

Business Operations Review

The AmBank Group's strategy of incrementally building a portfolio of growth options across different financial products and markets, has remained largely unchanged in recent years.



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

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

- **Investment Banking**

We continued to enhance corporate and investment banking services for the Group's corporate and institutional clients, by continuing our track record of leadership in providing a wide range of high quality tailored services, including treasury, capital markets and structured finance solutions.

Retail Banking was characterised by excellent loans growth and increased market share in key products.

- **Business Banking**

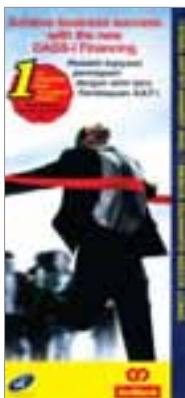
We made substantial headway during the year in managing the needs of the Small and Medium Enterprises (SMEs) by providing a full range of working capital financing and transactional services.

- **Retail Banking**

We continued to gain and retain customers, and grow a greater "wallet share" through expanded and improved customer service, by offering greater convenience and accessibility through our branch network and alternative delivery channels. The performance of

- **Life and General Insurance**

We focused on improvements in customer service to realise the benefits of the bancassurance arrangements with AmBank, in efforts to build scale and consolidate our market share.



INVESTMENT BANKING

AmInvestment Group Berhad (AIGB), the Group's investment banking operations, gained meaningful market share in key investment banking and capital market products.

By delivering expert advice, seamless execution and differentiated products and services, as well as putting our clients at the centre of everything we do, AIGB continued to maintain its standing as Malaysia's premier investment banking group in FY2006, although the markets presented many challenges.

Rising interest rates, lower trading volumes, higher oil prices and heightened geopolitical risk periodically affected activities in the capital markets. Despite these challenges, with a disciplined approach to managing our expenses, risk and capital, AIGB achieved a record net profit after tax of RM247.3 million, a 22.5% increase over the previous year. We delivered a net ROE of 13.0%, and reported earnings per share of 19.1 sen.

Through our investment banking, trading, research, structuring and distribution capabilities in equity and fixed income products, we continue to build on our transactional banking business model, which focuses on customer flow activities.

Debt Capital Markets

The Malaysian Debt Capital Markets continued to gain momentum in 2005 despite adjustments in the Overnight Policy Rate and the de-pegging of the Ringgit. Market conditions remained favourable for private sector fund raising, with a total of RM38.2 billion corporate debt securities issued.

With our efforts directed at helping our clients achieve optimal cost efficient funding, the Debt Capital Markets (DCM) team completed 17 transactions during the year, raising nearly RM13.8 billion Private Debt Securities (PDS), compared with RM7.1 billion PDS issuance in 2004, across a diversified portfolio of debt instruments and issuers – from conventional and Islamic to structured transactions, across a wide spectrum of industry sectors including the financial services, manufacturing, utilities and supranational sectors.

AmMerchant Bank displayed its consistency as a leader in the Malaysian Debt Capital Markets in 2005, building on DCM's strong performance over the past three years. More significantly, DCM joint lead managed the RM6.1 billion Islamic financing facilities issuance by Jimah Energy Ventures Sdn Bhd and Special Power Vehicle Bhd. This two tier financing facility involving the issuance of mezzanine debt of up to

RM895.0 million represents the largest Malaysian bond issue in 2005, and is one of the most aggressive greenfield project financing deals in Asia. This deal has earned numerous accolades including the Best Malaysian Deal Of The Year from Project Finance International, The Asset and Euromoney Project Finance.

ADB Prices RM500 Million Five-year Bond Issue in Malaysia

The Asian Development Bank (ADB) on 20 April successfully priced a RM500 million five-year bond issue under its RM2.5 billion Medium Term Note (MTN) Programme. AmMerchant Bank Berhad was the Lead Arranger of the programme and Sole Lead Manager for the bond issue. This is the first time that ADB has set up an Asian currency MTN Programme. ADB opened the RMB bond market in 2004 with its inaugural issuance of RMB10 billion 5.84% bonds due in 2009.

