

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.

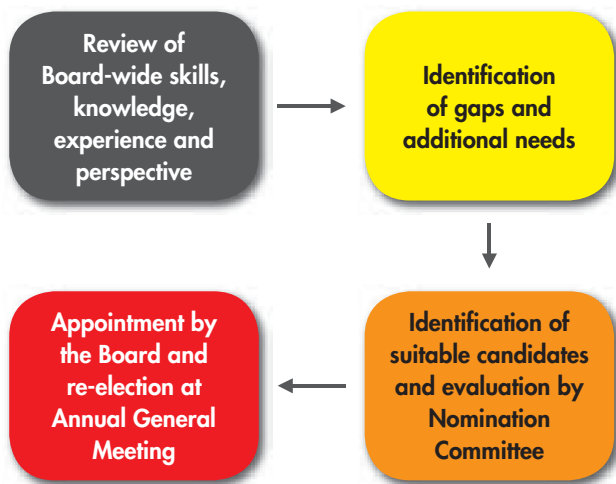
The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Managing Director and through him and subject to his oversight, to other Senior Management. The Board monitors the management and performance of the Group Managing Director on behalf of the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

Principle 3: Board Composition, Selection and Appointment

The Board currently comprises eleven (11) Directors [as at 15 August 2007] 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 and Resignation

- The Group welcomes the addition of two new Board members, Dr. Robert John Edgar and Mr. Peter John Hodgson who have been appointed as Non-Independent Non-Executive Directors of the Company effective 15 August 2007. We also welcome Mr. Owen James Wilson who has been appointed as an alternate Director of the Company effective 15 August 2007.
- Puan Shalina binti Azman has resigned as a Director of the Company with effect from 31 May 2007.



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 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 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 Deed*
The Deed covers 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 program 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 industries. Arrangements are also made for them to attend the programmes organised by the Group's Organisational Development Department. During the year, the Directors attended training courses related to corporate risk, management strategies 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.

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 all Board meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board 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.

Thirteen (13) Board meetings were held during the FY2007. 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") 2007

	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Risk Management Committee at AmInvestment Bank	Risk Management Committee at AmBank	Risk Management Committee at AmIslamic Bank
Tan Sri Dato' Azman Hashim	13 (Chairman)	3	N/A	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	12	2	2	4	N/A	N/A	N/A
Tun Mohammed Hanif Omar	12	N/A	N/A	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Othman	13	3 (Chairman)	N/A	4 (Chairman)	6	N/A	N/A
Tan Sri Datuk Clifford Francis Herbert	13	2	N/A	N/A	6 (Chairman)	6 (Chairman)	6 (Chairman effective 29.5.2006)
Tan Sri Dato' Mohd Ibrahim Mohd Zain	13	N/A	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	13	3	2 (Chairman)	4	N/A	N/A	N/A
Cheah Tek Kuang	13	N/A	N/A	N/A	N/A	N/A	6
Soo Kim Wai	11	N/A	2/2	N/A	N/A	N/A	N/A
Shalina Azman	13	N/A	N/A	N/A	N/A	N/A	N/A
Dato' Gan Nyap Liou @ Gan Nyap Liow (Appointed (on 15.6.2006) ^ **	N/A	N/A	N/A	N/A	3 (Member, effective 15.6.2006 and resigned on 2.3.2007)	2 (Member, effective 15.6.2006)	N/A
Tan Kheng Soon **	N/A	N/A	N/A	N/A	N/A	6/6	N/A
Number of meetings held in FY2007	13	3	2	4	6	6	6

Note:

- 1) ^ : Member of AmInvestment Group Berhad Board of Directors.
- 2) ** : Member of AmBank Board of Directors.
- 3) All attendances reflect the number of meetings attended during Directors' duration of service.
- 4) N/A represents "not a member".

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. Risk Management Committee (established at subsidiary levels, i.e. AmInvestment Bank Berhad, AmBank (M) Berhad, AmIslamic Berhad and AmAssurance Berhad)
4. Audit & Examination 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 FY2007.

The Committee is responsible for regularly reviewing the Board's structure, size and composition, as well as making recommendations 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 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 each Director to the effectiveness of the Board.

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 FY2007.

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

“With the growing complexities and challenges facing our industry, the Board plays a key role in setting the direction of the Group.”

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 with appropriate skills and experience to manage the Group successfully. The Board determines the remuneration of Non-Executive Directors and Executive Directors 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.

As the Company is an investment holding company, the Risk Management Committee of Directors are established as Committees of the Boards of the licensed institutions. The Risk Management Committee of Directors held the following number of meetings during FY2007:

Risk Management Committee

Subsidiary	Number of RMCD Meetings Held
AmInvestment Bank Berhad	6
AmBank (M) Berhad	6
AmIslamic Bank Berhad	6
AmAssurance Berhad	5

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 the Group's Internal Audit;
- the AEC Committees 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 Committee shall have an accounting qualification or experience in the field of finance. The AEC meets regularly with the external auditors and the Group Internal Audit. During the year, the AEC met as follows:

Audit and Examination Committee

Subsidiary	Number of AEC Meetings Held
AmInvestment Bank Berhad	9
AmBank (M) Berhad	10
AmIslamic Bank Berhad	5
AmAssurance Berhad	9

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.

“ We continuously adapt our approach to managing risks to suit the changing economic environment. ”

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

Responsibility

The Board of Directors is responsible for the Group's system of internal control and its effectiveness, which is designed to ensure effective and efficient operations, internal control, including financial reporting and compliance with laws and regulations. In establishing and reviewing the system of internal control, the Directors have considered the materiality of relevant risks, the likelihood of such a loss being incurred and the cost of control. Therefore, it follows that the system of internal control can only provide reasonable but not absolute assurance against the risk of material loss.

Management of Information

The Group is in strict adherence with the disclosure requirements of Bursa Malaysia as well as with relevant requirements of the Securities Industry Act, 1983. The Group's Code of Ethics and internal control procedures incorporates a policy on conflict of interest, confidentiality of material information and corporate disclosures.



Internal Control Environment and Key Processes

The Group has adopted a coordinated and formalised approach to internal control and risk management. The AEC of the Board reviews the Group's financial statements and the work of the Group Internal Audit Department, including reviewing Internal Audit's audit plans, progress and reports issued.

The Group Internal Audit provides assurance that the design and operation of the risk and control framework across the Group is effective.

Audit and Examination Committee Report*Terms of Reference*

The functions of the Committee 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 Committee'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's 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 the Internal Audit Department's annual audit plan, including its resource and training needs.
- Reviewed the Internal Audit Department's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was given on critical risk areas.

KEY RISK AREAS & INTERNAL FOCUS

- Monitored the progress of the Internal Audit Department in completing its audit plan and assessed the performance of the Department.
- 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 the Internal Audit Department (including internal investigations, follow up on resolution of issues raised in reports issued by BNM, 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.

Planned audits 1	Systems development life-cycle review of major IT infrastructure projects 2	Special focus reviews 3	Mandatory audits 4	Ad-hoc reviews and special assignments 5
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- 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 legislation was ensured:
 - Provisions of the Companies Act 1965, Securities Industry Act 1983, Securities Commission Act 1983 and the Banking and Financial Institutions Act 1989
 - 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

The 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.

The audit function covers all major business groups and consists of 5 main categories of work:

- Among others, the audit plan covers reviews of the adequacy of the following:
 - Risk management
 - Quality of assets
 - Operational controls
 - Financial controls
 - Customer service
 - Compliance with laws and regulations
 - Management efficiency
 - Lending practices
 - Information technology
 - Data centres and network security

Group Internal Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. The Group Internal Audit also works collaboratively with the external auditor to ensure a comprehensive audit scope.

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

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 Audit Committee.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY 2007 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 AHB Group (excluding expenses and service tax) in the financial year ended 31 March 2007 amounted to RM1.41 million [FY2006: RM1.06 million].

Non-Audit Services Fees

Non-audit fees for the financial year ended 31 March 2007 (excluding expenses and service tax) amounted to RM 0.57 million [FY2006: RM1.26 million]. The non-audit fees are primarily related to the half-year limited review of Amlslamic Bank Berhad, AmBank (M) Berhad and AmInvestment Bank Berhad's income statement that had been carried out.

Principle 15: Communication with Shareholders

Reaching out to all Shareholders and Investors

The Group believes in prompt disclosure to its shareholders and investors of all price sensitive information to shareholders as required under Bursa's Listing Rules in a timely manner. As part of the Group's active investor relations programmes to discuss long-term issues and obtain feedback, the Chairman, Directors and Management Personnel of the Group have always looked forward to holding discussions with analysts and Shareholders.



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 or 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 via post. 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 auditor.

- Timely announcements are made to the public with regard to the Company's corporate proposals, financial results and other required announcements. Corporate and financial information on the AmBank Group is also made available to shareholders and the general public through the AmBank Group website at ambg.com.my, which is updated regularly.

Senior management personnel responsible for Investor Relations activities:

1. Mr Cheah Tek Kuang,
Group Managing Director
2. Ms Amarjeet Kaur,
Director, Group Corporate Services

During the year, the Company held investor briefings with its major institutional investors in Kuala Lumpur, Europe, United States, the United Kingdom, Singapore and Hong Kong to ensure that the investing community receive a balanced and complete view of the Group's performance and highlights of the business.



INVESTOR RELATIONS CALENDAR

2007		2006
4-6 July 2007 Macquarie Securities Financials Conference <i>Hong Kong</i> <i>Singapore</i>	16-17 April 2007 Merrill Lynch AMMB Non Deal Roadshow <i>Hong Kong</i>	30 October - 1 November 2006 Merrill Lynch 9th Asiapac Financial Investor Forum <i>London, England</i>
5-7 June 2007 Merrill Lynch Global Emerging Markets One on One Investor Forum <i>California, USA</i>	9-10 April 2007 Citigroup AMMB Non Deal Roadshow <i>Singapore</i>	9-12 October 2006 UBS Securities Little Acorns Conference 2006 <i>Singapore & Hong Kong</i>
9-11 May 2007 Merrill Lynch Pan Asia Rising Stars <i>Singapore</i>	19-21 March 2007 Citigroup AMMB Non Deal Roadshow <i>London, England & Paris, France</i>	26 June 2006 CLSA Asean Access Day II <i>Singapore</i>
7-8 May 2007 Macquarie Malaysia Corporate Roadshow <i>Sydney, Australia</i>	7-9 March 2007 Merrill Lynch Merrill Lynch Conference <i>New York & Boston, USA</i>	6-8 June 2006 Merrill Lynch The 10th Annual Global Emerging Markets One-On-One Forum <i>California, USA</i>
23 April 2007 Citigroup AMMB Non Deal Roadshow <i>Kuala Lumpur</i>	18 January 2007 BNP Paribas Asean Conference <i>Singapore</i>	10-12 May 2006 Citigroup Financial Conference 2006 <i>Singapore & Hong Kong</i>



For your weekend banking convenience,
we're **No.1** in Malaysia.

PERLIS

- ▲ KANGAR – Jln Bukit Legi, Bangsarw PkdSPs

KEDAH

- ★ ALOR SETAR – Wisma Landak, Jln Felda
- ★ KULIM – Jln Tunku Pidera
- ★ SUNGAI PETAYA – Jln Kg Baru

PENANG

- ★ AYER ITAM – Jln Pagar Tembaga
- ▲ BAGAN ALAM – Jln Zepan Agam
- ★ BALK PULAU – Main Road
- ★ BAYAN BARU – Jln Mahout
- ★ BUKIT MERTAJAM – Jln Picing Laling
- ★ GEORGETOWN – Lebuh Behaap
- ▲ MPF TOWER – Jln Sultan Ahmad Shah
- ▲ PULAU TINGI – MELISSA ROW, Jln Basmala
- ▲ SERIANG JAYA – Jln Tazak 2
- ▲ SUNGAI BAKAP – Main Street

PERAK

- ▲ BATUS DAJAH – Jln Kiriakwai
- ▲ IPOH – Jln Yang Kalsam
- ▲ IPON GARDEN – Jln Datar Lau Pak Khasan
- ▲ KUALA SEPETANG – Jln Trumpang
- ▲ PANGKAL BINTAN – Jln Temenggong
- ▲ SITIMBAH – Jln Raja Omar
- ▲ TAMPIN – Jln Tanjong Sari
- ▲ TELUK ANSON – Jln Raja

NEGARA SEMBILAN

- ★ BANGI – Jln Merwah
- ▲ PORT DICKSON – Jln Bantak
- ★ SEREMBAN – Jln Pagar
- ▲ SEREMBAN – Jln Duta, Lorong Yang Yee

MELAKA

- ★ MELAKA – Jln Muzaki Abdulah
- ▲ MELAKA – Tree Melaka Raya
- ▲ TAMPIN – Jln Besar

PAHANG

- ▲ Kuantan – Jln Haji Abdul Aziz
- ▲ Kuantan – Jln Semerah
- ▲ MENTANAB – Jln Zaidin
- ▲ TAMPILAH – Jln Ahmad Dzun I

JOHOR

- ▲ SIKU PINAT – Jln Nasional
- ★ SIKU PINAT – Jln Nagayah
- ★ JOHOR BAHRU – Jln Wong Ai Fook
- ★ JOHOR BAHRU – Jln Mahant Muzah, Malacca Garden
- ▲ JOHOR BAHRU – Meltopols Tower, Jln Apakiah Tahir
- ★ JOHOR BAHRU – Jln Pas Merak 2/8
- ★ KLUANG – Jln Dato Teoh Siew Khor
- ★ KOTA TINGGI – Jln Lambong
- ★ KUALA – Loring Dua
- ★ MGR – Jln Sultanah
- ★ PAGOH DUDANG – Jln 9/9, Perumahan 9
- ★ PERMAS JAYA – Jln Permas 1/3
- ★ PORTKAY – Jln Tab
- ★ SESAMAT – Jln Abdullah
- ★ SKUDAI – Jln Nakhoda 1

KELANTAN

- KOTA BHARU – Jln Sultan Ismail

SELANGOR

- ▲ PETALING JAYA – Aecorp Mall, Jln Peralenan Baru
- ★ AMPANG – Ampang Point, Jln Marnanda 7
- ★ BUKIT KAMPONG – Teras Indah, Baby 11
- ★ BANDAR BARU BANGSANG – Jln Ipoh
- ★ DAMANSARA UTAMA – Jln SS21/35
- ★ PETALING JAYA – Jln SS21/67
- ★ PUUCHONG – Jln TR1/11A, Teras Kinara
- ★ RAJANG – Jln Desa 1/7
- ★ SHAH ALAM – Jln Tangga Asepan Taberan 8/1, Section 8
- ▲ SERI KEMBANGAN – Jln Persewaan 2
- ▲ SUBANG JAYA – Jln SS15/4D
- ★ USJ – Jln USJ 10/1
- ▲ KAWANG – Wisma Mudara, Jln Sultan Abdul Samad
- ★ KUALANG – Jln DSA/1, Section 10
- ★ PORT KLANG – Wisma Palm Base, Persewaan Palm Muda Muz
- ▲ SRIK ALAM – Jln 080 8/136, Section 13

WILAYAH PERSEKUTUAN

- ★ KUALA LUMPUR – BANGSAR BARU – Jln Tasek 3
- ▲ KUALA LUMPUR – MEDAN PASAR – Wisma Mares
- ★ KUALA LUMPUR – JLN IPOH – Batu 3
- ★ KUALA LUMPUR – KEPONG BARU – Jln Anson 2
- ▲ KUALA LUMPUR – KL SENTRAL
- ★ KUALA LUMPUR – OUD – Jln Wajan Emas 4
- ▲ KUALA LUMPUR – PULAU – Wisma Aniliani
- ★ KUALA LUMPUR – PULAU – Jln Pagar
- ▲ KUALA LUMPUR – SALAK SOUTH – Jln Besar
- ★ KUALA LUMPUR – SELANGOR – Jln DSA
- ★ KUALA LUMPUR – SENTUL – Bangunan Dato' H Subhani
- ★ KUALA LUMPUR – SETAPAK – Jln 3/02C
- ★ KUALA LUMPUR – SRI PETALING – Jln Raden Teogoh
- ★ KUALA LUMPUR – TAMAN CONDOUGHT – Jln Sayana
- ★ KUALA LUMPUR – TAMAN MALURI – Jln Agaka 2
- ★ KUALA LUMPUR – WANGSA MAJU – Jln 3/27F
- ▲ PUTRAJAYA – Jln Nusantara, Precinct 1

SARAWAK

- ▲ BINTULU – Bangunan BDA, Jln Somersetville
- ★ KUCHING – Jln Abel
- ▲ KUCHING – Jln Haji Taha
- ▲ KOTA – Beautiful Jade Garden
- ★ SBU – Blacksmith Road
- ▲ SBU – Jln Tunku Omar

SABAH

- ★ KOTA KINABALU – Jln Sepating
- ▲ KOTA KINABALU – Layang Commercial Centre
- ★ SANDAKAN – Jln Duta
- ▲ TAWAU – Sardinia Square, Jln Gunung

▲ SATURDAY BANKING

★ SUNDAY BANKING

○ FRIDAY BANKING



Weekend banking services are not available on the 1st weekend of the month.

For more information, call 03-2178-8888 or log on to www.ambg.com.my



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 FY2007 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 2007.

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 Company 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 18 May 2007, the Company issued 163,934,426 converting preference shares at the issue price of RM3.05 per converting preference share to ANZ Funds Pty Ltd amounting to RM500.0 million. The proceeds were utilised as follows:

Description	Utilisation (RM'000)
Subscription of capital securities by AmBank	450,000
Working capital	33,763
Payment of issuance expenses	16,237
Total proceeds	500,000

(b) On 18 May 2007, AmBank issued RM575 million Exchangeable Bonds, which are exchangeable into 188,524,590 new ordinary shares of the Company, to ANZ Funds Pty Ltd. The proceeds were utilised by AmBank as follows

Description	Utilisation (RM'000)
Working Capital	573,845
Payment of issuance expenses	1,155
Total proceeds	575,000

(c) ON 21 December 2006, Amlslamic Bank issued RM400 million Subordinated Sukuk Musyarakah. The proceeds were utilised by Amlslamic Bank as follows:

Description	Utilisation (RM'000)
Working Capital	399,442
Payment of issuance expenses	558
Total proceeds	400,000

8. Options, Warrants or Convertible Securities

As at 31 March 2007, the following warrants were outstanding:

(i) 143,534,078 Warrants 1997/2007 with an exercise price of RM6.51 per share, expiring on 13 May 2007.

