



**Press Release**

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23 July 2012

## **AmBank Issues Six New Call and Put Warrants**

AmBank (M) Berhad ("AmBank") is issuing six new European style cash-settled structured warrants to meet investors' demand for trading and investment opportunities in the current market scenario. Under AmBank's Put-Call Pair Programme, there will be three pairs of put and call warrants ("PW" and "CW" respectively) over the ordinary shares of MBM Resources Berhad ("MBMR"), Malaysia Building Society Berhad ("MBSB") and RHB Capital Berhad ("RHBCAP"). The structured warrants will have tenures of approximately 13 months and will be listed for trading on 24 July 2012 with issue size of up to 100 million each. All six structured warrants will be listed via the market making method.

"Established automotive and auto-parts manufacturer and distributor MBMR is well positioned to benefit from the growing passenger and commercial vehicle demand in the ASEAN region. With the influx of new foreign brands into Malaysia and Southeast Asia, opportunities abound for MBMR to transform itself into a major vehicle assembler and distributor as a local partner for foreign Original Equipment Manufacturer (OEMs). As it is, MBMR's associate, Perodua is the top selling car brand in Malaysia for the first half of 2012. In the financial sector, a potential merger between RHBCAP and MBSB has been touted in recent reports. A merger of the two would produce significant synergies considering MBSB's niche in providing personal financing to civil servants and RHBCAP's extensive distribution network and balance sheet. Nonetheless, as the FBMKLCI hits new record highs, concerns remain over the overall health of the global economy as the Eurozone remains susceptible to a slowdown and similarly for China. Therefore, for the upcoming tranche of AmBank structured warrants, AmBank is issuing three put and call warrant pairs on MBMR, RHBCAP and MBSB under its Put-Call Pair Programme. The warrants will provide investors with opportunities

to profit on the volatility, both ups and downs in share price movement, of the underlying shares,” said Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Berhad.

Automotive and auto-parts manufacturer and distributor MBMR could potentially see a number of key catalysts driving sales and earnings higher moving forward. Associate company Perodua’s car sales for the month of May displayed a strong rebound of 57% Year-on-Year (YoY) and 23% Month-on-Month (MoM). Perodua had also registered a 5% increase in 1Q12 earnings despite a 2% TIV (total industry volume) contraction in the same period. For 2H12, Perodua is reported to be exploring the introduction of a completely new model specifically designed for the ASEAN region. MBMR is also pursuing opportunities to further move upstream into vehicle assembly with potential joint-ventures with Chinese and European carmakers. Earnings at its newly-acquired air-bags manufacturer Hirotako will also be boosted from mandatory installation of air-bags into Proton and Perodua. AmBank’s CW and PW on MBMR are priced at 15 sen each with gearing of 3.61 times.

Financial institutions RHBCAP and MBSB could potentially be merged considering that the Employees Provident Fund (EPF) is the major shareholder in both companies. EPF has a 66% stake in MBSB and a 40.4% stake in RHBCAP. A merger between RHBCAP and MBSB is expected to generate significant synergies considering MBSB’s niche in the highly profitable government civil servants’ personal financing segment. MBSB’s personal loan financing to civil servants has been registering stellar growth. For FY2010, MBSB tripled its personal loan financing segment and subsequently more than doubled it in FY2011. As at 1Q12, it stood at RM11 billion, representing 55% of total loans granted. In terms of asset size, the potential merger between RHBCAP and MBSB would see a significant boost to RHBCAP’s current asset size to approximately RM195 billion which would see it move up to fourth largest in Malaysia from fifth currently. AmBank’s CW and PW on RHBCAP are priced at 15 sen each with gearing of 7.13 times. Similarly, AmBank’s CW and PW on MBSB are also priced at 15 sen each but with gearing of 5.53 times.

This offer is aimed at sophisticated traders who want to trade on the direction and volatility of MBMR, RHBCAP and MBSB. The new CWs and PWs have gearings ranging between 3.61 and 7.13 and are targeted at investors who want to enjoy leveraged exposure to the underlying stocks.

### **About AmBank Group**

Established in August 1975, AmBank Group is one of the largest banking groups in Malaysia by market capitalisation and comprises AMMB Holdings Berhad and its subsidiaries AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad, AmG Insurance Berhad and AmLife Insurance Berhad.

The Group provides a wide range of conventional and Islamic banking and financial solutions, including investment banking, commercial banking, corporate banking, retail banking as well as underwriting of life and general insurance as well as takaful.

Adding greater value to this one-stop financial hub is the Group's strategic partnership with the Australia and New Zealand Banking Group (ANZ), one of Australia's leading financial institutions, providing the synergy of a wide network, regional presence and international banking expertise.

For more information, please visit [ambankgroup.com](http://ambankgroup.com)

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***For more information on call warrants, please visit our website [www.amwarrants.com](http://www.amwarrants.com)***

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