
- The Group's focus is on achieving sustainable and profitable growth within its risk management framework. Annual business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval.
- Actual performances are reviewed against the budget with explanation of major variances on a monthly basis, allowing for timely responses and corrective actions to be taken to mitigate risks.
- The Group emphasises on human resource development and training as it recognises the value of its staff in contributing to its growth. There are proper guidelines within the Group for staff recruitment, promotion and performance appraisals to promote a high performance culture by rewarding high performers and counselling poor performers. Structured talent management and training programmes are developed to ensure staff are adequately trained and competent in discharging their responsibilities and to identify future leaders for succession planning.
- A code of ethics has been formulated to protect and enhance the Group's reputation for honesty and integrity. The Code of Ethics is based on the following principles: observance of laws both in letter and in spirit; upholding the reputation of integrity throughout the organisation; avoiding possible conflicts of interest; ensuring completeness and accuracy of relevant records; ensuring fair and equitable treatment of all customers; avoiding misuse of position and information; ensuring confidentiality of information and transactions.



- The Group has established functions to ensure compliance with the relevant laws and regulations. Compliance systems have been implemented that enable regular self-assessment by staff and reporting that provides management and Board with assurance that staff are aware and comply with regulatory requirements. A process is in place to standardise this practice across the AmBank Group. Compliance awareness training is conducted on a regular basis to ensure that staff keep abreast of banking, insurance, securities and anti-money laundering laws as well as other regulatory developments. The training programmes help staff develop their skills to address compliance issues as well as cultivate good corporate ethics.

# COMPLIANCE WITH BURSA SECURITIES LISTING REQUIREMENTS

## Other Bursa Malaysia Compliance Information

### 1. Share Buy-back

The Company has not purchased any of its own shares during FY2008 and the preceding financial year.

### 2. Material Contracts

There were no material contracts (not being a contract entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 3. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 March 2008.

### 4. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

### 5. Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

### 6. Revaluation Policy

The Group has not revalued its landed properties and therefore has not adopted any revaluation policy at the date of this report.

### 7. Utilisation of Proceeds Raised from Corporate Proposals

The fund raising exercises undertaken by the Company and its subsidiaries are as follows:

- (a) On 15 January 2008, the Company completed a renounceable rights issue exercise and issued 295,972,939 new ordinary shares at an issue price of RM3.40 per share. The proceeds were utilised as follows:

Description	Utilisation (RM'000)
To part finance the privatisation of AmInvestment Group Berhad	996,588
Payment of issuance expenses	9,720
<b>Total proceeds</b>	<b>1,006,308</b>

- (b) AmBank (M) Berhad ("AmBank") has issued six (6) tranches of Medium Term Notes amounting to RM1,460 million under a RM2.0 billion nominal value Medium Term Note Programme. The proceeds were and/or will be utilised by AmBank as follows:

Description	Utilisation (RM'000)
Working capital	799,721
To refinance existing subordinated bonds / loans	660,000
Payment of issuance expenses	279
<b>Total proceeds</b>	<b>1,460,000</b>

### 8. Options, Warrants or Convertible Securities

As at 31 March 2008, there were no options or warrants outstanding. However, the following convertible securities were outstanding:

- (i) RM575 million nominal value 10 year unsecured Exchangeable Bonds issued by AmBank on 18 May 2007, which are exchangeable into 194,915,254 new ordinary shares of the Company, to ANZ Funds Pty Ltd at an exchange price of RM2.95 per share.

### 9. Variation in Results

There was no profit forecast, projection or unaudited results made or announced for the financial year ended 31 March 2008.

### 10. Recurrent Related Party Transactions of a Revenue or Trading Nature

Pursuant to paragraph 10.09(1)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions conducted in financial year ended 31 March 2008 pursuant to the Shareholders' Mandate is given in Table 1.

The Transacting Parties for all the Related Parties comprise the Company and its subsidiaries.

**Table 1: Details of Recurrent Related Party Transactions Conducted in Financial Year Ended 31 March 2008 Pursuant to Shareholders' Mandate**

Related Parties	Nature of Transaction	Actual Value (RM'000)	Relationship with the Company
MCM Consulting Sdn Bhd	Purchase of software and hardware and provision of IT related services <sup>1</sup> including provision of lighting hardware	18,598	Companies in which a Director and/or major shareholder were deemed to have an interest
MCM Systems Sdn Bhd			
MCM Horizon Sdn Bhd			
MCM Wireless Sdn Bhd	Revenue sharing of income from sale of Telekom Malaysia's calling card airtime through AmBank's e-channel distribution platform	25	
Harpers Travel (M) Sdn Bhd	Provision of airline ticketing services	2,476	
Restoran Seri Melayu Sdn Bhd	Provision of restaurant and hospitality services	182	
AM Blue Star Sdn Bhd	Provision of air conditioning maintenance services	200	
Unigaya Protection System Sdn Bhd	Provision of security services including armed and unarmed guard services and security for cash in transit	219	
Modular Corp (M) Sdn Bhd	Provision of electronic card technologies and services	1,691	
Australia and New Zealand Banking Group Limited ("ANZ")	Provision of technical services <sup>2</sup>	- *	

**Notes:**

- IT consultancy related services consist of, but are not limited to, the following services:
    - Design, development and customisation of software;
    - Integration, installation, implementation, testing and commissioning of the software in the designated systems;
    - Provision of maintenance services and upgrades to the existing mainframe related applications and systems;
    - Development, optimisation and implementation of the website; and
    - Provision of project management services.
  - Technical services in relation to retail, business and other banking and financial services, and the operations of a banking business, consisting primarily of project based services, the provision of staff (other than Management Services) and training and knowledge transfer services.
- \* The provision of staff from ANZ to AmBank are on contract secondment basis (6 to 24 months) and are employed and paid as an AmBank employee or if ANZ secondment is on a project basis for a period of 6 months or less, AmBank bears the cost of ANZ staff's travelling, accommodation and allowances. There has been no direct payment to ANZ for the provision of technical services for the financial year ended 31 March 2008.

# RISK MANAGEMENT

## APPROACH

### Strategic Risk

The strategic risk at the Bank's corporate level is the risk of not achieving the Bank's corporate strategic goals. The Bank's goals correspond with the Group's overall strategic planning to reflect the Group's vision and mission, taking into consideration the Bank's internal capabilities and its external factors.

The issue of strategic risk is addressed by having the Board's involvement in setting strategic goals. In this regard, the Board is regularly updated on matters affecting corporate strategy implementation and corporate projects/transactions. There is also formal due diligence and verification process, including taxation, legal, finance, treasury and regulatory sign-offs as well as execution of confidentiality agreements in respect of corporate proposals. The implementation of these projects is undertaken through the establishment of a project management office and steering committees with prompt resolution of implementation issues, reporting and tracking of the projects.

### Capital Risk

The Bank has established a working group to oversee its capital adequacy position to ensure compliance with the requirements of BNM and to take prompt action to address projected or actual capital deficiency.

The Bank monitors its capital adequacy position to ensure compliance with the requirement of BNM and to take prompt action to address projected or actual capital deficiency. The capital position is reviewed on a quarterly basis, taking into account the levels and trend of material risks, the assumptions used in the capital assessment measurement system, sufficiency of capital amount against the various risks and its compliance with established adequacy goals as well as future capital requirement based on the Bank's reported risk profile.

### Market Risk Management

Market Risk is defined as the potential loss arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and commodity prices. These changes can affect the value of financial instruments and may also affect customer-flow-related revenues and proprietary trading revenues.

The main objectives of Market Risk Management is to ensure that losses from market risk can be promptly arrested without incurring a potential loss that is beyond the Bank's risk appetite. This is done by assuming an appropriate equilibrium between risks taken and returns earned to ensure returns to shareholders are optimised.

The Bank manages market risk using two approaches; the first being under normal market circumstances where the benchmark standard used is Profits-at-Risk. Profits-at-Risk comprises Value-at-Risk (VaR) and loss limit thresholds. VaR is a statistical measure of the potential loss that the Bank may experience arising from adverse movements under normal market circumstances. The loss limit thresholds are in place to trigger management discussion on appropriate mitigation measures to be taken once certain levels of losses are reached.

The second approach employs the benchmark standard of Capital-at-Risk to ensure that the Bank is able to absorb unanticipated market movement based on historical shock scenarios.

To complement the VaR, the Bank has a set of scenario analyse that serve as indicators of the change in portfolio value under various potential market conditions such as shifts in currency rates, general equity prices, interest rates, and yield curve shifts.

Risk thresholds are approved by the Board. These risk thresholds, structure align specific risk-taking activities with the overall risk appetite of the Bank and of its individual business units.

All business units are expected to maintain their exposures within assigned risk thresholds. In the event risk thresholds are exceeded, business units are required to reduce their exposure immediately to a level within the risk threshold. Where this is not possible, senior management is consulted on the appropriate measures to address the exposure. Together, these controls reduce the likelihood that trading losses will exceed the risk appetite of the Bank.

### Market Risk Management Process

<b>Identification</b>	<ul style="list-style-type: none"> <li>• Identify market risks within existing and new products.</li> <li>• Review market-related information e.g. market trend, economic data, etc.</li> </ul>
<b>Assessment/ Measurement</b>	<ul style="list-style-type: none"> <li>• Value-at-Risk (VaR).</li> <li>• Profit-at-Risk.</li> <li>• Capital-at-Risk.</li> </ul>
<b>Control/ Mitigation</b>	<ul style="list-style-type: none"> <li>• Establish market risk limits e.g. loss limits, VaR and sensitivity limits.</li> <li>• Set against business profitability budget and align with the risk appetite approved by the Board.</li> </ul>
<b>Monitoring/ Review</b>	<ul style="list-style-type: none"> <li>• Monitoring of limits.</li> <li>• Periodical review and reporting.</li> </ul>

### Funding Risk Management

Funding risk is the risk that the Bank will not be able to fund its day-to-day operations at a reasonable cost. Liquidity could be affected by inability to access long term or short term deposits, repurchase or security-lending markets or draw under credit facilities, whether due to factors specific to us or to general market conditions. In addition, the amount and timing of uncertain events, such as unfunded commitments and contingencies, could adversely affect cash requirements and liquidity.

Our access to deposits and funding markets is dependent on our credit ratings. A downgrading in our credit ratings could adversely affect our access to liquidity, as well as our competitive position, and could increase the cost of funding.

The primary objective of funding risk management framework is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis. It also ensures optimal funding structure and balances the key funding risk management objectives, which include diversification of funding sources, customer base, and maturity periods.

The measures utilised for funding risk management are varied and range from daily to monthly monitoring and reporting. These include weekly cash flows, monitoring of depositors and relevant key ratios and monthly reporting to the ERM on the measures as well as breaches of limits, if any. Scenario testing is performed to assess the adequacy of liquidity to meet obligations due under stressed levels.

### Funding Risk Management Process

<b>Identification</b>	<ul style="list-style-type: none"> <li>• Cash flow maturity mismatch and behavioural maturity of depositors.</li> <li>• Unusual large deposits and/or withdrawals.</li> </ul>
<b>Assessment/ Measurement</b>	<ul style="list-style-type: none"> <li>• Analyse cash flow maturity mismatch and concentration of large depositors.</li> <li>• Funding risk-related ratios, scenario analysis and stress testing.</li> </ul>
<b>Control/ Mitigation</b>	<ul style="list-style-type: none"> <li>• Setting limits and triggers.</li> <li>• Maintenance of adequate cash and liquefiable assets.</li> <li>• Diversification and stabilisation of liabilities and/or funding structure.</li> </ul>
<b>Monitoring/ Review</b>	<ul style="list-style-type: none"> <li>• Periodical review and reporting.</li> </ul>

# RISK MANAGEMENT APPROACH

## Credit Risk Management

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures.

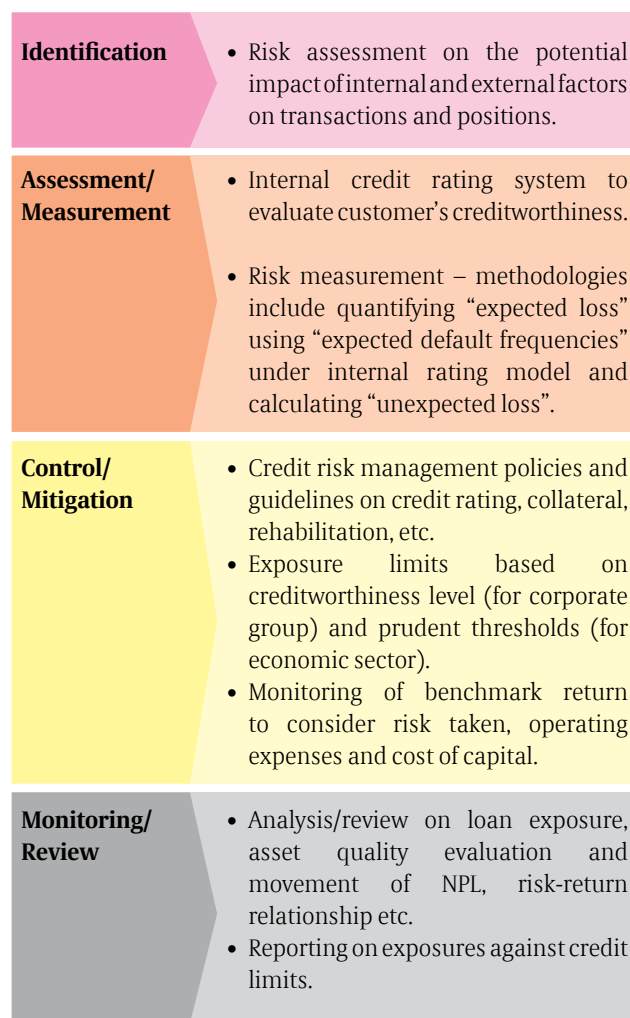
The primary objective of credit risk management framework is to ensure that exposure to credit risk is always kept within the Bank's capability and financial capacity to withstand potential future losses. Lending activities are guided by internal credit policies and guidelines that are approved by the Board or risk committees. Specific procedures for managing credit risks are determined at business levels in specific policies and procedures based on risk environment and business goals.

For non-retail credits, risk measurement begins with an assessment of the financial standing of the borrower or counterparty using an internally developed credit rating model. The model consists of quantitative and qualitative scores that are then translated into a rating grade, ranging from 'AAA' (lowest risk) to 'C' (highest risk). The credit analysis not only highlights the key credit issues that need to be mitigated, but also reflects the overall level of risk for each new borrower. The assigned credit rating forms a crucial part of the credit analysis undertaken for each of the Bank's credit exposures.

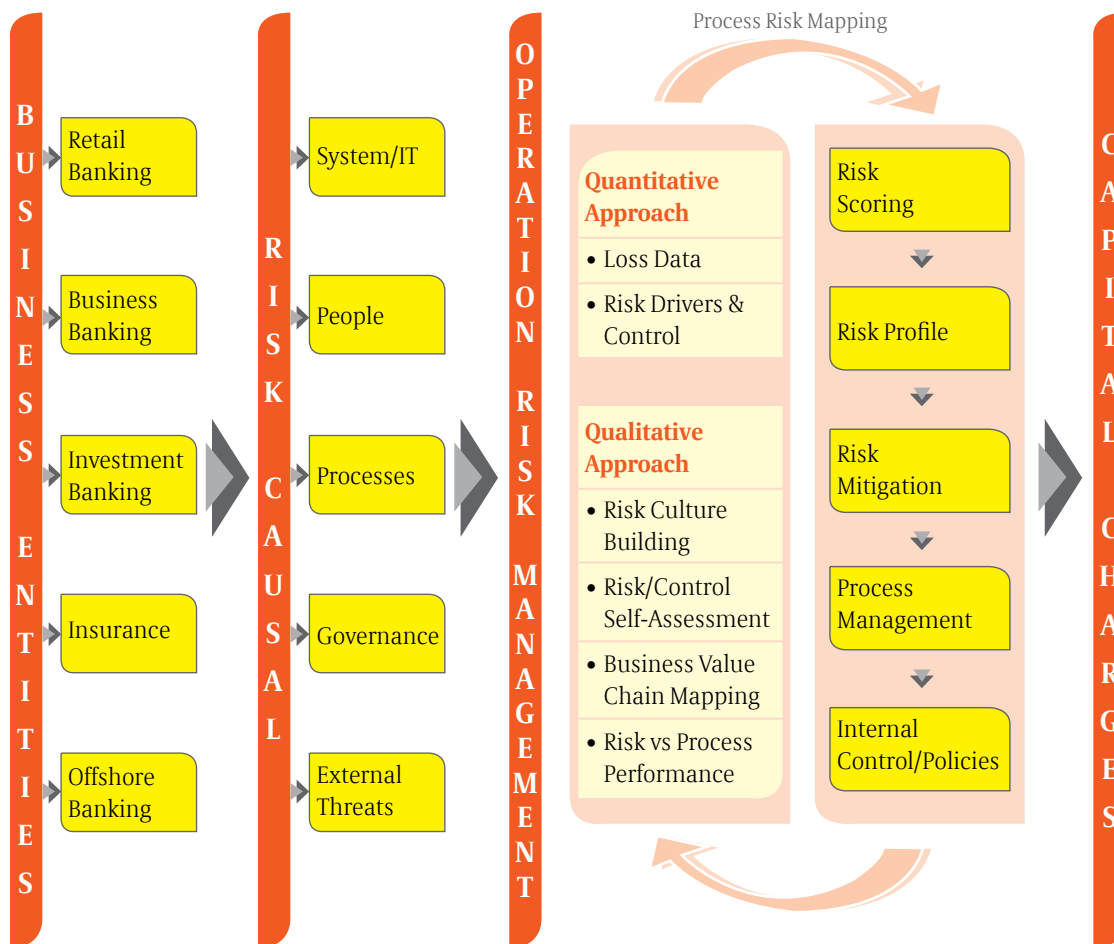
Credit portfolio management strategies designed to achieve a desired ideal portfolio risk tolerance level and sector distribution also govern the direction of lending. These portfolio management strategies include minimum credit rating targets for new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

For retail credits, credit-scoring systems are being used to complement the credit assessment process and to arrive at credit decisions. Moving forward, the Bank is in the midst of developing behavioural scoring system to better review the credit profile of existing customers and in formulating appropriate collection strategies.