Subsequent to 31 March 2007, 70 Warrants 1997/2007 were exercised into 70 new ordinary shares of RM1.00 each and the balance of unexercised 143,534,008 Warrants 1997/2007 had expired on 13 May 2007.

(ii) 132,073,430 Warrants 2003/2008 with an exercise price of RM2.19 per share, expiring on 20 March 2008.

Subsequent to 31 March 2007, 259,401 Warrants 2003/2008 were exercised into 259,401 new ordinary shares of RM1.00 each up to 31 July 2007, with outstanding unexercised Warrants 2003/2008 standing at 131,814,029 as at that date.

9. Variation in Results

There was no profit forecast, projection or unaudited results made or announced for the financial year ended 31 March 2007.

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 2007 pursuant to the Shareholders' Mandate is given in Table 1.

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

Table 1: Details of Recurrent Related Party Transactions Conducted in Financial Year Ended 31 March 2007 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 ¹	19,377	Companies in which a Director and major shareholder were deemed to have an interest
MCM Systems Sdn Bhd			
MCM Horizon Sdn Bhd			
Harpers Travel (M) Sdn Bhd	Provision of airline ticketing services	2,049	
Restoran Seri Melayu Sdn Bhd	Provision of restaurant and hospitality services	110	
AM Blue Star Sdn Bhd	Provision of air conditioning maintenance services	162	
Unigaya Projection System Sdn Bhd Group	Provision of security services including armed and unarmed guard services and security for cash in transit	149	
Modular Corp (M) Sdn Bhd Group	Provision of electronic card technologies and services	1,400	

Note:

1. IT consultancy related services consist of, but are not limited to, the following services:
 - (a) design, development and customisation of software;
 - (b) integration, installation, implementation, testing and commissioning of the software in the designated systems;
 - (c) provision of maintenance services and upgrades to the existing mainframe related applications and the system;
 - (d) development, optimisation and implementation of the website; and
 - (e) provision of project management services.

Risk Management

We devote significant resources to the assessment, analysis and management of risks as risk management is of paramount importance in our daily operations.

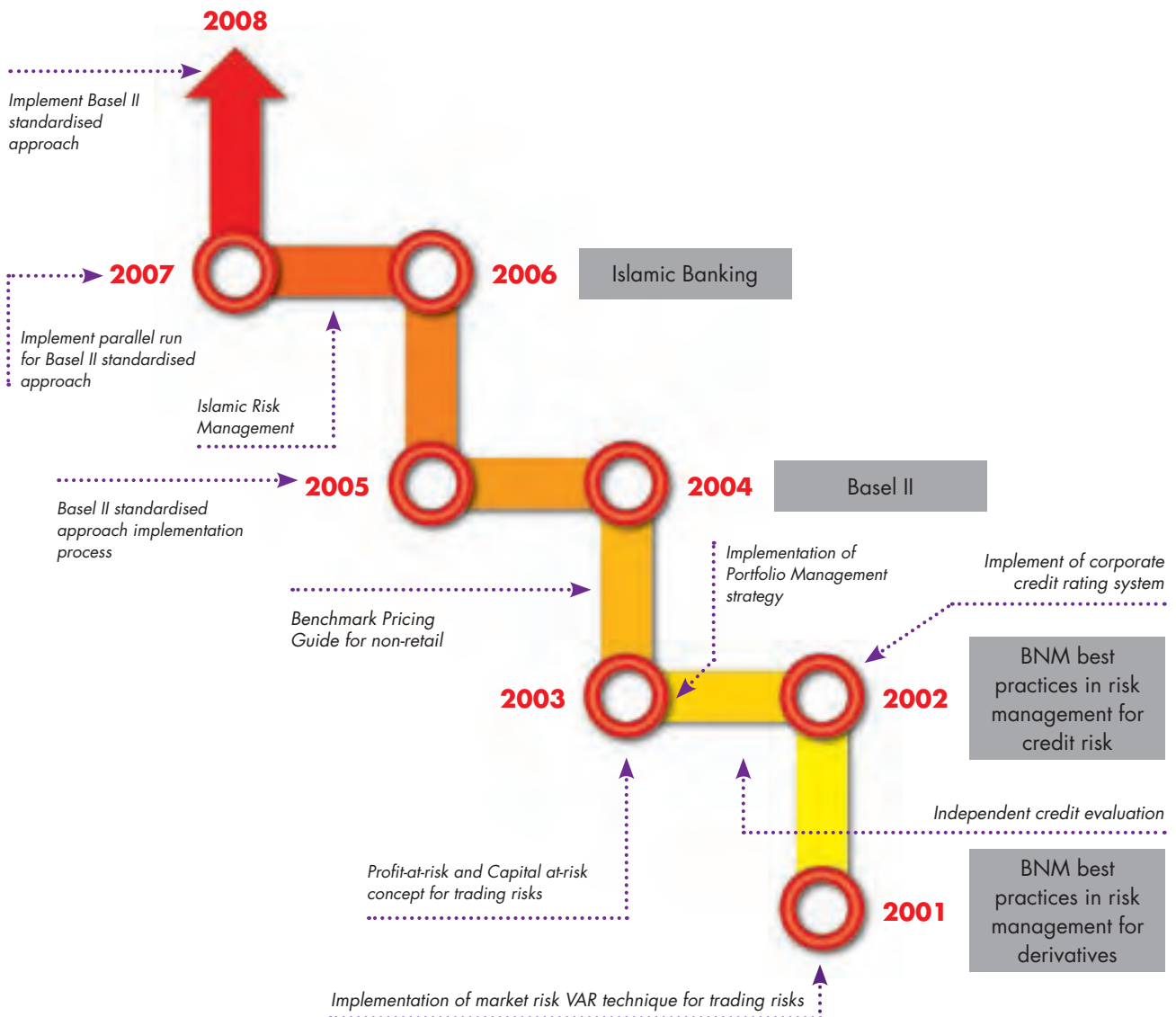
OVERVIEW

The Group recognises that effective risk management is fundamental to each business unit within the Group. A comprehensive risk and compliance management framework has been established by the Group to ensure consistency of best practices with the overall aim of achieving continuous growth in shareholders' value.

The Board undertakes the key responsibility of providing leadership, overseeing risk appetite and ensuring that a robust risk and compliance culture prevails. Further, the Group's risk management policies and controls

are supervised by the Risk Management Committee of Directors and the Executive Risk Management Committees. These key risk governing structures are set up at each of the licensed banking institutions, i.e. AmBank (M) Berhad, AmInvestment Bank Berhad and AmIslamic Bank Berhad (the term Bank hereinafter in this section shall refer to each licensed banking institution of the Group), as well as AmAssurance Berhad. The various risks inherent in the Group's operations are managed on a daily basis by both the Group Risk Management and each of the business units. At the Group level, the consolidated risks of the banking institutions within the Group are reviewed by the Group Risk Forum.

RISK MANAGEMENT YEARLY DEVELOPMENTS AND INITIATIVES



RISK MANAGEMENT FRAMEWORK

The Group’s risk management framework outlines the overall structure, aspirations, values and risk management strategies, and is a structured approach in balancing risks and returns. The framework is developed in response to the business risks faced by the Group.

Appropriate methodologies and measures have been developed in our risk management approach to manage uncertainties such that the deviations from the intended strategic objectives are monitored and kept within tolerable levels.

Generally, the framework’s strategic components include the governance, management objectives, fundamental goals, key principles and applicable processes of risk management.

Risk Management Framework



Risk Management Culture

The risk management culture of the Group encompasses the following:

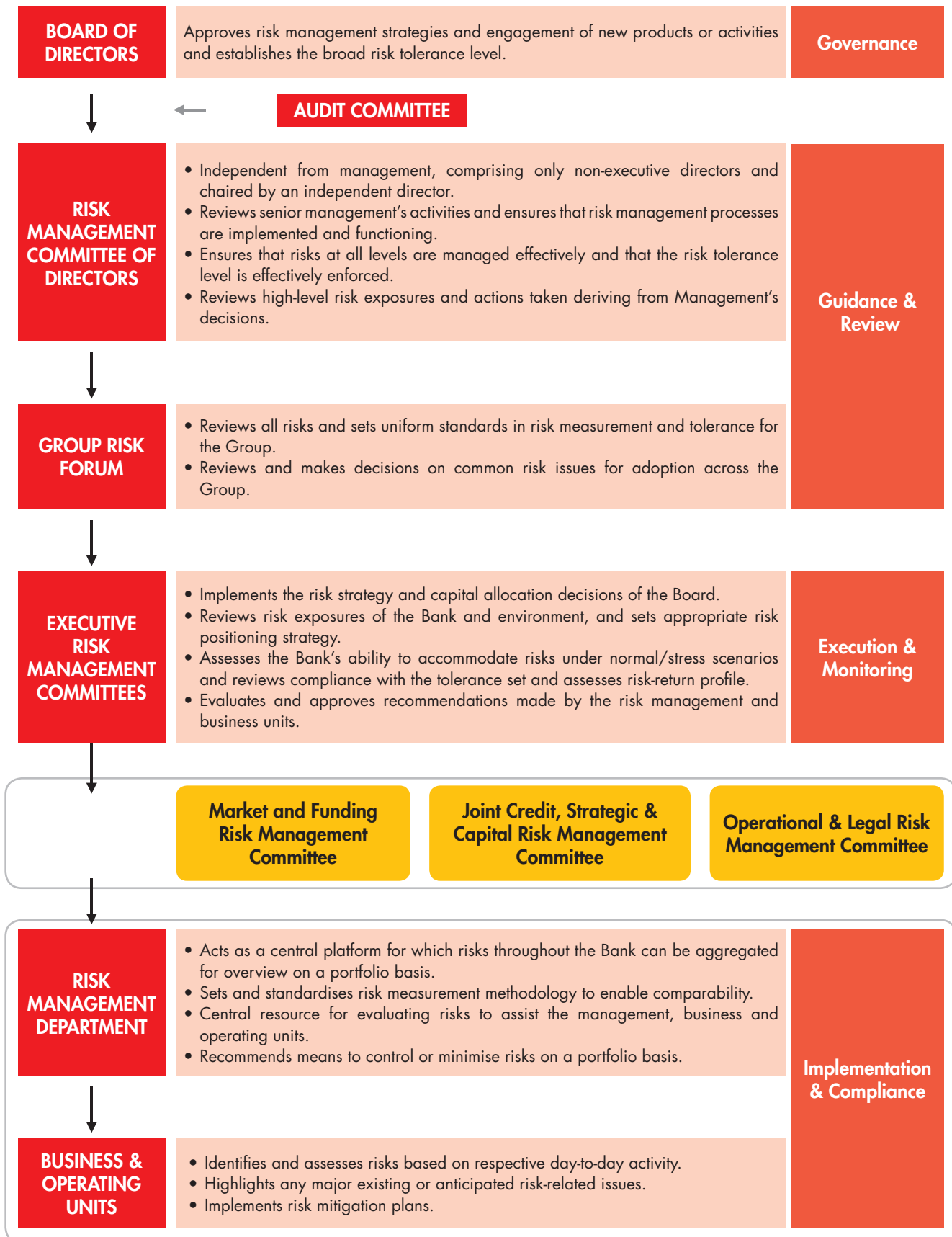
<ul style="list-style-type: none"> Documentation that is approved by the Board which expresses the Group’s risk management strategies and appetite. 	<i>Developing Strategies</i>
<ul style="list-style-type: none"> The capabilities and resources utilised in risk management. 	<i>Adopting Skills</i>
<ul style="list-style-type: none"> The universal risk management culture that the Group expects and promotes throughout all business units. 	<i>Cultivating Shared Values</i>



Risk Management Governance – Setting Clear Roles & Responsibilities

- The Board is assisted by two main committees i.e. Risk Management Committee of Directors (RMCD) and Audit and Examination Committee of Directors (AEC).
- The AEC conducts independent assessment on the capability and reliability of the overall risk management processes and its controls, as well as compliance with policies and regulatory requirements.
- RMCD assists the Board in reviewing strategies taken to ensure they are in line with the approved risk appetite and the uniformity of risk-related standards across the organisation. RMCD carries out its responsibilities with regard to the oversight of the Group’s risk management strategies and policies that have potential to impact momentarily on earnings performance, capital protection and reputation, and to endorse significant transactions or other matters beyond the discretion of the executive management.
- Organisational overview of risk are centralised at the executive level management committees that are designated to manage specific areas of risks. The Risk Management Department (RMD) provides support to these committees and is involved in establishing and maintaining sensible risk management polices and processes. Business and Operating Units are accountable for the risk originated by their respective activity, which also includes integrating controls in their processes and to ensure compliance with established internal policies.

Overall Risk Management Framework



“ We maintain a comprehensive risk management system that recognises the diversity of the Group’s business activities to keep risk factors under control. ”

Risk Management Goals – aligning the focus

These goals are set in order to further enhance the focus in risk management, which represent the nine key success factors that are suitably abbreviated as “AmRecipes”.

AmBank Group’s Risk Management Goals	
A	Achieve a balance between revenue expectations and risks involved
M	Measure risks to ensure they are appropriately priced
R	Recognise and manage all significant risks in the Bank
E	Establish a centralised overview, accountability and management of risks in the Bank
C	Cultivate a risk culture throughout the Bank
I	Improve awareness, grading and development of risk indicators on non-quantifiable risks
P	Promote a uniform risk language for quantifiable risks
E	Ensure that the Bank only takes risks that it can accommodate
S	Support for continuous improvement in risk management and risk reduction techniques



Risk Management Principles – emphasising the guiding philosophies

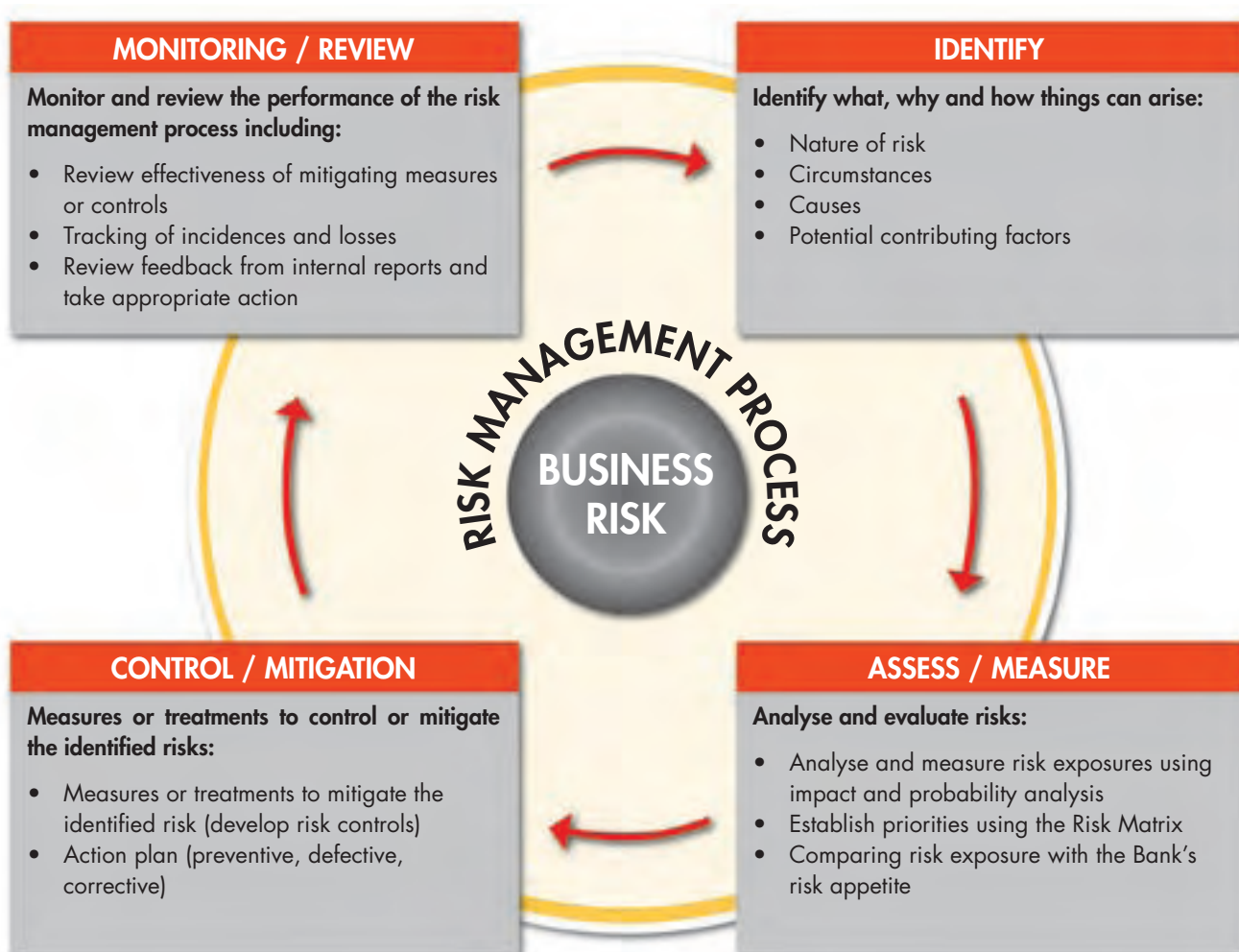
The underlying principles serve to support the implementation of the goals into the processes. The six principles observed are as follows:

Strategy	<ul style="list-style-type: none"> Risk management policies are integrated with business and strategies, in line with Board approved risk appetite;
Policy	<ul style="list-style-type: none"> Risks are addressed using specific risk policies;
Tools	<ul style="list-style-type: none"> Risks are measured and assessed using clearly defined models, methodologies and benchmarking;
Communication	<ul style="list-style-type: none"> Risks are adequately communicated across the organisation in a timely manner.
Implementation	<ul style="list-style-type: none"> Risks and returns are identified and managed by respective accountable business, support or operating units (“first line of defence”); and
Maintenance	<ul style="list-style-type: none"> Risks management policies are clearly and formally documented, with review in place for response to changes.

Risk Management Process – developing key activities

The management approaches risks based on four simple processes: identification, assessment/measurement, control/mitigation and monitoring/review.

