

Business Operations Review

At the forefront of AmBank Group's strategies is placing customers first, particularly in our product and service offerings, and innovative efforts. This driving force behind our distinctive strategies of profitable and sustainable growth, and income diversification has enhanced shareholder value and continues to spur the Group towards achieving our Medium Term Aspiration of becoming Malaysia's Preferred Banking Group with International Connectivity, as measured by customer satisfaction, sound financial performance, and well diversified and sustainable growth.

RETAIL BANKING

Retail Banking plays a pivotal role in connecting with the consumer market and providing financial solutions our customers need through product innovation, cross-selling and building main bank relationships. During the year, the division continued expanding customer touch-points via installing more Self Service Machines and opening new branches to accord greater convenience and accessibility to customers while investing in technology and human capital to enhance delivery efficiency. To maintain portfolio health, Retail Banking emphasises profitable segments and pricing for risk when growing assets.

BUSINESS BANKING

Business Banking targets small and medium enterprises ("SMEs") with key products in commercial banking, SME financing, factoring and deposits. The division's expansion agenda centers on stable and preferred growth sectors, and customers with good track record, driven by better relationship building and new products.

CORPORATE & INSTITUTIONAL BANKING

Corporate & Institutional Banking, a line of business within the AmBank Group, places strategic focus on strengthening relationships with a diversified base of client groups across the wholesale banking platform. The client base consists of large corporates covering Government and public sector, government-linked companies, multi-national corporates both local and foreign including public listed companies, financial institutions and privately owned sophisticated groups. The platform facilitates integration of

AmBank Group's suite of products and innovative solutions to meet the clients' total financial needs and leveraging on ANZ connectivity for cross-border business.

INVESTMENT BANKING

Investment Banking has led the market with many firsts and continues to receive industry awards for its strategic and innovative edge. While the financial year saw a subdued debt market, the division registered a 16% improvement in profits before tax over the previous year because it had strong contributions from its divisions in funds management, corporate finance, stock broking and equity derivatives.

MARKETS

The Markets Division continues to gain sustainable traction and market share, after the strategic alignment in FY2010 to deepen the division's specialisation in foreign exchange, derivatives, fixed income and structured solutions.

The alignment enhanced customer focus and delivery capabilities in Markets' regional footprint. Leveraging on ANZ as a strategic partner, Markets has developed cutting edge risk management systems to widen Markets' product offering capability. This is further underpinned with the establishment of the Structured Solutions and Quantitative Research and Strategies teams for sophisticated client hedging solutions.

ISLAMIC BANKING

AmIslamic plays a significant role to the Group's banking business and has received many prestigious accolades from local and international organisations. AmIslamic aspires to

be the Islamic financial provider of choice through provision of a complete range of quality and innovative Shariah compliant solutions to meet the diverse needs of our customers.

LIFE ASSURANCE

AmLife has a strategic partnership with Friends Life (a leading UK life and pensions business) and provides life insurance, wealth protection, savings, and medical protection products to its customers. AmLife continued its commitment to strengthen its business through developing its customer propositions and improving efficiencies and infrastructure. The AmLife-Friends Life partnership was further strengthened by the new family Takaful licence provisionally awarded during the year and which will commence operations once granted Bank Negara's final approval to do so.

GENERAL INSURANCE

Despite the ongoing challenging industry conditions and increasing competitive pressures, AmG delivered strong revenue growth (year-on-year) and an excellent increase in underwriting profits for 2010/11. The division made solid progress on its strategic change programme, which focuses on building fundamental technical capabilities and operational excellence, whilst growing through targeted marketing programmes. AmG further leveraged its relationship with Insurance Australia Group ("IAG"), by maximising capability transfer in the form of technology, process and product development, and will continue to drive this programme.

RETAIL BANKING

The Retail Banking division performed well in line with the strategic roadmap for sustainable growth. It was a period when ideas were executed with ongoing focus on growing main bank customers in target segments. Deposits maintained its position as a strategic pillar for sustainable growth within Retail Banking. Wealth Management has been strengthened with increased resources during the year and is expected to deliver higher revenue in the future. We also continued to prioritise the importance of understanding and matching customer needs with a bestfit product, followed by achieving profitability. All strategic initiatives were supported by business intelligence, ongoing analysis and key measurements vital in a dynamic environment.

Growth and Performance

Retail Banking FY2011 profit after tax of RM603.3 million was 14.4% higher against the previous year and remained the top contributor to the Group. Net interest income increased to RM1.7 billion contributed by gross loans growth of 3.0% year-on-year which focused on profitable and viable segments and pricing for risk. Non-interest income improved its contribution to total income to 8.7% attributed to stronger lending performance in viable segments and higher fee from the higher usage of the enlarged ATM network and card merchant business. Expense management initiatives, carefully planned investment projects implementation and process improvements via the Transformation & Quality Unit resulted in an improved cost-to-income ratio of 38% against 39% in the previous year.

Total customer deposits expanded by 13.9% in both CASA deposits and term deposits as a result of, the successful AmBank-Disney partnership, focus on channel expansion and productivity, product bundling, salary credit facility and acquisition of main bank customer relationships. The positive momentum is in line with the division's aspiration to become a deposit led business. From a product portfolio basis, auto finance and mortgages remained the largest portfolios, contributing 85%, totaling RM38.7 billion.

Overall portfolio asset quality remain sound with a gross impaired loans of 3.1% and loan loss coverage of 90.5%.

Highlights and Achievements

Our continuous strive for excellence saw the division being recognised and awarded for numerous achievements. Notable achievements include:

- National MIM Ricoh Management Game: AmBank won and subsequently represented Malaysian in the International event in Hong Kong
- MIM, Manager of the Year: A candidate from AmBank was conferred the title

Technology remains a critical part of Retail Banking as we continued to be the number one provider of ATMs for 7-Eleven stores with 403 ATMs installed. We were also the first bank to employ wireless ATM technology. eChannel's efforts were recognised during FY2011 and it received the following awards:

- GoMobile inOvation Award 2010 for AmGenie Mobile Phone Banking Application and Secured 3G Wireless ATM
- ACI- Highly Commended Excellence Award 2010 using OCM 24 for MEPS AmBank Loan Repayment via ATM
- Share/Guide Association (Malaysia) ICT Awards 2010, Enterprise Security Excellence Category - First Secured 3G Wireless ATM in Malaysia
- Teldat/EK Tech Regional Innovation Award 2010 for First Large Scale 3G Wireless ATM network in Malaysia
- Celcom/AmBank Recognition Award 2010 for Innovative Wireless ATM Implementation

Our contact centre were also recognised and awarded for excellence by Customer Relationship Management and Contact Centre Association of Malaysia ("CCAM") as follows:

- 2010 Gold Award for Mystery Shopper Results for Telemarketing Contact Centre (Open)
- 2010 Silver Award for Best In-house Contact Centre (Below 100 seats)
- 2010 Bronze Award: Best Contact Centre Manager (Below 100 seats)

Key Success Factors

We continuously devote focus to reinforce our accessibility to our customers. At present, we have 190 branches nationwide, most having extended and weekend banking hours. This is complemented with our 145 electronic banking centres, large network of ATMs and award winning contact centre.

The Auto Financing unit continues to be an industry leader by differentiating itself with the successful launch of AmAuto Cruise, a variable rate Auto Finance solution structured to provide customers with a flexible and convenient alternative.

Strengthened existing partnerships with established businesses like 7-Eleven and developing new relationships such as the involvement in the Kuala Lumpur International Motor Show were important milestones that mark AmBank's ongoing engagement with strategic business partners.

Moving Forward

Retail Banking's roadmap for growth is on-track and the division continues to implement initiatives to achieve its aspirations. These include:

- Developing a liability-led business
- Growing assets in targeted segments
- Expanding wealth management
- Leveraging on international Connectivity

These aspirations are a clear guide for Retail Banking in an increasingly competitive environment thus ensuring every business unit is engaged in a common direction. It will be supported by building a robust and scalable end-to-end model that will involve every area such as brand & marketing, human resource, sales & services, operations, technology and compliance. Retail Banking is ever ready to excel.

Deposits and Customer Solutions

Retail Banking Deposits continues to spearhead the bank's aspiration to become a deposit-led business. Despite increased competition for customer

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deposits, we have been successfully growing the deposits portfolio mainly due to the extensive product suite available. These products are designed to enable customers to effectively manage their financial needs and requirements. Our aim is to become the main deposit banking partner for our customers by understanding their needs in accordance to their respective life stages and providing solutions to meet their different needs.

FamilyFirst Solution is a deposit product that provides cash management/ budgeting tools and savings solutions for families by encouraging them to have set savings goals and rewarding consistent savings with high returns. Internet savvy customers who prefer the convenience of online banking may use AmStar Extreme, a high interest bearing current account that not only offers free interbank giro funds transfers over the internet, but also free access to any MEPS ATMs nationwide 5 times a month.

AmBank@Work Solutions is a suite of products and services designed to reward employees of companies for maintaining AmBank as their main bank for salary payments. These customers also enjoy discounts and privileges on other retail bank products.

A few major deposit campaigns were launched in FY2011. For instance, AmBank-Disney Magical Adventure Campaign was launched in conjunction with Walt Disney's animated movie 'Rapunzel', offering magical Disney adventures as well as limited edition premium items as gifts. Other campaigns launched were 'The Biggest Savers' campaign which acquired more than RM1.1 billion in deposits, and the well received 'Top Rate FD' promotion.