## Credit Risk Management Process



## Operational Risk Management Approach



## Operational Risk Management

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events on the Bank's day-to-day operations that are executed to attain its business objectives, which restrict or prevent such objectives from being achieved.

Operational risk management is the discipline of systematically identifying the critical potential points and causes of failure, assess the potential cost and to minimise the impact of such risk through the initiation of risks mitigating measures and policies.

The primary responsibility for managing operational risk rests with each operating department. Nevertheless, the execution of risk management methodology is supported and guided by the Risk Management Department whose function is to define minimum standards, policies and methodologies, monitor compliance, and identify as well as report on Bank-wide risk exposures. The operating departments are responsible for assessing their operational risks and review controls instituted periodically to ensure that the measures introduced continue to be relevant and appropriate.

# RISK MANAGEMENT APPROACH

## Operational Risk Management Process

<b>Identification</b>	<ul style="list-style-type: none"> <li>Analyse key processes.</li> <li>Risk self-assessment and review reported incident.</li> </ul>
<b>Assessment/ Measurement</b>	<ul style="list-style-type: none"> <li>Five risk causal platform (people, process, governance, IT &amp; external) and risk events.</li> <li>Risk scorecard and loss data.</li> </ul>
<b>Control/ Mitigation</b>	<ul style="list-style-type: none"> <li>Policies and integration of related controls into processes/procedures addressing the specific operational risk.</li> <li>Contingency planning.</li> </ul>
<b>Monitoring/ Review</b>	<ul style="list-style-type: none"> <li>Review on business/support operating unit and independent validation by internal audit.</li> <li>Review feedback from internal reporting.</li> <li>Periodical reporting on loss incidents and major risk issues.</li> </ul>

## Business Continuity

Our Business Continuity Management (BCM) Process, which is an integral part of operational risk management, places importance on ensuring that the required BCM framework is in place to identify events that could potentially threaten the Group's operations and to build resilience and capability to safeguard the interests of its brand and reputation. The BCM process complements the efforts of the disaster recovery team, to ensure that the Group has the required critical capabilities and resources, such as systems, work space and premises, communications, in a business continuity facility for the more critical business operations like Treasury and IT.

## Legal and Regulatory Risk Management

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. Legal risks arise from potential breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgment which may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputation risks. Legal risk is managed by internal legal counsel as well as the Operational & Legal Risk Management Committee, and, where necessary, in consultation with external legal counsel to ensure that such risk is minimised.

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practices. Compliance Units within the Group undertake the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the AmBank Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor the compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out in-line. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with regulatory requirements.

Compliance awareness training is conducted on a regular basis to ensure that staff keep abreast of banking, insurance, securities and anti-money laundering laws as well as other regulatory developments. The training programmes help staff develop their skills to identify compliance issues as well as cultivate good corporate ethics.

Group Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the Unit facilitates briefings, disseminates information and leads coordination efforts.

The Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations through various search modes.

### Reputational Risk

We recognise that maintaining our reputation among clients, investors, regulators and the general public is an important aspect of minimising legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and the conduct of our business activities. We seek to maintain our reputation by screening potential clients and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

The Bank has implemented a Product Approval Programme to ensure that all risks inherent in new products/financing packages and related business activities are identified, and measures to minimise these risks are put in place, before the launch of the products. All new products require the sign-off of the respective risk control units, including Risk Management, Legal, Finance and the Internal Audit as well as the Risk Management Committee/Board.

### BASEL II

The Basel Committee on Banking Supervision has published a new framework on capital adequacy, commonly known as "Basel II" replacing Basel I with a more risk-sensitive set of new requirements. This integrated framework is structured around three pillars, i.e. minimum capital requirements, supervisory review process and market discipline, with the objective to promote safety and soundness in the financial system and to have a more comprehensive approach in addressing risks.

Based on this framework, the Islamic Financial Services Board has also issued the Capital Adequacy Standard (CAS) for institutions (other than insurance) offering only Islamic financial services with the necessary modifications and adaptations, to cater for the characteristics of Shariah-compliant products and services being offered.

For the recent financial year, Bank Negara Malaysia (BNM) has issued the following guidelines with respect to pillar one (minimum capital requirement):

- i. Risk Weighted Capital Adequacy Framework;  
This guideline is applicable to banking institutions governed under the Banking and Financial Institutions Act 1989 (BAFIA) both at entity and consolidated basis. It includes capital treatment for Islamic banking activities undertaken by the banking institutions under Islamic windows.
- ii. Capital Adequacy Framework for Islamic Banks licensed under Islamic Banking Act 1983 (IBA).

### Basel II Implementation for AmBank Group

#### Credit Risk

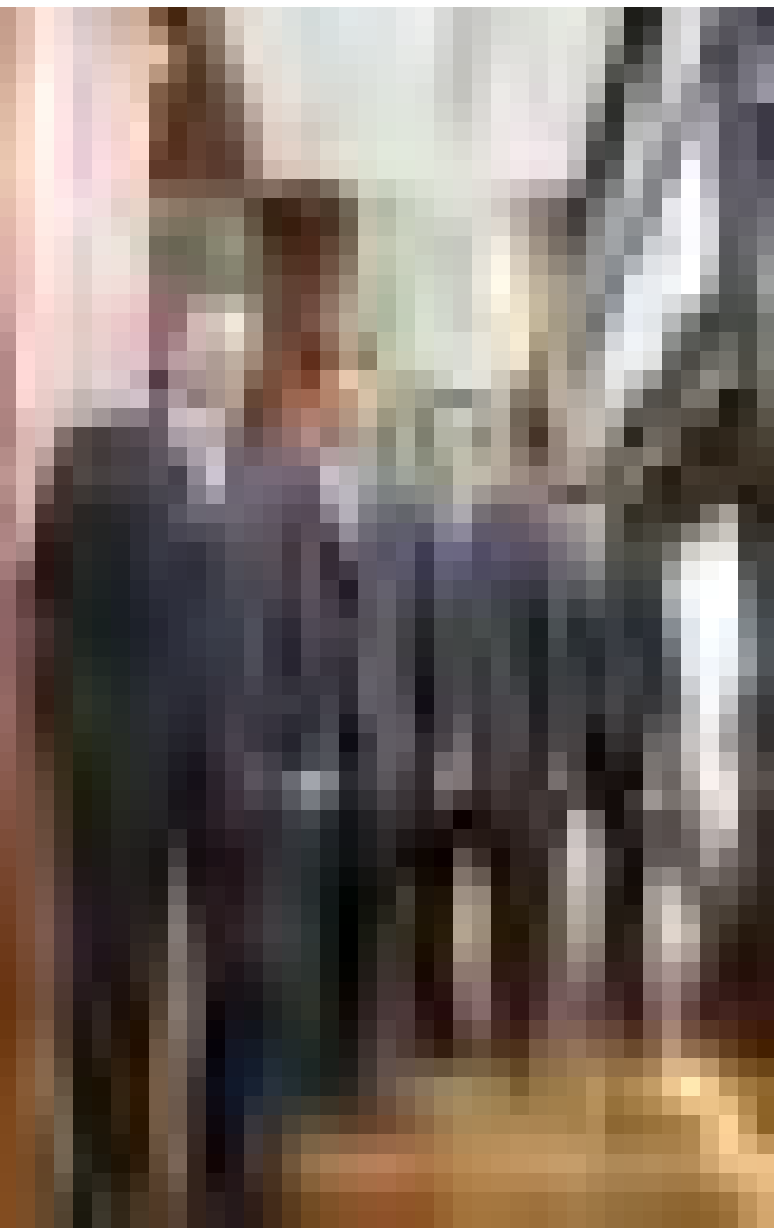
In achieving towards improved risk management practices and techniques, the Group has in January 2008 successfully implemented Basel II Standardised Approach. The Group adopts the comprehensive approach in recognising collateral and guarantee obtained as risk mitigants to reduce credit exposures in computing the regulatory capital.

#### Operational Risk

For operational risk, the Group applies the Basic Indicator Approach for risk-weighted capital charge and is currently working towards the implementation of The Standardised Approach. Pursuant to this, relevant new policies are developed while existing ones are enhanced accordingly. The Group has also reached the final phase in procuring an appropriate operational risk management system. This system would support a robust operational risk management and will enable the Group to meet further advances in Basel II requirements. It also enables the Group to proactively monitor operational risk through the modules of loss incidents, key risk indicators, and risk and control self assessment.

# BUSINESS OPERATIONS REVIEW

The Group's efforts over the last three years to simplify its structure in order to align business activities are now translating into better service to customers, increased business volumes and improved profitability.



During the year, the Group's business activities were mainly concentrated in providing an extensive range of financial services and innovative products, both conventional and Islamic, in these five main areas:

- **Investment Banking**  
We continued to enhance corporate and investment banking services for the Group's corporate and institutional clients, by continuing our track record of leadership in providing a wide range of high quality tailored services, including treasury, capital markets, corporate advisory and structured finance solutions.
- **Business Banking**  
We made substantial headway during the year in managing the needs of the Small and Medium Enterprises (SMEs) by providing a full range of working capital financing and transactional services.
- **Retail Banking**  
We continued to gain and retain customers, and grow a greater "wallet share" through expanded and improved customer service, by offering greater convenience and accessibility through our branch network and alternative delivery channels. The performance of Retail Banking was characterised by excellent loans growth and increased market share in key products.
- **Islamic Banking**  
We posted remarkable growth during the year and also clinched major accolades as we capitalised on the growing demand for Islamic financial services. We also introduced award-winning global products.
- **Insurance**  
We focused on improvements in customer service to realise the benefits of the bancassurance arrangements with AmBank, in efforts to build scale and consolidate our market share.



## Investment Banking Group

### Malaysian Businesses

#### Investment Banking

Following the privatisation of the Group’s investment banking arm, AIGB, the Group’s investment banking business under AmInvestment Bank is now well-positioned to leverage on the balance sheet strength of the total AmBank Group to provide lending and underwriting firepower to secure sizeable investment banking transactions.

With the completion of the strategic partnership between the AmBank Group and ANZ, the investment banking arm’s capabilities to support its large corporate client groups with total financial solutions covering the local and regional footprints have also been enhanced.

The Investment Banking Division strives to provide a wide array of distinctive and “best-in-class” integrated financial solutions on a comprehensive basis to its target clients.

In spearheading the origination initiatives of the Group to secure investment banking mandates, this division primarily focuses on building and developing strong relationships with Government-linked Corporations (GLCs), conglomerates, Main Board corporations listed on Bursa Malaysia, large corporates (listed and unlisted), and other government and state-owned entities which require the full range of investment banking solutions, be it debt, equity or hybrid products.

To achieve its objectives, the division is staffed with dedicated Investment Banking Teams to cover large clientele groups based in Kuala Lumpur and the Klang Valley, and it is further supported by the Heads of the AmBank Group’s four Regional Business Centres (RBCs) in East and West Malaysia. They are responsible for interfacing with the targeted clientele groups and servicing their specific needs for any products and services within the wide spectrum of financial solutions offered by the Group.

The respective Teams play a pivotal role in identifying and securing capital market deal opportunities for the Group. They act as ‘deal drivers’ and work very closely with the various specialized product groups residing within the investment banking and commercial banking arms to structure value-added financial solutions for our clients.

By providing seamless fusion between each product specialist team in the Group in delivering superior financial solutions to our clients, this division has successfully secured significant investment banking mandates, propelling us to the forefront of market leaderboard positions in both the Debt and Equity League Tables as evidenced by the numerous industry awards and accolades won by AmInvestment Bank.

#### Corporate Finance

As one of the country’s leading Corporate Finance unit, the Bank’s Corporate Finance division is at the forefront in providing our clients with the broadest possible range of innovative business and financial solutions in meeting their corporate, capital and investment objectives.

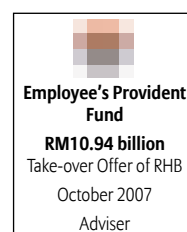
Our Corporate Finance division provides a full spectrum of equity capital raising and corporate advisory services to corporate clients, governments and financial intermediaries. Our experience, coupled with our unique understanding of the local business and regulatory environment, allows us to foster our exceptional capacity to consistently deliver qualified advice, execution and distribution services.

The Bank is the market leader in IPOs across the three Boards (Main, Second and MESDAQ), based on the most number of listings advised (a total of 223 IPOs) since our establishment, garnering 22% share. From April 2007 to March 2008, the bank secured 17% of the market share for IPOs, raising RM222 million from both the Main and Second Board listings. We lead the market in terms of number of issues advised in the equity and equity-linked market with a market share of 27.9% during the period.

In addition, the Bank listed 2 out of 6 issues (33%) on the Labuan International Financial Exchange (“LFX”), raising USD1.6 billion in 2007 and also the most number of issues (13 issues or 41%) since the launch of LFX.

As testament of our success, the Bank was named as the “Best Equity House” in Malaysia in FinanceAsia’s Country Awards for Achievement in 2007.

Some of our more prominent deals were:



- Adviser to Employees Provident Fund (“EPF”) for the take-over offer of Rashid Hussain Bhd (“RHB”) and RHB Capital Bhd with a deal size of RM10.9 billion. On our advice on structuring the deal, EPF successfully beat two (2) rival bidders to acquire RHB in EPF’s second attempt to acquire RHB.

## Investment Banking



- Adviser to Kumpulan Sime Darby Bhd, Sime UEP Properties Bhd, and Sime Engineering Services Bhd in relation to the landmark Synergy Drive Berhad's merger exercise with a combined deal value of RM18.7 billion. The transaction is the largest corporate merger exercise in Malaysia as well as South East Asia and created the largest listed oil palm plantation group in the world, with significant presence in both the upstream and downstream sectors.



- Adviser to PPB Group Berhad ("PPB") on the disposal of shares in PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd to Wilmar International Limited. The deal, a cross border merger involving two jurisdictions (Malaysia and Singapore), was valued at RM8 billion and created one of Asia's largest integrated agribusiness group carrying the entire value chain of the palm oil business.



- Principal adviser to both AMMB Holdings Berhad ("AMMB") and AmBank (M) Berhad ("AmBank") for the strategic investment by Australia and New Zealand Banking Group Ltd ("ANZ"), an established banking group, in AMMB. The investment of RM2.37 billion (AUD833 million) was the largest investment by ANZ in Asia to date.



- Principal adviser to AmInvestment Group Berhad ("AIGB") for the privatisation of AIGB by AMMB via a Scheme of Arrangement ("SOA") and capital reduction exercise valued at RM2.4 billion. The bank was also the principal adviser for the rights issue by AMMB with an issue size of over RM1 billion, which was undertaken in conjunction with the SOA.



- Adviser to FBM30etf, Malaysia's first Equity Exchange Traded Fund ("ETF") in July 2007, which has an initial authorised fund size of 500 million units and raised RM81.6 million.



- Adviser to UMW Holdings Berhad ("UMW Holdings") on Malaysian regulatory matters with regard to the public offering of American Depository Shares ("ADS") by WSP Holdings Limited, a former subsidiary of UMW Holdings. The initial public offering of 25,000,000 ADS represents 25% of the enlarged issued and paid-up share capital of WSP Holdings immediately after the completion of the listing of ADS. Based on the public offering price of USD8.50 per ADS and using the ADS as proxies for the remaining ordinary shares in WSP Holdings not already listed, the market value of WSP Holdings is USD874.6 million (or approximately RM2.92 billion) upon completion of the listing exercise.

With a track record as an innovative advisory partner with superior execution and distribution capabilities, the Bank expects to continue its established reputation of being a market leader in the provision of corporate finance and advisory services. This is despite the increasingly challenging operating environment and turbulent investor sentiment on the back of possible slowdown in the global economy.