The risk management process serves to identify, capture and analyse the risks assumed by the Bank at an early stage, continuously measuring and monitoring the risks and to set limits, policies and/or procedures to control them to ensure sustainable risk-taking and sufficient return.



MANAGEMENT STRUCTURE OF THE RISKS

Executive Risk Management Committees (ERMC) comprise of three committees, i.e. Joint Credit, Strategic & Capital Risk Management Committee; Market & Funding Risk Management Committee and Operational & Legal Risk Management Committee.

The relevant senior management staff of business, support and operating units are invited to ERMC to deliberate on the identified risk issue. Risk policies approved by the committee are implemented by the appropriate units and monitored by Risk Management Department. The ERMC reports to the RMCD on a quarterly basis on their respective risks and highlights major issues discussed.

RISK MANAGEMENT OBJECTIVES

Joint Credit, Strategic & Capital Risk Management Committee

Strategic Risk

- Ensures that corporate strategic goals set by the Group are matched with an appropriate risk appetite and capital base.

Capital Risk

- Ensures that corporate strategic goals set by the Group are matched with an appropriate risk appetite and capital base.

Credit Risk

- Ensures that exposure to credit risk is always kept within the Bank's capability and financial capacity to withstand potential future losses.
- Ensures that net income generated by each exposure individually and in aggregate is commensurate with the risk taken.
- Ensures that the net income generated by each exposure individually and in aggregate is commensurate with the risk taken.

Market and Funding Risk Management Committee

Market Risk

- Ensures that losses from market risk can be promptly attended to.
- Ensures that risk positions are sufficiently liquid so that the Bank may reduce its position without incurring potential loss beyond sustainability.

Funding Risk

- Ensures availability of sufficient funds at reasonable cost to honour all financial commitments.
- Ensures an optimal funding structure and diversification of funding sources, customer base, and maturity period.

Operational & Legal Risk Management Committee

Operational Risk

- Systematically identifies the critical potential points to minimise risk arising from failed internal processes/external events on daily operations.
- Assesses the potential cost to minimise the risk impact through mitigating measures and policies.

Legal and Regulatory Risk

- Ensures that transactions and business activities are enforceable under applicable laws.
- Ensures that there is no regulatory or legal breach of conduct or applicable laws.
- Inculcates a standardised compliance culture across the Group.

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, the foreign exchange rates, credit spreads, equity prices and commodity prices. This change 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 analysis that serves as an indicator of the change in portfolio value under various potential market conditions such as shifts in currency rates, general equity prices and 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 unit.

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

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

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. 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.

Funding Risk Management Process

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

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

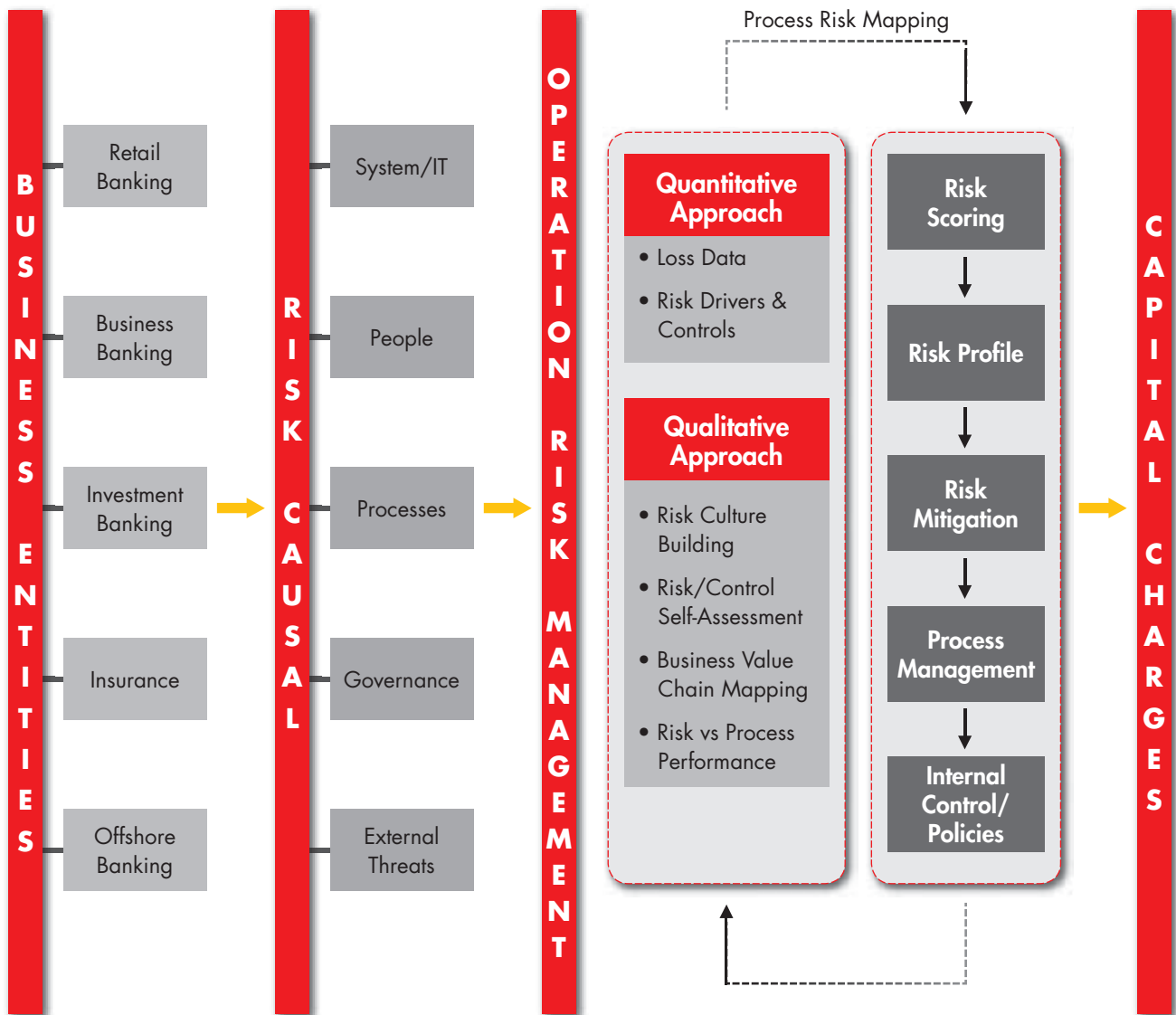
by the Board/Risk committee. Specific procedures for managing credit risks are determined at business levels in specific policies and procedures based on risk environment and business goals.

Credit portfolio management strategies and significant exposures are reviewed and/or approved by the Board. These portfolio management strategies are designed to achieve a desired ideal portfolio risk tolerance level and sector distribution over the next few years. This includes minimum credit rating targets from new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

Credit Risk Management Process

Identification	<ul style="list-style-type: none"> • Risk assessment on the potential impact of internal and external factors on transactions and positions
Assessment/ Measurement	<ul style="list-style-type: none"> • Internal credit rating system to evaluate customer's creditworthiness. • Risk measurement – methodologies include quantifying "expected loss" using "expected default frequencies" under internal rating model and calculating "unexpected loss"
Control/ Mitigation	<ul style="list-style-type: none"> • Credit risk management policies and guidelines on credit rating, collateral, rehabilitation, etc. • Exposure limits based on creditworthiness level (for corporate group) and prudent thresholds (for economic sector). • Monitoring of benchmark return to consider risk taken, operating expenses and cost of capital.
Monitoring/ Review	<ul style="list-style-type: none"> • Analysis/review on loan exposure, asset quality evaluation and movement of NPL, risk-return relationship etc. • Reporting on exposures against credit limits.

Operational Risk Management Process



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 to assess their operational risks and review controls instituted periodically to ensure that the measures introduced continue to be relevant and appropriate.

Operational Risk Management Process

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

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

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 their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out on-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.

The Bank has implemented a Product Approval Program 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.

KEY INITIATIVES FOR BASEL II

The Basel Committee on Banking Supervision has published a new framework on capital adequacy, which is commonly known as Basel II. 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, BNM has issued two concept papers with respect to pillar one (minimum capital requirement) of the framework, which caters for the conventional and Islamic banking entities respectively.

Basel II Implementation

To further enhance the risk management processes, the Group has embarked on an integrated project since 2004 to ensure compliance with Basel II. The Group will be adopting the Standardised Approach for both credit and operational risk by January 2008. The project will address both the Basel II and CAS requirement concurrently.

The implementation of the project consists of two phases:

- (a) Phase 1
 - (i) A diagnostic/gap analysis covering credit and operational risk; and
 - (ii) A roadmap on development of major policies for capital adequacy calculation and functional blueprint.
- (b) Phase 2
 - (i) A system implementation of the standardised approach for credit and operational risk; and
 - (ii) A review of the existing policies and processes.

The project management is conducted by a project steering committee, the central project team and the respective key work streams, where the implementation is under the oversight of the Risk Committee and the Board of Directors. Currently, the implementation progress has reached Phase 2.



“The Group will continue its efforts to advance its risk management capabilities and to meet the requirement of Basel II for overall management and business processes.”

PLANS GOING FORWARD

The Group will continue to enhance its risk management capabilities and continuously improve its capabilities to meet the requirements of its growing business and increasing complexity in product offerings and financial transactions.

Simplicity



Being simple is to do positive things for positive results. That is the basis of all our endeavours. When confronting adversities, simplicity not only serves to ease difficulties, but also sparks creativity and resilience to achieve realistic solutions.

Business Operations Review



The Group's efforts over the last three years to simplify its structure in order to align business activities on the basis of related customers and product groupings 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 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.

- **Life and General 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

Driven by the introduction of a variety of innovative products, responsiveness to client needs, and the robust equity and debt capital markets, AmlInvestment Group Berhad maintained its leadership position as one of the premier investment banking groups in the country.

Despite the continued volatility in the capital markets, with our disciplined approach to risk, capital and expense management, AIGB recorded a pretax profit of RM387.4 million, a 13.9% increase over the previous year. We delivered a net return on equity of 12.7%, and reported earnings per share of 21.5 sen.

Debt Capital Markets

In 2006, the Bank arranged approximately RM9.6 billion in Ringgit-denominated debt and equity-linked transactions, including the largest asset-backed securitisation deal for the year 2006. Islamic transactions remained the core of the diversified portfolio of debt instruments arranged for issuers across a wide spectrum of industry sectors including the financial services, investment holding and supranational sectors.

The Bank reaffirmed its position as the market leader, and the notable transactions during the year included:

- Lead Arranger for the issuance of RM500.0 million medium term notes (MTN) under the Asian Development Bank's (ADB) RM3.8 billion MTN Programme. This transaction heralds the return of the ADB to the Malaysian Debt Capital Markets and signifies the first issuance of a Ringgit-denominated funding programme by a supranational issuer.
- Co-arranged the issuance of KNM Capital Sdn Bhd's RM300.0 million Islamic CP/MTN Programme, whereby the transaction emerged as winner of the Islamic Finance News Mudarabah Deal of the Year 2006. This transaction is uniquely structured based on a combination of Murabahah and Mudharabah principles.
- Arranged the Quanto Assets Berhad's issuance of RM462.0 million Asset Backed Private Debt Securities, which was the largest asset-backed securitisation transaction (ABS) in 2006.

ACCOLADES AND AWARDS WON IN 2006



Islamic Finance News Awards 2006

- Mudharabah Deal of the Year (KNM Capital Berhad)



The Asset Asian Country Awards 2006

- Best Debt House – Malaysia



- No. 2 on RAM Lead Managers' League Table 2006: By Number of Issues
- No. 2 on RAM Lead Managers' League Table 2006 for Sukuk Issues – By Number of Issues



- No. 1 on MARC Lead Managers' League Table 2006 – By Value (Islamic)
- No. 2 on MARC Lead Managers' League Table 2006 – By Value (Overall)

Group Treasury

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 the AmBank Group's overall operations.

Yields of Malaysian Government Securities and private debt securities rose sharply during the first half of 2006, with the yield of 5-year Malaysian Government Securities (MGS) rising sharply by 80 basis points. The yields however, reversed during the second half of 2006. Accordingly, the Group was significantly more cautious in its bond trading and investment activities. The Group's policy of investing and trading mainly in the front end of the yield curve, shielded it from the negative impact of the shift in the yield curve, thus minimising the mark-to-market losses.

Another significant development during the year was the continuous slide in the value of the United States Dollar, against the major currencies, including the Ringgit. The Group Treasury was able to capitalise on this development with the provision of viable 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 has now emerged as another key component, in managing the investment needs of our clients.

Corporate Finance

The Corporate Finance Division provides a full spectrum of equity capital raising and corporate advisory services to its diverse group of clients. Our experience has allowed us to develop an instinctively unique understanding of the local business and regulatory environment and foster our exceptional capacity to consistently deliver qualified advice, execution and distribution services.

Despite the increasing competition and stricter regulatory requirements, the Bank retained the undisputed standing as the leader in IPOs, raising RM901.15 million, with a 35.7% market share of IPOs. During the year, the Bank completed 10 new listings, and we have now lead managed the most number of IPOs for the past five consecutive years.

Some of our more prominent deals were:

- The RM333.2 million Al-'Aqar KPJ real estate investment trust (REIT), received the "I-REIT" award in Islamic Finance News' inaugural Deals of the Year 2006 Awards. This transaction created many breakthrough milestones: first Asian healthcare REIT, first listed Islamic REIT globally, and first REIT launched and listed in Malaysia under the Securities Commission's Guidelines for Islamic REITs, paving the way for future Islamic healthcare REITs in the region.



L-R: YBhg Tan Sri Dato' Muhammad Ali bin Hashim, Chairman of Damansara REIT Manager Sdn Bhd, YB Tan Sri Dato' Nor Mohamed Yakcop, Finance Minister II, YBhg Datin Siti Sa'diah Sheikh Bakir, Managing Director, KPJ, and Tan Sri Dato' Azman Hashim, Chairman, AmBank Group at the prospectus launch of Al-'Aqar KPJ REIT.

This spearheads the introduction of new Islamic products into the world's capital markets, providing an additional avenue for investors seeking to allocate funds to Shariah-compliant instruments, and demonstrates our capability to swiftly capitalise on Malaysia being the first jurisdiction in the world to issue Islamic REIT guidelines.

- AmFIRST REIT, the largest prime office space REIT in 2006, with a total market capitalisation of RM429.0 million to provide investors with the opportunity to participate in a fund with an asset portfolio consisting of Grade A office properties located in the Golden Triangle of Kuala Lumpur.
- Berjaya Land Berhad's RM900.0 million Exchangeable Bonds issue, which was the largest Ringgit denominated exchangeable bond issue in 2006 by a corporation in Asia, where we were the Joint Lead Manager, Joint Global Coordinator and Joint Bookrunner.

It is one of the most highly structured Malaysian Exchangeable Bond to be issued, and the successful bookbuilding for this issue placed us on IFR's league table of top bookrunners for Global Convertible Offerings Asia-Pacific ex Japan and Australia, the only Malaysian investment bank in the Top 10 category.

With 40 mergers and acquisitions (M&As) transactions announced during the year worth USD11.8 billion, we garnered 37.3% market share, and ranked amongst the top three advisers for M&As.

Given our established reputation as an innovative advisory partner and track record of superior execution with distribution capabilities, we intend to remain a leading provider of corporate finance and advisory services. With the capital markets and the requirements of our valued customers evolving rapidly, we will continue to proactively monitor market trends and embrace opportunities to further enhance the development of Malaysia's capital markets and to fulfill our primary objective – **to provide outstanding service to our customers.**

Equity Derivatives

The Equity Derivatives team focuses on structuring hybrid securities and derivatives, including structured warrants and over-the-counter (OTC) derivatives products, to provide alternative investment avenues to meet increasing demand by investors for more sophisticated instruments in the financial markets. During the year, the Bank was one of the three issuers of structured warrants in Malaysia, taking advantage of the stronger equity market.

In addition, our work on convertible bonds complements the Bank's fund-raising capability, enabling the Bank to meet increasingly complex requirements and funding needs of corporations.

Private Banking

AmPrivate Banking provides a broad range of financial and wealth management services, tailored to the sophisticated needs of high-net-worth individuals. During the year, the assets under management registered an impressive growth of 29.4% or RM500 million to RM2.2 billion.

We provide our clients with ready access to research and a full array of fixed income and equity securities, as well as structured finance solutions. In addition, our secured margin financing against the assets held by clients, complements the existing broad suite of investment and savings products that have continued to attract clients who have serious needs for more holistic private wealth management solutions.

By offering loans, equities, bonds, investments linked to derivatives, separately managed investment accounts and unit trusts from several fund managers under one platform, our clients are able to have better access to appropriate products for a customised wealth management solution.

Our rather unique value proposition of advice and products along multi-assets, multi-strategy and multi-manager fronts, enables our clients to allocate their funds appropriately across different products during different market conditions. We also offer the Universal Portfolio Management Account which enables our clients to benefit from diversification under a multi-currency environment.

At AmPrivate Banking, our top priority is to be attuned to the needs and lifestyles of our customers, designing products and services that will further enhance returns whilst protecting their assets with care and attention.

Offshore Banking

The Group's offshore banking operations are spearheaded by the AmlInvestment Bank, Labuan Offshore Branch, and AmlInternational (I) Ltd (AMIL) in the Labuan International Offshore Financial Centre. During the year, we provided financing solutions to Malaysian corporations venturing abroad to meet their foreign currency requirements whilst continuing to focus on treasury trading activities, fee income and corporate advisory services. In relation to our Islamic banking window, we continued to grow our deposits base, targeting regional Islamic depositors.

Amongst the major transactions completed during the year were:

- Joint Lead Manager of Sarawak Capital Incorporated's USD350 million Guaranteed Fixed Rate Amortising Notes Due 2026, the first credit-wrapped offering completed in Southeast Asia to be guaranteed by MBIA UK Insurance Ltd, one of the largest financial guarantors of structured financing deals.
- Domestic Advisor of IOI Capital (I) Bhd's USD370 million Exchangeable Bonds.
- Co-Arranger of PT Plaza Indonesia's USD150 million Syndicated Secured financing facility.
- Co-Arranger of PT Pertamina's USD500 million financing facility.