"ADB wishes to congratulate the Malaysian Government on the success of its capital market development programme," said ADB's Treasurer Ming Kuehngang. "Malaysia now has one of the most vibrant bond markets in the region and the programme will enable ADB to develop an active borrowing presence in the country with the objective of building a flatter yield curve."

Priced at 98.40%, the issue carries a semi-annual coupon of 4.200% per annum. Prior to pricing, ADB and AmMerchant Bank conducted a roadshow presentation in Kuala Lumpur to present the programme and the issue to institutional investors.

Offered through a book-building process, the issue generated strong demand with total bids of over two times the issue amount. A broad range of local and foreign investors participated including fund managers, insurance companies, and financial institutions.

"ADB is pleased to have come back to the Malaysian capital market and is honoured to be given the opportunity to be the first supranational to have established the programme in Malaysia. The programme shows ADB's full commitment to contribute to the further development of the Malaysian bond market," Mr Kuehngang added.

"AmMerchant Bank is privileged to be part of this landmark transaction. We are pleased to have successfully priced the issue for ADB in spite of current market volatility. The success can be attributed to a well-coordinated execution strategy and market strength," said T C Kua, Managing Director of AmMerchant Bank Berhad.



ADB and AmMerchant Bank
AmMerchant Bank Berhad
ADB, Asian Development Bank
AmMerchant Bank Berhad
AmMerchant Bank Berhad

In connection with the issue, ADB entered into a USD/MYR cross currency swap arrangement with Deutsche Bank, Lantau Branch. This is the first time such a swap has been executed in Lantau, which is another key initiative in promoting Lantau as a financial hub in line with the Malaysian Government's policy. The after-swap proceeds of the issue will be included in ADB's ordinary capital resources and will be used in its operations.

The programme represents another milestone in ADB's quest to develop the region's bond markets. Since early 2004, ADB has completed five other market opening transactions in the region's local currency bond markets, including India, Mexico, People's Republic of China, Philippines and Thailand.

The programme will offer ADB greater flexibility in terms of the issuance process in Malaysia as it includes standard borrowing documentation for both rate insurance and necessary government approvals have been secured upfront. Consequently ADB can issue local currency notes in Malaysia at a short notice and take advantage of favourable opportunities as and when they arise. Importantly, the programme will allow multiple issues of varying sizes and maturities.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific region through proper sustainable economic growth, social development, and good governance. Established in 1966, it is owned by 68 members – 48 from the region. In 2005, it approved loans and technical assistance totalling USD5.5 billion and USD198.8 million, respectively.

Jimah Gets RM6.1 Billion Islamic Facilities to Finance New Power Plant

Independent power producer (IPP) Jimah Energy Ventures Sdn Bhd (JEV) recently signed an agreement for the provision of Islamic financing facilities of up to RM6.1 billion for its proposed power station in Negri Sembilan.

The agreement was signed with a consortium of four merchant banks on 22 April 2006. AmMerchant Bank Bhd (AmMerchant), RHB Sekuriti Merchant Bankers Bhd (RHB Sekuriti), Malayan International Merchant Bankers Bhd (MIMB) and Bank Muamalat Malaysia Bhd (Bank Muamalat) are the joint lead arrangers for the fully underwritten medium term notes (MTN) issue.

The RM6.1 billion facilities make this the biggest corporate debt arrangement so far this year. Among the many milestones in the financing package is the reconstruction of floating rate notes structure based on the principle of Ijarah. The Islamic financing facilities will be used to part finance the construction of a 1,400MW coal-fired power plant located in Kuala Lohat in Muar, Negri Sembilan.

The entire facility comprises a RM4.947 billion Islamic Financing Facility, an RM800 million Sukuk Financing Facility and another RM215 million Sukuk Financing Facility. The financing package also includes a RM110.5 million Kutabah Facility, RM627.7 million Bank Guarantee Facility and a RM675 million Standby Letter of Credit.