Auto Financing

AmBank continues to be the leading brand in auto financing with 19% market share attributed to a robust dealer relationship management program and market leading product innovation.

Reintroduction of the variable rate hire purchase scheme, branded as AmAuto Cruise, saw a great success in both disbursements and market reception.

Today more than half of new loans approved opt for this scheme. Primarily aimed at providing customers with flexible offerings/benefits like lower monthly installments and more competitive rates, this scheme has outperformed earlier projected disbursements.

Business partners in the form of car principals, manufacturers and dealers were also given a serious emphasis in sustaining mutually profitable business relationships. The focus was more on ensuring business growth for the dealers, where the strategic emphasis was on providing innovative capital financing solutions to them. This move is critical to ensure minimal disruption in the supply value chain, ensuring stronger business viability between AmBank and the car manufacturers.

Moving forward, the auto finance division will continue to achieve sustainable profit by continually improving the scoring engine and risk-based pricing, strengthening relationships and focusing on strategic segmentation.

Mortgage

Mortgage Division continues to focus on quality segments in growth areas and to be a major player in the mortgage industry. The focus remains in financing of residential properties and selected non-residential segments. In order to provide prompt and extensive coverage to the said targeted segments, distribution channels have expanded to include referral agents and Professional Mortgage Advisors nationwide. This is further supported by consumer lending specialists and personal bankers servicing from our 190 branches nationwide. These distribution channels serve to provide effective connectivity for strategic alliances with major developers and business partners.

In terms of products offerings, AmHome Solutions provide financing plans tailored to suit individual needs. Our popular products include the following:

- AmBank HomeLoan – no frills financing with easy and manageable repayment terms

- AmBank HomeLink – linked to current account for greater interest savings
- Family First HomePlan – a 5-year fixed rate financing for peace of mind
- AmIslamic Bank Home Financing-I – a Shariah-compliant product with the option of fixed or variable rates for added flexibility.

Credit Cards & Line Of Credit

AmBank credit cards has grown to about half a million accounts with total credit cards receivables of RM1.8 billion. In an increasingly competitive cards landscape, greater emphasis is placed on the affluent segment by building key product propositions to complement their lifestyle. Our portfolio management activities were crucial in encouraging cards usage to shore up core balances. A string of value-added campaigns like the popular "20% Cash Back Campaign", "Great Dining Experience" and on-the-spot points redemption for cardholders were well received. AmBank is the only issuer in the market to reward cardholders with gifts when they participate in Balance Transfer/QuickCash campaign. This campaign is supported by strategic alliances with global players like Canon, HTC, Sharp and Samsung. In our pursuit for a greener environment, we also rolled out e-Statements to our cardholders and merchant base.

Moving forward, AmBank aims to be a major player in the issuance of Islamic cards and will also continue to grow the female segment by strengthening value propositions around these two segments. Recognising a growing need within the retail base, AmMoney Line personal loan which offers flexible financing amount from RM5,000 – RM100,000 will also be a core business focus.

The merchant acquiring business footprint has also expanded with the aggressive on boarding of Easy Payment Plan ("EPP") merchants, key accounts, eCommerce and eDebit merchants. Sales channel have expanded the business footprint to include tie-ups with Master Merchants to accelerate growth and to leverage on the capabilities in eCommerce and

Islamic acquiring merchants. As at 31 March 2011, AmBank has over 10,000 merchants tie-ups. The key merchants include Samsung Digital Centres, Courts Mammoth, Starbucks, Acer, Woo Hing, Ed Hardy and The Hour Glass.

Asset Financing & Small Business

Asset Financing and Small Business ("AFSB"), a division under Retail Banking emphasises on meeting the financial needs of small and medium enterprises ("SME") by providing an extensive range of financial package concentrating on equipment, working capital financing and multi-trade facilities.

AFSB also ventures into strategic tie-ups with business partners, established corporations and GLCs by offering value added proposition through product bundling and repackaging. AFSB aspires to be the lead financier of industrial hire purchase whilst growing other business segments particularly on SME working capital financing.

As part of AFSB's aspirations towards fostering a strong relationship with SMEs, we provide a comprehensive range of financial solutions which include Industrial Hire Purchase, commercial property loan, term loan, overdraft, multi-trade facilities, government funded/aided schemes and micro financing. AFSB has business centres and marketing desks based in 8 regions nationwide and leverages on the branch network as the main customer touch point and sales channel.

Personal Finance

Personal Finance-Cooperatives business provides personal lending to government and GLC employees based on the Shahriah concept of Bai-Al-Inah through AmBank and AmIslamic branches nationwide. During the year, the business recorded a healthy growth of 12.3% in loan balances despite a year capped with constant regulatory developments in the industry.

Cooperative loans continue to support the overall Retail Bank's agenda of growing assets in targeted segments, with ongoing review of our operational effectiveness and adopting best-in-class

risk portfolio management activities to ensure the business maintains healthy profit levels and asset quality. Our improved strategic alliances with key industry members, Cooperatives and government bodies will also ensure we remain dynamic in our business.

Branch Banking

AmBank continues to expand the distribution reach to win market share with the inclusion of two newly opened on-campus branches in UIA-Gombak and Taylor's University-Subang Jaya. With the addition of these new branches, AmBank has a total distribution network of 190 branches, 823 ATMs, 145 Electronic Banking Centres ("EBCs"), internet and mobile banking channels, and a 24-hour contact centre. With this distribution network, AmBank is well-poised to deliver a higher level of customer service. Acknowledging the importance of a convenient banking experience, we now have 42 branches open on Saturdays and 59 branches operating on Sundays. In addition to that, 21 branches operate on extended banking hours during weekdays.

In line with our philosophy of providing simple, convenient and value-added banking experience to our customers, thermal printers were introduced at branches to generate simplified transaction receipts replacing the traditional multi-PLY transaction vouchers. This complements the 'Form-Free Zone' that we have established in previous year to support our 'Go-Green' initiatives.

eChannels & Contact Centre

FY2010/2011 saw increased utilisation rates for internet banking and mobile phone banking with a total of 250,000 and 30,000 number of transactions respectively. The increased migration rate of 82% is a further testimony of customers' confidence in performing their banking transactions via electronic channels.

eChannels will continue to sustain and improve on this positive trend into FY2011/12 as we spearhead our mission to be the No.1 Mobile Phone Banking Provider in Malaysia. We will

also be incorporating further innovative solutions to our internet banking framework as we aim to be amongst the top 3 Internet Banking Provider for the mass affluent market.

BUSINESS BANKING

Amidst the economic volatility and stiff competition amongst Malaysian banks in FY2011, Business Banking achieved commendable results. Gross loans and advances grew by 22.3% year-on-year with Islamic banking financing contributing 41.6% of the growth. The trade finance portfolio registered a growth of 18.6% for FY2011 and contributed 29.4% of total Business Banking's assets.

As a result of a higher interest rate environment coupled with aggressive growth in the asset base, income grew by 33.2%. Despite the demanding price competition, interest income grew by 31.3% whilst fee income registered a growth of 22.5%.

We remain supportive and focused on lending to the SME segment, thus increasing our exposure with a growth of 29% in this segment which now contributes more than 43% of the Business Banking portfolio.

Three years ago, we embarked on a strategy to expand geographical reach and our efforts have yielded positive results. The Southern Region doubled its asset size as at March 2011 and overall Regional Business Centres (including Commercial Business Centres) now contribute 23% of the total Business Banking portfolio compared to 18% in FY2009.

Business Banking constantly strives to improve processes and efficiency to better serve our customers. We have successfully rolled out the online gross payroll and e-dividend system to give our customers greater control of their finances. Furthermore, foreign currency and trade transactions are executable via the internet in a fast, secure and accurate environment.

Our continuous investment in our human capital has been the driver of commendable growth in FY2011. We

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emphasize service delivery excellence, enhancement of our share of customers' business through our highly experienced Relationship Managers and expansion of our existing product and advisory capabilities.

For FY2012, Business Banking's aspiration is to develop a well diversified, profitable and sustainable client base. We will continue to embark on our winning strategy while exercising prudence in risk management. We envisage greater collaboration to leverage on ANZ's international connectivity to achieve greater growth in fee income, international trade finance and brand recognition.

INVESTMENT BANKING

The local economy continued to find a stronger footing in 2010, notwithstanding stiff headwinds on the external front because of its strong export orientation. The first quarter of 2010 saw the surfacing of the Euro sovereign debt crisis beginning with Greece and later spreading on to Ireland, Italy, Portugal and Spain. By the end of 2010, all except Italy had their credit rating downgraded. This had the effect of dampening investor confidence and the equity markets the world over. Nevertheless, the recovering economy and higher interest rates attracted foreign investments to the region, following the second round of quantitative easing ("QE2") from the U.S. (after the expiry of the first QE in March 2010) as investors looked for better yield. By the end of 2010, Bursa's market value had gained RM257 billion or more than 25% in value to RM1.257 trillion making 2010 a year of strong returns.

In December 2010, conflicts in the Middle East and North Africa ("MENA") region started that quickly escalated into civil unrest and eventually outright war in Libya, sending oil prices to their highest levels since 2008. The rising prices of essential commodities created inflationary pressure on the economy, particularly in the more vibrant emerging markets, triggering sovereign interest rate hikes that strengthened the host currencies but had a dampening effect on the local economy. Then, events following the earthquake and tsunami in Japan brought even more volatility

to equity markets the world over and Malaysia was not spared.