We were also active in cross-border M&A deals and as fixed income securities trading activities gained momentum, we built a larger portfolio of US Dollars, Asian and Islamic financial instruments, as well as embarked on the trading of high dividend-yielding equity shares listed on major stock markets in the Asian region.

AMIL also maintained its position as one of the leading Listing Sponsors for the Labuan International Financial Exchange (LFX), with the listing of the IOI Capital (I) Bhd's USD370 million Unsecured Guaranteed Exchangeable Bond Due 2011 and Sarawak Capital Incorporated's USD350 million Guaranteed Fixed Rate Amortising Notes Due 2026.

Funds Management Division

The Funds Management Division (FMD) business comprises AmInvestment Services Berhad and AmInvestment Management Sdn Bhd which offers investment management, unit trust management and customised investment solutions for retail and institutional clients.

Our vision is to be the preferred investment solutions provider for our retail and institutional client segments. We are focusing our resources and asset management capabilities on domestic and regional equities and bonds, as well as global Islamic bonds and regional Islamic equities, for distribution locally and offshore.

FMD currently manages 32 unit trust funds and various discretionary mandates. During FY2007, FMD has successfully launched 10 funds. We are recognised as one of the leading private asset managers domestically with RM14.5 billion under management as at 31 March 2007 (RM6.4 billion and RM8.1 billion from both institutional and unit trust funds respectively), and recorded a pre-tax profit of RM23.4 million for FY2007.



Total funds under management increased by RM4.3 billion from the last financial year due to new fund offerings, the continued success of our Treasury Solutions and institutional mandates injections.

As a testament to our excellent performance, our flagship bond fund, AmDynamic Bond, won two awards, one each in the Edge-Lipper Malaysia Fund Awards 2007 and the Star/Standard & Poor's Fund Awards 2007 Malaysia for being the best in the "Bond Malaysia MYR Fund – 3 Years" and "Fixed Income MYR – 3 Years" categories respectively. It also won the Star/Standard & Poor's Fund Award in the "Fixed Income 1 year" category last year.

FMD clinched two prestigious External Portfolio Manager's awards from the Employees Provident Fund and dominated the fixed income category by winning the "Best Overall Fixed Income Portfolio Manager" and "Best Three Year Realised Returns Fixed Income Fund Manager" awards and received the top outsourcing for the fixed income portion.

We have adopted an open architecture business model bringing in the "best of breed" global funds by way of the market liberalisation which allows unit trusts to be invested offshore. The global alliances business strategy yielded great success and has spurred our business further, bringing in a series of first-of-its-kind funds in Malaysia, i.e. global Islamic equity, REITs type funds, European equities, Asian bonds and global agribusiness.

To date, our global "best of breed" partners are:

- Henderson Global Investors for three REIT funds (Global, Asia Pacific and Europe).
- Oasis Group Holdings for global Islamic equity.
- Credit Agricole Asset Management for global and Asian fixed income.
- Schroders for European equity and Deutsche Asset Management for global agribusiness.

Equities Trading

All the elements to support a strong performance of the equity market were present during the year. The upward trend of the economic growth, low interest rate, high domestic liquidity and stable political climate provided a strong boost to the market, resulting in the Kuala Lumpur Composite Index rising to 1,246.87 points at 31 March 2007. With the significant increase in daily trading volume on Bursa Malaysia, the Stockbroking Division reported a higher pre-tax profit of RM44.2 million, compared with RM9.8 million a year earlier.

Though competition in broking remains intense, however, supported by the sales teams of 259 remisiers and 62 institutional dealers, and an independent research team, the Group secured a 7.1% market share of the total turnover value on Bursa Malaysia, from just 5.6% in the previous year.

This achievement can be attributed to various strategic initiatives implemented during the year, which covered the merger of the broking operations into AmInvestment Bank, the streamlining of the workforce and capitalising on technology to improve work processes, as well as enhancing our research capabilities.

The outcome of this effort was seen when AmInvestment Bank was named the "Best Equity House in Malaysia" by FinanceAsia in 2007.

In addition to our efforts to promote the use of electronic and mobile broking and the automated execution and settlement systems, the Bank also expects to offer Regulated Short Selling and Securities Borrowing and Lending.

Further, in line with the strategy of offering broking services regionally, the Bank is in the process of setting up new branches at the Group's Regional Business Centres in Penang, Johor Bahru, Kuching and Kota Kinabalu, as well as committing additional resources to support the regional broking business activities undertaken by PT AmCapital in Jakarta and AmFraser Securities in Singapore.



**AmInvestment Bank Group
- Best Equity House**

Futures Broking

Exchange traded derivatives registered phenomenal growth in 2006 with volume rising more than 168% to 4.2 million contracts. Crude Palm Oil futures remained the most active contracts, recording a staggering 92.5% jump in volume to 2.23 million contracts and accounting for 53% of total volume traded on Bursa Derivatives Malaysia. Trading of the KLIBOR and KLCI futures too remained robust, with volumes registering a healthy growth of 67.6% and 46.5% respectively.

AmFutures, with a market share of nearly 19% of the volumes transacted on the Exchange, received the "Top Equity Futures Broker Award" for the second consecutive year in 2006.

AmFutures continues to expand its customer base, with the setting up of six additional branches in the country, and is also now offering Direct Market Access to all our institutional clients locally and abroad. Further, with the recent approval by the Securities Commission allowing futures brokers to trade on overseas futures exchanges, AmFutures is expanding its business activities to offer a wider range of products to our customers.

Trustee Services

With AmTrustee's new tagline of offering "Innovative and Affordable Trustee Services", the company now provides comprehensive Corporate and Private Trust Services. The services offered include acting as trustee for retirement funds, unit trust funds, REITs management companies, corporate bond issuers, memorial parks, golf and recreational clubs, time share schemes, custodial services, will-writing and the setting up of trust accounts for individuals, family members and institutions.

Assets managed as at 31 March 2007 has increased to RM8.0 billion, from RM6.6 billion a year ago.

REITs Management

AIGB and ARA Asset Management (Malaysia) Limited (ARA Malaysia), a wholly-owned subsidiary of ARA Asset Management Limited (ARA Group), had on 16 February 2006 entered into a joint venture agreement to undertake the management of listed real estate investment trust (REITs).

Subsequently on 20 April 2006, Am ARA REIT Managers Sdn Bhd (Am ARA) was incorporated as the manager for AmFIRST Real Estate Investment Trust (AmFIRST REIT).



AmFIRST REIT was listed on 21 December 2006 on Bursa Malaysia, a rebranded entity of AmFIRST Property Trust. AmFIRST REIT has an asset size of RM487.0 million which comprises four office buildings namely Bangunan AmBank Group, Menara AmBank, Menara Merais and AmBank Group Leadership Centre. Upon completion of its latest acquisition, Kelana Brem Tower, the total asset size will increase to RM575.0 million.

Going Forward

The Group believes that with its leadership position, extensive capital markets experience and expertise, coupled with its culture of innovation, we are well positioned to take on the challenges of further liberalisation in the capital markets.

Further, with the emergence of ANZ as a new strategic investor at the ultimate holding company, AMMB Holdings Berhad, the Group would be better positioned to explore new frontiers and regional growth opportunities by leveraging on ANZ's presence in Asia.

Business Banking

The Business Banking Division continues to focus on the Small and Medium-sized Enterprises (SMEs), in terms of both enhancing our reach as well as developing a distinctive service proposition to meet our clients' financing and transactional needs in terms of business expansion both domestically and into Asia.

SME Market

Our support for the SMEs must not be solely gauged by the amount of financing which we have disbursed or the credit facilities outstanding, as we have a long way to go to build a leading market position. Nevertheless, we have made good progress in FY2007, with strong growth of 40% in terms of credit facilities to the SMEs, and with trade finance assets rising from RM1.7 billion in 2005 to RM3.4 billion as at March 2007. The number of SME customers has also grown by more than 10% from the previous year.

The Division's trade assets grew nearly two folds over the last two years. New product offering and services have been or are being launched to cater for the SME market particularly to assist in their expansion both locally and in Asia. Existing relationships with cross border partners and alliances such as correspondent banking partners have been selectively reviewed and further strengthened for ease of foreign clearing and trade transaction execution.

This growth was attributed to being flexible and responsive around customer needs, providing expert advise, innovative products and long term focus on customer relationships.

During the year, we:

- strengthened relationships with cross-border partners and correspondent banks for ease of foreign clearing and trade transactions;
- expanded our geographic 'footprint' with the opening of another five Commercial Business Centres during the year, thus bringing our network to a total of 17 Centres strategically located in the country. These Centres are equipped with the necessary facilities for more efficient delivery and execution of services and transactions;
- introduced structured lending programs, contract financing programs and factoring services, which provide flexibility and speed for customers awarded with supplies and services contracts by Government ministries and agencies;

- ensured more structured and systematic coverage of the market by our Relationship Managers, who specialise in selective growth industries, such as oil and gas, metal based, chemical, palm oil, infrastructure and utility as well as fast moving consumer goods sectors; and
- reengineered our end-to-end process based on Six Sigma principles, to allow for more speedy approvals on loan applications and timely usage of funds, following the implementation of the new Corporate Loans System.

In FY2008, we shall be establishing another three Commercial Business Centres to further enhance our presence in the northern growth region of Kedah, the Klang Valley and Sarawak.

Factoring is another transaction banking product which is offered to SMEs. A factoring program which was launched a couple of years ago grew significantly, facilitating SMEs in their performance of Government supply and service contracts. These products will also contribute to the fee income of the Division.

In order to have a more structured and systematic coverage of the market, the Division has unveiled plans for marketing personnel to fully concentrate and be specialized in selective growth industries like oil and gas; metal based; chemical; palm oil; infrastructure and utility; and fast moving consumer goods sectors.

Bumiputera Market

The Division has also established a special Bumiputera unit, which focuses primarily on extending credit facilities to Bumiputera entrepreneurs and Government-linked corporations, in view of the substantial budget allocations for infrastructure developments under the 9th Malaysia Plan.

Cash Management and Transactional Banking

Since its inaugural product launch in February 2006, AmBiz-CashPro has more than 650 customers utilising the various product suites. This ranges from e-AmBiz and structured Cash Management Solutions, solutions guaranteed to enhance efficiency and reduce costs of business as well as to assist customers in their day-to-day routine cash management tasks. AmBiz-CashPro's strength is in its ability to customize solutions for structured Cash Management and the ease of use in e-AmBiz.

The current Cash Management offerings cover Receivables Management, Payables Management, Liquidity Management (Sweeping and Pooling) and Corporate Internet Banking.

AmBiz-CashPro provides customers with not only a cost effective solution to streamline transaction processing, but also with the ability to free up resources to concentrate on core activities such as sales and customer service.

The completion of the second phase of enhancements in the third quarter of 2007 will introduce new functional capabilities such as the:

- Receivables Management with enrichment capabilities, whereby information from invoices, debit and credit notes are captured and provided with payment instrument matching capabilities; and
- Payment supplier financing as well as post-dated check warehousing and financing.

To ensure returns on balances, AmBiz-CashPro will make available automatic treasury deposit placements as a new product feature in its Liquidity Management suite of products. AmBank is also the first local bank to offer netting services, where customers forming groups of buyers and sellers can participate in netting groups to offset their payments against receivables.

2007 also brings a new product to the family of cash management solutions. In support of a growing and competitive consumer industry, we offer e-commerce solutions in the form of Electronic Invoice and Payment Presentment systems facilitating faster document and payment exchange. E-commerce is also targeted for rollout to other customer segments to facilitate more efficiency in Business and Trade.

With the enhancements in 2007, AmBank will have greater product depth to target customers in the public sector and telecommunications, manufacturing and automotive industries.



L-R: YBhg Dato' James Lim Cheng Poh, Managing Director, Business Banking, AmBank (M) Berhad, Tan Sri Dato' Azman Hashim, Chairman, AmBank Group, and Mr Andre Lee, Head, Cash & Trade Services Management, AmBank at the launch of AmBiz-CashPro.

Business Support

The coming year sees further emphasis on enhancement of information technology systems to enable us to monitor customers' accounts in greater details so that we can respond faster to customers' requests and to changes in the market.

The Division is evaluating enhancements to the trade finance system, in line with the strategy to further build trade volume and grow cross border trade. This would improve our capability to put a footprint on the regional radar and to keep up with competition. With the advent of technology and ability to receive real time information, most competitors are already spreading their wings particularly to the Asian market. In light of this development, there is a critical need for the Division to establish presence in similar regions or further gain leverage with ANZ's existing network.

We recognise that it is highly important our customers obtain speedy approval on loan applications so that they can enjoy timely usage of funds. With this in mind, the Division has embarked on a major end-to-end process reengineering exercise based on Six Sigma principles. The process will initiate from loan application to disbursement, and continues further into account maintenance and management. This exercise entails reviewing existing policies and procedures and recommendation of more superior and practical alternatives from current practice.

FY2008 Priorities

Going forward, with the commencement of the strategic partnership with ANZ Bank, we shall leverage on their existing global relationships and network to offer our SME customers with new and innovative products to meet their financing needs.

Retail Banking



“Retail is Detail”, but it is also about personal connections. That means you need energised people who feel good about what they’re doing, who see how they contribute, and who want to engage customers in a real discussion about their needs.

With the continued emphasis to provide excellent customer services and expansion of our distribution channels as well as the introduction of innovative consumer products, the Retail Banking Division further consolidated its market share in the industry. It maintained its leading position as the premier auto financier, the third largest provider of credit card financing in the country, and increased its market share in mortgage loans and personal financing.

The commendable performance of the Retail Banking Division can be attributed to our three-prong strategies:

- Retaining and increasing the share of wallet from mass affluent and high net worth customers.

- Migrating and servicing the mass market segment to more efficient delivery channels.
- Acquiring new mass affluent and high net worth customers through innovative product offerings and relationship banking.

Customer Service Excellence

We are committed to anchoring AmBank’s position as the No.1 Customer Service Provider among banks in the country.

Our Key Aspirations and Strategic Initiatives

Maximise Income and Grow Business	Maximisation of income from core products and services	<ul style="list-style-type: none"> • We aim to grow the retail lending portfolio and achieve best in class performance for our key products by anchoring relationship building with our business partners, alliances and customers. We will increase cross-selling within the Group and enhance image building, branding, product placement and marketing programmes.
	Enhancement of cost efficiency	<ul style="list-style-type: none"> • We will focus on operational excellence and delivery of quality sales experience. Performance management will be streamlined to align targets and achievements across Retail Banking. Operational enhancement will take place via simplification, automation, outsourcing and centralisation of key processes and backroom activities for faster turnaround and more efficient customer service.
Differentiate and Enhance Customer Experience	Excellence in service	<ul style="list-style-type: none"> • We emphasise heavily on efforts to elevate customer experience through brand differentiation, and migration of customer transactions to preferred and more cost effective delivery channels. We will enhance the brand positioning and brand awareness amongst consumers.
	Focus on customer segmentation	
Focus on Receivables Management and Collections		<ul style="list-style-type: none"> • We have completed the centralisation process of the retail collections systems and framework, to maximise effectiveness of collections. Our risk assessment and infrastructure are consistently reviewed and improved, with the ultimate goal of automating credit scoring across all retail products.

Customer Charter

The Bank continues to strengthen its sales and service structure and operational capabilities. In line with the Group's F.I.R.S.T brand values (Friendly, Innovative, Responsive, Simple and Trustworthy) we continuously build long term partnerships with customers by understanding their needs and providing them with a wide range of banking and related financial services.

Reaching Out to Customers

The Bank continues to invest in alternative banking channels for customers' added banking convenience and easier access. Currently, AmBank has 286 automated teller machines (ATMs), 65 electronic banking channels (EBCs), a 24-hour contact centre and offers mobile banking as well as Internet banking coverage.

Being the pioneer of extended banking hours and weekend banking, we continue to mobilise selected branches in providing extended banking hours and weekend banking, which is well accepted by our customers. In addition to a wide network of 176 branches nationwide currently, we are looking forward to opening more branches at strategic locations for the convenience of our customers.

Service Quality Improvement

In our continuous initiative to provide excellent customer service, we have embarked on the F.I.R.S.T Smile project, which embraces Six Sigma principles, to significantly improve customer satisfaction. The Service Quality Improvement Unit was set up in 2005 to spearhead projects on customer service relationship, and to improve business processes such as complaints resolution turnaround time.

Product Innovation

The Bank introduced several new products and services, which were well accepted by our customers. Among them were the NexG prepaid card, a revolutionary "first-of-its kind" product in Malaysia which combines the security of credit cards and guaranteed approval aimed at university and college students, and HomeOne (housing loan combined with current account facility). The introduction of the Hire Purchase step-up repayment plan in partnership with Naza Kia is a case of successful collaboration with our business partners as Naza Kia was elevated to the position of 4th largest automaker/assembler in Malaysia. Several innovative campaigns and promotions were also organised such as the AmBank Mad Gold Rush campaign and Towering FD promotion, which successfully increased our customer base and built our deposit base.

Strong Sales Force

Currently, we have a network of 7,660 sales agents, financial services agents and personal bankers within the AmBank Group who are well equipped to market retail consumer products and provide excellent customer service.

Award Recognition

We positioned ourselves as the leading bank in customer satisfaction by winning two awards at the 6th Customer Relationship Management and Contact Centre Association of Malaysia Awards in August 2006, being the first bank in Malaysia to win the Best Contact Centre award. In June 2007, AmBank won the Excellence in Automobile Lending at The Asian Banker Excellence in Retail Financial Services Award for Asia Pacific, Central Asia and The Gulf, for outstanding performance in 2006. AmBank is the first bank in Malaysia to garner such recognition.

Human Capital Development

As the Bank continues to grow from strength to strength, we also acknowledge the importance of developing and retaining talent in our aim to create a performance culture of excellence. The Bank is committed to providing relevant training courses to develop leadership, managerial, business operations and organisational skills of our staff.

Succession planning and talent management programmes have been developed to ensure that our employees are equipped with the right support to be nurtured and groomed into future leaders of the Bank.

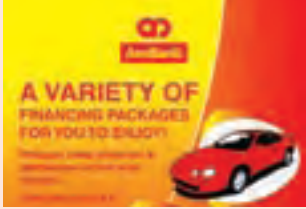
Going Forward

Moving forward, the Bank will focus on building stronger customer relationships by offering excellent services and enjoyable banking experiences. In addition, the Bank will continue to maintain its dominance in Hire Purchase and to increase its market share in other products particularly in mortgage and cards.