The Islamic Financing Facility is issued into two tranches issued over a period of not more than 48 months, making it the longest defined duration Islamic debt instrument in the domestic capital market. The bonds carry an initial period of between 1.5 years and 18.5 years. The entire MTN issue will be fully underwritten.

Among others, the financing package is to facilitate JEV's access to the Malaysian capital market in its efforts to raise large-scale and long-term financing for the project. JEV Chairman Tan Sri Nuzuluddin bin Tanziir, 26 said, he added that the Islamic Financing Facility and the RM800 million Sukuk Financing Facility had been

accorded indicative investment grade ratings of Aa3 and A1 respectively by Rating Agency Malaysia Bhd.

JEV, a wholly owned subsidiary of Jimah Energy Ventures Holdings Sdn Bhd (JEVH), is a special purpose company incorporated on 2 October 2003 to develop, own and operate the power plant. The first of the plant's two turbines is expected to begin operations in January 2009 and the second is scheduled to begin in July of the same year.

JEV signed a power purchase agreement (PPA) with Tenaga Nasional Bhd (TNB) on

The project received its EA approval from the Department of Environment (DOE) on 21 January 2005. The approval allows JEV to commence site preparation and construction works of the power plant.

On 22 March 2005, JEV received its Generating Licence from the Energy Commission (EC) for the generation and supply of electricity. During the signing ceremony, the licence was presented to JEV by the Chairman of the EC, Datuk A. Sdn Anwar MUDA'Nu.

JEV has appointed a consortium of Japanese companies led by Sumitomo Corporation to build the power plant. The other companies in the consortium are Wakayama-Harima Heavy Industries Co. Ltd and Terbita Corporation.

Speaking on behalf of AmMerchant Bank was AmBank Group Chairman Yng Yee Tan, Sr. Genl. Aiman Hainin, and Managing Director and Chief Executive Officer of AmMerchant Bank, M. T. C. Kua. RHB Sekuriti was represented by its Chairman, Encik Abdullah Mat Yun, MBE by its CEO, TM Turku Alwida Malek, and Bank Muamalat by its Chief Operating Officer, Yng Datu' Abdul Manaf Abd Wahab. ICN Bank Bhd, a signatory to the Bank Guarantee Facilities and the Standby



From left to right: Aiman Hainin, Yng Yee Tan, Sr. Genl., M. T. C. Kua, TM Turku Alwida Malek, Encik Abdullah Mat Yun, MBE, and Yng Datu' Abdul Manaf Abd Wahab.

10 August 2004, under which JEV will sell a nominal capacity of 1,400MW to TNB for an initial term of 25 years. There is an option for the PPA to be extended for up to three additional periods of five years each, subject to mutual agreement. Coal for the power plant is to be procured from TNB Fuel Services Sdn Bhd (TFS), a subsidiary of TNB, pursuant to a Coal Supply and Transportation Agreement signed with TFS on 10 August 2004.

Letter of Credit), was represented by Peter Chew Wng Choon, Deputy Chief Executive Officer, Group Enterprise Banking.

JEV was represented by Yng Tanziir Nuzuluddin and its Managing Director, Zulkifli Ibrahim.

Also present at the ceremony were Energy Minister and Communications Minister, Yng Datu' Seri Dr. Lim Keng Yek and TNB President and Chief Executive Officer, Yng Datu' Che Khalid Mohamed Noh.

We will continue to leverage on the collective expertise and experience of our staff to enhance the sustainability of our market leadership, despite a more challenging operating environment.

Asiamoney named us the Best Domestic Bond House. We swept the majority of the awards from Rating Agency Malaysia (RAM) and the Malaysian Rating Corporation (MARC).

In the first quarter of 2006, AmMerchant Bank completed 5 Ringgit-denominated transactions amounting to RM4.2 billion, which most notably includes the groundbreaking issue of RM3.8 billion Medium Term Note Programme by the Asian Development Bank (ADB).