Moving forward, the bank is involved in the listing of a number of large market capitalisation companies involved in various sectors of the economy such as the oil and gas, plantation and shipping industries. In line with the Government's recent efforts to further liberalise the equity and equity-linked markets, we will proactively monitor the evolving customer requirements and aggressively embrace opportunities and trends.

**OTHER SIGNIFICANT CORPORATE FINANCE TRANSACTIONS COMPLETED IN 2007–2008**

<p><b>FBM 30 ETF</b></p> <p>Malaysia's First Exchange Traded Fund</p> <p><b>IPO Market Capitalisation: RM81.6 million</b></p> <p>June 2007 Adviser</p>	<p> <b>TASCO</b> Trans-Asia Shipping Corporation Berhad</p> <p><b>IPO Market Capitalisation: RM110.0 million</b></p> <p>December 2007 Adviser, Managing Underwriter &amp; Placement Agent</p>	<p> <b>SLP Resources Berhad</b></p> <p><b>IPO Market Capitalisation: RM97.5 million</b></p> <p>March 2007 Adviser, Managing Underwriter &amp; Placement Agent</p>	<p> <b>Dayang Enterprise Holdings Berhad</b></p> <p><b>IPO Market Capitalisation: RM510.4 million</b></p> <p>April 2008 Adviser, Managing Underwriter &amp; Placement Agent</p>	<p> <b>LUXCHEM</b> LUXCHEM CORPORATION BERHAD</p> <p><b>Luxchem Corporation Berhad</b></p> <p><b>IPO Market Capitalisation: RM143.0 million</b></p> <p>June 2008 Adviser, Managing Underwriter &amp; Placement Agent</p>
<p> <b>Sarawak Oil Palms Berhad</b></p> <p><b>RM112.3 million</b></p> <p>Renounceable Rights Issue</p> <p>April 2008 Adviser</p>	<p> <b>Matrix International Berhad</b></p> <p><b>RM207.0 million</b></p> <p>Renounceable Two-Call Rights Issue</p> <p>March 2008 Adviser</p>	<p> <b>AZRB</b> AHMAD ZAKI RESOURCES BERHAD</p> <p><b>Ahmad Zaki Resources Berhad</b></p> <p><b>RM69.0 million</b></p> <p>Renounceable Two-call Rights Issue</p> <p>February 2008 Adviser</p>	<p> <b>IOI GROUP</b></p> <p><b>IOI Corporation Berhad</b></p> <p><b>RM44.8 million</b></p> <p>Special Issue</p> <p>June 2007 Adviser</p>	<p> <b>HEKTAR</b> G R O U P</p> <p><b>Hektar REIT</b></p> <p><b>RM104.5 million</b></p> <p>Private Placement</p> <p>June 2007 Adviser</p>
<p> <b>YNH Property Berhad</b></p> <p><b>RM117.7 million</b></p> <p>Private Placement</p> <p>June 2007 Adviser</p>	<p> <b>PPB Oil Palms Berhad</b></p> <p><b>RM232.0 million</b></p> <p>Secondary Placement</p> <p>June 2007 Placement Agent</p>	<p> <b>MRCB</b> Resources For Growth</p> <p><b>Malaysian Resources Corporation Berhad</b></p> <p><b>RM132.2 million</b></p> <p>Private Placement</p> <p>May 2007 Adviser</p>	<p> <b>AmBank</b></p> <p><b>AmBank (M) Berhad</b></p> <p><b>RM575.0 million</b></p> <p>Exchangeable Bonds</p> <p>April 2007 Adviser</p>	<p> <b>E&amp;O</b> PROPERTY DEVELOPMENT</p> <p><b>E &amp; O Property Berhad</b></p> <p><b>RM92.2 million</b></p> <p>Private Placement</p> <p>April 2007 Adviser</p>
<p> <b>Ramunia Holdings Berhad</b></p> <p><b>RM3.2 billion</b></p> <p>Reverse Take-over Exercise</p> <p>May 2008 Independent Adviser</p>	<p> <b>TIME dotCom Berhad</b></p> <p><b>RM654.5 million</b></p> <p>Proposed Alliance with DiGi.com Berhad and transfer of 3G spectrum</p> <p>May 2008 Adviser</p>	<p> <b>PACIFICMAS BERHAD</b></p> <p><b>PacificMas Berhad</b></p> <p><b>RM735.0 million</b></p> <p>Conditional Take-over Offer by OCBC Capital (Malaysia) Sdn Bhd</p> <p>April 2008 Independent Adviser</p>	<p> <b>DRB-HICOM</b></p> <p><b>DRB-HICOM Berhad</b></p> <p><b>RM720.0 million</b></p> <p>Acquisition of Rangkai Positif Sdn Bhd</p> <p>Pending Completion Independent Adviser</p>	<p> <b>PNB</b></p> <p><b>Permodalan Nasional Berhad</b></p> <p><b>RM909.6 million</b></p> <p>Take-over Offer for Petaling Garden Shares</p> <p>June 2007 Adviser</p>
<p> <b>PNB</b></p> <p><b>Permodalan Nasional Berhad</b></p> <p><b>RM1.48 billion</b></p> <p>Voluntary Take-over Offer and the Subsequent Compulsory Acquisition and Delisting of MIDF</p> <p>October 2007 Adviser</p>	<p> <b>UTAMA</b></p> <p><b>Utama Banking Group Berhad</b></p> <p><b>RM2.3 billion</b></p> <p>Disposal of Investment in RHB</p> <p>May 2007 Adviser</p>	<p> <b>rb</b></p> <p><b>Road Builder Holdings (M) Berhad</b></p> <p><b>RM1.48 billion</b></p> <p>Conditional Take-over Offer of Road Builder by IJM Corporation Berhad</p> <p>March 2007 Adviser</p>	<p> <b>UBG</b></p> <p><b>Majestic Masterpiece and UBG Berhad</b></p> <p><b>RM2.2 billion</b></p> <p>Contemporaneous Take-over of UBG Berhad, Putrajaya Perdana Berhad and Loh &amp; Loh Corporation Berhad</p> <p>Pending Completion Adviser</p>	<p> <b>IJM</b></p> <p><b>IJM Corporation Berhad</b></p> <p><b>RM1.32 billion Proposed Disposals</b></p> <p>RM23.4 million Proposed Offer To Eligible Employees</p> <p>Pending Completion Adviser</p>

# Investment Banking

## Equity Capital Markets

The Equity Capital Markets oversees the Bank's distribution activities in the primary equity and equity-linked markets. It provides market intelligence support in the origination of primary market transactions and manages structuring, syndication, marketing and distribution. In addition, it also provides underwriting services for both IPO and follow on equity fund raising exercises and secondary placement. Our clients are primarily from Malaysia, Singapore and Indonesia that seek access to regional equity capital markets.

## Debt Capital Markets

The Malaysian Debt Capital Markets has shown good growth over the past 5 years. The Malaysian local currency bond market is recognized by the Asian Development Bank as the 3rd fastest emerging market relative to other East Asian economies. As at 31 December 2007, total bonds outstanding in the Malaysian Debt Capital Markets make up a hefty 84.62% of the country's GDP amounting to RM557.05 billion, comprising 52.6% in public debt securities and 47.4% in private debt securities ("PDS"). The robust growth and resiliency of the Malaysian Debt Capital Markets over the years is largely driven by the steady expansion of the Malaysian economy and healthy investor appetite, with total PDS issued in 2007 amounting to a sizeable amount of RM69.36 billion, from RM38.89 billion in 2006.

AmInvestment Bank is one of the leading bond houses in Malaysia, specializing in providing innovative financing solutions including project financing, asset-backed securitization ("ABS"), mezzanine capital, and structured financing instruments in both local and foreign currencies. The team has shown a strong consistent track record in the Malaysian Debt Capital Markets, firmly residing in the top 3 positions of the Bloomberg, RAM and MARC league tables over the past 5 years and averaging over 15% market share of total PDS arranged annually. In addition, the team has continuously reaffirmed its status as a market leader and innovator of ABS.





For 2007, the Debt Capital Markets team posted yet another strong year completing 18 transactions, and raising nearly RM12.8 billion PDS across a diversified portfolio of debt instruments and issuers catering to a wide spectrum of industry sectors. The team has also remained the dominant securitization house in the Malaysian Debt Capital Markets, being responsible for lead arranging 5 of the 11 ABS transactions in 2007.

Our landmark transactions issued in 2007 include the following:












- Principal Adviser/Lead Arranger for the RM1.75 billion comprehensive debt and equity funding by Lebuhraya Kajang-Seremban Sdn Bhd. This transaction, which included the issue of RM1,418.0 million Sukuk Istisna' and RM290.0 million loan stock programme represented the largest Islamic greenfield toll project financing in 2007.
- Joint Lead Manager for the RM20.0 billion Islamic/Conventional Commercial Paper ("CP") Programme and RM40.0 billion Islamic/Conventional Medium Term Note ("MTN") Programme by Cagamas Berhad. This landmark transaction is the largest debt issuance programme established in Malaysia to date, signifying another key milestone in the Malaysian Debt Capital Markets.
- Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager for the RM2,410.0 million Residential Mortgage-Backed Securitization ("RMBS") by Cagamas MBS Berhad. This transaction represents the 5th issue by Cagamas MBS Berhad and is the largest Ringgit denominated RMBS in Malaysia to date.
- Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager for the RM1.5 billion nominal value ABS Programme by Tresor Assets Berhad which heralds the largest personal loans securitization in Malaysia for 2007.

Outlook of the Debt Capital Markets business in 2008 is impacted by the global credit and liquidity crisis. However, these external factors are mitigated by the strong liquidity in the Malaysian financial system which continues to be healthy at over RM330.4 billion as at 30 April 2008. With the continued strengthening of the Ringgit, we expect the local bond market to be well-supported. In addition, surplus liquidity in the local market represents strong potential for foreign issuers to tap the market with the proceeds swapped into USD via Cross Currency Swap. This further illustrates the high level of maturity of the Malaysian financial market.

## ACCOLADES AND AWARDS WON IN 2007

 <p>No. 2 on RAM Lead Managers' League Table 2007: By Issue Value</p>	 <p>No. 2 on MARC Lead Managers' League Table 2007 – By Number of Issues (Conventional)</p>
 <p>No. 2 on RAM Lead Managers' League Table 2007: By Number of Issues</p>	 <p>No. 3 on MARC Lead Managers' League Table 2007 – By Issued Value (Conventional)</p>

## SIGNIFICANT DEBT CAPITAL MARKETS TRANSACTIONS COMPLETED IN 2007–2008

 <p><b>Sabah Development Bank Berhad</b> RM500.0 Million CP Programme and RM1.0 Billion MTN Programme with aggregate outstanding CPs and/or MTNs not exceeding RM1.0 Billion April 2008 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager</p>	 <p><b>Tanjung Offshore Berhad</b> RM400.0 Million Islamic Medium Term Notes Programme March 2008 Principal Adviser, Lead Arranger and Lead Manager</p>	 <p><b>Al-'Aqar Capital Sdn Bhd</b> RM300.0 Million Sukuk Ijarah Programme February 2008 Principal Adviser, Lead Arranger and Primary Subscriber</p>	 <p><b>Gamuda Berhad</b> RM800.0 Million Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme January 2008 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager</p>	<p><b>Binariang GSM Sdn Bhd</b> RM2.0 Billion Islamic Commercial Papers Programme and RM19.0 Billion Islamic MTN Programme December 2007 Joint Lead Manager</p>
 <p><b>Sabah Credit Corporation</b> RM500.0 Million Commercial Papers / Medium Term Notes Programme September 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager</p>	<p><b>Tresor Assets Berhad</b> RM1,500.0 Million Asset-Backed Securities Issuance Programme November 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager</p>	 <p><b>MISC Berhad</b> RM2,500.0 Million Murabahah Medium Term Notes Programme September 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager</p>	 <p><b>Cagamas MBS Berhad</b> RM2,410.0 Million Residential Mortgage-Backed Securitization Transaction August 2007 Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager</p>	 <p><b>Cagamas Berhad</b> RM20.0 Billion Islamic/Conventional CP Programme and RM40.0 Billion Islamic/Conventional MTN Programme June 2007 Joint Lead Manager</p>
 <p><b>PINS Capital Sdn Bhd</b> Up to RM150.0 Million Islamic CP/Islamic MTN Programme Up to RM10.0 Million Junior Islamic MTNs June 2007 Principal Adviser and Lead Arranger</p>	 <p><b>ABN AMRO Bank Berhad</b> RM200.0 Million Tier-2 Subordinated Negotiable Instruments of Deposit June 2007 Joint Principal Adviser and Joint Lead Arranger</p>	<p><b>Lebuhraya Kajang - Seremban Sdn Bhd</b> RM1,418.0 Million Sukuk Istisna' RM240.0 Million RCULS Programme RM50.0 Million RULS June 2007 Principal Adviser, Lead Arranger and Primary Subscriber</p>	<p><b>Arapesona Development Sdn Bhd</b> Islamic Bank Guaranteed MTN Programme of up to RM200.0 Million and Islamic CP Programme of up to RM70.0 Million June 2007 Principal Adviser, Lead Arranger and Primary Subscriber</p>	 <p><b>MTD InfraPerdana Bhd</b> RM700.0 Million Islamic MTN Programme April 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead manager</p>

# Investment Banking

## Islamic Capital Markets

The Islamic Capital Market has evolved into an integral component in today's financial sector with increasing demand for Syariah approved financial products and services. The growth of the Islamic capital markets is evident by the increasing size and diversity of its range of products available in the market. This trend is set to gain more momentum in the future, both in the local and global front.

The AmBank Group's Islamic financial activities are carried out under two separate strategic entities, AmInvestment Bank Berhad and AmIslamic Bank Berhad. AmInvestment Bank focuses on Islamic capital markets, Islamic funds management and Islamic stockbroking whilst AmIslamic Bank's activities centers on Islamic retail and business banking. AmIslamic Bank operates as a full-fledged Islamic bank whilst AmInvestment Bank's Islamic markets activities are undertaken via a window set-up. For many years, the Bank has provided clients with Islamic alternatives to conventional products, namely in Islamic capital markets and Islamic funds management.

In Islamic Markets, our key roles are to support the Bank's strategic business units (SBUs) comprising namely the Debt Capital Markets, Investment Banking, Corporate Finance and Structured Finance in developing the highest standards of Syariah compliant products and services in the industry. Our pool of dedicated and experienced professional team, aided by both our internal Group Syariah Committee and our highly distinguished independent Syariah Advisers who are world-renowned Islamic scholars, are well versed in both local and global Syariah standards and are capable in providing our existing and prospective clientele a wide spectrum of Syariah-compliant products that are closely aligned with their financing objectives.

A recent development in this financial year was the granting of the International Currency Business Unit (ICBU) licence which comes under the Malaysia International Islamic Financial Centre (MIFC) initiative to promote Malaysia as an Islamic financial hub. The MIFC objectives are to create a vibrant, innovative and competitive international Islamic financial services industry in Malaysia. Under MIFC, financial institutions in Malaysia that have been granted ICBU licences would be able to offer Islamic products and services in foreign currency. As part of the group's expansion plans, the licence would enable the Bank to leverage on the ICBU platform, both offshore and onshore, to explore other potential markets such as Singapore, Indonesia, Thailand, Vietnam, China/HK, Korea, Japan and so forth.

For FY2008, the Bank completed a total of 10 sukuk deals which amounted to over RM12 billion in terms of underwritten value.

For the record, in FY2008 our deals mainly comprise of sukuk structures based on the principles of Musyarakah, which represented 70% out of the total sukuk deals. This has been in line with our strategy to produce more widely acceptable and innovative products to the market. We have proven ourselves as among the primary market leaders when our market share in the year 2007 increased significantly to 13.7% from 9% in 2006.

AmInvestment Bank has maintained its position as a strong promoter of the Islamic capital markets and remains a well recognized and distinguished leader in the sector. As a testament to our esteemed track record in the Islamic capital markets, we have been continuously awarded with numerous accolades by local and international fraternities which include the coveted Most Outstanding Islamic Investment Banking Awards at the 4th Kuala Lumpur Islamic Finance Awards Forum 2007. The award was given for our continuous efforts in setting new benchmarks for the marketplace through the introduction of innovative Islamic capital market instruments via customized solutions. AmInvestment Bank's Islamic finance initiative has been integral to the industry's Islamic capital market developments.

Some of the Bank's notable Islamic transactions during FY2008 were as follows:

- **Al-'Aqar Capital Sdn Bhd - RM300.0 million Sukuk Ijarah CP/MTN Programme**  
Principal Adviser and Lead Arranger for the above issuance. This pioneering deal was the first sukuk issued by an Islamic real-estate investment trust (the Al-'Aqar KPJ REIT) in the world. In addition, the Al-'Aqar KPJ REIT itself, launched in 2006, is the world's first Islamic healthcare REIT and world's first listed Islamic REIT. Regarded as a new asset class in Islamic securities, the deal has also won two awards i.e. the Euromoney Islamic Finance Awards 2008 for "Most Innovative Deal" and the Alpha South East Asia Inaugural SEA Deal Awards 2007 for "Best Islamic REIT Deal in South East Asia".