“We are a leading retail bank because of our people.”

Market Position and Focus	Products and Services	Distribution Channel
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HIRE PURCHASE (HP)

<ul style="list-style-type: none"> • Premier auto financier with 22.2% market share (based on purchase of transport vehicles) • Focus on financing of national and foreign vehicle brands; new, used and reconditioned cars 	<ul style="list-style-type: none"> • Conventional HP • Islamic HP* • Conventional refinancing schemes • Floor plan/floor stocking • Stepped-up repayment schemes • Floating-rate HP* <p>* First bank in Malaysia to offer Islamic HP and floating-rate HP loans</p>	<ul style="list-style-type: none"> • 55 HP business centres nationwide • Business alliance with vehicle companies and major franchise holders in Malaysia • Relationship with over 4,000 auto dealers nationwide • 176 branches nationwide
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MORTGAGE

<ul style="list-style-type: none"> • Sixth largest financier of housing loans amongst local banks, with 6.8% market share • Focus on mid-to-high-end market segments for commercial housing loans, whilst maintaining presence in the low-end and statutory housing loan segment 	<ul style="list-style-type: none"> • Home loan zero and non-zero entry cost • Islamic home loan • Home loan refinancing • Home loan linked to current account • Statutory housing loan • Tabung Perumahan Ehsan and Tabung Perumahan Sabah • Young Executive Scheme • Commercial property and shplot loans 	<ul style="list-style-type: none"> • Marketing sales officers based across seven regional business hubs in major cities nationwide • 176 branches nationwide • Strategic alliance with Sabah and Selangor state governments 
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CREDIT CARDS

<ul style="list-style-type: none"> • Third largest credit card financier with 11.3% market share • Focus on credit cards, prepaid cards and proprietary cards (for businesses) • Strategic alliance with MBf Card Services 	<ul style="list-style-type: none"> • Conventional credit cards (classic, gold, platinum) • Islamic credit cards (classic, gold, platinum) • NexG prepaid cards and co-branded cards • Co-branded cards: Real Rewards Master card, Samsung Imagine Visa card • Specialty cards: FIFA World Cup card 	<ul style="list-style-type: none"> • Direct marketing sales personnel • 176 branches nationwide • 24-hour AmBank Contact Centre • Merchant acquisition companies • Outsourced vendors 
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Business Strategies

Salient Highlights

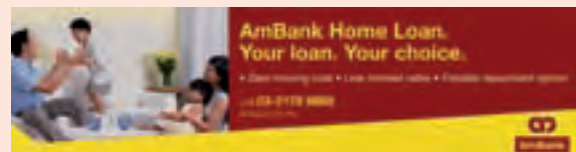
- Grow receivables balanced with improvement in asset quality
- Increase motor insurance penetration rate
- Expand floor plan/stock financing to dealers
- Speedy loan approval and fast disbursement



- Garnered Excellence in Automobile Lending Award from The Asian Banker in June 2007
- Organised top dealers dinner and golf tournament in August 2006 to celebrate and reward top dealers
- Fulfillment processes are ISO 9001 accredited from the Department of Standards Malaysia, the United Kingdom Accreditation Service and the Comité francais d'accréditation
- Publishes used car price guide in The Star and New Straits Times as contribution to corporate social responsibility
- Greenlane approval for customers with good credit track record

- Mortgage loans play a crucial role in growing floating-rate loan portfolio of the Bank
- Grow new loan acceptances, receivables and market share
- Increase mortgage reducing term assurance sales
- Aggressive focus on the higher end and refinancing segments

- Recorded net growth of 17.5% for purchase of residential properties in FY2007, higher than industry growth of 10%
- Increased market share by 0.2 percentage points in FY2007
- Increased penetration into the higher-end market which accounted for 79% of loan disbursements in FY2007
- Active participation in major developers' product launches and property exhibitions (MAPEX)
- Organised Productivity Challenge Programmes to boost morale and commitment for marketing personnel





- Pivotal role in growing fee-income base of Retail Bank
- Grow cards-in-circulation, utilisation rate, spending and receivables
- Reduce attrition and credit card fraud (inherent in industry)
- Increase merchant acquiring volume through master merchants
- Enhance application processing and efficiency via outsourcing and automation

- 18% receivables growth to RM853 million for AmBank cards
- Growth of 18% in gross volume (or RM911 million) in merchant acquiring business based on 4,629 EDC terminals
- First mover in the prepaid card segment, targeting the unbanked, uncarded and youth sectors; with spin-offs to payroll / commission card, remittance card, loyalty card and membership card
- Aggressive EPP partnering which includes, amongst others, The Curve, Parkson, Adidas, Golf House, Edmund Ser and Sachs
- Rewarding loyal clientele through IL DIVO Live in Sydney concert admission, 1-day storewide discount at Giant hypermarkets and associate sponsorship of Astro Masters Golf Championship 2007



Market Position and Focus	Products and Services	Distribution Channel
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ASSET FINANCING AND SMALL BUSINESS

<ul style="list-style-type: none"> • Focus on equipment financing, CGC (Credit Guarantee Corporation) – guaranteed loans and micro financing for small businesses 	<ul style="list-style-type: none"> • Industrial HP • SME financing • Overdraft • Term loan • Trade financing • Block discounting • CGC guaranteed loans • BNM funded loans 	<ul style="list-style-type: none"> • Marketing officers based in eight regional hubs and desks nationwide • 176 branches nationwide • Referrals from suppliers and business associates 
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PERSONAL FINANCING

<ul style="list-style-type: none"> • Third largest amongst all financial institutions with 6% market share • Focus on government servants and officers in semi-government organisations 	<ul style="list-style-type: none"> • Personal financing loan based on Syariah principles 	<ul style="list-style-type: none"> • Direct marketing sales officers placed at all major cities nationwide • Personalised marketing • Third party distribution channels • Alliances with co-operatives • 176 branches nationwide
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CONSUMER SALES

<ul style="list-style-type: none"> • Sales of full-suite wealth management and bancassurance products with emphasis on unit trust and insurance • Cross-selling of lending products (HP, housing loan and cards) 	<ul style="list-style-type: none"> • Sales of AmAssurance unit trust products : <ul style="list-style-type: none"> ▪ Equity unit trusts ▪ Fixed income unit trusts • Third party unit trust products • Insurance products : <ul style="list-style-type: none"> ▪ General insurance ▪ Life insurance ▪ Single and regular premium ▪ Motor insurance ▪ MRTA 	<ul style="list-style-type: none"> • Personal bankers at 176 branches nationwide • Financial services agents 
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Business Strategies

- Grow volume, drawdown disbursements and receivables via :
 - Strategic alliances with machinery dealers and suppliers
 - Customer retention programmes to generate repeat businesses
 - Strong relationship with CGC for referrals
- Focus on manufacturing sector
- Enhance back-room through continuous automation and outsourcing

Salient Highlights

- Commitment towards product innovation. New products introduced :
 - AmBiz Cash Plan for working capital requirements of new car dealers
 - AmPetrol Cash Plan to facilitate small and medium businesses obtain working capital funding and bank guarantees for business expansion purposes
 - AmMikro, an unsecured term loan with fixed repayment period granted to eligible micro enterprises for business and working capital purposes



- Drive growth in number of accounts, disbursements and receivables
- Aggressive marketing to government-linked agencies
- Improve operational efficiency via outsourcing and automation

- 22% growth in gross loans for FY2007
- Excellent asset quality of portfolio with negligible NPLs





- Capitalise on Sales & Service (SSC) model of branches to market fee income generating products with personal bankers and dedicated sales desks at branches
- Enhancement in analytics for provision of investment and financial planning advice to customers
- Product bundling of unit trust and insurance with deposits

- First financial institution to adopt financial services and financial planning platform business model
- Major fund launches:
 - AmPan European Property Equities
 - AmAsian Income
 - AmGlobal Bond
 - AmSchroder European Equity Alpha
 - AmAsia Pacific Property Equities
 - AmOasis Global Islamic Equity Fund
 - AmMulti Assets Capital Guaranteed Fund
 - AmGlobal Agribusiness



Market Position and Focus	Products and Services	Distribution Channel
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RETAIL DEPOSITS

<ul style="list-style-type: none"> • Retail core deposits (savings, current account and fixed deposits) market share at 5.2% • Fifth largest in terms of deposits from individuals amongst domestic banks • Focus on growth of low-cost deposits (savings and demand deposits) 	<ul style="list-style-type: none"> • Basic savings account • Savings account – i • AmGenius savings • Savers G.a.n.g • Basic current account • Current account – i • AmStar current account • Conventional FD • Mega FD • Interest Plus FD • AmQuantum FD • Am50 Plus FD 	<ul style="list-style-type: none"> • 176 branches nationwide • Cross-selling of deposit products to existing and potential customer base of other Retail Banking products 
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CHANNELS

<ul style="list-style-type: none"> • Sixth largest in terms of number of branches • Pioneer in extended hour and weekend banking • Focus on multi-channel experience and efficiency 	<ul style="list-style-type: none"> • Interbank GIRO • Foreign workers' remittance • Telegraphic transfer • Travellers cheque • Demand draft • Cashiers order • Standing instruction • Foreign cheque collection • IPO subscription • Bill payment • Fund transfers 	<ul style="list-style-type: none"> • 176 branches • Extended hour banking: 20 branches • Saturday banking: 40 branches • Sunday banking: 59 branches • Saturday and Sunday banking: 2 branches • Internet banking • Mobile banking • Self-service machines • 24-hour contact centre with voice recording • 286 ATMs • 65 electronic banking centres
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Business Strategies

- Promote salary crediting services
- Contests, campaigns and promotions
- Above-the-line marketing
- Product bundling with other Retail Banking products
- Leverage on extended hour banking for deposit generation
- Partner with retailers for cheque collection
- Introduction of new innovative products

Salient Highlights

- Launched Towering FD campaign in June 2006, 3-month activity targeted to lock in deposits for tenure of 5 years at 5% interest PA; secured RM1.35 billion new deposits
- Launched nationwide AmBank Mad Gold Rush campaign. Provided customers chance to win monthly prize of 5g gold or grand prize 1kg gold for deposit of RM2,000 into savings or current account; attained 58,000 new accounts or RM324 million in new deposits (AmBank Mad Gold Rush 2, ongoing as this annual report went to print, offered 2kg gold as the grand prize)



- Leverage on full conversion of legacy finance company branches into income generating Sales and Service Centres
- Provision of customer service excellence through seamless channel integration, process simplification and service synchronisation
- Increase availability and utilisation of electronic channels



- Won 2 awards at the 6th Customer Relationship Management & Contact Centre Association of Malaysia 2006 National Contact Centre Awards in August 2006 :
 - a) Bronze Award for Best In-House Contact Centre (above 50 seats category)
 - b) 1st runner-up for Best Contact Centre Professional, In-House (above 50 seats category)



Islamic Banking

Amlslamic Bank Berhad (Amlslamic) commenced operations on 1 May 2006 as a full-fledged Islamic bank, licensed under the Islamic Banking Act 1983. With its universal banking licence, Amlslamic offers a complete range of innovative commercial, retail and investment banking services, including the equity or Musyarakah business with an extensive network of branches, ATMs and e-banking centres nationwide. This is further complemented by 14 “Best Service” Representatives located in the various states and regions to focus primarily on the Islamic banking business.

The Group’s Islamic banking business not only posted remarkable growth during the year but also clinched major accolades as it capitalised on the robust demand for Islamic financial services and introduced award-winning global products. Its pre-tax profit rose to RM140 million, whilst total assets expanded to RM9.34 billion as at end-March 2007. Total financing reported at RM6.37 billion, accounted for 68.2% of total assets due to the continued demand for financing for motor vehicles and housing.

Shariah Committee

The Bank’s Shariah Committee members, comprises three distinguished scholars;

- Prof. Madya Dr. Noor Naemah Abdul Rahman from Universiti Malaya;
- Dr. Amir Husin Mohd Nor from Universiti Kebangsaan Malaysia; and
- Encik Adnan Yusoff from Universiti Tenaga Nasional.

Duties and Responsibilities of the Shariah Committee

1. To advise Amlslamic Bank on Shariah matters in its business operations in order to ensure that the business operations comply with Shariah principles at all times.
2. To endorse and validate relevant documentations including proposal forms, product manuals, marketing advertisements, sales illustrations and brochures used to describe the products, contracts, agreements and legal documentations.
3. To assist the National Shariah Advisory Council of Bank Negara Malaysia on any matters referred to by Amlslamic Bank and ensure that the Bank complies and properly implements decisions of the National Shariah Advisory Council.
4. To assist the Group Internal Audit team on the approach and procedures pertaining to audit and Shariah compliance issues.



Tan Sri Dato’ Azman Hashim, Chairman, AmBank Group (left), and YBhg Tan Sri Dato’ Sri Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia officially launching Amlslamic Bank.

Investment Banking Activities

Islamic Capital Market activities are undertaken through an Islamic Banking window at AmlInvestment Bank. AmlInvestment Bank’s innovation in new product development has been well recognised by the marketplace and investors alike. The Bank won numerous domestic and international accolades throughout the year:

Islamic Finance News: I-REIT Deal of the Year

The Al-Aqar KPJ REIT was the first Asian healthcare REIT, first listed Islamic REIT globally, and first REIT launched and listed in Malaysia under the Securities Commission’s Guidelines for Islamic REITs.

Islamic Finance News: Mudarabah Deal of the Year

The RM300 million KNM Capital deal was the first of its kind where a combination of Murabahah and Mudarabah principles were used to facilitate an Islamic Commercial Papers / Medium Term Notes programme.

Malaysian Rating Corporation Berhad (MARC): Topped MARC League Table in terms of Islamic issues

AmlInvestment Bank topped MARC’s Lead Managers’ League Table for 2006, for volume of Islamic issues, having lead-managed RM1.9 billion worth of issues. The issue value represented 19.22% of total market share for MARC-rated Islamic issues, and 14.27% of total MARC-rated conventional and Islamic issues. A total of five issues were recorded for the year 2006 by MARC for AmlInvestment Bank.

Rating Agency Malaysia Berhad: 2nd Place – Lead Manager Award, Islamic, Number of Deals

AmlInvestment Bank secured the second place for Lead Manager Award in terms of number of Islamic deals.

In June 2006, AmInvestment Bank also launched the AmOasis Global Islamic Equity fund, the first global Islamic equity fund in Malaysia. With the launch of AmOasis Global Islamic Equity, investors are able to enjoy the combined benefits of investment into Shariah-compliant companies across the world as well as diversification into offshore markets.

AmOasis Global Islamic Equity is suitable for investors who seek a globally diversified portfolio with an investment strategy that conforms to the principles of Shariah. It is ideal for those who require medium to long-term capital appreciation and desire a positive return by tapping into global growth. The fund aims to provide down-side capital protection with superior returns by adopting a lower-than-market risk strategy and uses the Dow Jones Islamic Market Index as the benchmark.

Retail and Business Banking Activities

As part of the initiatives to further expand our existing comprehensive range of more than 40 Islamic banking products for retail and commercial financing, the following programs were rolled out:

- Cash Line Facility-i, a Bai Inah-based overdraft facility in May 2006.
- Direct Access Guarantee-i, a Shariah-based financing facility specially tailored for SMEs, in collaboration with the Credit Guarantee Corporation Malaysia Berhad.
- Afdhal Investment Account-i was enhanced by offering a short-term placement (overnight) to increase AmIslamic Bank's funding via its treasury activities.
- The Al-Taslif card-i, was further enhanced with "Free for Life" and 0% Easy Payment Programme features. The Al-Taslif Platinum card-i was also introduced to cater for high net worth customers. This card now commands a market share of nearly 58% in the Islamic credit card market.

We also forged a strategic partnership with Takaful Ikhlas Berhad and the FWU Group (a German-based international finances services company), whereby AmIslamic Bank will soon be able to market a combination of Takaful and investment-linked products under the AmIslamic brand.

Marketing and Promotions

The Group also played a key role in supporting Bank Negara Malaysia's efforts to promote greater awareness and knowledge of Islamic banking activities amongst the public through participation in the nationwide Islamic Banking and Takaful Roadshow 2006, as well as in various conferences and expositions, including the Kuala Lumpur International Islamic Finance Expo, held in November 2006 at PWTC and the Global Islamic Finance Forum at KLCC in March 2007.

Priorities for FY2008

To sustain its growth momentum, amongst the strategic initiatives that the Bank will be rolling out in FY2008 include:

- the establishment of the International Currency Banking Unit under Malaysia International Islamic Finance Centre initiatives;
- the opening of dedicated branches and marketing channels throughout the country, and introduction of innovative products and services involving Islamic Factoring, to tap the vast potential for growth in consumer lending and trade finance, especially for the wholesale and retail sectors; and
- the establishment of a dedicated team to spearhead its marketing efforts in the Southern and Northern Economic Corridor, in line with the Government's call for private sector support and participation in the 9th Malaysia Plan.

AmIslamic Bank

Spearheading new dimensions in banking with cutting-edge Islamic finance.

At AmIslamic Bank, we provide a complete range of Spearheadbank products and services to meet your personal and business needs. We are committed to serving you. At all the AmIslamic and AmIslamic Bank shared branches nationwide.

Insurance



AmAssurance has now emerged as a key component of the Group's wealth management strategy as the insurance industry has gained greater significance in the Malaysian financial landscape, both as a provider of risk protection as well as an alternative avenue for savings and investments.

Financial Year 2007 proved to be another good year for the on-going development of our insurance business, with pre-tax profits at AmAssurance up significantly by 24.0% to RM68.8 million, whilst total assets crossed the RM2 billion mark, rising to RM2.1 billion as at end-March, 2007.

The combined gross premium from the life and general insurance business expanded by 10.0% to RM859 million, outpacing the industry's growth rate of 7.0% due to the growing importance of bancassurance as a channel for marketing the expansion in our life and general agency network, coupled with the implementation of various customer service initiatives as well as the introduction of several new products.

Accordingly, AmAssurance has further increased its market share of new business premiums, and is now ranked fifth and seventh in the general and life insurance industry respectively.