This transaction for ADB signifies many pioneering activities including:

- The first funding programme by a supranational issuer in the Malaysian Debt Capital Markets;
- The first supranational issuance to be sole lead arranged by a Malaysian financial institution; and
- The first Ringgit-denominated issuance involving cross-currency swaps executed through the Labuan International Financial Exchange, signifying another key milestone in the Malaysian Government's vision to promote Labuan as a financial hub.

The DCM team has remained committed to setting new benchmarks through the introduction of new and innovative structured products for the domestic bond market. Following in the footsteps of the innovative RM80.0 million Parallel Mudharabah Bonds by PG Municipal Assets Berhad in early 2005, DCM joint lead managed the world's first rated Islamic Residential Mortgage Backed Securities by

Cagamas MBS Berhad, amounting to RM2.1 billion. This transaction sets the benchmark for the Islamic ABS market by introducing a new asset class to the domestic and global capital markets, which is appealing to both conventional and Islamic investors.

Our strong performance in the Debt Capital Markets in 2005 has been recognised given the wealth of accolades and awards won during the year.

Treasury

In 2005, concerns on inflationary pressures and high oil prices led to hikes in global interest rates with the US Federal Reserve raising its overnight Fed Funds rate from 2.50% p.a. to the current 4.75% p.a. On the local front, BNM continued to give assurance that monetary policy will remain accommodative to support macroeconomic policies for a more sustainable economic growth.

Volatilities in local interest rates and managed float exchange rates have contributed positively to our fixed income trading and foreign exchange activities. Fixed income trading operations was the major contributor to the Treasury's profitability. For recognition of the Bank's continued contributions and active participation in the domestic bond market, AmMerchant Bank was once again re-appointed by BNM as a Principal Dealer.

Notwithstanding the high level of surplus liquidity in the economy, resources and efforts are being continuously channelled towards diversifying the Bank's depositor base.

The Treasury Derivatives Unit continues to play a pivotal role in the management of the Bank's interest rate exposures. Also as one of the more active players in the interest rate derivatives market, particularly among the domestic banks, the Unit places emphasis on the identification and development of new derivative products to meet the growing needs and complexity of customer requirements.

The Islamic Treasury Unit likewise, continues to gear its efforts into strengthening and building its capabilities and franchise by leveraging on the Group Treasury operations, to support the large potential market growth for alternative financing in the Islamic banking system.

As Malaysian corporations increasingly venture abroad through cross-border mergers and acquisitions, besides meeting our clients' foreign currency requirements, we foresee the need for more advisory services.

Corporate Advisory and Equity Capital Markets

The Corporate Finance Department provides a full spectrum of equity capital raising and corporate advisory services to a diversified pool of clients ranging from government-linked companies to institutional and corporate clients.

We advice and assist clients across a number of fields and product groups such as industrial, consumer, oil and gas, plantation and agriculture, finance, technology, properties, construction, infrastructure, trading and services, telecommunications and promoted industries.

In 2005, we once again emerged as the leader in IPOs, helping our clients raise the largest amount of funds for primary listings on Bursa Malaysia amounting to RM2.4 billion. Furthermore, we lead the market with the most number of listings on Bursa



Malaysia totalling 18 listings, representing 23.0% market share in 2005. Not forgetting the Labuan International Financial Exchange (LFX), the Bank was awarded the Most Outstanding Listing Sponsor Award for 2005 from Bursa Malaysia for No. 1 position of listings on LFX.

We are also at the forefront in the listings of Real Estate Investment Trusts (REITs), advising two out of the three REITs that were listed on Bursa Malaysia in 2005. Of significance is our involvement as Adviser, Joint Managing Underwriter, Underwriter and Senior Co-Lead Manager for the listing of Starhill Real Estate Investment Trust, the largest REIT in Malaysia, with an asset size of RM1.15 billion.

AmInvestment Group Co-Lead Manager in Starhill REIT



(L-R) AmBank Group Chairman Tan Sri Dato' Azman Hashim, YTL Corporation Managing Director YBhg Tan Sri Dato' Francis Yeoh, YTL Corporation Executive Chairman YBhg Tan Sri Dato' Seri Yeoh Tiong Lay, and Chairman of ECM Libra Berhad YBhg Dato' Kalimullah Hassan during the launch of the prospectus held in conjunction with the initial public offering of Starhill REIT at the Carlton Conference Centre on 22 November 2005.