- **MISC Berhad RM2.5 billion Murabahah MTN Programme**

Joint Lead Arranger for the above issuance. The issuer is the international maritime company with its primary business activity focusing on energy transportation and logistics and other energy related businesses. MISC Berhad is a Petronas' subsidiary which serves as Petronas' primary LNG transportation provider and its principal logistics solutions provider. MISC undertook the fund raising exercise to finance its capital expenditure including purchase of vessels.

- **Binariang GSM Sdn Bhd RM19.0 billion Sukuk Musyarakah MTN**

Joint Lead Manager for Malaysia's largest-ever sukuk issuance. The deal is also reportedly one of the largest Asian (ex-Japan) corporate bond issue. The sukuk proceeds had been used to fund the buy-out of Malaysia's leading cellular company, Maxis Communications Berhad. In recognition of the distinctive and ground breaking deal, this transaction has been awarded a Blueprint Award Year 2007 by the Rating Agency Malaysia for "Outstanding Deal of the Year".

### Achievements – League Tables



- No. 2 on RAM Lead Managers' League Table 2007 (Islamic) - Issue Value
- No. 2 on RAM Lead Managers' League Table 2007 (Islamic) - Number of Issues.
- Blueprint Award - Most Outstanding Deal of the Year 2007 - Binariang GSM Sdn Bhd RM19 billion Sukuk Musyarakah MTN

### Bloomberg

- No. 2 on Bloomberg's Underwriter League Table 2007 (Value of Malaysian Ringgit Islamic Bonds)

The Bank had lead-managed RM9.7 billion worth of issues from a total of 7 sukuk issuances. The issue value represented 13.3% of total market share for RAM-rated Islamic issues. AmlInvestment Bank also ranked No. 2 on Bloomberg's Sukuk Underwriter League Table for 2007 having underwritten a total of RM4.465 billion worth of sukuk issues.

### Achievements – Other Islamic Awards and Accolades



#### 4th Kuala Lumpur Islamic Finance Forum 2007 (KLIF)

– Most Outstanding Islamic Investment Banking



#### South East Asia Deal Awards, Alpha SEA 2008

– Best Islamic REIT Deal in South East Asia (Al-'Aqar REIT Sukuk)



#### Euromoney Islamic Finance Awards 2008

– Most Innovative Deal of the Year (Al-'Aqar REIT Sukuk)

### Structured Finance

Structured Finance offers alternative and integrated fundraising solutions. Whilst our clients benefit from such comprehensive customised solutions which assist them in raising both equity and debt, they also get the opportunity to tap into our array of alternative funding sources - both in Malaysia and in the region.

This is a new unit formed during financial year 2006 and since inception, has undertaken various advisory and fundraising exercises involving:

- Advising and arranging mezzanine funding for companies undertaking capital restructuring
- Advising and arranging private equity and debt funding for companies undergoing business reorganisation and transformation
- Advising and arranging private equity investments for property development in Malaysia and Asian region
- Advising and arranging distressed retail and corporate loans disposal to special purpose funds
- Advising and arranging bank capital for full-fledged and quasi financial institutions

# Investment Banking

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Our team is expected to continue to assist our clients in enhancing and tapping their shareholder value – whether for purposes of spearheading growth, leapfrogging into the regions or salvaging restructured or distressed assets.

## Equities Trading

The equity market experienced strong growth during the period under review. Turnover for the year ended 31 March 2008 was 38.6% higher than last year although the Kuala Lumpur Composite Index (KLCI) increased by only 1 point to end at 1,248 as at 31 March 2008.

Most of gains on the KLCI during the year was erased when Bursa Malaysia encountered for the first time a trading halt on 10 March 2008 whereby the KLCI dropped 10% or 130 points during the day. This was, perhaps, the knee jerk response of the market to the results of the country's General Elections which were held on 8 March 2008.

Pretax profit of the stockbroking division for the year ended 31 March 2008 was RM80.2 million compared with RM44.2 million recorded a year earlier.

Despite the intense competition, the Group managed to increase its market share of the total turnover value on Bursa Malaysia from 7.1% last year to 8.2% this year, placing us in the No. 3 position in the equities market.

This increase is attributed to our continued investment in research capabilities and in technology. As a recognition of these efforts, AmInvestment Bank Berhad was awarded the "Best Multi-Channel Capability Project Award 2007" by "The Asian Banker" for an online trading and investment system for retail and institutional clients through Internet and mobile devices.

In order to complement the services at the Group's Regional Business Centres and to broaden our reach, we are establishing new branches in Penang and Kuching which are scheduled to be operational in the second and third quarter of this year respectively.

## Futures Broking

Bursa Malaysia registered a 150% increase in volume traded in 2007 compared to the prevailing year. Total volume recorded in 2006 (4.161M contracts) compared to 2007 (6.203M contracts) was generally attributed to the increase in FKL contracts – 1.13M to 2.82M. The main driving interest lies solely on the interest garnered by the underlying instruments – Malaysian Stocks. Crude Palm Oil Futures which started the year valued at RM1,988 per metric ton rocketed to RM3,068 before closing the year at RM3,050 per ton. This pricing mechanism is generally used worldwide as the benchmark pricing for Crude Palm Oil globally. Thus, creating huge interest in Palm Oil related stocks within Bursa Malaysia.

AmFutures' market share remains healthy at 17% from the 19% in 2006, attributed by intense competition from companies like HLG Futures (previously suspended) and Oriental Pacific Futures (New Trading Participant). Despite this, we remain amongst the top three futures broker in terms of volume traded overall.

Being one of the pioneers to offer Direct Market Access (DMA) to end clients (both institutional and retail), AmFutures will be setting up "trading offices" nationwide. Clients can now connect directly to our sponsored Gateway (Transactools) at Bursa Malaysia. Our infrastructure is the best in the country, allowing orders direct from clients to be submitted straight to Bursa with a response time averaging 300 milliseconds. Thus, client's orders will be executed more efficiently, precise and quicker than the conventional telephone mode. Secrecy of orders can be maintained plus 'execution' errors can be reduced tremendously. In line with technology advancement, we will soon offer algorithmic/program trading capabilities along with equity DMA execution services.

## Equity Derivatives

The Equity Derivatives team focuses on structuring equity derivatives like structured warrants, exchange-traded funds and over-the-counter options in order to provide investors with a broader range of investment instruments. We were proud to seed and launch the FBM30etf, Malaysia's first equity exchange traded fund, in June 2007.

In addition, our work on hybrid securities, including convertible bonds, enables the Bank to meet the increasingly complex funding requirements of corporations. Noteworthy deals include our roles as Joint Lead Manager for Khazanah's USD550 million Paka Capital Exchangeable Sukuk, the first by a Malaysian issuer to offer a simultaneous delta placement; and Senior Co-Lead Manager for IOI's USD600 million Exchangeable Bond, its third successful EB issue.

### Group Treasury and Fixed Income Trading and Treasury Derivatives

The Group Treasury division provides capabilities for the trading of interest rates, credit spreads and foreign currencies across every market segment including the consumer, SME, corporate, institutional and inter-bank markets. The Group Treasury is also responsible for the balance sheet management as well as funding of the AmBank Group's overall operations.

In the aftermath of a very good showing in the late part of 2006, the bond market experienced a strong downturn and yields moved up as the inaugural issue of 20-year government bonds forced the market to evaluate the position and shape of the yield curve. The development of the sub-prime crisis in the United States led to an aversion for credit risk and a mini liquidity crunch. While the US Federal Reserves acted quickly to stave off any potential liquidity crisis, investors remain unconvinced and shredded away from credit risk. This eventually had the effect of increased foreign issuances in the Malaysian market and with the expectation of higher yields, credit spreads remained stubbornly wide.

The unfolding of the sub-prime crisis was the main factor in the continuing slide in the value of the US Dollar, against the major currencies, including the Ringgit. Group Treasury was able to capitalise on this development with the provision of viable treasury solutions to enable its customers to mitigate the foreign exchange risk.

In addition, the team was able to meet our customers' growing demand for complex derivatives-related products, by continuing to focus its resources on the development of new derivative products.

In tandem with the rapidly growing Islamic banking markets, the Islamic Treasury Unit too played its role in managing the investment needs of our clients.

### Funds Management

Funds Management (FMD) activities are undertaken via our subsidiary companies of AmInvestment Services Berhad and AmInvestment Management Sdn Bhd. It offers investment management, unit trust management and customised investment solutions for retail and institutional clients including structured investments.

We offer funds management services on domestic and regional equities and bonds, as well as global Islamic bonds and regional Islamic equities.

The business strategies that FMD took are based on our philosophy to be the preferred investment solutions provider for our retail and institutional clients, which are based domestically and globally.

Total funds under management increased by RM4.1 billion from the last financial year due to new fund offerings, the continued success of our Treasury Solution products and institutional mandates injections. We have achieved an annualized growth rate of 38% per annum for the past ten years (from December 1997 to March 2008).

We are recognised as a leading private asset manager domestically with RM18.5 billion under management as at 31 March 2008 (RM9.47 billion and RM9.07 billion from both institutional and unit trust funds respectively). With that fund size, we moved up one position to become the second largest asset manager with a market share of 15.70%. We made a pre-tax profit of RM40.4 million for the year ended 31 March 2008, the best ever results achieved under FMD.

Our fixed income and bond fund managers continued to excel and earned more accolades. We won the most prestigious Best Bond Group Award for the period ending 31 December 2007 under the Edge-Lipper Malaysia Fund Awards 2008. Under the same award sub category, our flagship and award winning bond fund, AmDynamic Bond, again took the top prize for The Best Bond Malaysian Ringgit Fund – 3 Years. AmBon Islam won the Best Bond MYR Islamic Fund – 3 Years.

FMD received another prestigious External Portfolio Manager's award from the Employees Provident Fund (EPF) and was announced the "Best Overall Fixed Income Portfolio Manager Year 2007", which we also won last year.

## Investment Banking



**EPF**  
**Best Overall Fixed Income Portfolio  
Manager Year 2007**



**The Edge-Lipper Malaysia Fund Awards 2008**

**The Best Bond Group Award**  
Ending December 31, 2007

**AmDynamic Bond**  
The Best Bond Malaysian Ringgit Fund  
Ending December 31, 2007 (3 years)

**AmBon Islam**  
The Best Bond MYR Islamic Fund  
Ending December 31, 2007 (3 years)

FMD currently manages 38 unit trust funds and various discretionary mandates. During FY 2007/2008, FMD has successfully launched 9 funds. We added more structured funds based on market demand with total return objectives and global investment exposures.

We continued with our open architecture business model bringing in the “best of breed” global feeder funds which makes up of approximately 14% of our total funds. The global alliances business strategy allowed us to bring to the domestic market a series of first-of-its-kind funds in Malaysia, i.e. global Islamic equity, precious metals, property equities, European equities, Asian bonds and global agribusiness by working in partnership with top international institutions such as Oasis Group Holdings, Henderson Global Investors, Schroder Investment Management, Credit Agricole Asset Management, Deutsche Asset Management and Investec Asset Management.

## Private Banking



**Euromoney Private Banking Survey 2008**  
– Best Local Private Bank in Malaysia



**Euromoney Private Banking Survey 2007**  
– Best Private Banking Services Overall in Malaysia  
– Best Local Private Bank in Malaysia

AmPrivate Banking (a business unit of the AmInvestment Bank Group) was again accorded the accolade of Best Local Private Bank in Malaysia by Euromoney in their survey for 2008; the second consecutive year it has won this award.

During the year, the assets under management grew to RM3.06 billion, an increase of RM860 million or 39.10%.

AmPrivate Banking maintains strict professionalism in all its dealings with its clients. Clients can choose to be completely freed from making any investment decision (discretionary accounts) or actively participate in managing their investment portfolio (non-discretionary accounts). Whichever option is chosen by our clients, they will be advised of the various ways of growing, managing and protecting their wealth through our host of products, domestically or internationally sourced, and services tailored to suit their financial needs and risk appetite.

We are well represented by our branch offices in Penang, Johor Bahru, Kuching and Kota Kinabalu. We have a dedicated team of investment and advisory analysts and Private Client Managers to advise and manage our clients’ portfolio, both in the Klang Valley and branches.



We are planning to expand regionally to Singapore, Indonesia and Brunei where the investment banking offices are located. We are offering our high net worth clients both domestic and foreign assets investments with optimal returns which would cater to their diversified needs and risk profile.

### Private Equity

During the fiscal year ending 31 March 2008, Malaysian Ventures Management Incorporated Sdn Bhd (“MVMI”), the wholly-owned subsidiary of AmInvestment Group Berhad, has invested or committed to invest RM34 million in three investee companies. This represents 34% of AmPrivate Equity Sdn Bhd’s committed capital of RM100 million, our third private equity fund.

Of the RM34 million invested to date, 52.5% was in the logistics sector, 29.5% in energy services sector and 18% in resource-based sector. These are sectors which will and are expected to enjoy and sustain healthy growth rates in the medium term.

MVMI will continue to seek out and invest in well managed investee companies that provide a sustainable business and are capable of yielding good returns to investors of AmPrivate Equity.

As the fund manager for AmPrivate Equity, MVMI expects to invest 75% of committed capital before end of 2008. Given our good track record, MVMI will be raising another new private equity fund by the end of this financial year. The new fund shall be a regional private equity fund that invests in growth companies in the fast growing South East Asian region. In view of greater cross border opportunities, the new regional fund will also provide acquisition and growth capital for South East Asian companies that wish to expand regionally.

MVMI is also in the process of setting up a joint venture with Konzen Group of Singapore to manage a proposed US\$320 million (RM1 billion) water-focused sector fund. The fund to be called AmKonzen Asia Water Fund will invest in water assets in the region’s booming water sector, primarily in China and including South East Asia. The Fund hopes to become a key platform for the financing of Asian water infrastructure out of Singapore and in creating assets for investors who are keen to invest in the Asian water sector. The Fund’s objective is to provide strong, predictable and sustainable return to investors. Investments will include new and existing water plants, as well as companies with innovative and proven water technologies.

The new regional fund as well as the proposed sector fund will provide MVMI a regional platform to grow its private equity funds management business into a sustainable franchise with tangible brand value to shareholders and investors.

### Trustee Services

AmTrustee Berhad, an associated company of AIGB, offers “Innovative and Affordable Trustee Services” which provides comprehensive Conventional and Islamic Corporate and Private Trust Services. The services offered include acting as trustee for retirement funds, unit trust funds, REITs, debentures, memorial parks, golf and recreational clubs, time share schemes, custodial services, will-writing and the setting up of trust accounts, both conventional and Islamic, for individuals, family members and institutions. Assets managed as at 31 March 2008 were RM6.998 billion.

# Investment Banking

## Am ARA REIT Managers Sdn Bhd

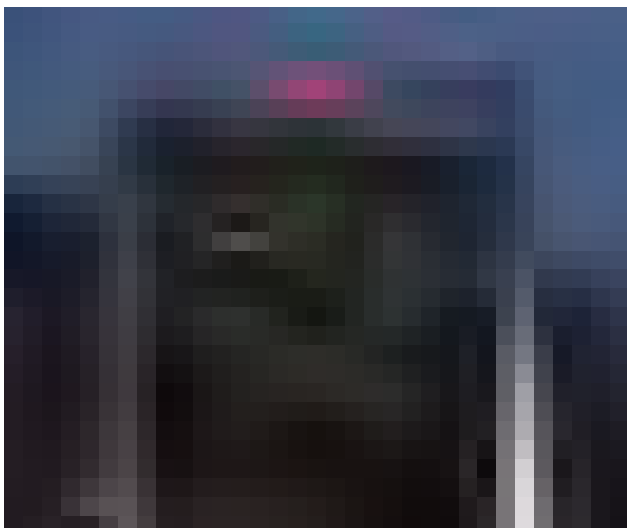
Am ARA REIT Managers Sdn Bhd (“Am ARA”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST”) and the first property trust to be listed on Bursa Malaysia, had completed two major acquisitions during the financial year ended 31 March 2008 worth RM345 million. The two acquisitions, Kelana Brem Towers (acquired in June 2007) and The Summit Subang USJ (March 2008), has enlarged AmFIRST’s assets under management by 72% to RM840 million from its initial listing.

With the two new acquisitions, AmFIRST has shifted from pure office space REIT to commercial REIT with total net lettable area leaping by a significant 77% from 1.3 million sq ft to 2.3 million sq ft (inclusive of The Summit Hotel). AmFIRST is the No. 1 commercial REIT in Malaysia.