General Insurance

The General Insurance business expanded at a moderate pace of 8.7% growth in gross premiums to RM476.3 million, underpinned by lower business volumes in terms of new car sales in the motor sector as well as a softening of premium rates for commercial property, aviation and cargo risks. Motor vehicle business continues to be the dominant class, with a portfolio share of 80% of the total gross premium income of the Division. AmAssurance has further consolidated its position as the second largest motor insurance underwriter in the country, with an 8.2% industry market share as at end-December, 2006, as motor premiums rose by 10.2% to RM383.3 million during the year.

Notwithstanding the improvement in underwriting performance, the General Insurance business registered a lower underwriting surplus of RM7.4 million in FY2007 (FY2006: RM32.3 million) due to the additional IBNR claims provisions for the Motor Act business. The Division has already implemented stringent claims controls and

underwriting measures to address the deterioration in the overall claims ratio from 63.0% to 71.0%.

Strategic Initiatives

In addition to the existing MotorClub Breakdown Assistance Service nationwide, as part of our continuing efforts to provide better services to our customers, we expanded our product range with the introduction of:

- Free Group Term Life Assurance with Motor Insurance**
 AmAssurance was the first company to offer a life insurance policy for every renewal made on an existing motor policy. Under this programme, each subsequent years of motor renewal will provide the customers with a higher insurance coverage. This programme was aimed at boosting business renewals and customer loyalty thus providing our customers with a value added service.
- AmAuto Extended Warranty**
 In 2007, AmAssurance launched the first auto extended warranty product for used cars which was packaged together with the Bank's hire purchase loans. With this auto extended warranty, the customers will be safeguarded against the rising and unforeseen costs of repairing their motor vehicle.
- Free Termite Inspection**
 AmAssurance individual policyholders for Fire and Houseowners Policies are now entitled to a free inspection of their properties for termite infestation, as a result of our exclusive tie up with a well known pest extermination company.

Life Business Performance

The Life Insurance Division posted a moderate growth of 12.2% in its total premium income to RM383.0 million (FY2006: RM341.0 million), largely from single premium business, in particular endowment and investment-linked

plans. However, in terms of annualised new business premiums, a measure of the calendar year's new sales activity, the Life Insurance Division has registered a commendable growth of 19.2% to RM 246.5 million (FY2006: RM206.8 million), which further reflects our ability to penetrate the market. During the year, the life policyholders' fund expanded by 25% to RM1.2 billion.

The continued premium growth was attributed to AmAssurance's sizeable agency force and the growing importance of the bancassurance channel (accounting for 46.0% the premium income) that underpins its distribution capacity and greater brand awareness.

The Life Insurance Division recorded a higher profit before tax of RM268.5 million, supported mainly by improved investment returns, as a result of maintaining a generally conservative investment philosophy that emphasises capital preservation, profitability and consistent income flows.

Strategic Initiatives

AmAssurance has launched its latest range of Innovative Door Opener initiatives, aimed at reinforcing selling and recruitment activities for our agency members, by bringing together various products and services of the AmBank Group. The Door Opener has four key initiatives:

1. AmAssurance "The Power of One"

It is a revolutionary referral programme which empowers our agency members to offer customers a free Personal Accident (PA) policy as a token of appreciation in return for their referrals.



Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (left) and Mr Ng Lian Lu, Chief Executive Officer, AmAssurance Berhad launching a range of Innovative Door Opener products, tools to create business opportunities.

2. 0% Easy Payment Plan (0% EPP) for Life Insurance Payment via AmBank Credit Card

This programme provides our customers with an innovative solution to pay their life insurance premiums over a 6 or 12 month instalment period at no interest charge using an AmBank credit card.

3. AmTrustee Insurance Trust

Together with a strategic alliance with AmTrustee, we now offer our customers a full range of trustee featured insurance products, including absolute assignment of documents and a trust deed into AmAssurance insurance products. This will allow immediate payment of all monies payable from insurance policies to the assigned trustee which facilitates immediate distribution to the beneficiaries.

4. Al-Salihin Islamic Will Writing Services

Through another strategic partnership, AmAssurance agents have been appointed as Al-Salihin's distributors for its Islamic Estate Planning Will-Writing Services. Will-writing or Wasiat is a declaration or iqrar of a person made during his or her lifetime with respect to his or her property to be carried out after his or her death.

Customer Service

Although insurance is our core business, we believe that we are in effect selling a service, and hence our continued emphasis on the concept of excellent customer service, **'Warm and Friendly Service, The Malaysian Way'** the tagline that reflects the Malaysian touch in the way we deliver service to our valued customers.

Customer Care Centre via 1 300 88 8800

As part of our efforts to improve our customer service, customers can now call our Customer Care Centre via 1 300 88 8800.

Loyalty Gift for our Life Policyholders

As one of our ways of saying thank you, AmAssurance has designed a loyalty gift programme for our valued policyholders who have been with the Company for over 20 years.

'We Care' Customer's Bulletin

We continue to publish a semi-annual publication known as **'We Care'**, for our customers providing the latest updates in the industry. The bulletin features developments within the company that will benefit our customers, industry changes that may impact our customers, and health and insurance knowledge that will be of interest to our customers.

Priorities for FY2008

We are optimistic of achieving better results in the years ahead, given the more favourable economic growth and the relatively low level of insurance penetration of 5.1% of gross national product.

AmAssurance will continue to invest in the latest technologies to further enhance its operations efficiency, strengthen its agency and bancassurance distribution systems as well as develop innovative products to provide value added service to agents to enhance their ability to service discerning customers.

Information Technology Systems, Group Information Systems

The Group continues to capitalise on technology to foster and support its business and operational objectives.

In order to facilitate implementation of the appropriate level of technological investment, the Group utilises a portfolio-view approach to monitor the relative ratio of its capital expenditure across its business divisions. This ensures that adequate attention and resources are being devoted to building future capabilities in areas such as information and strategic applications, as well as establishing process efficiencies to improve overall business performance.

On the Retail and Business Banking front, the Group is enhancing its core application system to deliver innovative products and services to its customers. The Group has also initiated technology investment in card system enhancement as well as wealth management to support continuous credit card business growth, and to enhance its customer relationship management capabilities.

Continued efforts have been placed by the Group in supporting and encouraging growth in trade and SME businesses by further improving the overall controls to enhance business efficiency and productivity. Moving forward, the Group is also looking into ICT investments to support risk based business initiatives.

In terms of Islamic Banking, the Group is focusing on further streamlining the ICT processes through further enhancement of back-end systems.

In Investment Banking the Group will continue to focus on upgrading its technological capabilities to support investment banking activities, including Treasury and Equity Derivatives businesses to establish complete operational control, seamless processing for all deal structures and a robust system for business growth.

AmAssurance Berhad will continue to invest in technology to support its aggressive growth, and is upgrading its core life insurance system.

Risk management continues to be the main focal point of the Group in reducing economic capital and regulatory capital through effective data management and reporting proficiencies. The investment in this area provides an opportunity for the Group to enhance its risk management capabilities and to aid compliance with Anti-Money-Laundering requirements.

In support of the AmBank Group's strategic business initiatives, investments are being undertaken to build new business capabilities such as enhancing customer relationship management and extending business partnership reach through e-commerce. The Group has also placed greater emphasis on enhancing its IT infrastructure to support new business and service delivery capabilities, as well as to better meet compliance requirements.

The Group continues to invest in security management to enhance security integrity, whilst keeping abreast with changes in the environment and in accordance with security guidelines and policies. In addition, Group Information Systems (IS) constantly monitors and ensures that the Bank's technology infrastructure and IT peripherals are updated from time to time.

On the whole, Group IS has been restructured and transformed to introduce a service culture-mindset. Increased focus has been placed on accountability through the introduction of best practices for technology management such as the establishment of an overall IT Governance and Investment framework. As part of an overall strategy to optimise the Group's investments, Group IS has also explored strategic sourcing opportunities as potential options to enable the Group to focus on its core business competencies.

Moving forward, the Group will continue to strengthen its staff competencies and skills, and to further enhance its current ICT processes by instilling and adopting standard practices across the Group in support of business growth.

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AmBank

Building Our Future Human Capital, Today.

The Group's objectives in relation to our biggest asset, our human capital, is to develop a performance-driven, talented and motivated workforce, innovative and agile, and realising our shared values.

The journey towards achieving our human capital objectives commenced with the implementation of a Group-wide Performance Management System, where employees are measured and rewarded based on the achievement of Key Performance Indicators (KPIs) as well as their competencies and capabilities. To support a performance-driven workforce, our human capital development initiatives have been accelerated and enhanced to meet the demands of an ever-changing operating environment. With higher demands versus supply of talented employees in the market today, the Group accounts for possible talent shortages by building on future human capital requirements.

Our journey towards creating the future human capital of the Group continues with the implementation of an integrated framework to manage our talent and identify successors for mission-critical positions within the Group. This initiative is known as the AmBank Group's Talent and Succession Management Programme (TSM).

The AmBank Group's TSM is a major long-term programme covering the sourcing, development and retention of the workforce that is planned and implemented in line with the Group's current and future business operational goals. The TSM's main focus is on building leadership strength so that we will systematically close the gap between the human capital we have today and the leadership talent we will need to respond to tomorrow's business challenges.

Whilst we are committed to providing advancement opportunities to all employees, we are focusing our efforts and investments towards the fast-tracking of identified talent in the Group in order to be in a better position to face business challenges and competition. As such, innovative and additional intervention programmes are being introduced to accelerate learning and the development of talent. Employees are also guided through profiling measures and assessments to better monitor and effectively manage their performance.

In this regard, the Group has conducted various training programmes throughout the year entailing Development Training, Technical Training and Certification Programmes.



Recipients of Long Service Awards at the Central Region Family Day at Genting Highlands.

Development Training includes programmes such as Advanced Negotiations Skills, Six Thinking Hats and Empowering Leadership Programme while Technical Training comprise programmes such as Project Management Principles, Chinese Walls Policy and Transaction Manager Version 5'. Certification Programmes conducted cover the Certified Credit Professional (CCP) Programme and Certified Islamic Financial Planner (CIFFP) Pilot Programme.

In addition to the TSM, we will also be implementing a Career Management Programme that will further engage employees in taking charge of their career path and personal development. This will enable them to map out their potential career path within the Group, both vertically within a particular function and job scope as well as laterally, across functions, dependent on their own capabilities and career objectives. This will also help to create a larger pool of resources to meet the Group's requirements in the long-term.

The TSM and human capital development initiatives have the full support of the Board of Directors and Management of the Group who continue to closely monitor such initiatives on a regular basis. All these initiatives are a clear confirmation that the Group strongly recognises its manpower and human capital as being among the key drivers of its business and entrenched leadership position in the market.

Notables and Awards



Sixth Asian Banker Excellence in Retail Financial Services Award 2007⁽¹²⁾

- Excellence in Automobile Lending Award (for Asia Pacific)



Sixth Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2006 National Contact Centre Awards^(3,4)

- Bronze Award, "Best In-House Contact Centre (above 50 seats category)"
- 1st Runner-up, "Best Contact Centre Professional, In-House (above 50 seats category)"



FinanceAsia Country Awards for Achievement 2007

- Best Equity House



Employee Provident Fund External Portfolio Managers Awards 2007^(8,9)

- Best Overall Fixed Income Portfolio Manager
- Best 3-Year Realized Returns Fixed Income Manager



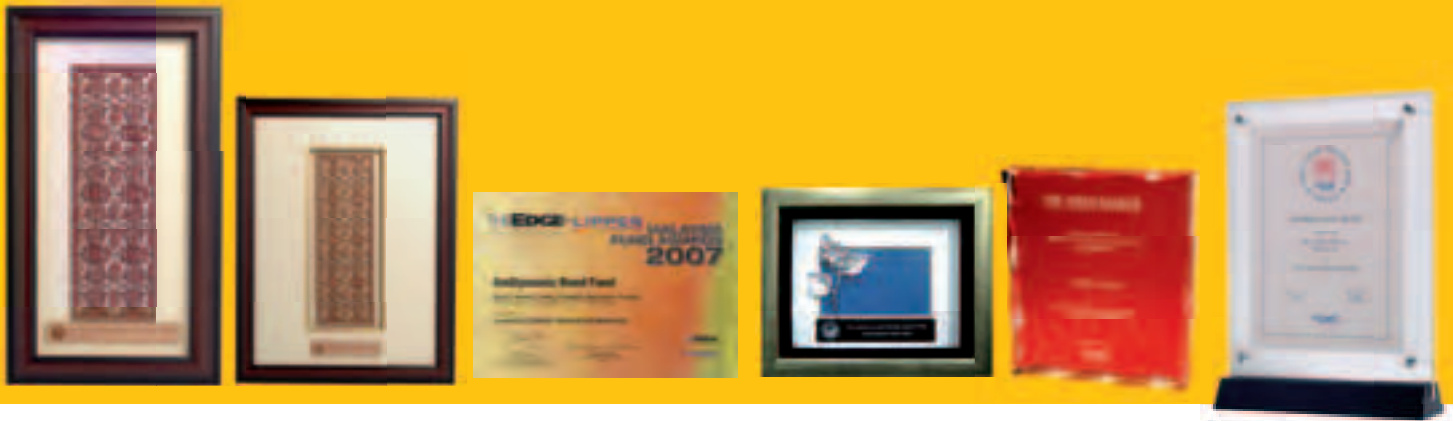
The Star/Standard & Poor's Fund Awards 2007 Malaysia⁽⁷⁾

- AmDynamic Bond – best bond for "Fixed Income MYR – 3 Years" category



The Edge-Lipper Malaysia Fund Awards 2007⁽¹⁰⁾

- AmDynamic Bond – best bond for "Bond Malaysia MYR Fund – 3 Years" category



Euromoney Private Banking Survey 2007

- Best Private Banking Services Overall in Malaysia
- Best Local Private Bank in Malaysia

Islamic Finance News Deals of the Year 2006^(5,6)

- 'I-REIT': Al-'Aqar KPJ REIT
- 'Mudharabah': KNM Capital Islamic Commercial Papers/ Medium Term Notes Programme

Palm & Lauric Oils Conference & Exhibition Price Outlook 20072008⁽¹¹⁾

- Top Equity Futures Broker Award 2006 (AmFutures Sdn Bhd)

Malaysian Rating Corporation League Tables 2006

- No. 1 (Islamic Issues)



Bloomberg League Table for Malaysian IPOs (2006)

- No. 1 in IPOs

RAM League Awards^(1,2)

- No. 2 – Lead Manager Award 2006 (Number of Deals)
- No. 2 – Lead Manager Award, Islamic 2006 (Number of Deals)

The Asset Triple A Country Awards 2006⁽¹³⁾

- Best Debt House in Malaysia

3rd Asiamoney Structured Products Poll 2006

- One of two "Best Domestic Providers for Local Currency Products" – Structured Interest-Rate Products

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INTRODUCING AMBANK NexG[™]
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- **Use it** for online shopping or worldwide where MasterCard is accepted
- **Control it.** You decide how much to spend with a top up limit of up to RM10,000
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- **RM300 worth** of instant privileges and cash vouchers
- **Feel secure.** Protected by the same security network just like credit cards
- **FREE protection.** RM10,000 PA coverage upon registration*

* Terms and Conditions apply.
 * Available from mid-March 2007 onwards.



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 AmBank Card Centre, P.O. Box 12925, 50792 Kuala Lumpur or fax to 03-2164 0437.

For more information, call 03-2178 8888 or log on to ambg.com.my



Trustworthiness



Trust is the essence of every successful relationship. The importance of maintaining our credibility is enshrined in our system of beliefs and values.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) today is part and parcel of the organisational way of succeeding in business, and is, in essence, a set of transparent and ethical actions to 'give back', nurture and aid in the progress of the various environments in which the corporation operates.

This is to contribute to the very partners, customers and sources without which the organisation would not be able to succeed and prosper. The AmBank Group takes prides in giving and interacting with its various communities and the AmBank Group continues to be a highly active citizen in the socially responsible corporate world.

Responsibility to the Marketplace

The AmBank Group's business transactions, deals and relationships with all its groups of customers, suppliers and partners are executed with the highest concern for transparency and ethical conduct, guided by high corporate governance standards.

The Group was named in the top five among 100 listed companies on Bursa Malaysia in the Corporate Governance Survey Report 2004 (announced August 2006), spearheaded by the Minority Shareholder Watchdog Group.

Freely sharing and contributing knowledge and expertise via exchanges and discussions at various industry forums and venues of thought-exchange is an ongoing practice at the AmBank Group. By sharing and exchanging, we help shape the financial landscape, which will in turn have long-term benefits to the prosperity of the nation.

Syariah-compliance was a notable theme in this last year. Examples include Amlslamic Bank's CEO Encik Ahmad Zaini Othman's presentation entitled "Issues in the use of Bai Al-Inah and Tawarruq: Perspectives" at the Muzakarah Cendekiawan Syariah Nusantara (June 2006) conference. In the Malaysian Islamic Finance Issuers and Investors Forum (August 2006), Executive Director of the AmInvestment Bank Ms Pushpa Rajadurai moderated a session on Islamic REITs while Tuan Haji Mohd Effendi Abdullah, Head/Director, Islamic Markets & Public Sector shared his thoughts on "Routes to the Islamic Bond Market".

In May 2006, the AmBank Group came on board as a sponsor for the highly publicised SMIDEX 2006 exhibition at the Kuala Lumpur Convention Centre, aimed at promoting Malaysia's small and medium sized industries.

The Group was also a sponsor of Islamic Funds Asia, the first regional conference on Islamic funds and wealth management in Asia where YBhg Datin Maznah Mahbob, Chief Executive Officer, Funds Management Division, AmInvestment Bank Group, as well as Tuan Haji Mohd Effendi Abdullah shared their thoughts and experiences with a regional audience in wide ranging investment topics addressed at the conference.



Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (right), receiving the Corporate Governance Award certifying AmBank Group's status as top five among 100 listed companies on Bursa Malaysia in the Corporate Governance Survey 2004 (Announced August 2006) from Encik Abdul Wahab Jaafar Sidek, CEO of Minority Shareholder Watchdog Group

Providing opportunity for market access to Syariah-compliant products also came about with exciting "firsts":

- the launch of the Al-'Aqar KPJ REIT – the world's first Islamic healthcare REIT (July 2006); and
- AmOasis (April 2006), the first global Islamic equity fund in Malaysia.

A new era in providing greater and better service to customers seeking Islamic investment solutions was marked by the opening of Amlslamic Bank, the Group's full-fledged Islamic banking subsidiary (May 2006).