In spite of the challenging market conditions, the Investment Banking Division performed well, topping our previous financial year's profit before tax by almost 16% to RM168 million. On the equity side, our **Corporate Finance** division clocked one of its best years by more than doubling its profit before taxation over the previous year to RM24.9 million, as the recovering local economy generated a host of merger and acquisition ("M&A") activities. Similarly, our **Equity Derivatives** desk seized arbitrage opportunities in the higher volatility markets to deliver products in line with prevailing market appetite to almost quadruple their previous year's profit before tax at RM33.9 million. Our **Funds Management** and **Stock Broking** divisions have also improved their bottom lines by 18.4% and 25.7% respectively. However, the overall value of debt issues dropped sharply in comparison with the previous year due to a more subdued debt capital market. The revenue of our Debt Capital Markets and Islamic Markets divisions has dropped in tandem although we have largely maintained our market ranking in the league tables as well as our market share.

The industry continues to enjoy positive developments in the form of government initiatives such as the Economic Transformation Programme and the Public-Private Partnerships programme. These initiatives will not only sustain economic growth but also generate capital market activities.

Stock Broking

In spite of the greater market volatility arising from the tumultuous events in 2010, the Malaysian equity market was rather resilient and Bursa Malaysia's FBMKLCI advanced 216 points or 16% in the 12 months to 31 March 2011. Total turnover in Bursa Malaysia for the 12 months ending 31 March 2011 was RM864 billion, an increase of RM158 billion or 22.4% over the RM706 billion recorded in the corresponding period last year.

Reflecting this, the Stock Broking division made a 25.7% jump in their profit before tax to RM44.5 million. We have retained our market ranking in 2010 as the third largest local stock broking house in terms of volume of trade although our market share has dipped to 7.4% from 8.2% previously. This is mainly because of increased competition from foreign brokers arising from new licences issued during the year.

Futures Broking

AmFutures continues to maintain its position as a top tier broker in the Malaysian futures market with a market share of 22% (FY2010 - 21%) for the Bursa FTSE 30 Futures Contract ("FKLI") and 5% (FY2010 - 4%) for Crude Palm Oil Futures Contract ("FCPO") trading volumes respectively. From September 2010, arising from the joint venture between Bursa Malaysia and the Chicago Mercantile Exchange ("CME"), products previously traded in the Bursa Malaysia Derivatives ("BMD") exchange have been migrated to the CME Group Globex trading platform. With this increased visibility and depth, BMD has achieved new market records in its average daily volume ("ADV") and open interest. Reflecting this enlarged business volume, the pre-tax profit for the Futures division in FY2011 has jumped 50% over the previous financial year. However, year-on-year, derivatives contracts traded in the overall market in 2010 had held steady at 6.15 million contracts versus the 6.14 million contracts in 2009, with crude palm oil ("CPO") futures contracts showing a slight improvement from 4.01 million to 4.06 million contracts over the same period.

AmFutures is also one of only a few bank-backed brokers granted the relief under U.S. regulation CFTC Part 30.10. This relief permits AmFutures to solicit business directly from clients in the United States without the requirement to be licenced as a Futures Commission Merchant ("FCM")s in that country. We have accordingly signed on a major player from the United States that will increase our market share and widen our distribution channel.

We remain focused on improving and widening our distribution channels and increase our sales force to capture more clients and provide better service to existing ones. The division also plans to increase and diversify its revenue streams in the near future by introducing new products for clients to trade.

Equity Capital Markets

The Equity Capital Markets (“ECM”) team is mainly involved in the marketing, sales and distribution of equities in the primary and secondary equity and equity-linked markets. It collaborates closely with the Corporate Finance division by playing a critical supplementary and complementary role in providing market intelligence support in the origination, structuring, pricing, syndication, execution and underwriting of equity-related issues that includes initial public offerings, rights issues and private placements. This role extends to joint appearances in pitching, provision of timely detailed analysis of equity products and relevant information for pre-IPO investment decisions, as well as providing after market services for various products within the equity and equity-linked markets.

Our ECM team places high priority on keeping a daily pulse on the market and market developments, and understanding investors’ appetite through cultivating close relationship with fund managers (both local and foreign), research analysts and high net worth equity investors. By leveraging on these relationships, the ECM team is well placed to capitalise on placement opportunities in the secondary market. The team was the placement agent for numerous IPO and placement deals in 2010.

For our new financial year, we see a positive outlook. There will be more fund raising exercises in the equity market arising from projects under the Economic Transformation Program, as it progresses into the implementation stage when funding would be required.

Equity Derivatives

The Equity Derivatives (“ED”) division is at the forefront of the equity derivatives market in Malaysia, ED develops and issues listed warrants, listed equity-linked bull structures, equity-linked structured products, exchange-traded funds (“ETFs”) and over-the-counter (“OTC”) solutions to provide investors with a broader range of investment and hedging instruments to suit their risk profile. These instruments are linked to both local and globally traded equities to provide greater access and diversification. We customise equity linked products that enable our sophisticated investors to capitalise on both global and local rallies or alternatively, hedge against market downturns.

Our clients and investors range from corporations to financial institutions, pension funds, and asset management firms. We are fully committed to safeguard the interests of our investors and provide liquidity for both our OTC and warrant programmes via our active market and trading desk in the cash equities, listed and OTC derivatives space.

For the more complex financing and capital management needs of corporates and institutional clients, the division also provides equity-linked solutions through its equity structured solutions desk. In the capital markets space, ED is also responsible for the origination of hybrid capital market securities such as convertible/exchangeable bonds which is supported by the division’s market making and proprietary trading desk.

We continue to strive for excellence with innovative breakthrough solutions to cater to the needs of our clients in rapidly evolving markets.

Corporate Finance

The division is one of Malaysia’s top corporate finance houses, providing a full spectrum of corporate advisory and fund raising services including M&A, divestitures, initial public offerings (“IPO”), equity and equity-linked issues, corporate restructurings, strategic business reviews and valuations. Our clientele are the institutional and large corporate clients, government-linked corporations and financial intermediaries.

M&A transactions and IPO listings featured predominantly in 2010 as it was a year of recovery from the economic slowdown in 2009. According to Bloomberg published data, the value of M&A transactions announced in 2010 at USD48.5 million was approximately nine (9) times that of 2009, which represented the highest value of M&As announced per annum over the past three (3) years. Of this, we were adviser for transactions valued at USD16.3 billion, representing a 33.6% market share.

Similarly, the twenty-nine (29) new IPO listings in 2010 were more than double the 14 listings recorded in 2009. In the IPO sector again we were the market leader in terms of number of IPOs advised, securing a market share of 27.6% that comprised eight (8) of the total twenty-nine (29) new IPO listings. The division’s stellar performance in these two sectors helped underpin its strong profits for the current financial year.

AmInvestment Bank is also the name of choice as Independent Adviser for most of the prominent M&A transactions during the year. We were the Independent Adviser for the largest privatisation deal in Asia Pacific (ex-Japan) for 2010 which was the privatisation of PLUS Expressways Berhad.

The division continues to maintain its reputation as a leading provider of corporate finance and advisory services in the local capital markets through the winning of many industry awards and accolades, including the following:

- Best Equity House in Malaysia in the Alpha Southeast Asia’s Best Financial Institution Awards 2010
- Best Equity House in Malaysia in the Finance Asia Country Awards for Achievement 2010
- M&A Adviser of the Year 2010 by the Malaysian Mergers & Acquisitions Association

Moving forward, we will continue to maintain our leadership position in the local capital markets by striving for greater improvement in our processes through innovation and an empathetic understanding of our clients’ interests to maximize their growth potential through building an optimal financial structure.

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Some of Our Prominent M&A Deals

Starhill Real Estate Investment Trust

RM1,054 million

Proposed Acquisitions

Pending completion

Adviser to Starhill Real Estate Investment Trust (“**Starhill REIT**”) for the proposed acquisitions of nine hospitality properties pursuant to a proposed rationalisation exercise to reposition Starhill REIT as a full-fledged global hospitality REIT. Upon completion of the acquisitions, Starhill REIT will be positioned as the first hospitality real estate investment trust in Malaysia.

Starhill Real Estate Investment Trust

RM1,030 million

Proposed disposal of Starhill Gallery and Lot 10 Property

June 2010

Adviser to Starhill Real Estate Investment Trust (“**Starhill REIT**”) for the disposal of the Starhill Gallery and Lot 10 Property (“**Properties**”) to Starhill Global REIT (“**SG REIT**”) pursuant to a proposed rationalisation exercise to reposition Starhill REIT as a full-fledged global hospitality REIT. It was one of the largest cross-border deals of the year with a total disposal consideration of RM1.03 billion. We were also the Lead Arranger and Facility Agent for the securitisation exercise.

Sinotop Holdings Berhad
(formerly known as Jitra Master Industries Berhad)

RM755.0 million
(or approximately RM393.2 million, based on exchange rate of RM1.00 : RM0.52)

Injection of Be Top Group Limited and its subsidiary Top Textile (Suzhou) Co., Ltd., into Sinotop Holdings Berhad (Reverse Take-over)

August 2010

Joint adviser to Sinotop Holdings Berhad (“**Sinotop**”) for the injection of Be Top Group Limited and its subsidiary, Top Textile (Suzhou) Co., Ltd., (“**Be Top Group**”) for a total purchase consideration of RMB755 million or RM393.2 million (“**Reverse Take-Over**”). The Reverse Take-Over was the first in 2009 of a foreign company based on the new guidelines of Bursa Malaysia Securities Berhad. The Reverse Take-Over involved a comprehensive two (2) stage asset re-engineering exercise.