During the financial year under review, one of our buildings, Menara AmBank has won one of the top prizes in the “Illumination and Decorative Buildings Award” organised by Dewan Bandaraya Kuala Lumpur.

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% owned by AmInvestment Group Berhad (AIGB) and 30% owned by ARA Asset Management (Malaysia) Limited.

AIGB is a wholly-owned subsidiary of AMMB Holdings Berhad while ARA Asset Management (Malaysia) Limited is a wholly owned subsidiary of Singapore-based ARA Asset Management Limited, an affiliate of the Cheung Kong Group of Hong Kong.



## Regional Businesses

### Offshore Banking

The Group’s offshore banking operations comprise of AmInvestment Bank’s Labuan Offshore Branch and AmInternational (L) Ltd (AMIL), both operating out of the Labuan International Business and Financial Centre. Our primary focus is on supporting US Dollar financing needs of Malaysian entities. Landmark deals closed during the year included:

- Cherating Capital (L) Ltd’s USD850 million Exchangeable Sukuk (as Co-Lead Manager);
- IOI Resources (L) Bhd’s USD600 million Exchangeable Bond (as Senior Co-Lead Manager); and
- Paka Capital Limited’s USD550 million Exchangeable Sukuk (as Joint Lead Manager).

We also widened our service coverage to include major institutions within the region, including a Senior Manager role in Melco PBL’s USD1.75 billion Term Loan/Revolving Credit Facility for an integrated entertainment complex in Macau set for completion by 2009.

FY2008 also saw AMIL maintaining its position as one of the leading Listing Sponsors for the Labuan International Financial Exchange (LFX) with the listing of the following instruments:

- IOI Resources (L) Bhd’s USD600 million Exchangeable Bond
- Dar Al-Arkan Real Estate Development Company’s USD1 Billion Trust Certificates (Sukuk Al-Ijara)

Of note, the Dar Al-Arkan sukuk issuance was the largest sukuk listing on the exchange and the first from a Saudi issuer. The sukuk was arranged on behalf of Dar Al-Arkan Real Estate Development Company, a leading residential real estate developer in Saudi Arabia.

Elsewhere, our Asian equity securities portfolio posted a sterling performance, despite an increasingly unfavorable operating environment due to fallout from the US sub-prime crisis.

## AmFraser Securities Pte Ltd, Singapore

AmFraser Securities Pte Ltd (AmFraser) consolidated a year of growth in the financial year ended March 2008 with major investments in building up its strategic business teams of dealers, remisiers and business support personnel. The active stock market facilitated the recruitment of nearly thirty new dealers and remisiers. The expanded pool of trading representatives has contributed to the Company's market share in Singapore.

Our turnover on equity broking business rose 88.1% over the 2007 financial year compared to the SGX market increase of 71.3% during the 12 months period to March 2008. With the number of newer dealers added, we expect to continue to extend our presence in the market place with a primary focus on priority clients' business.

New business frontiers for AmFraser were also established during the year, leveraging on the synergy and expertise of the AmInvestment Group, with the setting up of Corporate Finance, Institutional Sales, Institutional Research and Wealth Management business units in the Company, pushing a build up of resources and projects to compliment our traditional core business in retail equity broking.

The Corporate Finance unit expects to launch IPOs in Singapore this year, in addition to several advisory and share placement deals. AmFraser Research reports have started to build a positive following among selected institutional clients.

Despite increased costs and investments during the year on expansion in equity broking and new business areas, the Company has strengthened its financial position by adding 4.9% to its net assets for financial year ended March 2008 bringing its total net assets to S\$48.35 million.

Towards the end of FYE 2008, the Company conducted a comprehensive review of its HR policies, and sought to align staff benefits and remuneration to attract and retain talented staff. At the same time, resources were invested in training and upgrading all our departments as part of a staff development and succession planning programme.

Notwithstanding greater business challenges in the coming year, we continue to invest in our people, explore new products and services, and focus on creating a sustainable business enterprise.



## PT AmCapital Indonesia

The Group has a growing presence in Indonesia under PT AmCapital Indonesia (AmCI). Besides its core business of equity sales and trading, AmCI's strategic initiatives include Corporate Finance, Research, Fixed Income and Investment Management units.

AmCI continues to play an integral role in identifying business opportunities and potential Indonesian partners for possible investment by regional investors to participate in the growing Indonesian economy. In this respect, AmCI is working closely with AmInvestment Bank (Malaysia) and AmFraser Securities (Singapore) to forge and grow regional broking, corporate financing and fund management businesses including cross-selling of financial products.

The Corporate Finance unit participated in various underwriting transactions for Initial Public Offer of Shares and Bonds and is currently also pursuing several merger and acquisition deals mainly in natural resources, such as, plantations, oil & gas and manufacturing sectors.

## Investment Banking

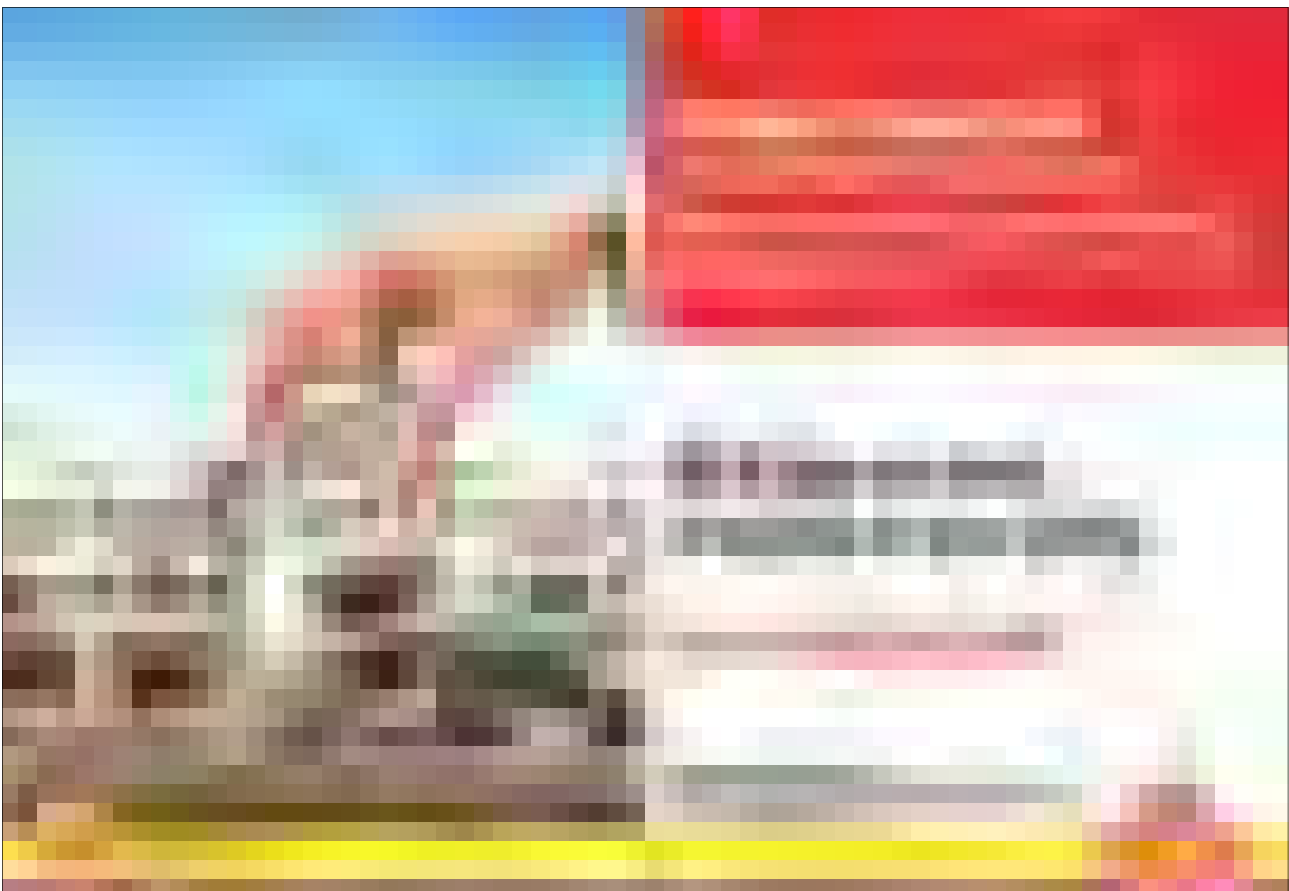
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In the Investment Management unit, AmCI has recently recruited a dedicated team of experienced personnel and is in the midst of creating and developing its first mutual fund (a Capital-Protected Fund) which will be launched in Indonesia by third quarter 2008. AmCI would also leverage on AmInvestment Group fund management expertise and strategically position itself in the offering of mutual funds, with focus on Capital-Protected Funds, Fixed-Income Funds and Islamic Funds, which would be invested in both domestic and global markets.

Moving forward, AmCI would be looking at offering and distributing off-shore funds in Indonesia and providing portfolio management services to sophisticated investors, such as high net-worth individuals, corporations and institutional investors.

In equity trading activity, the outlook for year 2007 was generally bullish whereby the turnover of equity trading volume in Indonesia Stock Exchange (IDX) increased by 138% registering a turnover of Rp2,100 trillion during the year. In tandem, AmCI's turnover rose by 142% to Rp24.3 trillion ranking 28th position of the most active equity trading companies (out of a total of 125 companies) in terms of trading volume in Indonesia.

Our Fixed Income unit is supported by experienced dealers specialising in government and corporate bonds trading. We have a good network of institutional clients, namely state-owned agencies throughout Indonesia. AmCI continued to perform well in both Government and Corporate Bonds trading.





**AmBank**

## Business Banking

### Business Growth/Direction

For FY 2008, Business Banking has once again continued to build on the strong growth achieved in the previous two financial years, with year-on-year growth in overall credit facilities in excess of 40%.

One of our main strategic focuses was to bring the business units closer to the customers through diversification of business with geographical focus away from Head Office, resulting the growth of regional borrowings by almost five times over the last three years. In the upcoming financial year, Business Banking will continue to expand its regional presence, enhancing service levels through establishing more business centres and increasing the number of relationship managers.

Trade (financing and services), expanded by 2.8 times over the last three years. Notably, the Contingent Liability portion of the trade book has also improved from 37.3% as at March 2005 to 45.4% as at March 2008.

Another key thrust has been the ability of the business and support teams to respond to customers' needs and the focus on building long-term relationships with customers. This has indeed borne fruit in the SME space where both lending and the number of customers have grown approximately 30% from the previous year.

Our customers have also appreciated the ease of being able to consider both the conventional and Islamic banking offerings. With the assistance of our AmIslamic Bank colleagues, Islamic Banking now makes up close to 17% of our loan portfolio.

During the year, we:

- Embarked on new collaborations with ANZ Bank's branches worldwide bringing in more trade finance business especially issuance of bank guarantees and Standby Letters of Credit (SBLC);
- Recorded increase in international remittance business where ANZ Bank had consolidated all its inbound (Malaysia) remittances to AmBank;
- Continued to offer/repackage structured lending programmes, contract financing programmes and factoring services, targeting customers with supplies and services contracts from Government ministries and agencies;
- Focused our Relationship Managers to specialise in selective growth industries, such as metal based, chemicals, fast moving consumer goods, oil & gas, palm oil, infrastructure and utilities sectors;

- Ensured provision of expert advice by complementing our Relationship Managers with product specialists (e.g. Trade, Factoring and Cash Management);
- Continued our effort to improve turnaround time and service, encompassing loan approval & documentation processes, based on Six Sigma principles

Moving forward, Business Banking will continue in its approach of proactive diversification, providing working capital financing to companies with strong foundations for expansion, especially to those in the growing sectors e.g. commodities (oil & gas, palm oil and primary metals), agriculture, chemicals and fast moving consumer goods. Another area of foreseen activity would be in Contract Financing, where AmBank hopes to partner with the government in the Ninth Malaysia Plan in providing funding to the infrastructure contractors and suppliers (medical, education, ICT, etc.).

Collaboration with ANZ Bank is also expected to continue to bring in more trade and remittance business and the division also looks forward to working closely with ANZ Bank to offer our customers new products and services, particularly in the forex and derivatives space.

### Cash Management and Transactional Banking

In 2007, Cash Management, through e-AmBiz (Corporate Internet Banking) and AmBiz-CashPro (Cash Management Structured Solutions), has increased its customer base to about 1,500 and is rapidly expanding, more than doubling the number of customers from the previous year.

AmBiz-CashPro can easily be customised to meet customers' needs. It enables corporates to better manage their supply chain and business operating costs, thus giving them higher efficiency and competitiveness. Solutions such as Electronic Invoice Presentment and Payment introduced last year provided customers with the benefits of immediate payment in facilitating faster turnaround of settlement of trades. This is coupled with payment information for updates to Accounts Receivables and Payables.

In supporting the customer's entire business functions, AmBiz-CashPro will launch the Gross Payroll product in 2008 to facilitate a single gross payment file from customers. The solution will calculate the deductions to various statutory bodies and effect the subsequent payment and reporting requirements.

## Retail Banking



**AmBank**

Retail Banking forms an integral part of the diverse key line of business divisions within AmBank Group, serving customers using multiple channels and platforms. With superior products and services, banking team who truly cares, unparalleled convenience of our banking centers, ATMs, online and mobile banking network, and technical support from ANZ, we do more for customers than any other financial institutions.

In the advent of technology, banking continues to be a service with personal relationships at its core. We raised our stakes for service quality since 2006. Several key projects were initiated across Retail Banking focusing on customer service and setting tougher standards on quality and performance management. Results were dramatic, and in fact, the Bank won several awards. Whether it's a personal banker in Penang serving a deposit customer at 6.30 p.m. at our extended banking branch or an employee in our head office thwarting a fraud to prevent an elderly customer from losing her savings, we practise high touch, relationship oriented service.

### Our Performance

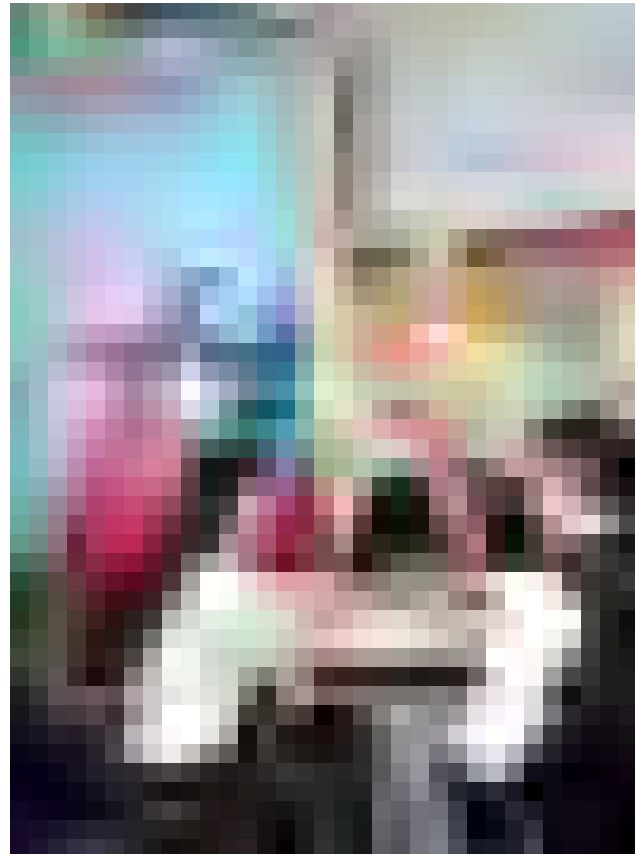
Retail Banking delivered a 117% improvement in profit after tax, driven by operating income increase (+6%) and improved asset quality (lower provisions by 51%). Net lending growth of 5% was recorded for FY2008 and Retail Banking grew its low-cost deposits by 14% in FY2008.

For FY2008, Retail Banking was the largest contributor to Group's pre-tax profits, reporting a pre-tax profit of RM734.5 Million. There was strong growth of top line revenue and lower provisions from the Retail Banking operations. Net Non Performing Loans (NPLs) ratio improved to 3.2% in comparative to FY2007 (at 4.2%) due to strong credit risk management, collections and recoveries management, and an NPL disposal exercise.

### Customer Service Excellence

We are poised to ingrain AmBank's position as the superior customer service provider amongst financial institutions in the country.

Our value proposition is to deliver a unique and differentiated experience to our priced customers.



### Product Innovation

We believe in establishing sustainable partnerships with our customers by providing quality products and services that appeal to the dynamic consumer trends.

AmBank was recognised as the Automotive Finance Company of the Year (Malaysia) at the Frost & Sullivan ASEAN Automotive Awards in June 2008. In addition, AmBank garnered recognition as the Best Automobile Lender in Asia Pacific, at the prestigious 6th Asian Banker Excellence in Retail Financial Services Award, held in Shanghai last year.