The Group's untiring efforts to constantly improve service delivery to its customers reached a significant milestone when the AmBank Contact Centre received two awards at the 6th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2006 National Contact Centre Awards.

Further innovation to benefit customers was also brought about with AmBank (M) Berhad's being the first in the market to introduce topping up Touch 'n Go cards at AmBank ATMs, without even having to be an AmBank customer. From 29 September to 30 November 2006, in tandem with the dual festivals of Deepavali and Hari Raya Aidil Fitri, all AmBank credit cardholders enjoyed the benefit of the 3-month 0% Easy Payment Plan while shopping at Giant Hypermarkets.

Responsibility to the Community

A wide range of community sectors were provided aid and support, to send a message that the AmBank Group cares, not only when times are good but when times are bad as well.

The young and less-fortunate are ever present within the focus of the AmBank Group: 70 children from the Malaysia Down Syndrome Association were treated to a tour of Aquaria KLCC (May 2006), an outdoor leadership camp

The AmBank Group cares in time of need.

The severe floods in the state of Johor was especially notable in seeing the AmBank Group come forth in aid in the form of a donation of RM250,000 to the NSTP Flood Victims Assistance Fund in December 2006, followed by a contribution of RM50,000 to a food assistance programme organised by TV3. The Group went on to further provide manpower and equipment in the form of 10 jet skis and 10 boats for much-needed transportation, as well as 90 staff to assist with the cleanup operations. The insurance arm of the Group, AmAssurance also took extra pains to ensure that claims relating to the flood were expediently processed.



Johor under water.



AmBank Group staff personally delivering essentials to Johor residents hit by the floods.



Cleaning up after the Johor floods.



Children from Kompleks Penyayang Bakti enjoying a 'buka puasa' treat.

for underprivileged youth from various homes and shelters in Perak received RM8,000 in the form of sponsorship, while the annual Rahmat Ramadan event at Dataran Merdeka, organised by the Ministry of Women, Family and Community Development as well as the Ministry of Federal Territories saw the AmBank Group contributing RM39,000 towards the cost of providing a 'buka puasa' treat to more than 5,000 underprivileged and needy citizens (October 2006).

A similar treat was given to the "less fortunate" children of Kompleks Penyayang Bakti while the AmBank Group also donated RM10,000 towards the purchase of Raya clothes for children who attended a special "buka puasa" session

hosted by the Prime Minister YAB Dato' Seri Abdullah Ahmad Badawi at the Putra World Trade Centre on 28 September 2006.

In December 2006, the AmBank Group donated RM50,000 to the Wives of Ministers and Deputy Ministers Club (BAKTI) at the Semai Bakti Charity Dinner held to benefit the less fortunate and disabled. Two charity organisations, Pengurusan Kebajikan Anak Yatim dan Miskin (Payasum) and Sri Ramakrishna Ashram, both in Melaka, saw their charges experiencing an enjoyable afternoon on 8 April 2007 when they were treated to a telematch session, held as part of the "charity project" to accompany the "Hunt Tuah" treasure hunt organised by the Kelab AmBank Group (KAG).

In healthcare, the AmBank Group donated RM10,000 towards the construction of the Tun Abdul Razak National Kidney Foundation (NKF) Dialysis Centre in Bentong, Pahang, which will be operational in 2008.

The Tabung Perumahan Sabah (TPS) scheme provides access to affordable housing for the lower- and medium-income Malaysian citizens in Sabah and the AmBank Group took the opportunity to be involved in this social cause by becoming the sole financier of this project, through AmBank (M) Berhad. RM200,000 was also donated to the



Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (left), presenting a mock cheque to YAB Dato' Seri Mohd Najib bin Tun Abdul Razak (right), signifying AmBank Group's contribution to Malaysian Crime Prevention Foundation.

Malaysian Crime Prevention Foundation in August 2006 in support of their programmes on awareness on crime prevention. The police community was not forgotten and 50 children who had recently lost their policemen fathers were given a Savers' G.a.n.g account each in April 2006, while RM1,000 was contributed towards the state police contingent's surau building fund.

In conjunction with the launch of Gagasan Badan Ekonomi Melayu (GABEM) on 6 June, the AmBank Group made a contribution of RM100,000 to the organisation, an umbrella body initiated by UMNO and consisting of organisations associated with the economic enhancement of the Malay community.

To aid in the efforts of continuing the Chinese community's tradition of celebrating with lanterns during the Mid Autumn Festival, the Group made a contribution of RM5,000 to the Lantern Cultural Festival in Seremban, held in September 2006.

The young in sport were not forgotten: to support grassroots development in golf, the AmBank Group sponsored, via a contribution of RM18,000, the inaugural AmBank Group Cross Creek SportExcel Malaysian Junior Grand Finals 2006 and also the AmBank Group Cross Creek International Junior Golf Championship 2006 (December).

In recognition of its outstanding contribution to the development of youth and the nation, the AmBank Group was presented with a special award by YB Dato' Seri Mohd Najib bin Tun Abdul Razak on 15 May 2007, in conjunction with the Ministry of Youth and Sports Malaysia's National Youth Day 2007.

In September 2006, a team of five staff members from the AmBank Group participated in the annual The Edge Bursa Malaysia Rat Race, a 5 km charity run. Adults in sport were also remembered when the amount of RM10,000 was presented in sponsorship of the 10 Km Run Utusan Bangi.

The diversity of the CSR programme also extended itself to enabling Sarawakians to make zakat payments to their home state, and those wishing to donate to the National Cancer Council (MAKNA) via AmOnline. Meanwhile the NST AmBank Car of the Year Awards saw the Group becoming official title sponsor (November 2006), and the 3QE Horse Festival, an equestrian event was supported with a RM 30,000 donation. A team of eight also participated in the Florathon 2007, a floral-themed costume parade which was part of the efforts of promoting Malaysia in the Visit Malaysia Year 2007 Flora Fest campaign.

The AmBank Group has firmly aligned itself with Malaysia's mission to demonstrate excellence as well as forge friendships around the world, and one landmark occasion for this was the AmBank Kuala Lumpur International Marathon, which the AmBank Group sponsored for the third consecutive time, this time to amount of RM400,000 (March 2007).

A sponsorship of RM10,000 was also made for the Subang Jaya 10 Km Run in May 2007. The AmBank Group also sponsored food and beverage at the 5th Vintage and Classic Cars Concours in April 2007, held in conjunction with the Kuala Lumpur Grand Prix City celebration, which brought world sporting media attention to Malaysia. In Golf, AmBank (M) Berhad participated as an Associate Sponsor for the 10th Philips Astro Masters 2007 golf tournament, launched on 27 March in Kuala Lumpur. In July 2007, AmAssurance and AmBank came together to personally present insurance claims to the family of the pilot of the ill-fated Nuri helicopter crash.



At the start of the AmBank-Kuala Lumpur International Marathon.

Responsibility to the Workplace

The fostering of human capital comes hand in hand with fostering the well being of the workforce in the workplace. Besides upgrading of skills via training sessions and courses, the AmBank Group takes great care in looking after the wellbeing of its staff with the simple age-old philosophy that a healthy mind is the result of a healthy body. Many fresh initiatives and ongoing programmes were organised to promote staff wellbeing.



Encik Mohamed Azmi Mahmood, Managing Director, Retail Banking, AmBank (M) Berhad (right) receiving a special award in conjunction with the Ministry of Youth and Sports Malaysia's National Youth Day 2007, from YAB Dato' Seri Mohd Najib bin Tun Abdul Razak, witnessed by Youth and Sports Minister YB Datuk Azalina Dato' Othman Said, the Minister of Youth and Sports.

The AmBank Group staff were sent for various Institut Bank-Bank Malaysia (IBBM) courses and their hard work was recognised by at the IBBM Graduation and Awards Ceremony 2007, held on 19 May 2007 at the Shangri-La Kuala Lumpur.

The AmBank Group Toastmasters Club hosted fun-filled learning and sharing activities via the Toastmasters International programmes, held with the ultimate goal of polishing one's public speaking skills. Throughout the year, team building sessions entitled "Teamworks!" were held to foster the spirit of teamwork as well as to inculcate the organisation's values, which are focused around the concept of "F.I.R.S.T." – Friendliness, Innovation, Responsiveness, Simplicity and Trustworthiness.

Along with this, the AmBank Group Induction sessions are held regularly to allow new employees to get to know their peers and network with members of other business units. Specific management skills courses were also provided to employees during the year, including courses such as "Negotiation for Success in Business", "Problem Solving and Critical Thinking" and "The 7 Habits of Highly Effective People". The Investment Banking Evening Talk Series, sessions of two hour talks by product owners to share information with other members of the organisation, included such topics as "Unit Trusts – Product Development and Market Trends".

The Kelab AmBank Group, or KAG, provides many opportunities for recreation while at the same encouraging healthy competition amongst its members (which cover the entire staff of the AmBank Group) in a wide ranging array of games and activities. These included tournaments and championships for futsal, go-kart, golf, paintball, bowling, 9-a-side football, tennis, badminton, snooker as well as

treasure hunts and an 'eco challenge' where participants braved challenging courses in wild and undeveloped terrain. The KAG also managed the Group's participation in the Inter Financial tournaments, as well as the in the Malaysian Investment Banking Association (MIBA) Games (Overall Champion, 2006) and the MIBA Athletics Meet (Overall Champion, September 2006). The Group also won the Governor's Cup (for football) for the first time in April 2007.

AmBagus, the annual singing and talentime competition organised by KAG, saw a large force of talent from all corners of the Group belting out popular hits, with winners at the finals in December 2006 in solo, duet and 'best-dressed' categories.

The AmBank Group's top dealers for AmBank and AmAssurance were also honoured in a special recognition evening at the Genting International Showroom on 19 August, and AmAssurance held its national convention to provide recognition to its top sales force members at the Palace of the Golden Horses, Kuala Lumpur, on 25 -27 May 2007.

To provide a relaxing day for staff, and to provide the opportunity for staff from all regions in Malaysia to meet with the AmBank Group senior management, several "Family Days" were held over the year. Group Chairman, Tan Sri Dato' Azman Hashim, his wife YM Tunku Arishah Tunku Maamor, members of the Board of Directors, as well as senior management from the Group were on hand to meet staff members, enjoy various stage presentations and witness staff battling it out with one another in fun filled activities and games. On 14 May 2006, more than 4,200 AmBank Group employees and their family members from the Central Region (Klang Valley, Selangor and Negeri



In full concentration, Region 3 Family Day, Port Dickson.



Survival in the wilderness at KAG Eco Challenge VII

Sembilan) attended the Family Day at the Arena of Stars at Genting Highlands Resort, Pahang. Long Service Awards, a tradition of recognising staff members who have served for 15, 20 and 25 years with the Group, were presented to 77 employees by Tan Sri Dato' Azman.

Other family days were held as follows:

- 16 September 2006 at Swiss-Garden Resort and Spa Damai Laut, Lumut, for Region 2 (Perak) where 873 staff and family members attended. 28 Long Service Awards were given out.
- 4-5 November 2006 at Everly Hotel and Sibu Town Square in Sarawak for Region 6 staff. 890 AmBank Group employees and family members attended, with 26 members receiving Long Service Awards.
- 20 January 2007 at Shangri-La Rasa Ria in Tuaran, Kota Kinabalu, Sabah for Region 7 (Sabah & Labuan). Present were 786 staff and family members by staff, and 14 Long Service Awards were presented. Additionally, cheques were presented to six charity organisations.
- 21 April 2007 at Fort Cornwallis in Pulau Pinang for Region 1 (Pulau Pinang) where the attendance was 1,600 strong, with 49 Long-Service Awards being presented. Six charity organisations were beneficiaries in a cheque presentation ceremony.
- 9 June 2007 at Residence Desa Lagoon Resort, Port Dickson, Negeri Sembilan for Region 3 (Selangor, Melaka and Negeri Sembilan) staff and family members with 1,502 persons present. 34 staff members received the Long Service Award. Three charity organisations – Yayasan Anak Yatim Piatu Port Dickson, Rumah Orang Tua Port Dickson, and Program Pemuliharaan Dalam Komuniti Chuah – were presented with a total contribution of RM10,000.

To promote health amongst staff, the staff gymnasium at Bangunan AmBank Group was reopened after a refurbishment costing RM200,000 in May 2006, 17 years after it was first opened.

Responsibility to the Environment

Conservation and protection are the key thrusts of the AmBank Group's efforts in preserving the environment. To ensure that future generations will be able to be able to witness and enjoy the beauty of the camel, the AmBank Group, for the 21st year running, made a donation to Zoo Negara for the upkeep of their camels. A cheque was presented to Zoo Negara for RM40,000 in February 2007.

Meanwhile, the Group's credit risk policy ensures that lending is contingent upon satisfactory adherence to environmental regulations, for the relevant sectors.

Waste management is actively pursued with recycling, active encouragement of double-sided printing, reduction use of colour printing and using effective alternative channels of communication, including e-mail/internet. Minimising the impact on the environment is initiated via recycling empty ink cartridges and obsolete computer equipment.

Helping in the global fight against Ozone depletion has also been addressed with using carbon dioxide instead of Halon 1301 in the fire protection system in Bangunan AmBank Group as well as the AmBank Group Leadership Centre in Kuala Lumpur. Similarly the gas for the air conditioning systems have been changed from the R-12 to the R134a.

To provide an environment that is more pleasant in which to conduct banking, the group has taken pains to landscape its gardens, including providing brightly coloured flowers in banking premises, notably in Bangunan AmBank Group and Menara AmBank. Bangunan AmBank Group has also been designated as a "no-smoking" building.



Preserving the camels at Zoo Negara for future generations

Calendar of Events: Business Activities

April 2006 to July 2007

April 2006

- AmInvestment Bank was the Lead Arranger and Sole Lead Manager for Asian Development Bank's RM500 million five-year bond issue under its RM3.8 billion Medium Term Note (MTN) Programme.
- AmBank (M) Berhad launched its new cash management services suite, AmBiz-CashPro, a tool guaranteed to enhance the efficiency and reduce costs of business customers in their day-to-day routine cash management tasks.
- The Funds Management Division of the AmInvestment Bank Group launched AmOasis Global Islamic Equity, the first global Islamic equity fund in Malaysia.
- AmAssurance Berhad acquired an office tower previously known as Bangunan AMDB to house its headquarters in Kuala Lumpur. The office tower was renamed Bangunan AmAssurance.
- AmBank (M) Berhad and Rangkaian Segar Sdn Bhd launched Malaysia's first reload service for Touch 'n Go cards via cash deposit machines, utilising AmBank's network of Cash Deposit Machines (CDMs) across the nation.



Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (right), and Mr Mohammed Shaheen Ebrahim, Chairperson of the Oasis Group, at the launch of AmOasis Global Islamic Equity.



Encik Mohamed Azmi Mahmood, Managing Director, Retail Banking, AmBank (M) Berhad (right), and Puan Basariah Abd Latiff, Chief Operating Officer, Rangkaian Segar Sdn Bhd, launching Malaysia's first reload service for Touch 'n Go cards via AmBank Cash Deposit Machines.

May 2006

- The AmBank Group's Islamic banking subsidiary, AmIslamic Bank Berhad, was officially launched by YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia, at Menara AmBank in Kuala Lumpur.
- The AmInvestment Bank Group was rated one of the two "Best Domestic Providers for Local Currency Products" in Malaysia for its structured interest-rate products in the recent Asiamoney Structured Products Poll.
- The AmBank Group participated in the highly publicised SMIDEX 2006 exhibition held at the Kuala Lumpur Convention Centre.
- The AmBank Group Chairman Tan Sri Dato' Azman Hashim was appointed Chairman of The Pacific Basin Economic Council (PBEC).
- Lembaga Pembangunan Perumahan Dan Bandar (LPPB) and AmBank (M) Bhd, the Sole Financier, signed an agreement commemorating the launch of the Tabung Perumahan Sabah (TPS) scheme.



AmBank Group employees (in red) with Prime Minister YAB Dato' Seri Abdullah Ahmad Badawi (second from left) and YB Dato' Seri Rafidah Aziz, International Trade and Industry Minister (far left) at SMIDEX 2006.



Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (left), and YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia, officially launching AmIslamic Bank.



L-R: YB Datuk Haji Hajiji Haji Noor, Minister of Local Government and Housing, YB Datuk Rubin Balang, Chairman of LPPB (standing), Madam PS Wong, General Manager, LPPB, YAB Datuk Musa Haji Aman, Chief Minister of Sabah, YBhg Dato' Azlan Hashim, Deputy Chairman, AmBank Group (standing), Encik Mohamed Azmi Mahmood, Managing Director, Retail Banking, AmBank (M) Bhd, and Tan Sri Dato' Azman Hashim, Chairman, AmBank Group.

June 2006

- AmBank (M) Berhad and Rexit Software Sdn Bhd signed an agreement commemorating the partnership for the subscription of e-Hire Purchase services.
- AmInvestment Bank acted as the Advisor, Sponsor, Managing Underwriter, and Placement Agent for Scan Associates Berhad's listing on the MESDAQ Market of Bursa Malaysia.
- AmInvestment Bank won seven awards at the RAM League Awards 2006, its highest number of wins to date and a record by industry standards.



L-R: Encik Mohamed Azmi, Managing Director, Retail Banking, AmBank (M) Berhad, Tan Sri Dato' Azman Hashim, Chairman, AmBank Group, YBhg Datuk Zamani Abdul Ghani, Deputy Governor of Bank Negara Malaysia, YB Dato' Awang Adek Husin, Deputy Finance Minister II, and Mr Chung Hon Cheong, Chief Executive Officer, Rexit Software Sdn Bhd.



L-R: Mr John Tan Giap How, Managing Director, AmSecurities Sdn Bhd, YBhg Dato' Nasri Nasrun, Director, Scan Associates, Ms Pushpa Rajadurai, Executive Director, AmInvestment Bank, and Encik Aminuddin Baki Esa, Group Chief Executive, Scan Associates.



(From left) Bottom row: Mr Seohan Soo, Director/Head, Debt Capital Markets-DCM, Encik Mohd Effendi Abdullah, Director/Head, Islamic Markets & Public Sector, Tan Sri Dato' Azman Hashim, Chairman, AmBank Group, Mr Teng Chean Choy, Director, Group Treasury, Ms Lim Chin Han (DCM), and Mr Wong Kwok Kuan (DCM). Top row: Cik Dian Dannira Skymmar (Islamic Markets), Mr Adrian Tay (DCM), Encik Mohamed Ariff Tun Dr Ismail (Islamic Markets), Mr William Gan (DCM), Mr Darryl Ong (DCM), and Puan Salina Mohd Burhan (Islamic Markets).