UBG Berhad (“**UBG**”), Putrajaya Perdana Berhad (“**PPB**”) and Loh & Loh Corporation Berhad (“**LLCB**”)

RM288 million

Unconditional Take-over Offer of UBG, PPB and LLCB

November 2010

Principal adviser to Javace Sdn Bhd (“**Offeror**”) for the unconditional take-over offer of UBG Berhad (“**UBG**”), Perdana Berhad (“**PPB**”) and Loh & Loh Corporation Berhad (“**LLCB**”) to acquire all the remaining ordinary shares of UBG, PPB and LLCB not already owned by the Offeror and persons acting in concert with it for a cash consideration of RM2.50 per UBG share, RM4.85 per PPB share and RM4.85 per LLCB share respectively.

Our Notable Independent Adviser Roles in Financial Year 2011

<p>Plus Expressways Berhad</p> <p>RM23 billion</p> <p>Disposal of PEB</p> <p>November 2010</p>	<p>MTD Capital Berhad</p> <p>RM1.3 billion</p> <p>Unconditional Take-over Offer</p> <p>February 2011</p>	<p>Sunway City Berhad</p> <p>RM3.46 billion</p> <p>Disposal of Properties to Sunway REIT</p> <p>July 2010</p>	<p>Sunrise Berhad</p> <p>RM1.39 billion</p> <p>Conditional Take-over Offer</p> <p>January 2011</p>
<p>MEASAT Global Berhad</p> <p>RM662 million</p> <p>Conditional Take-over Offer</p> <p>September 2010</p>	<p>Titan Chemicals Corp. Bhd.</p> <p>RM1.12 billion</p> <p>Unconditional Take-over Offer</p> <p>December 2010</p>	<p>Malaysian Resources Corporation Berhad</p> <p>RM1.36 billion</p> <p>Conditional Take-over Offer</p> <p>April 2010</p>	

Our Notable IPO Success Stories for Financial Year 2011

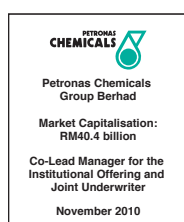


Principal adviser, sole underwriter and sole placement agent to Benalec Holdings Berhad ("**Benalec**") for its IPO exercise on the Main Market of Bursa Malaysia Securities Berhad with a market capitalisation of RM730 million. Benalec provides integrated one-stop marine construction solutions as well as vessel chartering services.



Principal Adviser, Managing Underwriter, Joint Underwriter, Joint Global Co-ordinator, Joint Bookrunner, and Joint Lead Manager to Shin Yang Shipping Corporation Berhad ("**SYSCORP**") for its IPO exercise on the Main Market of Bursa Malaysia Securities Berhad with a market capitalisation of RM1,320 million.

SYSCORP is one of Malaysia's top integrated shipping operator and shipbuilder and the proceeds from the IPO has enabled the Company to expedite its fleet expansion, expansion of shipbuilding and repair capacity both in Malaysia and United Arab-Emirates.



Co-Lead Manager and joint underwriter to Petronas Chemicals Group Berhad ("**PCGB**") for its IPO exercise on the Main Market of Bursa Malaysia Securities Berhad. The IPO exercise of PCGB had garnered a strong subscription rate of 21 times of the institutional offering portion and is the largest IPO and equity issue in Malaysia in 2010 in terms of market capitalisation and funds raised.

Islamic Markets

The Malaysian sukuk market continues to maintain its pole position in the global sukuk market, securing a 65% of the global market share in 2010. This is in spite of a slowdown in sukuk issuance on the external front because many players, particularly in the Middle East, have suffered major losses during the recent financial crisis. As a result, there have been fewer Sukuk issuances from the Gulf Cooperation Council ("GCC") countries and investors are also showing more caution when investing in Sukuk. This shows that the sukuk market is just as vulnerable to the global financial crisis as conventional debt instruments.

On the global front, investors appetite and issuance volume have improved in tandem with the global economy but issuance growth rate has been much slower than the previous year. The situation is similar for the local sukuk market, with only a 5.6% growth in issuance value with issuances largely dominated by re-financing and debt restructuring activities.

AmInvestment Bank remains a leading Islamic investment banking solutions provider in the local Islamic capital markets, offering a broad array of Islamic products including Sukuk, Islamic syndication, Islamic equity capital markets, Islamic private equity and trust funds. The Islamic Markets team provide internal Shariah advice and support to the Bank's strategic business units on a consultative basis on all Islamic finance initiatives, maintaining its market edge by the constant development of new and innovative Islamic products.

In line with our objective to achieve financial solutions that are end-to-end Shariah compliant, we offer our existing and prospective clients an increasingly wide spectrum of innovative Shariah-compliant products that meets their specific requirements and which offer the return, transparency and ethical structure demanded. These offerings are further supported by sound governance and prudent risk management within the Bank that is in compliance with the central bank's new Shariah Governance Framework, that has already come into effect from 1 January 2011.

Achievements – Awards and Accolades

	Alpha Southeast Asia Best Financial Institution Awards 2010	Best Equity House
	Finance Asia Country Awards for Achievement 2010	Best Equity House
	Malaysian Mergers & Acquisitions Association Awards 2010	M&A Adviser of the Year

Business Operations Review

In FY2011, the Islamic Markets team completed a total of 8 Islamic transactions totalling about RM8.4 billion comprising sukuk and syndicated financing deals. In tandem with market sentiments, sukuk is still the main flavour of the Islamic finance activities of the Bank, dominating more than 75% of total transactions. Some of the notable sukuk transactions during the year include the RM3.0 billion Senior Sukuk Musyarakah Programme issued by AmlIslamic Bank Berhad and the joint-led RM2.0 billion Sukuk Commodity Murabahah Programme issued by Bank Pembangunan Malaysia Berhad.

AmlInvestment Bank has again affirmed its position as a leader in the local primary Islamic capital markets when we topped the RAM's Sukuk League Table in 2010 with a market share of 19.2% in terms of issue value and No.2 in the number of issues. The Bank had led-managed sukuk issues of RM3.0 billion in 2010. AmlInvestment Bank also ranked No.3 in Bloomberg's 2010 Sukuk Underwriter League Table, underwriting a total of RM3.6 billion or 12.5% of market share.

In the current financial year, the Bank has won a total of five (5) Islamic banking awards from the local as well as international fraternities including "Most Innovative Islamic Finance Deal of the Year" and "Best Islamic Deal of the Year" from The Asset Triple A and "Musharakah Deal of the Year" from Islamic Finance News.

Outlook for the Islamic Capital Market

The sukuk market globally is expected to remain buoyant for 2011 especially in the Asian markets in anticipation that the Gulf Cooperation Council ("GCC") countries will close the disparity gap in Islamic markets development between the GCC countries and this region to play a larger and more sustained role in the market. This is based on the expectation of a gradual recovery in GCC economic activities and the region's need to fund the huge pipeline of government projects and long-term events such as the 2022 World Cup in Qatar. Whilst globally it reflects a steady growth, we anticipate that Malaysia shall nevertheless continue to be the leader in the sukuk market, being well supported by the strong liquidity in the local

Achievements – League Tables



- No.1 on RAM Lead Managers' League Table 2010 (Islamic)- Issue Value
- No.2 on RAM Lead Managers' League Table 2010 (Islamic)- Number of Issues



- No.3 on Bloomberg's Sukuk Underwriter League Table 2010 (Value of Malaysian Ringgit Islamic Bonds)

Achievements – Other Islamic Awards and Accolades



The Asset Triple A Islamic Finance Awards 2010

- Most Innovative Islamic Finance Deal (1Malaysia Development Berhad RM5.0b Islamic Medium Term Notes Programme)



The Asset Triple A Islamic Finance Awards 2010

- Best Islamic Deal- Malaysia (1Malaysia Development Berhad RM5.0b Islamic Medium Term Notes Programme)



Alpha SEA Deal & Solution Awards 2010

- Best Vanilla Loan Deal of the Year in SEA (Weststar Aviation Services RM730m Syndicated Islamic Facilities)



Islamic Finance News Deal Awards 2010

- Musyarakah Deal of the Year (AmlIslamic Bank Berhad RM3.0b Sukuk Musyarakah Programme)

financial system and the well-developed regulatory framework that is spurred by the government's strategic vision for the Islamic capital market sector. An increase in global connectivity will also enable Islamic financial institutions to better manage their liquidity. To this effect, the International Islamic Liquidity Management Corp ("IILM") based in Kuala Lumpur was set-up in October 2010 to facilitate cross-border liquidity management. The IILM is a collaborative effort by 11 central banks or monetary authorities and another two multilateral organisations.

In the short-term, we anticipate a spike in the volume of new sukuk issuances in the market given the fast-closing window to raise funds at current low rates. Corporate issues are also expected to increase on the back of sustainable economic growth momentum through 2011. This is augmented by the government's Economic Transformation Projects, which will likely tap funds from the sukuk market, and the on-going Public-Private Partnerships (PPP) programme involving RM14.5 billion worth of projects targeted for implementation in 2011.