With our commitment towards personalised service and product innovation, new products are continuously launched to enlarge our offering suite. The Platinum MasterCard was introduced for business owners, with pre-packaged overdraft, home loans and auto financing facilities. Riding on the success of the maiden deposit campaign, AmBank Mad Gold Rush II was carried out to grow our low cost deposit base.

## Strong and Diverse Sales Force Teams across Retail Banking

Within the Group, we have a network of over 7,000 committed and experienced sales force teams, marketing officers, financial services consultants, life and general insurance agents and personal bankers who aspire to deliver the best of class service to our customers.

## Integrated, Convenient Channel Delivery System

Retail Banking channels comprise 183 branches, 405 ATMs, 90 Electronic Banking Centers (EBC), Internet and mobile banking and a 24-hour contact center.

We have branches that are open for business during the weekends. At present, 40 branches are open on Saturdays and 59 on Sundays. In addition, 20 branches operate on extended banking hour basis on weekdays.

At the 8th Annual Customer Relationship Management and Contact Centre Association Malaysia - Annual Contact Centre Awards held in September 2007, AmBank garnered five awards:

1. Gold Award for "Most Significant Achievement" under one of the Prestige Awards Category
2. Bronze Award for "Best In - House Service Contact Center" over 50 seats under Corporate Awards Category
3. Bronze Award for "Best In - House Sales Contact Center" under 50 seats for AutoXpress Campaign
4. Silver Award under Customer Service Awards Category for "Best Direct Marketing Programme" (Open) for AutoXpress Programme
5. Special Excellence Award presented by OmniTouch International, for the Best Mystery Shopper results

At the Malaysian Banking Awards, ASEAN ICT e-Banking Expo in November 2007, AmBank Contact Center won "The Most Customer Friendly Services" award.

## Retail Banking Aspirations

Our focus is to own, dominate and grow in the mass customer segments and secure key market position for selected products. One of the Group's top priority is to grow our low cost deposits base to 25% of total deposits by 2011. The initiatives centre on acquiring new accounts, increasing activation, introducing new segment based and repackaged products such as the payroll management facilities and cross selling to Group's customer base. We are currently transforming our sales and service delivery model to ensure top-notch service quality and customer centricity focus is maintained.

As we progress towards the Group's medium term aspirations, Retail Banking aims to meet the following targets:

- To increase Auto Financing return on equity to more than 12% and to maintain top market rankings.
- To attain top rankings for Mortgage and Cards.
- To double share of low-cost deposits to 25% of total deposits.
- To be in the Top 3 market position in ATM network and expansion in branch network.
- To double main bank customers by 2011.
- To develop 50 new Six Sigma Black Belt experts and train 80% of our Retail Banking employees in Six Sigma processes.

## Retail Banking Strategic Themes

- *Superior Customer Service*

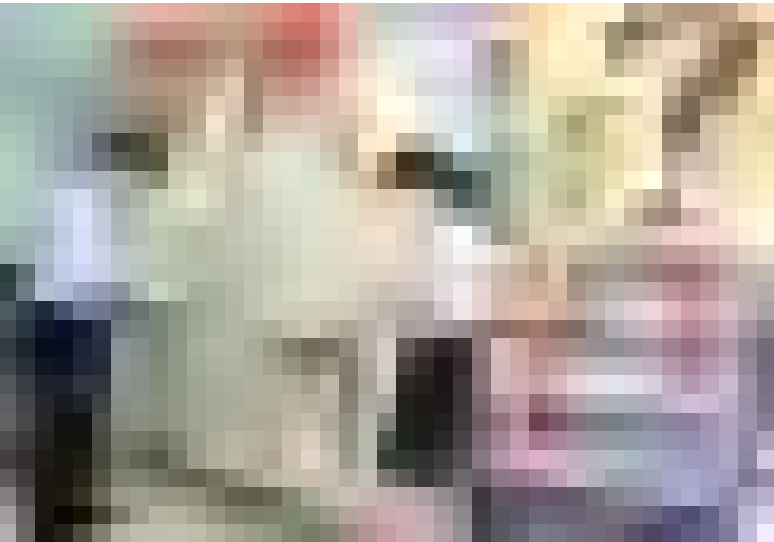
Retail Banking is moving away from the traditional concept of product centric focus to a customer centric focus. We recognise employee commitment as the cornerstone to our success in delivering value added customer propositions and a high level of service quality. In addition to the Group's F.I.R.S.T (Friendly, Innovative, Responsive, Simple, and Trustworthy) brand values, we have further strengthened our Customer Charter by offering more convenience to our customers in terms of better channel integration delivery, better branch accessibility in strategically placed locations and implementation of innovative products and services that meet the needs of our target markets. We continuously improve our turnaround time to offer an efficient pleasant customer centric experience.

- *Developing a High Performance Culture*

We have in place our Talent Management and Retention program to attract and retain the best of breed talent into our organisation. We believe in nurturing our employees by providing training courses to equip our employees with the relevant technical and soft skills to be amongst the best in the industry. This includes training and secondment opportunities to ANZ offices in Australia and the Asia Pacific region.

To drive optimal employee performance, our overall compensation scheme which includes sales commission and other performance incentives is constantly reviewed for competitiveness.

## Retail Banking



- *Strengthening the Risk Management framework*

Initiatives to ensure a robust risk management framework include developing a risk appetite framework and a market risk framework. Courses in credit management are also offered to our employees. Our risk management framework structure and practices are regularly reviewed to keep abreast with regulatory changes.

- *Strengthening the AmBank Brand*

We continuously enhance our brand so that we remain at the top of our customers' mind. Our branding is reflective in our branch design and uniformed outfits and the "F.I.R.S.T" values are embraced throughout product development and customer service delivery and processes.

- *Expanding Branch Footprints and Delivery Channels*

As part of our continuous drive to ensure we grow our footprints in tandem with the needs of our customers, Retail Banking continuously explores new opportunities to develop branch or alternative delivery channels. We continuously solicit feedback from our customers which translates to enhanced customer service interaction processes, strengthened e-Channel capabilities, and enhanced Retail Distribution operations.

Our recent strategic alliance with 7-Eleven to install over 400 Automated Teller Machines ("ATM"s) in their outlets is testament to our commitment in expanding our product reach and accessibility to our customers.

To support and meet our Retail Banking aspirations, the Bank intends to expand its network footprints further.

- *Embarking on the AmVision 2011 Aspirations - Retail Strategic Agenda*

Retail Banking has identified its key strategic core agenda programmes as:

1. *Reducing Cost of Funds*

We aim to reduce our cost of funds by 40bps, whilst reducing the interest rate volatility in the funding costs. Our main focus is on product innovation. Retail Banking delivers the product and services that meets the needs of our customer segments to position the Bank as an understanding and caring financial services provider. Besides expanding the direct deposits sales team, our large branch network will play a pivotal role in building the reservoir of low – cost deposits. Retail Banking has implemented the branch profitability model, which tracks deposits target achievement at branches, amongst others, to align to performance incentives scheme.

2. *Reducing Non Performing Loans (NPLs)*

We will implement various tools to assist with reducing the Non Performing Loans (NPLs,) which include default forecasting, recovery forecasting, fraud detection, loss given default model and probability of default tracking. In addition, we are continuously enhancing our credit scoring management by introducing new behavioral scorecard.

3. *Improvising Auto Financing Business*

We have re-engineered our business focus towards higher profit segments and in addition, plans are in the pipeline to rationalise the operations at business centers for higher productivity.

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
<b>Auto Financing</b>				
<ul style="list-style-type: none"> <li>• Premier Auto Financier with over 22% market share (based on purchase of transport vehicles)</li> <li>• To maintain premier position in market whilst improving product profitability without compromising on loan quality</li> </ul>	<ul style="list-style-type: none"> <li>• Conventional Auto Financing</li> <li>• Islamic Auto Financing</li> <li>• Conventional/ Islamic 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</li> <li>• Zero interest</li> <li>• Floating-rate Auto Financing</li> </ul>	<ul style="list-style-type: none"> <li>• 17 Auto Financing Business Centers and 29 hybrid branches nationwide</li> <li>• Strong business alliances with vehicle companies and major franchise holders in Malaysia</li> <li>• Relationship with over 4,000 auto dealers nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• To maintain Top 2 market ranking (in terms of receivables)</li> </ul>	<ul style="list-style-type: none"> <li>• Garnered Excellence in Automobile Lending Award at the 6th Asian Banker “Excellence in Retail Financial Services Award” June 2007</li> <li>• Won the Automotive Finance Company of the Year (Malaysia) Award at the 2008 Frost &amp; Sullivan ASEAN Automotive Awards in June 2008</li> </ul>
<b>Mortgage</b>				
<ul style="list-style-type: none"> <li>• An innovative and flexible mortgage lender in Malaysia</li> <li>• Focus on strengthening market position in the medium and high-end property segments</li> </ul>	<p><i>Residential properties</i></p> <ul style="list-style-type: none"> <li>• Home Loan</li> <li>• Home Link</li> <li>• Home Financing-i</li> <li>• Statutory Housing Loan</li> <li>• Combination of Home Loan with Overdraft Facility</li> </ul> <p><i>Commercial properties</i></p> <ul style="list-style-type: none"> <li>• Property Loan</li> <li>• Property Link</li> <li>• Property Financing-i</li> <li>• Combination of Property Loan with Overdraft Facility</li> </ul> <p><i>Attractive Product Options</i></p> <ul style="list-style-type: none"> <li>• Free legal and disbursement fees (Zero Entry Cost)</li> <li>• Redraw facility</li> <li>• Linking current account to enjoy lower interest cost</li> <li>• One stop center for home-related insurance products</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated Mortgage Centers in major cities and extensive sales channels supported by 183 branches</li> <li>• Strategic alliances with government bodies relating to public housing</li> <li>• Strategic alliances with established developers</li> </ul>	<ul style="list-style-type: none"> <li>• To be amongst the top lenders in Residential Properties</li> <li>• To increase shareholder value and profitability by effectively balancing competing needs of customers, credit quality and operating efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Participated in over 300 end-financing projects</li> <li>• Active participation in major developers’ project launches and property exhibitions and joint promotions through database marketing campaigns</li> <li>• Active tie-ups with real estate agents</li> </ul>

## Retail Banking

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
<b>Credit Card</b>				
<ul style="list-style-type: none"> <li>• Fifth largest credit card financier with over 8% market share</li> <li>• To increase product holding ratio across AmBank and be 'card of choice' to our targeted segments</li> <li>• Maintain No. 1 position in the issuance of Islamic credit cards</li> <li>• To be No. 1 EPP acquirer</li> </ul>	<ul style="list-style-type: none"> <li>• Conventional credit cards (Classic, Gold, Platinum)</li> <li>• Islamic credit cards (Classic, Gold, Platinum)</li> <li>• Co-branded cards: Real Rewards MasterCard, Samsung Imagine Visa Card</li> <li>• Specialty card: FIFA World Cup Cards</li> </ul>	<ul style="list-style-type: none"> <li>• Direct marketing sales personnel</li> <li>• 183 Branches nationwide</li> <li>• 24-hour AmBank Contact Center</li> <li>• Outsourced Vendors</li> </ul>	<ul style="list-style-type: none"> <li>• To be the Top 3 card issuer</li> </ul>	<ul style="list-style-type: none"> <li>• Launched new Platinum MasterCard for business owners. Special benefits include automatic travel insurance coverage of up to RM1 million, flexible payment plans, pre-qualified overdraft, and home financing and hire purchase facilities</li> <li>• Associate sponsor for 10th Philips Astro Masters 2007</li> <li>• Achieved 28% growth on merchant billings and aim to significantly grow the merchants base by Mar 09 via in-house sales team and outsourced Master Merchants</li> <li>• Aim to achieve significant growth in receivables</li> <li>• Launched the Balance Transfer and Quick Cash with flexi-payment plan and gifts programme in February 2008</li> </ul>
<b>Prepaid Card</b>				
<ul style="list-style-type: none"> <li>• Largest prepaid card issuer in the market</li> </ul>	<ul style="list-style-type: none"> <li>• NexG prepaid cards and co-branded cards</li> <li>• NexG i-Talk cards</li> <li>• Specialty cards like FIFA World Cup and Dual Cards for foreign workers (Amasu)</li> </ul>	<ul style="list-style-type: none"> <li>• Direct marketing sales personnel</li> <li>• 183 Branches nationwide</li> <li>• More than 5,000 reload locations with ePay mainly at shopping complexes</li> <li>• 7-Eleven outlets nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• To maintain No. 1 position</li> </ul>	<ul style="list-style-type: none"> <li>• Ample outlets for customers to purchase, instantly register and activate their Prepaid Cards.</li> <li>• Cash reload convenience at numerous locations, including 24/7 convenience stores</li> </ul>

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011- Medium Term Aspirations	Salient Highlights FY2008
<b>Asset Financing and Small Business</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</li> <li>• To increase our presence in commercial lending to Bumiputera companies under Bumiputera Development Unit</li> <li>• To promote micro financing under AmMikro</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial HP</li> <li>• SME Financing</li> <li>• Overdraft</li> <li>• Term Loan</li> <li>• Commercial Property Loan</li> <li>• Trade Financing</li> <li>• Bank guarantee</li> <li>• Block Discounting</li> <li>• CGC guaranteed loans</li> <li>• BNM funded loans</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Officers based in eight regional hubs and desks nationwide</li> <li>• 183 branches nationwide</li> <li>• Referrals from suppliers and business associates</li> <li>• Strategic marketing tie-up with established manufacturers/ distributors for micro financing</li> </ul>	<ul style="list-style-type: none"> <li>• To set best in class industry standards for equipment financing and CGC guaranteed facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment towards product innovation</li> <li>• AmPetrol Cash Plan, a financing package offered exclusively to petrol dealers for working capital funding and bank guarantee</li> <li>• AmMikro, an unsecured term loan with fixed repayment period granted to eligible micro enterprises for business and working capital purposes</li> </ul>
<b>Personal Financing</b>				
<ul style="list-style-type: none"> <li>• Third largest amongst all financial institutions with over 6% market share within our target segment</li> <li>• Positioning AmBank as the preferred financier by enlarging our target customer database</li> </ul>	<ul style="list-style-type: none"> <li>• Personal Financing loans based on Syariah principles</li> </ul>	<ul style="list-style-type: none"> <li>• Direct marketing sales officers placed at all major cities nationwide</li> <li>• Personalised marketing</li> <li>• Third party distribution channel</li> <li>• Alliances with co-operatives</li> <li>• 183 branches nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• To attain leading position in Personal Financing segment with excellent delivery to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable loans growth for FY2008</li> <li>• Repayment via salary deduction contributed to excellent asset quality of portfolio with negligible NPLs</li> </ul>

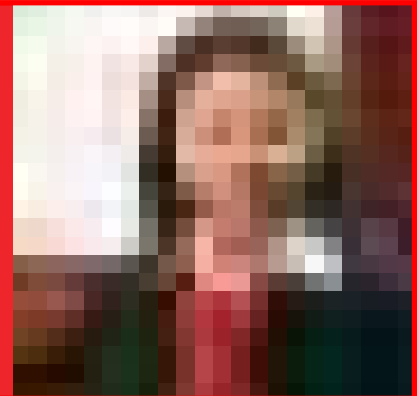
# Retail Banking

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
<b>Retail Deposits</b>				
<ul style="list-style-type: none"> <li>• Retail Core deposits (Current, Savings and Fixed deposits) with over 5% market share</li> <li>• Ranked 6th in terms of total bank wide deposit size (amongst local banks)</li> <li>• To be the chosen bank for middle mass customer segment</li> <li>• To effectively promote and build deposit base</li> </ul>	<ul style="list-style-type: none"> <li>• Basic Savings Account</li> <li>• Savings Account-i</li> <li>• AmGenius Savings</li> <li>• Savers' G.a.n.g</li> <li>• Basic Current Account</li> <li>• Current Account-i</li> <li>• AmStar Current Account</li> <li>• Conventional FD</li> <li>• Mega FD</li> <li>• Interest Plus FD</li> <li>• AmQuantum FD</li> <li>• Am50 Plus FD</li> </ul>	<ul style="list-style-type: none"> <li>• 183 branches nationwide</li> <li>• 405 ATM's nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• Significantly improve AmBank's share of savings and current accounts</li> <li>• A significant reduction in cost of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Secondment of key personnel from ANZ to become Head of Strategy &amp; Deposits</li> <li>• Launched AmBank Mad Gold Rush Campaigns 1 and 2, to increase current and savings account</li> </ul>