July 2006

- AmlInvestment Bank acted as the Adviser, Sponsor, Managing Underwriter, and Placement Agent for TechnoDex Bhd's listing on the MESDAQ Market of Bursa Malaysia.
- AmlInvestment Bank acted as the Lead Adviser, Managing Underwriter, and Sole Placement Agent in the launch of the Al-'Aqar KPJ REIT, the world's first Islamic healthcare Real Estate Investment Trust (REIT).
- The AmlInvestment Bank Group launched its second property fund, AmAsia-Pacific Property Equities.



Ms Pushpa Rajadurai, Executive Director, AmlInvestment Bank (left) and Mr Nigel Lee, Managing Director and Chief Executive Officer, TechnoDex.



L-R: YBhg Datin Maznah Mahbob, CEO, AmlInvestment Management Sdn Bhd, Mr Cheah Chuan Lok, CEO, AmlInvestment Services Berhad, Mr Frankie Lee, Analyst, Property Equities, Asia-Pacific, Henderson Global Investors, Mr T C Kok, Managing Director, AmlInvestment Bank, Ms Pushpa Rajadurai, Executive Director, AmlInvestment Bank and Mr Andrew Wong, Chief Investment Officer, Equities, AmlInvestment Management Sdn Bhd, Funds Management Division, AmlInvestment Bank Group, at the launch of AmAsia-Pacific Property Equities.

August 2006

- AmlInvestment Bank acted as the Adviser, Managing Underwriter, and Placement Agent for the listing of Putrajaya Perdana Berhad (PPB) on the Main Board of Bursa Malaysia.
- AmlInvestment Bank acted as the Adviser, Managing Underwriter, and Sponsor for the listing of Greenyard Berhad on the MESDAQ Market of Bursa Malaysia.
- AmBank (M) Berhad launched its new cash management services suite, AmBiz-CashPro, which addresses efficiency and reduction of costs for business customers in their day-to-day routine cash management tasks.
- The AmlInvestment Bank Group appointed Citibank Berhad to exclusively distribute AmSchroder European Equity Alpha, Malaysia's first feeder fund that invests primarily in European equities.
- AmlInvestment Bank acted as the Joint Global Coordinator and Joint Bookrunner in the book building exercise for a RM900 million exchangeable bonds issue by Berjaya Land Berhad.
- AmBank Contact Centre, the one-stop customer touch point for the AmBank Group's Retail Banking Division, won two awards at the 6th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2006 National Contact Centre Awards.

- The AmBank Group was named in the top five among 100 listed companies on Bursa Malaysia in the Corporate Governance Survey Report 2004 conducted by the Minority Shareholder Watchdog Group (MSWG) and The University of Nottingham, Malaysia campus.
- The AmBank Group appointed SAS Malaysia as its solutions partner as part of the Group's efforts to meet Bank Negara Malaysia's mandate under the Basel II Standardised Approach for non-Islamic banks, and the Capital Adequacy Standard for Islamic institutions.



Encik Azmi Jafar, Manager, AmBank Contact Centre (left) and Puan Hasni Zarina Mohamed Khan, Head of eChannel, AmBank Group with the Bronze Award and plaque for 'Best In-House Contact Centre (above 50 seats category)'.



L- R: Mr Krisnan C K Menon, Chairman, Putrajaya Perdana Berhad, YBhg Dato' Terry Tham Ka Hon, Managing Director, E & O Property, Mr T C Kok, Managing Director, AmlInvestment Bank, and Encik Anuar Omar, Director/Head, Corporate Finance, AmlInvestment Bank.



L- R: Encik Shaharuddin Hassan, Executive Director – Operations, AmSecurities Sdn Bhd, Mr Tham Foo Keong, Executive Chairman and Group Managing Director, Greenyard Berhad, Ms Pushpa Rajadurai, Executive Director, AmlInvestment Bank, Mr Tham Foo Choon Executive Director and Deputy Group Managing Director, Greenyard Berhad, and Ms Chua Bee Chin, Acting Chief Executive Officer, Alliance Investment Bank Berhad.



L- R: Mr Cheah Chuan Lok, Chief Executive Officer of AmlInvestment Services Bhd, Mr Piyush Gupta, Citigroup Country Officer and Chief Executive Officer, Citibank Berhad, and Mr Lieven Debryne, Head of Regional Sales for Asia Pacific, Schroders at the AmSchroder European Equity Alpha launch.



Tan Sri Dato' Azman receiving the Corporate Governance Survey Report 2004 award from Encik Abdul Wahab Jaafar Sidek (left) of the Minority Shareholder Watchdog Group.



L-R: Mr Tan Keat Lin, Director, Risk Management, AmInvestment Bank, Mr Cheah Tek Kuang, Group Managing Director, AmBank Group, Mr Jimmy Cheah, Managing Director, SAS Malaysia, and Mr Teoh Sin Hin, Senior Manager, SAS Malaysia.

October 2006

- AmInvestment Bank was the Co-Financial Adviser, Joint Bookrunner, and Underwriter for the listing of Hektar Asset Management Sdn Bhd on the main board of Bursa Malaysia.
- The Funds Management Division (FMD) of the AmInvestment Bank Group launched two award winning feeder funds, AmGlobal Bond and AmAsian Income under the AmMutual brand.



L-R: Surachet Chaipatanont, CEO and Director, Aseambankers Malaysia Bhd, YBhg Dato' Syed Md Amin, Independent Director, Hektar Asset Management - HAM, YBhg Datin Latifah M. Atan, wife of Dato' Jaafar, YBhg Dato' Jaafar Abdul Hamid, Chairman, HAM, Puan Zalila Mohd Toon, Chief Financial Officer, HAM, Encik Shahril Bin Kassim, Director, HAM, and Mr John Tan, Managing Director, AmSecurities Sdn Bhd.



Mr T C Kok, Managing Director, AmInvestment Bank (right) and YBhg Datin Maznah Mahbob, CEO, FMD at the launch of AmGlobal Bond and AmAsian Income funds.

November 2006

- AmInvestment Bank was named the Best Debt House in Malaysia for 2006 in The Asset magazine's annual Triple A Country Awards.
- The AmBank Group was the official title sponsor for the NST AmBank Group Car of the Year Awards 2006.
- AmInvestment Bank was the Adviser, Managing Underwriter, Underwriter, and Sole Placement Agent for the listing of Kencana Petroleum Berhad on the Main Board of Bursa Malaysia.
- AmInvestment Bank lead arranged the issuance of RM100 million Islamic Securities for Boon Koon Group Berhad.
- AmBank credit cards scored another 'first' in Malaysia with a 0% Easy Payment Plan (EPP) for all its cardmembers when they shopped at Giant Hypermarkets.
- AmcorpGroup Berhad announced that it had entered into a Heads of Agreement with Australia and New Zealand Banking Group Limited (ANZ) for the disposal of 300 million shares held in AMMB Holdings Berhad to ANZ at RM4.30 per share.
- AmBank (M) Berhad opened its third branch in Kuching, Sarawak.
- The AmBank Group received a Certificate of Merit in the National Annual Corporate Report Awards (NACRA) for AMMB Holdings Berhad's 2005 Annual Report.



Mr R. J. Edgar, Senior Managing Director, ANZ (left) exchanging documents with Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (right), witnessed by Australian Prime Minister John Howard (centre), at the Heads of Agreement signing with ANZ.



Mr Yasuhide Mizuno, CEO for Honda Malaysia Sdn Bhd (left) receiving the 'Overall Car of the Year' award for the Honda Civic 2.0L from Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (centre), while YBhg Datuk Hishamuddin Aun, Group Editor in Chief, New Straits Times Press, looks on.



L-R: YB Tan Sri Nor Mohamed Yacop, Finance Minister II, YBhg Dato' Mokhzani Mahathir, Executive Chairman, Kencana Petroleum Berhad and Tan Sri Dato' Azman, Chairman, AmBank Group.



The cover of AMMB Holding Berhad's 2005 Annual Report, which received a Certificate of Merit in the National Annual Corporate Report Awards.



L-R: YBhg Dato' Goh Boon Koon, Group Managing Director, Boon Koon, Encik Shamsudin @ Samad Bin Kassim, Chairman, Boon Koon, Ms Pushpa Rajadurai, Executive Director, AmInvestment Bank, and Mr Ng Hon Soon, Director, Malaysian Trustee Berhad.

December 2006

- AmMerchant Bank Berhad was renamed AmInvestment Bank Berhad, a member of the AmInvestment Bank Group.
- AmInvestment Bank was the Adviser and Lead Arranger of AmFIRST REIT, the largest listed Malaysian office REIT, for its listing on Bursa Malaysia.
- The AmBank Group partnered with multilevel company UpTrend Network Sdn Bhd to issue the Smartlink Prepaid MasterCard.
- AmAssurance Berhad expedited claim payments to policyholders affected by the flooding in the southern states of Peninsular Malaysia.



Encik Yusli bin Mohamed Yusoff, Chief Executive Officer, Bursa Malaysia (left) presenting listing documents to Dato' Azlan Hashim, Deputy Chairman, AmBank Group, at the listing of AmFIRST REIT.



L-R: Mr Perry Ong, General Manager, Card Services, AmBank, Mr Gary Gan, President, International Marketing, Uptrend, and Ms Susie Yeoh, Managing Director, Smartlink International at the Smartlink Prepaid MasterCard launch.

January 2007

- AmInvestment Bank was named provider of 'Best Private Banking Services Overall' and the 'Best Local Private Bank' in Malaysia in the Euromoney Private Banking Survey 2007.
- AmInvestment Bank won the 'I-REIT' and 'Mudarabah' awards in Islamic Finance News' inaugural Deals of the Year 2006 Awards.
- AmInvestment Bank topped Malaysian Rating Corporation Berhad's (MARC) lead managers' league table for 2006, for volume of Islamic issues.
- AmInvestment Bank once again topped the Bloomberg League Table for IPOs (Initial Public Offerings) in Malaysia for the calendar year 2006.
- The AmInvestment Bank Group introduced AmMulti Assets-Capital Guaranteed fund, an innovative investment solution for investors.
- AmInvestment Bank was one of the retail underwriters for the listing of AmanahRaya Real Estate Investment Trust (AmanahRaya REIT) on Bursa Malaysia.
- AmBank (M) Berhad launched the AmBank Mad Gold Rush contest, which provided customers the chance to win the grand prize of one kilogram of pure gold.
- AmAssurance Berhad launched its latest range of innovative Door Opener products to create business opportunities.
- AmBank (M) Berhad opened two new branches in Kuching, Sarawak, and Bandar Puteri, Klang, Selangor.



L-R: Mr T C Kok, Managing Director, AmInvestment Bank, Mr Marcus Langston, Director of Publishing - Asia, Euromoney, and Tan Sri Dato' Azman Hashim, Chairman, AmBank Group.



Encik Mohamed Azmi, Managing Director, Retail Banking, AmBank (M) Berhad (centre) holding a mock-up of a one-kilogram gold bar at the AmBank Mad Gold Rush launch.

February 2007

- The AmInvestment Bank Group’s AmDynamic Bond fund won two awards, one each in The Edge-Lipper Malaysia Fund Awards 2007 and The Star/Standard & Poor’s Fund Awards 2007 Malaysia.
- AmBank (M) Berhad signed an agreement with PosPay Exchange Sdn Bhd to enable PosPay virtual account reloads via AmOnline, the bank’s internet banking portal.
- AmBank (M) Berhad launched the AmBank Business Platinum MasterCard, which was specifically created for business customers.
- AmInvestment Bank placed out 10 million IOI Corporation Berhad and 22 million UMW Holdings Berhad nine-month, American-style cash-settled call warrants.
- AmIslamic Bank was one of eight Islamic financial institutions that partnered with Credit Guarantee Corporation to expand financing activities to small and medium scale enterprises (SMEs).



L-R: YBhg Dato’ Nik Mohd Amin, Managing Director, PosPay Exchange Sdn Bhd, Encik Mohamed Azmi, Managing Director, Retail Banking, AmBank (M) Berhad, and YBhg Dato’ Ikmal Hijaz bin Hashim, Group Managing Director/Chief Executive Officer, Pos Malaysia.



AmBank Business Platinum MasterCard.



YBhg Tan Sri Dato’ Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia (left) and Encik Ahmad Zaini Othman, Chief Executive Officer, AmIslamic Bank, at the Credit Guarantee Corporation signing.

March 2007

- The entire stockbroking operation of AmSecurities Sdn Bhd was transferred to the AmInvestment Bank, which started functioning as a full-fledged investment bank.
- Bank Negara Malaysia (BNM) gave its approval for AMMB Holdings Berhad and AmcorpGroup Berhad to proceed to execute the relevant agreements with the Australia and New Zealand Banking Group Limited (ANZ) in relation to ANZ’s equity participation in the AmBank Group.
- The Funds Management Division (FMD) of the AmInvestment Bank Group won two External Portfolio Managers awards presented by the Employees Provident Fund (EPF).
- The AmInvestment Bank Group’s Funds Management Division (FMD) launched its third property fund, AmPan European Property Equities.
- AmIslamic Bank Berhad signed a tri-partite distribution agreement with Takaful IKHLAS Sdn Bhd and FWU AG to offer an online Takaful investment-linked plan.



L-R: Yvonne Phe, Chief Investment Officer, FMD and YBhg Datin Maznah Mahbob, CEO, FMD with the EPF External Portfolio Managers awards, The Edge-Lipper Malaysia Malaysia Fund award, and The Star/Standard & Poor's Fund award.



L-R: Ms Pushpa Rajadurai, Executive Director, AmlInvestment Bank, Tan Sri Dato' Azman Hashim, Chairman, AmBank Group, Mr Patrick Sumner, Head of Property Equities, Henderson Global Investors, and Mr Alexander Henderson, Managing Director, Henderson Global Investors, Asia, at the launch of AmPan European Property Equities.



L-R: Tuan Haji Syed Moheeb Syed Kamarulzaman, Chief Executive Officer, Takaful IKHLAS, Encik Mohamed Azmi, Managing Director, Retail Banking, AmBank (M) Berhad, YBhg Datuk Zamani Abdul Ghani, Deputy Governor, Bank Negara Malaysia, Dr Manfred J. Dirrheimer, Chairman, FWU AG, and Encik Ahmad Zaini, Chief Executive Officer, AmIslamic Bank Berhad.

April 2007

- The AmBank Group obtained the approval of its shareholders for its proposed partnership with Australia and New Zealand Banking Group Limited (ANZ).
- AmlInvestment Bank won two awards, Lead Manager Award—Number of Deals (2nd) and Lead Manager Award Islamic—Number of Deals (2nd), at the annual RAM League Awards.
- Lebuhraya Kajang-Seremban Sdn Bhd (Lekas) entered into an agreement with the AmlInvestment Bank for a RM1.75 billion financing deal for the construction of the 44.3km Kajang-Seremban Highway.
- AmBank (M) Berhad launched its first college co-branded prepaid card, the NexG-Metropolitan College Prepaid MasterCard.



Mr T C Kok, Managing Director, AmlInvestment Bank Berhad (left) receiving one of two RAM awards from YB Senator Dato' Sri Mohd Effendi Bin Norwawi, Minister in the Prime Minister's Department.



L-R: Mr T C Kok, Managing Director, AmlInvestment Bank, YBhg Dato' Krishnan Tan, Director, Lekas, and Mr Chris Lee, Director, Malaysian Trustees Berhad.



L-R: Dr Joseph Lee, Principal, Metropolitan College, Mr Tan Yew Sing, Group President, Inti Universal Holdings Bhd, Encik Mohamed Ameen, Associate Vice President, Member Relations & Advanced Payments, MasterCard Worldwide, and Mr Perry Ong, General Manager, AmBank Credit Card and Line of Credit Division, at the launch of the NexG-Metropolitan College Prepaid MasterCard.



L-R: Dr. R.J. Edgar, Senior Managing Director, ANZ, YBhg Dato' Mohd Razif Abd Kadir, Deputy Governor, Bank Negara Malaysia, and Tan Sri Dato' Azman, Chairman, AmBank Group, at the Official Completion Ceremony of ANZ and AmBank Group.

May 2007

- The AmBank Group held an Official Completion Ceremony on 18 May to commemorate the entry of Australia and New Zealand Banking Group Limited (ANZ) as a strategic partner and major investor.
- ARA Asset Management (Malaysia) Limited through a related company, Jadeline Capital Sdn Bhd, acquired a 12.51% stake in AmFIRST Real Estate Investment Trust (AmFIRST REIT).
- AmBank (M) Berhad and AmcorpGroup Berhad formed a strategic alliance with Telekom Malaysia Berhad (TM) and MCM Wireless Sdn Bhd.
- AmInvestment Bank was the Adviser, Sole Underwriter and Sole Placement Agent in Deleum Berhad's listing on the Main Board of Bursa Malaysia.
- The Funds Management Division (FMD) of the AmInvestment Bank Group recorded another milestone when it launched AmGlobal Agribusiness, the first fund of its kind in Malaysia.
- The AmBank Group received a special award in conjunction with the Ministry of Youth and Sports Malaysia's National Youth Day 2007 for its outstanding contribution in the development of youth and the nation.
- The AmBank Mad Gold Rush contest concluded with Yong Kok Pew from Perak walking away with the 1kg gold bar Grand Prize in the Grand Finals.
- AmBank (M) Berhad launched its first cinema co-branded prepaid card targeted at movie aficionados, the NexG-Cathay Cineplexes Prepaid MasterCard.



L-R: YBhg Dato' Izham Mahmud, Executive Chairman, Deleum, YB Tan Sri Nor Mohamed Yakcop, Finance Minister II, YBhg Datuk Vivekananthan M. V. Nathan, Deputy Executive Chairman, Deleum, and Tan Sri Dato' Azman Hashim, Chairman, AmBank Group.

AmBank Group Receives National Youth Day Award

AmBank Group recently received a special award in conjunction with the Ministry of Youth and Sports Malaysia's National Youth Day 2007. The award was presented to AmBank Group in the

Berita AmBank Group, June 2007