Debt Capital Markets

The Debt Capital Markets division collaborates closely with the Islamic Markets division to provide a wide range of innovative financing solutions ranging from the provision of structured debt and mezzanine capital solutions to financial advisory services in the capital markets. The division's strategic focus is to build a sustainable high-growth business model with a diversified product base. Together with the Islamic Capital Markets division, they have built a strong and long-standing market reputation for innovation and creativity that is underpinned by many award-winning transactions and numerous accolades over the past years.

The division's leadership in the Malaysian debt capital markets is evidenced by its dominant market share and consistent top 3 league table position for the last eight years. The division has consistently placed the Bank as a front-runner in the Bloomberg and local rating agencies' league tables. In 2010, the division was accredited numerous accolades and awards, including the 'Best Domestic Bond House (Malaysia)' from The Asset Asian Country Awards 2010 for the second consecutive year - the division's third nomination in the last five years for the same award. In addition, the Bank has also received recognition from KLIFF 2010 Islamic Finance Awards for our leadership in the Malaysian Islamic capital markets as the 'Most Outstanding Islamic Investment Banking' for the second time in the last three years.

Despite a strong GDP expansion of 7.2%, the local debt capital markets were subdued in 2010. Total amount of Private Debt Securities ("PDS") issued in 2010 at RM49.8 billion showed a 5% drop from the year before. In 2010, PDS issuances in the local bond market were largely dominated by government guaranteed /AAA rated bonds and issuances by financial institutions; collectively, these comprised 66% of the total PDS issued for the year. Nevertheless, we continue to demonstrate our leadership in the Malaysian debt capital markets by our dominant market share and consistent top 3 league table position in the past 8 years.

AmlInvestment Bank's Awards and Accolades 2010



The Asset Asian Country Awards 2010

Best Domestic Bond House
AmlInvestment Bank Berhad

- Consecutive Winner – 2009 & 2010
- 3rd Time Winner – 2006, 2009 & 2010



The Asset Triple A Islamic Finance Awards 2010

Most Innovative Islamic Finance Deal
1Malaysia Development Berhad
Best Islamic Deal (Malaysia)



Alpha SEA Deal & Solution Awards 2010

Best Vanilla Loan Deal of the Year in SEA
Weststar Aviation Services Sdn Bhd



Alpha SEA Deal & Solution Awards 2010

Best Asset / Liability Management Solution of the Year in SEA
Ara Bintang Berhad / Disposal of Starhill Gallery and the Lot 10 Property by Starhill REIT



KLIFF 2010 Islamic Finance Awards

Most Outstanding Islamic Investment Banking
AmlInvestment Bank Berhad
• 2nd Time Winner – 2007 & 2010



Islamic Finance News Awards 2010

Musharakah Deal of the Year 2010
AmlIslamic Bank Berhad



Bloomberg League Tables

PDS – No. 3 with 18.9% market share
Sukuk – No. 3 with 12.5% market share
Loan Syndication – Collectively 9.1% market share



RAM Lead Manager's League Table

PDS – No. 1 by Programme Value
PDS – No. 2 by Number of Issues
Sukuk – No. 1 by Programme Value
Sukuk – No. 2 by Number of Issues

In FY2011, the Debt Capital Markets division completed a total of 39 transactions that raised over RM9.38 billion across a diversified portfolio of debt instruments, catering to issuers over a wide spectrum of industry sectors including financial services, infrastructure and utilities, as well as transportation. Additionally, the division has successfully arranged and syndicated over RM3.5 billion in conventional and Islamic loans.

In line with the expected global economic recovery and a projected GDP growth of 6% for 2011, the outlook of the Debt Capital Markets business in 2011 remains stable, underpinned by the strong liquidity in the Malaysian financial system of over RM300 billion and our high national savings. Total Ringgit debt issuance for 2011 is expected to be in excess of RM140.0 billion, consisting of RM85.5 billion Malaysian Government Securities/Government Investment Issues and between RM55.0 billion and RM60.0 billion in PDS issues.

Business Operations Review

FY2010 Transaction Highlights

Private Debt Securities / Sukuk

Ara Bintang Berhad

Ara Bintang Berhad

RM1.25 Billion Medium Term Note Programme

- Largest AAA rated Commercial Real Estate Backed securities issuance of RM1,035 million out of a RM1.25 billion MTN Programme
- Cross-border funding structure pursuant to the strategy of YTL Corporation Berhad to realign its portfolio of assets in its two REIT vehicles



AmBank

AmBank (M) Berhad

RM7.0 Billion Senior Notes Issuance Programme

- The first issuance of RM1.42 billion Senior Notes in March 2010 represents the first issuance of Senior Notes by a Malaysian financial institution
- The programme sets the platform for alternative funding measures by AmBank as part of its efforts to enhance its liquidity risk management structure



AmIslamic

AmIslamic Bank Berhad

RM3.0 Billion Senior Sukuk Issuance Programme

- The first issuance of RM550.0 million Senior Sukuk in September 2010 represents the first issuance of Senior Sukuk by a Malaysian Islamic financial institution
- 30-year programme offers AmIslamic an additional avenue to diversify its sources of funding
- The programme sets the platform for alternative funding measures by AmIslamic as part of its efforts to enhance its liquidity risk management structure

Loan Syndication



Perbadanan Tabung Pendidikan Tinggi Nasional

Syndicated Bai' Inah Term Facility

- Sole mandated lead arranger for the 10-year RM1.5 billion Islamic term facility
- Facility is fully underwritten by AmIslamic Bank Berhad
- Supports the national agenda of promoting higher education scholarship via Islamic financing



Weststar Aviation Services Sdn Bhd

Syndicated Islamic Facilities and Foreign Exchange Contract

- The Syndicated Facilities is to meet Weststar's funding needs under the long term RM3.4 billion contract by a consortium of international production sharing contractors
- The Syndicated Islamic Term Financing is based on cashflow/project financing which premise on the legal framework and the strength of the contractual arrangement among various parties

Debt Capital Markets and Islamic Markets Transactions Completed in FY2011

Financial Institutions

 Sabah Development Bank Berhad RM340 million Medium Term Notes Issuance under the RM1.5 billion Programme Lead Manager February 2011	 Cagamas Berhad RM400 million Islamic Medium Term Note Issuance under the RM60.0 billion Programmes Joint Lead Manager February 2011	 Cagamas Berhad RM1,500 million Islamic / Conventional Medium Term Note Issuance under the RM60.0 billion Programme Lead Manager October 2010	 AmIslamic Bank Berhad 1st Issuance: RM550 million RM3.0 billion Senior Sukuk Issuance Programme Principal Adviser, Lead Arranger and Lead Manager September 2010	 Sabah Development Bank Berhad RM290 million Medium Term Notes Issuance under the RM1.5 billion Programme Joint Lead Manager August 2010
 Cagamas Berhad RM100 million Conventional Commercial Papers Issuance under the RM60.0 billion Programme Lead Manager August 2010	 AmBank (M) Berhad 3rd Issuance: RM100 million RM7.0 billion Senior Notes Issuance Programme Lead Manager July 2010	 Cagamas Berhad RM500 million Islamic Commercial Papers Issuance under the RM60.0 billion Programme Lead Manager June 2010	 Asian Development Bank Listing of RM3,800 million Medium Term Notes Programme on Bursa Malaysia under the Exempt Regime Principal Adviser May 2010	 Cagamas Berhad RM300 million Conventional Commercial Papers Issuance under the RM60.0 billion Programme Lead Manager May 2010
 Cagamas Berhad RM300 million Islamic Medium Term Notes Issuance under the RM60.0 billion Programme Lead Manager May 2010	 Cagamas Berhad RM60 million Conventional Commercial Papers Issuance under the RM60.0 billion Programme Lead Manager May 2010	 Cagamas Berhad RM1,000 million Islamic Medium Term Notes Issuance under the RM60.0 billion Programme Lead Manager May 2010	 Cagamas Berhad RM500 million Islamic Medium Term Notes Issuance under the RM60.0 billion Programme Lead Manager April 2010	 AmBank (M) Berhad 2nd Issuance: RM1,325 million RM7.0 billion Senior Notes Issuance Programme Lead Manager April 2010

High Grade Sukuk and Conventional PDS

 Aman Sukuk Berhad <small>(Wholly-owned subsidiary of Pembiayaan BLT Sdn Bhd)</small> RM1,100 million RM10.0 billion Islamic Medium Term Notes Programme Joint Lead Manager and Joint Bookrunner February 2011	 WCT Berhad RM600 million Serial Fixed Rate Bonds with Detachable Warrants Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager December 2010	Al-'Aqar Capital Sdn Bhd RM33.5 million Up to RM300.0 Million Nominal Value Islamic Commercial Papers / Islamic Medium Term Notes Programme Under the Syariah Contract of Ijarah Lead Manager December 2010	 MISC Berhad RM500 million RM2.5 billion Islamic Medium Term Notes Programme Joint Lead Manager September 2010	ADC Finance (Cayman) Limited RM400 million Medium Term Notes Issuance under the RM3.5 billion Medium Term Notes Programme Joint Lead Manager November 2010	 Hyundai Capital Services, Inc. RM660 million RM2.0 billion Medium Term Notes Programme Lead Manager September 2010
 BerjayaCity Sdn Bhd RM105 million Up to RM150 million Medium Term Notes Programme Guaranteed by Danajamin Nasional Berhad Principal Adviser and Lead Arranger August 2010	 Sports Toto Malaysia Sdn Bhd 1st Issuance: RM500 million Medium Term Notes Programme of up to RM800.0 million in Nominal Value Joint Lead Manager June 2010	 Gamuda Berhad RM320 million Islamic Medium Term Notes Issuance Joint Lead Manager April 2010	 Woori Bank RM320 million Up to RM1.0 billion Medium Term Notes Programme Joint Lead Manager July 2010	 Hyundai Capital Services, Inc. RM336 million RM2.0 billion Medium Term Notes Programme Lead Manager June 2010	