## Customer F.I.R.S.T

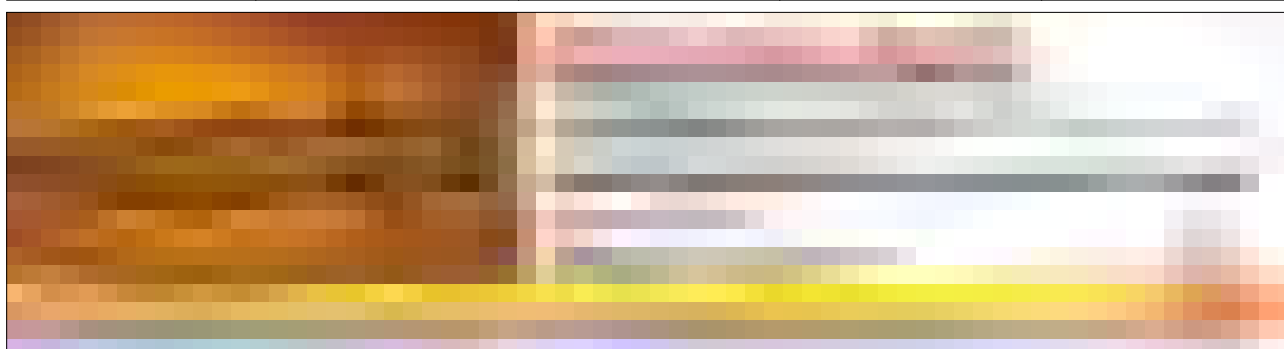
- Friendliness
- Innovation
- Responsiveness
- Simplicity
- Trusworthiness



Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011- Medium Term Aspirations	Salient Highlights FY2008
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**Retail Distribution - Branch Banking & Channels**

<ul style="list-style-type: none"> <li>• Sixth largest bank in terms of number of branches, with 183 branches nationwide</li> <li>• Migration of transactions to self-service machines to 70% in two years</li> </ul>	<p><i>Products offered at branches</i></p> <ul style="list-style-type: none"> <li>• Deposits (<i>Conventional and Islamic</i>)               <ul style="list-style-type: none"> <li>- Current Accounts</li> <li>- Savings Accounts</li> <li>- Fixed Deposits</li> </ul> </li> <li>• Investment               <ul style="list-style-type: none"> <li>- Unit Trusts</li> <li>- Bancassurance</li> </ul> </li> <li>• Lending               <ul style="list-style-type: none"> <li>- Mortgage</li> <li>- Auto Financing</li> <li>- Personal Financing</li> <li>- Credit Cards</li> </ul> </li> <li>• General Insurance</li> </ul> <p><i>Services offered at branches</i></p> <ul style="list-style-type: none"> <li>• Interbank GIRO</li> <li>• Remittance</li> <li>• Telegraphic Transfer</li> <li>• Travelers Cheque</li> <li>• Demand Draft</li> <li>• Cashiers Order</li> <li>• Standing Instructions</li> <li>• Foreign Cheque Collection</li> <li>• IPO Subscription</li> <li>• Bill Payment</li> <li>• Fund Transfers</li> <li>• Touch 'n Go Top Up</li> <li>• Mobile Banking</li> <li>• Prepaid Top Up</li> </ul>	<ul style="list-style-type: none"> <li>• 183 branches</li> <li>• At present, 40 branches are open on Saturdays and 59 on Sundays</li> <li>• 20 branches operate on extended banking hour basis on weekdays</li> <li>• 10 Financial Services branches nationwide with approximately 468 Financial Services Consultants selling investment products, predominantly unit trust</li> <li>• Internet banking</li> <li>• Mobile banking</li> <li>• Self service machines</li> <li>• 24 hour Contact Centre with voice recording</li> <li>• 405 ATM's nationwide</li> <li>• 90 Electronic Banking Centres (EBC)</li> </ul>	<ul style="list-style-type: none"> <li>• Top 3 market position in ATM network and expansion in branch network</li> <li>• To have a strong specialist sales force team on site</li> <li>• To offer 24-hour e-channel availability</li> </ul>	<ul style="list-style-type: none"> <li>• Garnered five awards at the 8th Annual Customer Relationship Management &amp; Contact Centre Association Malaysia Annual Contact Centre Awards 2007</li> <li>• AmBank Contact Centre won "The Most Customer Friendly Services", Malaysian Banking Award at the ASEAN ICT e-Banking Expo 2007</li> <li>• Successful launch of our customer service programme "F.I.R.S.T. Smile" in 2007 with 125 branches achieving Superior Customer Experience score</li> </ul>
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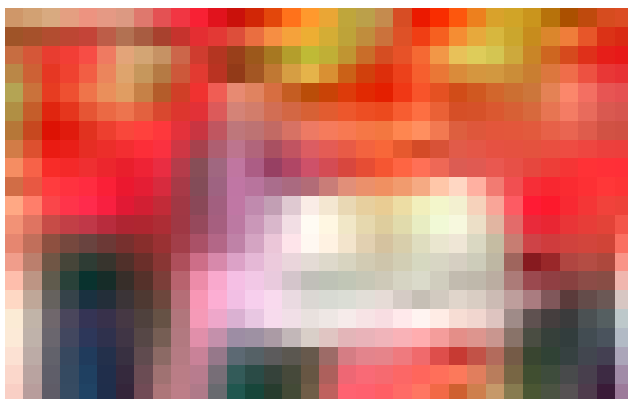
# Islamic Banking

## AmIslamic Bank

Since its inception in May 2006, AmIslamic Bank has not only shown remarkable growth, but also capitalised on the robust demand for Islamic financial services. With its universal banking license and 13 years of experience in offering Islamic products and services via AmBank Group channels, AmIslamic Bank continues building its relationship with existing customers as well as new ones in providing a complete range of innovative retail and commercial banking services. This is further complemented by the Group's extensive network of branches, ATMs, and e-banking centres nationwide.

As the key part of its business going forward, AmIslamic Bank has set up two dedicated branches in Bandar Baru Bangi and Putrajaya, which began operations on 19 November 2007. The establishment of AmIslamic Bank branches marked a significant accomplishment of AmBank Group (the Group) in fulfilling its vision in making AmIslamic Bank the premier Islamic Bank of choice in Malaysia and the region. These two standalone branches not only strengthen the Group's competitive position, but also affirm its commitment towards the development of the Islamic Banking industry.

AmIslamic 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 RM153.0 million and total assets expanding to RM10.16 billion as at end-March 2008, it has proven itself as an increasingly important component of the Group's business. This is in line with Bank Negara Malaysia's (BNM) target to elevate Islamic businesses to a greater height.



Islamic financing is growing soundly with total financing reported at RM10.24 billion, which accounted for 78.7% of total assets due to the continued demand for financing in the retail and business banking segment.

## Retail and Business Banking Activities

During the year, the major focus was on growing the Group's retail and commercial business. In this regard, a number of new products were introduced and marketing campaigns organised:

- Islamic Floor Stocking-i under Murabahah concept for car dealers to finance their new and used cars
- Islamic repurchase agreement ("Islamic Repo") under Sell and Buy Back Agreement-i was introduced and has attracted voluminous and active placements from corporate customers and financial institutions
- The AmIslamic Bank Business Centre was further evolved in its focus from the retail segment to the commercial Small Medium Enterprise segment
- AmIslamic Bank dedicated branches were appointed as AmTrustee Berhad's agents to provide our walk-in customers with will writing facilities
- It also forged a strategic partnership with Takaful Ikhlas Sdn Bhd and Syarikat Rahman Brothers Travel & Tours, where Al-Taslif Card-i members were introduced with easy payment plans. Payments are directly made through the Group e-channel for the takaful premium or umrah package respectively
- Revolving Credit-i based on Bai Inah concept for clean facilities only

AmIslamic Bank Berhad recorded a milestone in its first year of operation when it distributed a total of RM786,097.41 as AmIslamic Bank business zakat for financial year end 2007. A portion of the zakat has been distributed to the respective State Zakat collection Centres and the other portion to selected asnaf (qualified zakat recipients).

◀ Tan Sri Dato' Azman Hashim (right) presenting a cheque to YBhg Dato' Seri Hj Wan Abdul Wahid Wan Hassan, Timbalan Yang Dipertua Majlis Ugama Islam dan Adat Resam Melayu Pahang, witnessed by Encik Ahmad Zaini Othman, Chief Executive Officer of AmIslamic Bank.

## Marketing and Promotions

The Group also played a key role in supporting BNM's efforts in promoting greater awareness and knowledge of Islamic banking activities amongst the public through participation in various roadshows, conferences and expositions including Kempen Kesedaran Kewangan Islam (KEKWI) held at Masjid Negara Kuala Lumpur in January 2008 and the 5th Malaysia International Halal Showcase (MIHAS 2008) held at KLCC in May 2008. AmIslamic Bank also participated in an International Banking Forum held in Singapore.

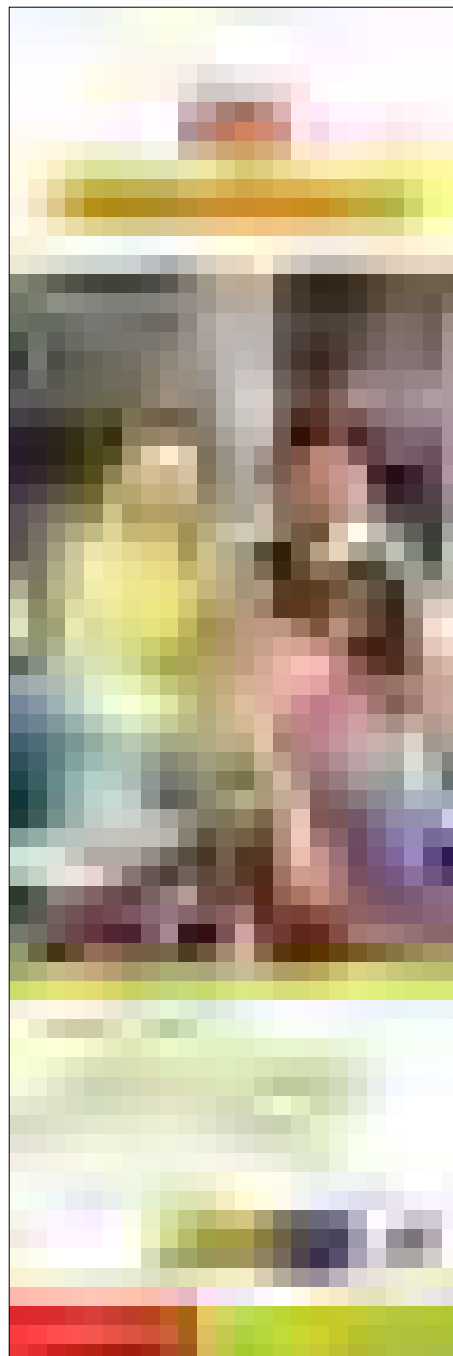
## Strategic Focus and Initiatives FY2009

Amidst the completed deals and product launches, AmIslamic Bank is consistently developing various tasks across the business and operation aspects. Some major strategic initiatives that are currently being deployed are:

- Establishing an International Currency Banking Unit
- Opening more AmIslamic Bank dedicated branches
- Developing an equity business structure based on the Musyarakah concept
- Strengthening AmIslamic Bank's Corporate Branding
- Product development, business tie-ups, and dealings



*Encik Ahmad Zaini Othman, Chief Executive Officer of AmIslamic Bank (left) and YBhg Dato' Hj Abd Rahman Hj Ibrahim, Executive Chairman Kumpulan Rahman Brothers Sdn Bhd at the Signing of Memorandum of Understanding between AmIslamic Bank and Syarikat Rahman Brothers Travel & Tours.*





Financial year 2008 has been yet another challenging but fruitful year for AmAssurance. We have achieved a pre-tax profit of RM58.2 million, with total assets increasing to RM2.5 billion as at the end of March 2008.

The combined gross premium from the life and general insurance businesses has expanded by 12% to RM965.0 million, inclusive of investment-linked premium, which grew exponentially to RM66.0 million from RM2.0 million last year.

AmAssurance's market share of gross premium and new business premiums is now ranked fifth and tenth in the general and life insurance industry respectively.

### General Insurance Business Performance

The General Insurance business achieved a commendable growth rate of 15% in gross premiums to RM546 million in the financial year ended 31 March 2008 compared to a total industry growth of 7%. Motor vehicle business continues to be the dominant class, with a portfolio share of 78% of the total gross premium income of the Division, with 11.8% growth in motor premiums to RM428.3 million during the year, AmAssurance maintained its position as the second largest motor insurance underwriter in the country, with a 9.5% industry market share as at the end of December 2007.

For the year under review, the overall claims ratio decreased from 71.3% to 70.5%. Notwithstanding that, the General Insurance business registered a higher underwriting surplus of RM7.8 million in FY2008 compared to RM7.4 million in FY2007.



### Strategic Initiatives

Apart from launch of more innovative non-motor insurance products, AmAssurance has also shed interest on a possible business merger with MAA. The highlight would also be on the establishment of AmG Insurance, a separate licensed entity to allow more focus in managing the general business plus providing customers with better satisfaction.

Our special initiatives include:

- The launch of three new products from the newly established Commercial Broking Division-AmEdu Package, AmHospitality and AmSMI F & B
- Other products such as AmDaily Cash and AmVacation were also launched and marketed via the Direct Marketing and Telemarketing channel
- Joint venture with Perodua to promote our industry known as AmAuto Extended Warranty package for all new purchases of Perodua cars

### Life Insurance Business Performance

The Life Insurance Division achieved total premium growth of 10% to RM418.0 million (including investment-linked premiums) from RM383.0 million the year before. In terms of annualised new business premiums, which reflect a measure of new sales activity, the Life Insurance Division has registered a commendable growth of 6% to RM 260.8 million (FY2007: RM246.5 million). Over the year, the life policyholders' fund (inclusive of investment-linked) expanded by 19% to RM1.5 billion.

Due to the introduction of the Risk Based Capital (RBC) framework by the Central Bank, traditional products such as whole life and term plans have subtly made way for new edge insurance products such as investment-linked and universal life products. Despite the volatility of the industry, AmAssurance has achieved tremendous increase in Life insurance premiums. This achievement can be accorded to the aggressive sales drive by the 4,000-strong agency force which has been exposed to various marketing initiatives and sales reward systems.

The Life Insurance Division closed the financial year with a surplus before tax of RM269 million, in line with last year at RM270 million.

### Strategic Initiatives

AmAssurance had placed full focus on developing new products and partnerships to ensure that both customers and its agents would be at the winning end. Some of the notable initiatives for the Life Insurance business are:

- Launch of AmFlexi 2 Plan and AmAsia Link Capital Guaranteed Fund
- Partnership with Digi Communications to sharpen the competitive edge of the 3,000 life insurance agents resulting in an IT savvy community that is capable of providing insurance needs with greater efficiency
- Launch of its first 'insurance shop concept' at Selayang Mall and Cheras to provide customers with a new servicing channel that caters to their insurance needs

### Customer Service

Service has always been a rule of thumb for every aspect of AmAssurance's business. Service betterment in the past years indeed allowed AmAssurance to gain greater confidence while building long term relationship with policyholders. Among the value added initiatives for financial year 2008 are:

- Launch of AmAssurance Branch Transformation Strategy to create operational and sales efficiency through branches nationwide

- The all new AmAssurance Corporate Website that allows policyholders and the general public to gain greater insights into the happenings and offerings of AmAssurance
- Launch of the very first road tax display sticker advertisement in Malaysia, featuring emergency contact numbers and AmAssurance contact points.
- Swift settlement of claims for the Nuri crash pilot's family, Bukit Gantang bus crash victims and Johor flood victims

### Corporate Social Responsibility

AmAssurance's very first Corporate Social Responsibility project ("Drive Safely. We Care") was launched in collaboration with the Ministry of Transport. Held throughout the Hari Raya and Deepavali festive season, AmAssurance had activity filled booths at prominent Rest & Relax areas along the North-South highway.

Giving out road safety based goodies plus Red Bull energy drinks, AmAssurance also took this opportunity to have a road safety pledge wall for all drivers and passengers alike.

### Priorities for FY2009

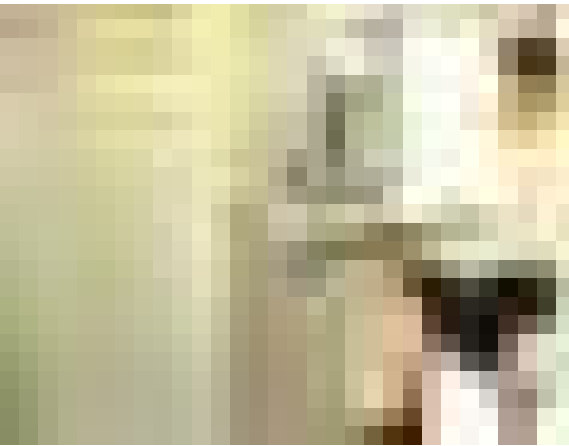
The multiple initiatives and continuous support implemented to date has allowed us to move forward with an aggressive growth rate. This has further strengthened our drive to double our achievements in the coming financial year.

The coming financial year will see the launches of many market leading products plus innovative services that cater to the lifestyle needs of all Malaysians. We will continue to invest in technological advancements to better enhance our business.

Ultimately, we want to be the most 'Preferred insurance service provider' for all Malaysians.