Foreign Issuers

Business Operations Review

Debt Capital Markets and Islamic Markets Transactions Completed in FY2011

Asset-Backed Securities

<p>Tresor Assets Berhad</p> <p>RM83.8 million</p> <p>Tranche I Issuance of Asset-Backed Securities under the RM1.5 billion ABS Programme</p> <p>Joint Principal Adviser, Joint Lead Arranger and Lead Manager</p> <p>September 2010</p>	<p>Tresor Assets Berhad</p> <p>RM100 million</p> <p>Tranche H Issuance of Asset-Backed Securities under the RM1.5 billion ABS Programme</p> <p>Joint Principal Adviser, Joint Lead Arranger and Lead Manager</p> <p>July 2010</p>	<p>Ara Bintang Berhad</p> <p>1st Issue: RM1,035 million</p> <p>RM1.25 billion MTN Programme arising from the Securitisation of Starhill Gallery and the Lot 10 Property</p> <p>Principal Adviser, Lead Arranger and Lead Manager</p> <p>June 2010</p>	<p>Tresor Assets Berhad</p> <p>RM100 million</p> <p>Tranche G Issuance of Asset-Backed Securities under the RM1.5 billion ABS Programme</p> <p>Joint Principal Adviser, Joint Lead Arranger and Lead Manager</p> <p>April 2010</p>
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Loan Syndication and Syndicated Islamic Facilities

<p>Weststar Aviation Services Sdn Bhd</p> <p>RM730 million</p> <p>Syndicated Islamic Facilities</p> <p>Mandated Lead Arranger</p> <p>December 2010</p>	<p>1Malaysia Development Berhad</p> <p>RM2,500 million USD300 million</p> <p>Syndicated Term Loan Facility</p> <p>Mandated Lead Arranger / Bookrunner (MYR)</p> <p>September 2010</p>	<p>Perbadanan Tabung Pendidikan Tinggi Nasional</p> <p>RM1,500 million</p> <p>Syndicated Bai'Inah Term Facility</p> <p>Mandated Lead Arranger</p> <p>June 2010</p>
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Private Banking

AmPrivate Banking caters mainly to Malaysian individuals of high net worth, offering a one-stop wealth-management solution for our high net worth clients by positioning the division as an integrated access point to the expertise and resources of the entire AmBank Group. Towards this end, the division works closely with the rest of the banking group to offer a premier level of service to our high net worth clients. AmPrivate Banking offers customers a comprehensive and diversified range of products and services from a globally-linked platform that includes:

- Cash management solutions
- Asset allocation and selection
- Multi-asset advisory and discretionary mandates
- Wealth protection
- Financing facilities

We assist our clients to customise their investment portfolios according to their individual risk profile through our dedicated team of private client managers. Clients may choose to self-manage their investment portfolio (with advisory support) or elect a discretionary mandate to leave the management of their portfolio to an appointed investment manager.

We adopt an open architecture product philosophy and work with multiple counterparties to secure the best of breed products for our clients. The banks and fund managers that we work with include the most highly regarded names in the global investment industry.

AmPrivate Banking branches are currently located in Kuala Lumpur, Pulau Pinang, Johor Bahru, Kuching and Kota Kinabalu.

Funds Management

Our Funds Management Division ("FMD") provides fund management services for both conventional and Islamic funds domestic and regional equities, bonds and global sukuk through three distinct entities: AmInvestment Services Bhd is a unit trust management company involved in development, marketing, sales and distribution of unit trusts; AmInvestment Management Sdn Bhd and AmIslamic Funds Management Sdn Bhd are the respective fund managers for conventional and shariah-compliant funds. With three decades of proven track record for profits and product innovation, FMD's business objective is to be the preferred investment solutions provider to both institutional and retail clients in the domestic as well as global arenas.

Market Share

We are a leading local fund house with assets under management ("AUM") that have increased by 26% to RM24.4 billion, the highest fund size the division has achieved to date. In this financial year, we have maintained our position as the second largest unit trust fund manager with a market share of 14%. We and continued to dominate the money market funds category with a market share of 42%.

For the institutional market segment (with the exclusion of internally-managed funds), we are the top manager for institutional mandates in terms of AUM. FMD is the largest private fixed income asset manager in Malaysia (as at 31 March 2011).

Unit Trusts

We have increased our unit trust funds managed under the retail brand of AmMutual and AmIslamic Funds Management to 61, with four (4) institutional funds and nine retail funds. With one of the broadest arrays of investment products and asset classes, we are dedicated to offer our investors the best of breed funds under our open architecture business model. We also offer the first-of-its-kind funds in Malaysia through our global alliances, including exposure to Asian bonds, precious metals, real estate, BRIC ("Brazil, Russia, India and China") and global agribusiness.

New Funds Launched

We have successfully launched 13 funds during the financial year in anticipation of rising demand in tandem with the market recovery. This year's offerings comprise funds that capitalise on market trends, such as AmChina A-Shares, AmCommodities Equity, AmAdvantage BRIC, AmIslamic Greater China and AmAustralia. To cater for the perennial demand for income and better than cash deposit returns, we also launched four (4) of our staple AmConstant series of fixed income closed ended funds.

Emerging Business – AmIslamic Funds Management ("AIFM")

The AUM of AIFM, an emerging Islamic business of FMD, has more than doubled with a healthy growth rate of 159% over the last financial year. The main assets growth

came from institutional mandates which registered an increase of 350%. Non-ringgit mandates now form the bulk of our Islamic AUM. We were especially successful in garnering sukuk investments, growing the fund size by 456% from the year before.

Our award-winning Am-Namaa' Asia-Pacific Equity Growth's outstanding performance has attained a new milestone in our strategy to be a global fund manager when it recently opened up a new market segment by successfully attracting investors from Europe. We also launched Malaysia's first multi-dealing currency fund, namely our AmIslamic Greater China. In line with Malaysia International Islamic Financial Centre's ("MIFC") aspirations to promote Malaysia as an Islamic financial hub, AIFM continues to pioneer Shariah-compliant fund offerings and facilitates mobilisation of funds from Europe, the Middle East and South East Asia.

Accolades

FMD's long list of accolades and awards is testament of the market's acknowledgement of the division's capabilities and success in the industry.

In this year FY2011, the division won Best Asset Management House of the Year by The Asset at the Triple A Investment Awards. This award recognises the best asset management company in Malaysia that has built a comprehensive platform for investing in different asset classes and servicing the investing needs of institutional, corporate and retail clients. FMD's Shariah investment arm, AmIslamic Funds Management, has been twice honoured this year: first, as Asia-Pacific's Islamic Asset Management House of the Year and then again, as the Islamic Fund House of the Year.

In unit trust funds, FMD was conferred 'Best Bond Group' for the fourth consecutive year at The Edge-Lipper Malaysia Fund Awards 2011. Our AmDynamic Bond is recognised as the top performing bond fund over a three-year period in the five years ended 31st December 2010. This is the fifth year in a row that AmDynamic Bond has been so-acclaimed for the three-year period award, a testament to our expertise in active management of lower volatility funds in the bond space. FMD swept all fixed income awards given by the Employees Provident Fund ("EPF")

Funds Management Division, AmInvestment Bank Group

Accolades And Awards Won In FYE 2011



Asset Management Company of the Year

Awarded by The Asset at the Triple A Investment Awards 2010



Islamic Asset Management House of the Year, Asia Pacific (2nd Consecutive Year)

Awarded by The Asset at the Triple A Awards for Islamic Finance 2011



Islamic Fund House of the Year

Awarded by Asia Asset Management Best of the Best Awards 2010



Best Asia Pacific Equity Fund (1-Year) - Am-Namaa' Asia-Pacific Equity Growth

Awarded by Failaka Islamic Fund Awards 2011



Best Bond Fund Group (4th Consecutive Year)

Awarded by The Edge-Lipper for performance ending 31 December 2010



Best Bond MYR Fund - 3 years - AmDynamic Bond (5th Consecutive Year)

Awarded by The Edge-Lipper for performance ending 31 December 2010



Best Bond MYR Fund - 5 years - AmDynamic Bond (3rd Consecutive Year)

Awarded by The Edge-Lipper for performance ending 31 December 2010



One of the Most Astute Asian G3 Bond Investors

Awarded by The Asset Benchmark Research to fixed income fund managers



One of The Most Astute Investors in Malaysian Ringgit Bonds

Awarded by The Asset Benchmark Research to fixed income fund managers



Best Overall Fixed Income Portfolio Manager (2nd Consecutive Year)

Awarded by EPF for portfolio performance & quantitative factors



Best 3 Years Realised Returns Fixed Income Manager (2nd Consecutive Year)

Awarded by EPF for best returns for fixed income fund in the 3-year category

Business Operations Review

for 'Best Overall Fixed Income Portfolio Manager' and 'Best 3 Years Realised Return Fixed Income Manager'. Am-Namaa' Asia-Pacific Equity Growth was named 'Best Asia Pacific Equity Fund (1-year)' by Failaka Islamic Fund Awards which confers global Islamic investment funds awards.

CORPORATE & INSTITUTIONAL BANKING

Corporate & Institutional Banking ("CIB"), places strategic focus on deepening relationships for the longer term and providing the necessary lending, investment and financial solutions for the large corporate client segment. This division focuses on making available a wider spectrum of the Group's commercial banking and investment banking products and services under the wholesale banking platform.

CIB provides clients with high quality comprehensive financial solutions, which include but are not limited to, lending, deposit taking, liability management solutions, debt and equity capital markets, transaction banking, foreign exchange and derivatives, offshore banking, as well as advisory and investment products.

The division is staffed with various teams with diversified experience, concentrating on niche client groups and specific industry sectors in the Klang Valley and Selangor. The division is further supported by four Regional Business Centres ("RBCs") in Pulau Pinang, Johor Bahru, Kota Kinabalu, Kuching and an offshore Branch in Labuan to ensure that the Group has a footprint across Malaysia and the Labuan International Business and Financial Centre. The Corporate Credit team supports the credit processing and review of all facilities extended by the division.

This division focuses primarily on building and developing strong relationships with GLCs, government and state-owned public entities, foreign and local multinational companies, financial institutional groups, privately held conglomerates and public listed corporates which require a wide range of banking and capital market solutions. The division works closely with other divisions within the Group to structure value-added financial solutions for the Group's

clients. With the increased coverage of banking solutions by the division, CIB teams are able to continuously acquire new clientele. In addition, by marketing various products and services that the Group offers, this division also plays a pivotal role in cross-selling the products and services of the Group.

Further, with our strategic partnership with ANZ, CIB capitalises on ANZ's infrastructure for international connectivity and cross border business.

This division continues to diversify and differentiate itself in the market place, in line with the Group's strategic objectives. In addition, the division has well-documented asset writing strategies to provide it with clear direction to manage economic and market conditions as well as to ensure it is within the Group's risk appetite.

Financial Institutions Group

The Financial Institutions Group ("FIG"), a division within CIB continues its industry-focused strategic coverage of banks and non-bank financial institutions including credit institutions, stockbrokers, insurers and asset managers. Its main objective is to continue enhancing existing and developing new financial institution relationships for the AmBank Group.

The FIG coverage team works with various product teams across AmBank Group to create a one-stop centre in providing customised solutions to fit the financial institution clients' needs, amongst others to include treasury/markets solutions, capital and liability management advisory, senior and capital fundraising as well as M&A advisory.

The FIG also has a dedicated industry specialist team known as FIG Solutions which provides dedicated industry advisory and structured innovative capital solutions. FIG Solutions produces the periodic FIG Monitor which covers capital markets movements for both equity and bond activities of Malaysian financial institutions.

The FIG together with the FIG Credit team undertakes the origination and active management of domestic and foreign financial institution counterparty lines to broaden and diversify AmBank

Group's connectivity with the global capital markets.

PT. AmCapital Indonesia

PT. AmCapital Indonesia ("AmCI") is 99% owned by AmInvestment Bank Group. It is one of the active brokers with fully integrated securities services in Indonesia. Our range of products and services include equity broking, fixed income trading, online trading and investment research.

The equity broking division provides shares trading and margin lending to retail and local institutional clients.

Our turnover on the equity broking business for the financial year ended 31 December 2010 has reached IDR19.2 trillion, equivalent to a market share of 0.81% of the entire Indonesian Stock Exchange's turnover. We are ranked 32 out of a total of 119 active brokers.

AmCI continued to expand its business activities in 2010 by branching out to big towns and strategic locations. Currently, we have two branches established in Surabaya and Pluit, Jakarta, with another branch to be opened within the first half of 2011.

The Fixed Income division facilitates bond transactions including government and corporate bonds. Our Company is featured regularly in the top ten rankings in government fixed income transactions among security houses.

AmCI Online Trading with the product name of AmClicks was launched in June 2010. Online Trading will open galleries in big cities across Indonesia with two galleries targeted to be opened in 2011.

AmFraser Securities Pte. Ltd., Singapore ("AmFraser")

AmFraser Securities Pte. Ltd. is a wholly owned subsidiary of AmFraser International Pte. Ltd., which in turn is 100% owned by AmInvestment Bank Berhad. Its product and services currently include stockbroking, online trading, mobile phone trading, margin financing, equity research, safe custody and nominee services, as well as corporate finance and advisory services.

The company is undertaking several initiatives to introduce wealth management services and the addition of market access for internet online trading into the Hong Kong securities market on top of current linkages for online trading in Singapore, Malaysia and the U.S. securities markets. The Corporate Finance unit continues to pursue local and regional IPOs, RTOs and M&A dealflow.

For FY2011, turnover for the equity broking business is SGD23.71 million, equivalent to a market share of 1.2 % of the entire Singapore Stock Exchange's turnover. Online business for FY2011 represents 13.2 % of the total turnover of AmFraser.

AmCapital (B) Sdn Bhd

AmCapital (B) Sdn Bhd, located in the Kingdom of Brunei Darussalam, continues to build its clientele base. It started operations in May 2009 and offers investment advisory and management solutions, cross border capital market solutions and advisory services.

AmCapital (B) Sdn Bhd is progressing to increase the assets under management from both corporate and private banking clientele. As the company is still in its set up stage, it registered a loss after tax of BND365,900. It is expected to turnaround in FY2012 barring unforeseen circumstances.

AmCapital (B) Sdn Bhd has been one of only two financial companies, which have been invited to be the financial advisors to the Persatuan Warganegara Malaysia Association (the Malaysian Nationals Association) in Brunei. In this aspect, we have been working closely with the Association and the Malaysian High Commissioner to Brunei on matters relating to the development of the local financial services industry.

Our regional presence in countries such as Malaysia, Singapore and Indonesia, is an added advantage to meet Bruneian client requirements.

We have also applied for an Islamic banking licence which is pending a decision from the Autoriti Monetari of Brunei Darussalam, Ministry of Finance.

Offshore Banking

The Group's offshore banking operations in the Labuan International Business and Financial Centre are undertaken by AmBank (M) Berhad Labuan Offshore Branch and AmInternational (L) Ltd (wholly owned by AmBank (M) Berhad).

In line with the improving global economic outlook, this year we focused on supporting the capital expenditure requirements of our Malaysian clients in the energy as well as oil and gas sectors. We also saw increased working capital financing requests from clients in the transportation/logistics sector. Overall, this resulted in a significant increase in our loan book size.

On the liability management side, we stepped up our efforts to obtain customer deposits and shored up our long-term liquidity by raising a three-year USD loan via a club arrangement.

For FY2011, the Offshore Banking Division registered a turnover of USD12.63 million and PAT of USD15.26 million compared to USD8.551 million and USD5.895 million respectively for FY2010. This represents a growth of 48% and 159% respectively.

Trustee Services

AmTrustee Berhad ("AmTB") has been in operation for over 18 years and is 80% owned by AmBank Group. It provides comprehensive conventional and Islamic corporate trust services. The services offered include acting as trustee for unit trust funds, REITs, bonds, stakeholders, custodial services and retirement funds.

For FY2011, AmTB registered a turnover of RM5.7 million based on assets under trust of RM12 billion. PAT was RM1.3 million for the year. For FY2010, the Division registered a turnover of RM4.8 million and PAT of RM0.8 million on the back of assets under trust of RM8.8 billion. This represents a growth of 18.8% and 62.5% respectively, whilst AUM grew 36.4%.

Private Equity

Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") is a wholly-owned subsidiary of AmInvestment Group Berhad. MVMI is

the first venture capital/private equity fund in Malaysia and was set up in 1984. MVMI currently manages a RM100 million country fund called AmPrivate Equity ("AmPE"), our third private equity fund. The investments are in the logistics, energy services, environmental services and resource-based sectors.

AmWater Investments Management Pte Ltd became a wholly owned Singapore subsidiary in August 2010 and has launched the Asia Water Fund with a first close of USD69 million on 13 April 2011. By March 2012, we expect to be managing between USD 100 million to USD 150 million. This Fund will invest in water assets in the region's booming water sector, primarily in China and Southeast Asia.

For FY2011, the AmPE division made turnover of RM 2.4 million. As the country fund has not exited any investments to date and the Asia Water fund is still in its setup stage, the division registered a small loss after tax of RM0.2 million. It is expected to turnaround in FY2012, barring unforeseen circumstances.

Am ARA REIT Managers Sdn Bhd

Am ARA REIT Managers Sdn Bhd ("Am ARA"), the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST") manages six (6) investment properties with AUM of RM1.013 billion as at 31 December 2010. The properties under its management are Bangunan AmBank Group, Menara AmBank, AmBank Group Leadership Centre, Menara Merais, Kelana Brem Towers and The Summit Subang USJ.

On the Asset Enhancement Initiatives front, AmFIRST has undertaken the refurbishment and repositioning of The Summit Subang USJ to transform it into a preferred shopping mall whilst Bangunan AmBank Group is undergoing a refurbishment phase. Upgrading and enhancement programmes for other properties are in place.

AmFIRST is currently one of the larger commercial space REITs in Malaysia with 2.3 million sq ft (inclusive of The Summit Hotel) of net lettable area. It aims to diversify its property portfolio through investments in yield enhancing assets.