## Information Technology Systems, Group Information Systems

**AmBank Group continues to capitalise on technology to enable and support the Group's strategic intent to be a top player in the financial services industry.**



Moving forward, Group Information Systems ("Group IS") will devote its major focus to supporting the Group's strategic agenda by providing required technical solutions to enable the key objectives in relation to revenue growth, enhancing risk management capability, lowering group funding costs, improving efficiency, and maximising return to shareholders.

To support business revenue growth for Foreign Exchange and Treasury Markets, Credit Cards, Islamic Finance, Small and Medium Sized Enterprises, Investment Banking diversification and product mix, Group IS will continue to ensure that core systems supporting these business areas deliver the desired functionalities, value-added services, and high availability. Group IS will also embark on technology investments to enhance the Group's capabilities to promote up-selling and cross-selling to targeted customer segments.

Risk management is a key focus area. The Group is looking to building the next generation of risk decisioning capabilities to have more comprehensive and robust risk data management to promote efficient overall risk mitigation.

In an effort to lower group funding costs, the Bank will continue to invest in delivery channels and enhance the analytics capability to deliver low cost transaction capabilities through self-service machines, mobile/Internet banking, and the Contact Centre, as well as the right services and product mix to targeted customer segments.

Beside these, the Group is also constantly looking for opportunities to break into new markets and expand our current scope of business. To support these strategic initiatives, there will be investments to build new business capabilities such as implementing Treasury and Equity Derivatives systems in collaboration with the Australia and New Zealand Banking Group (ANZ).

To support new business and service delivery capabilities, emphasis is also given to needed improvements in the overall IT infrastructure. The objective is to provide a more robust infrastructure to support the business and to better meet compliance requirements. We will also continue to invest in security management to enhance security integrity and to keep abreast with changes in the environment and to comply with security guidelines and policies. In addition, Group IS is constantly monitoring and ensuring that the Bank's technology infrastructure such as personal computers, printers, and other IT peripherals are kept current.

To ensure an appropriate level of technology investment, the Banking Group utilises a proactive portfolio management framework to ascertain and monitor the relative ratio of its capital expenditure spend across the Group to ensure that adequate attention and resources are devoted to assisting the Bank to deliver on its stated strategic objectives as well as business as usual activities.

In terms of departmental strategy, Group IS is currently enhancing its service-oriented delivery model. With the intent to address demand from the business, Group IS is presently undertaking a comprehensive initiative to enhance its overall IT Governance, Investment Framework, and Demand Management to deliver more efficient IT services.

Moving forward, the Bank will continue to expend effort on improving and strengthening staff skills and competencies, and to enhance current processes by instilling and adopting standard practices to support business growth.

## Retail and Business Banking

To defend its position in the core retail products and improve return on equity, it is looking at enhancing its core application system to deliver innovative products and services to its customers. Other technology investments in the pipeline are wealth management to support continuous business growth and enhancing our customer relationship management capability.

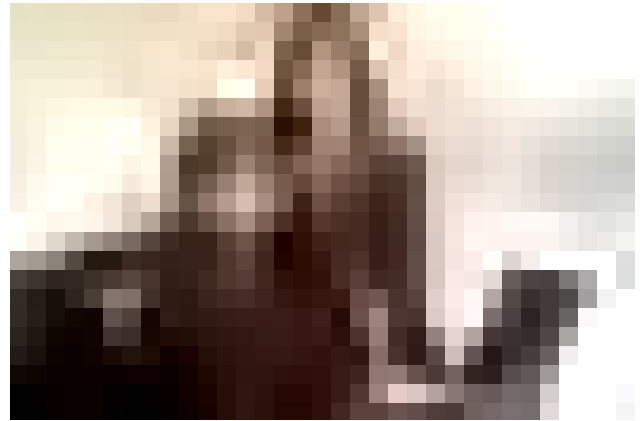
Focus will also be given to grow trade and SME businesses with the intention to further improve overall controls and enhance efficiency and productivity. There will also be IT investments to support risk based business initiatives.

## Islamic Banking

Islamic Banking is looking at opportunities for potential growth. The focus is to further streamline its processes through further enhancement of its back-end systems to rollout innovative Islamic products.

## Investment Bank

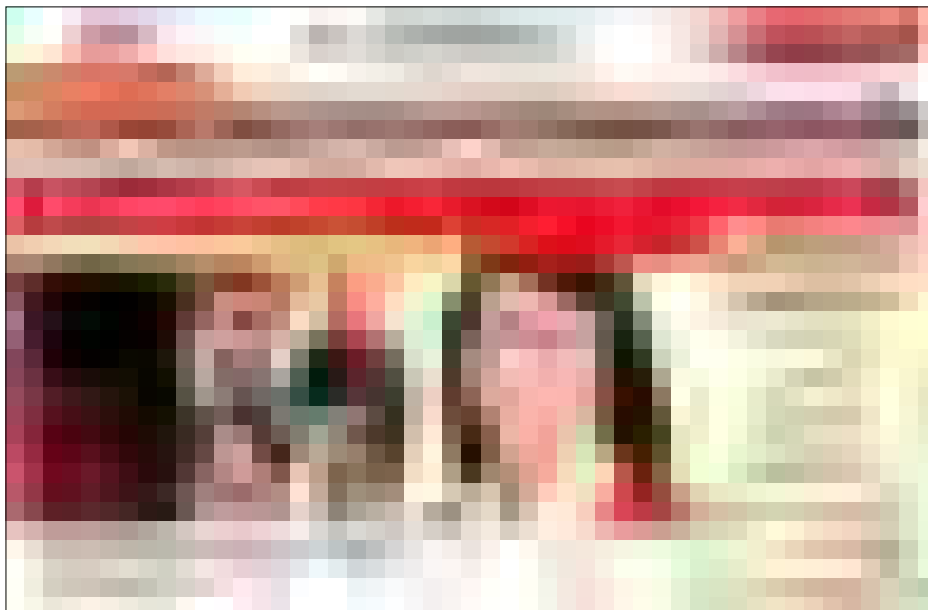
AmInvestment Bank Group together with N2N Connect recently won the “Best Multi-Channel Capability Project Award 2007” in The Asian Banker IT Implementation Awards 2007 for an online trading and investment system for retail and institutional clients through Internet and mobile devices.



To be continuously recognised as a market leader to launch innovative product and services, the ICT focus for this year is to enhance derivatives capabilities through the implementation of the Treasury and Equity Derivatives system to enable complete operational control, seamless processing for all deal structures and robust system for business growth.

## Insurance

AmAssurance has initiated a technology investment in the life insurance system to support its aggressive growth.



## Building Our Future Human Capital, Today – A Continuing Journey

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Our focus this financial year has been to enhance the talent and succession management (TSM) frameworks already in place to achieve our human capital objectives, which are to attract, develop, motivate, manage performance, as well as reward and retain well performing/talented employees, a key agenda critical for achieving corporate objectives of the Group.



We have also taken into account the changes to roles, reporting structures and performance measurements as a result of organisation restructuring that certain portions of the Group had undergone in the past year. A key activity to recognise these changes has been to review the job structure to ensure job sizing for internal and external parity.

To build our current and future resource needs, we have embarked more aggressively into talent sourcing and creation at all levels.

We continue to identify talent that is in our midst, i.e., amongst existing employees, putting them through assessments in a phased approach, so that we can identify their potential, their career path, strengths as well as their areas requiring improvement and development.

With regards to attracting and rewarding talent in AmBank Group, we have revisited our Employee Value Proposition (EVP) to ensure that key components of reward and compensation are positioned appropriately.

As part of our building blocks to support our human capital, the development of our employees continues to be a huge investment. Employees have been sent for both internal and external training comprising technical, development and certification programmes. About 85% of training programmes were conducted internally and coordinated by Group Organisational Development, with the objective of developing highly customised programmes based on AmBank Group's needs.

Leveraging the strategic partnership with ANZ, selected key staff received the opportunity to undergo attachment programmes and learning visits at ANZ Head Office in Melbourne, Australia. This is part of the initiative to ensure that the partnership will contribute to the transfer of know-how and employee up-skilling, which will give AmBank Group the cutting edge to compete in the marketplace.



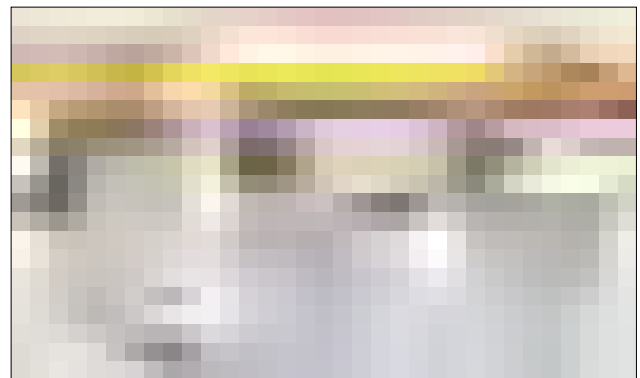
In order to ensure that our performance measures remain relevant to the changing business landscape, we will also be reviewing our Leadership Competency Model, in order to drive the behaviours that bring value creation for the longer-term. The Performance Management System has also been enhanced for greater ease and objectivity in assessing and providing performance feedback to employees in a timely manner. Our Coaching and Mentoring programmes for Managers will emphasise the importance of on-the-job development and employee performance management.

In parallel with the TSM, focus has also been given to equip Managers with effective managerial skills to inculcate awareness and responsibility in monitoring performance, developing skills and ensuring employee engagement.

The Succession Planning process, a key output of the TSM, has identified potential successors for leadership positions in the Group. Support processes have commenced, either through internal career planning, development or external sourcing.

In the new financial year, the focus will be on the implementation of more deployment and job rotation programmes to accelerate learning and the development of talent and potential successors and empowering employees to manage their careers.

To enhance performance management, we reinforced the importance of KPI setting and cascading, in order to achieve challenging corporate goals. Managers continue to be trained on tools and techniques for KPI cascading to ensure that departmental and organisational targets are met.



In line with the transformation of Human Resource's Service Delivery, an Employee Self-Service (ESS) feature through our HR portal, to provide accessibility and improved service to employees is in different phases of implementation. Stage 1 sees employees having access to their personal, dependant and beneficiary information for updating and enabling of pay-slips to be printed on a demand basis. Stage 2 will see the enhancement of ESS and introduction of Manager Desktop, which will provide strategic HR information to support departmental decision making. The third stage will see the automation of Core HR Functions in the Manager Desktop, to empower Managers to manage their employees directly. The benefits we can expect with ESS and Manager Desktop are improved data accuracy and integrity, increased transaction speed, accuracy and communications within the organisation, paperless transactions, and improved employee satisfaction with Human Resource service delivery.

# GROUP FINANCIAL

## REVIEW

### • Management Discussion and Analysis of Financial Performance

Financial year ended 31 March 2008 represented a year of performance turnaround for the Group.

In our last letter to the shareholders, we had stated that the Group's priorities in financial year ended 31 March 2008 (FY2008) were:

- To achieve sustainable and profitable growth by building a balanced strategic business portfolio mix of investment banking, retail and commercial banking and insurance business
- To improve overall asset quality with further reduction in net non-performing loans ratio
- To create a true deposit business by mobilising more demand and savings deposits from retail, corporate and institutional clients
- To implement a change management programme to integrate the best practices of the ANZ Banking Group

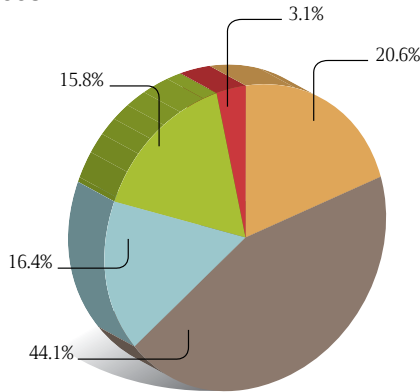
We are pleased to report that results of our priorities outlined last year is seen in the FY2008 which represented a year of performance turnaround for the Group.

#### SIMPLIFIED INCOME STATEMENT

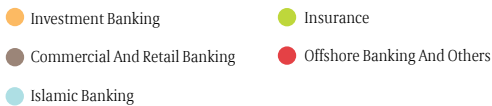
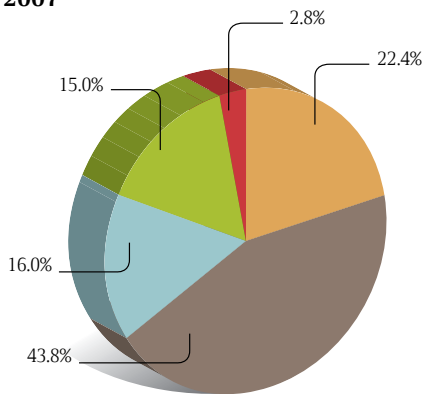
RM Million	FY2008	FY2007	+ / (-)	
			RM Million	%
<b>Operating revenue</b>	<b>6,007.6</b>	<b>5,497.3</b>	<b>510.3</b>	<b>9.3</b>
Net interest income	1,630.6	1,372.1	258.5	18.8
Net income from Islamic banking business	517.2	506.1	11.1	2.2
<b>Net fund income</b>	<b>2,147.8</b>	<b>1,878.2</b>	<b>269.6</b>	<b>14.4</b>
Other operating income	1,218.8	1,150.0	68.8	6.0
<b>Total income</b>	<b>3,366.6</b>	<b>3,028.3</b>	<b>338.4</b>	<b>11.2</b>
Overheads	(1,236.7)	(1,068.2)	(168.5)	15.8
General insurance claims	(315.6)	(288.7)	(26.9)	9.3
<b>Operating profit</b>	<b>1,814.3</b>	<b>1,671.4</b>	<b>142.9</b>	<b>8.6</b>
Allowance for losses on loans and financing	(512.2)	(1,519.5)	1,007.3	(66.3)
Other writeback/(provisions)	14.3	58.7	(44.5)	(75.7)
Impairment (loss)/writeback	(122.0)	(296.3)	174.3	(58.8)
Share in results of associated companies	0.0	1.0	(1.0)	(100.0)
<b>Profit/(Loss) before taxation and zakat</b>	<b>1,194.4</b>	<b>(84.6)</b>	<b>1,279.0</b>	<b>1,511.7</b>
Taxation and zakat	(383.6)	(44.3)	(339.3)	766.2
<b>Profit/(Loss) before minority interests</b>	<b>810.8</b>	<b>(128.9)</b>	<b>939.7</b>	<b>729.0</b>
Minority interests	(142.3)	(153.6)	11.3	(7.3)
<b>Net profit/(loss) attributable to shareholders</b>	<b>668.5</b>	<b>(282.5)</b>	<b>951.0</b>	<b>336.7</b>
<b>Gross dividend rate</b>	<b>6.0%</b>	<b>5.0%</b>		
<b>Overheads to total income</b>	<b>36.7%</b>	<b>35.3%</b>		

## OPERATING REVENUE BY SEGMENT

### FY2008



### FY2007



## Income Statement

The Group posted a growth of 8.6% or RM142.9 million to RM1,814.3 million in operating profit for FY2008, consistent with the resilient Malaysian economy amidst uncertainties in the global economic environment. The Group's profit before tax improved with a landmark 1,512% growth to RM1,194.4 million compared with a loss position in the previous financial year, mainly due to the significant one-off charge for provisioning to build up the loan loss coverage for NPLs in FY2007 as well as concerted recovery effort on defaulted loans in FY2008. This translated to a profit after tax growth of 729% to RM810.8 million and profit after tax and minority interest growth of 337% to RM668.5 million. Earnings per share stood at 27.91 sen (fully diluted)

## Total Income – Revenue Growth

Revenue growth, the essential foundation for sustainable growth in profits, is a key measure of our performance. It reflects our success in increasing repeat business from our existing customers and winning new customers. The improvement in revenue is the pay-off for the Group's investment in operational excellence, delivery of quality sales experience and extensive delivery channels.

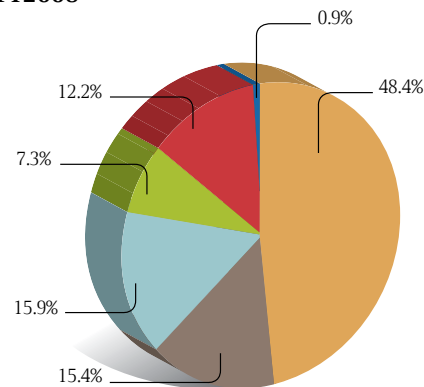
The major components of revenue are net fund income (net interest income and net income from Islamic Banking business) and other operating income.

**Net fund income: RM2,147.8 million (+14.4% or RM269.6 million)**

- Growth in net fund income was driven by an increase in net loans and advances (+ RM 4.8 billion or 10.2%). The growth in loans and advances was mainly driven by expansion in retail lending and lending to small and medium sized enterprises (SME) fueled by expansion in private and public consumption spending.

## COMPOSITION OF INCOME

### FY2008



### FY2007