Business Operations Review

Am ARA is wholly-owned by Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings is 70.0% owned by AmInvestment Group Berhad and 30.0% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of Singapore-based ARA Asset Management Limited, an affiliate of the Cheung Kong Group of Hong Kong.

For FY2011, the REIT division registered a turnover of RM5.05 million and a PAT of RM1.25 million.

MARKETS

The Markets Division being the financial markets gateway for AmBank, AmInvestment Bank and AmIslamic Bank, continues to make broad inroads into the Malaysian financial markets with increased traction in the foreign exchange ("FX") solution and derivative markets.

Building on our strengths in the fixed income segment, we continue to make groundbreaking progress to offer a diverse range of innovative financial products in FX, interest rate and commodities encompassing derivatives and structured products. Additionally, Markets continues to support the Malaysian Government's initiative of becoming a leading Islamic financial hub with our focus on developing innovative Islamic FX and derivative products.

Some of our strategic initiatives include a paradigm shift to a client solution focus, enabled by our multi-product sales team and underpinned by a strong structured solutions and quantitative research and strategy team. In addition to providing structured products, the Structured Solutions unit of Markets also facilitates bespoke solutions which tailor to the desired risk/reward appetite of various clients ranging from a variety of asset classes from FX and interest rate to commodities.

Underpinning Markets' ability to provide cutting edge solutions is the Quantitative Research and Strategies ("QRS") unit which uses financial engineering to model market uncertainties and thus allow Markets to deliver innovative and optimal risk management solutions that are customised to clients' needs.

In addition to providing cutting edge solutions, Markets Division FX and Fixed Income Research and Strategy provides clients the advantage of superior market research ranging from daily updates to various thematic research and strategies to aid clients on risk management and investment decision for desired results.

Furthermore, the potential of the Strategic Business and Product Management ("SBPM") unit is leveraged for launching new products and to provide infrastructure such as Murex for trading platform, pricing and risk management solutions. SBPM has successfully launched FX derivatives, interest rate options, swaps, swaptions, futures and other structured products.

Going forward, Markets will continue to build on its earlier momentum from the collaboration with ANZ to provide substantive, integrated and client-led business underpinned by a full suite of FX, rates, commodities and financial institution offerings.

ISLAMIC BANKING

Since its launch in May 2006, AmIslamic Bank Berhad ("AmIslamic Bank") has not only shown significant growth but has also capitalised on the robust demand for Islamic financial services. With its universal banking licence and 17 years of experience in offering Islamic banking products and services via the AmBank Group channels, AmIslamic Bank continues to build its relationship with existing customers as well as cultivate new ones in providing a complete range of innovative retail and commercial banking products and services. This is further complemented by the AmBank Group's extensive network of branches, ATMs, online banking, mobile banking and e-Banking centres nationwide.

AmIslamic Bank showed significant progress in an increasingly competitive environment, in line with the increased integration of the Malaysian Islamic financial system into the global Islamic financial landscape. With its pre-tax profit of RM209.1 million and total assets of RM20.2 billion as at 31 March 2011, it has proven itself as an important component of the Group's business. Total financing was reported at RM13.2 billion, which accounted for 65.6% of total assets due

to the continued demand for financing in the retail and business banking segments. AmIslamic Bank's total deposits has increased by 12.3% and stood at RM16.7 billion for the year ended 31 March 2011 due to the competitive rates offered to our customers.

Product and business development remain an important component of the strategic focus of AmIslamic Bank. Apart from enhancing existing products and developing new ones, AmIslamic Bank has also invested in forming various alliances and collaborations with external parties to expand its product reach and market penetration. The following were new products launched by AmIslamic Bank:

- i. Cards
 - AmIslamic Bank CARz Card-i
- ii. Auto Financing
 - AmAuto Cruise
- iii. Home Financing
 - HomeLink Financing-i
 - MM Home Financing-i
- iv. Personal Financing
 - AmMoneyLine Facility-i
- v. Deposit Investment Product
 - Wakalah Investment Account-i
 - AmAdvance Investment Account-i
- vi. Islamic Negotiable Instrument of Deposit (NID-i)
 - AmDaily Opportunitites NID-i
 - AmEnergy NID-i
- vii. SME Financing
 - Industrial Hire Purchase-i (Variable Rate)

The following are some of the major initiatives and awards received by AmIslamic Bank:

- AmIslamic Bank collaborated with Perbadanan Tabung Pendidikan Nasional ("PTPTN") to be the collection agent for PTPTN financing payment
- AmIslamic Bank collaborated with Yayasan Waqaf Malaysia ("YWM") and Universiti Kebangsaan Malaysia ("UKM") to be the collection agent for their Cash Waqaf Fund via our extensive channels
- Awarded for 'Best Islamic Structured Product' (AmIslamic Bank AmMomentum Select NID-i) by The Asset Triple A Islamic Finance Awards 2010
- Awarded for 'Best Islamic Product for AmMomentum Select NID-i' by FinanceAsia Structured Product Awards 2009

AmIslamic Bank fulfilled its obligation to the community through its business *zakat* distribution for FY2010 with the *zakat* amount of RM 1.22mil. 34 charity homes and organisations were selected as recipients in addition to the 14 state *zakat* collection centres, with the funds distributed through several events organised by AmIslamic Bank and the Group's regional offices.

In tandem with AmIslamic's retail focus strategy, AmIslamic's participated in the Franchise Seminar and Business Opportunities Exhibition in February 2010, the World Halal Forum and Malaysia International Halal Showcase ("MIHAS") in June 2010 to promote our Islamic products and services directly to our target markets.

The major strategic initiatives that will continue throughout FY2011 include:

- ongoing product development
- business tie-ups and dealings
- gearing up development and capitalisation of business opportunities in equity business and
- increasing business penetration for government and government-linked companies for deposits and financing.

INSURANCE

FY2011 saw AmLife Insurance Berhad and AmG Insurance Berhad, the life and general insurance arms of the AmBank Group, continue their momentum and report another year of record profit.

Life Assurance (AmLife Insurance Berhad/"AmLife")

AmLife's Financial Performance

AmLife posted a strong growth of 42% in net profit to RM55.5 million with pre-tax profit up on prior year by 79%. AmLife's total assets grew to RM2.9 billion, up 12% from the previous year's RM2.6 billion.

Initiatives

Some of the notable initiatives for AmLife include:

- **AmProtect 99** which provides lifetime financial protection to policyholders up to age 99

- **AmMedic**, a unique standalone hospital and surgical product with an open choice of medical provider designed to provide sufficient health coverage to the Insured upon retirement

AmLife also signed a strategic partnership with Integrated Healthcare Management ("IHM") Sdn Bhd for medical business and formalised a strategic bancassurance distribution partnership arrangement with Malaysia Building Society Berhad ("MBSB").

Treating Customers Fairly

The assurance of "Service 1st. Our Promise" sums up the company's uncompromising drive to serve its customers well. AmLife is actively implementing a wide ranging series of initiatives to embrace the "Treating Customers Fairly" ("TCF") framework as part of the organisation's culture.

Training opportunities are being increased in AmLife to ensure all staff are well-equipped with skills and knowledge to stay ahead in the competitive insurance market. As part of this, AmLife and the Open University have collaborated to provide an "Executive Master in Financial Planning" course with subsidised rates to AmLife staff and agents. This forms just a part of our ongoing commitment to strengthen the agency force for the future by striving to be at the forefront of professionalism and TCF.

Responsibility to the Community

Our AmFriends Cruiser team continued to function as a mobile disaster relief task force and helped the needy during disasters and calamities.

Some of the relief work undertaken in FY2011 included compassionate assistance to 75 fire victims at Taman Maluri Cheras, delivery of essential items to fire victims from Kampung Selayang Baru, who lost their homes in a fire, and a four-day flood relief programme to provide immediate humanitarian aid to flood victims in Kedah and Perlis.

Awards and Recognition

In line with our aspiration to be the "Top Insurer Preferred for Service", AmLife is committed to delivering quality service to its policyholders at all times. Thus, we were most gratified that our efforts were recognised with two awards including the 'Emerging Life Insurance Company of The Year' and 'Service Provider of The Year' which were awarded at the Fourth Business of The Year Award 2009 held in Subang Jaya, Selangor on 20 June 2010.

General Insurance (AmG Insurance Berhad/"AmG")

AmG's Financial Performance

For the financial year ended 31 March 2011, AmG achieved net profit after tax of RM69.9 million on the back of strong gross premiums of RM652.4 million.

Total assets grew by 12.5% to reach RM1.31 billion.

As at 31 December 2010, AmG maintained its overall position as the sixth largest player in Malaysia's general insurance industry with a market share of 5.2%.

Moving Forward

AmG continues to make strong progress with the ambitious change programme it set itself in 2010, built around its strategic business divisions and on a foundation of operational excellence. To support this, a number of key management appointments have been made, with a view of increasing business focus and boosting technical capabilities.

Moving forward, the strategic agenda includes a number of significant investments in technology and operations, which is aimed at improving back room efficiency and service delivery to both customers and agents.

Product development also forms a key part of the business plan, as AmG positions itself as a leader in its chosen business segments. To this end, AmG will continue to leverage its successful partnership with Insurance Australia Group ("IAG") to bring proven technologies, know-how, processes and innovative products to the Malaysian market.