AmInvestment Group was the senior co-lead manager for the proposed listing of Starhill Real Estate Investment Trust (REIT) on the Main Board of Bursa Malaysia Securities Berhad. Sponsored by YTL Group, Starhill REIT offers institutional and retail investors an opportunity to "own" exclusive and high quality properties which are otherwise not within reach.

Starhill REIT boasts an asset portfolio of leading retail and hotel properties in Kuala Lumpur, namely Starhill Gallery, JW Marriott and Lot 10, all strategically located in the heart of Kuala Lumpur's central business district. In fact, Bintang Walk (YTL's brainchild) is probably the most attractive shopping and tourist destination in town,

encompassing a lifestyle shopping concept with al fresco dining along the Jalan Bukit Bintang walkway.

The proposed listing of Starhill REIT entails a public offering of 509,599,000 units, out of which 29,999,000 units will be offered to Malaysian retail investors and the remaining 479,600,000 units to institutional investors. The offering has been brought to overseas institutional investors via road shows in Singapore, Hong Kong, The Netherlands, and the United Kingdom.

The joint bookrunners for this offering are ECM Libra Securities Sdn Bhd, DBS Bank Ltd and Hong Kong and Shanghai Banking Corporation Ltd, with ECM Libra as the lead financial adviser.

We have also completed the listing of the Asian Bond Fund on Bursa Malaysia, representing South East Asia's first bond exchange traded fund and Malaysia's first exchange traded fund.

The Bank was the Joint Lead Manager and Joint Book Runner for AmBank (M) Berhad's Hybrid Tier-1 capital issue which was upsized from US\$150.0 million to US\$200.0 million due to good demand from Hong Kong, Singapore and London investors.

Our track record in the Malaysian M&A market is testament of our leading position as an M&A adviser to both local and foreign companies. Bloomberg had awarded the Bank with the No. 1 spot for completed M&A deals in Malaysia for 2005. We lead the market with completed transactions amounting to US\$3.02 billion (approximately RM11.0 billion). Amongst the notable transactions, are the restructuring of Sarawak Enterprise Corporation Berhad valued at RM1.6 billion and the privatisation of IOI Oleochemicals Industries Berhad by IOI Corporation Berhad valued at RM873.0 million.

Moving forward, we are expanding our core activities to cover new areas in the equity and equity-linked markets, Islamic securities and equity structured products, in line with the Government's efforts to further liberalise the capital markets and investment banking activities.

Given our established reputation as an innovative advisory partner and track record of superior execution with distribution capabilities, we are confident that we shall remain as the leading provider of corporate finance and advisory services, despite increased competition and challenging investment sentiment.

Equity Derivatives

The Equity Derivatives team specialises in the pricing and structuring of hybrid securities and derivatives. In 2005, we started to offer equity-linked structured investments and equity swaps to meet our clients' increasing demand for more sophisticated instruments. Our work on convertible bonds also complements the Bank's existing fund-raising capability.

The landmark deals in FY2006 include the successful listing in July 2005 of the Asian Bond Fund 2.

Private Banking

As part of the comprehensive services that we provide to high net worth individuals, AmPrivate Banking provides our clients with ready access to research and a full array of fixed income and equity securities as well as structured finance solutions.

In our third year of business operations, the assets under management registered an impressive growth of 41.0% or

RM500.0 million to RM1.7 billion, in spite of a more challenging year which saw local interest rates starting to rise and more cautious equity and fixed income markets.

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

This rather unique value proposition of providing advice and products along multi-asset, multi-strategy and multi-manager fronts, enables our clients to allocate their funds appropriately across different products during different market conditions.

With the recent liberalisation of investment in foreign assets, we now offer the Universal Portfolio Management Account which enables our clients to benefit from diversification under a multi-currency environment.

Offshore Banking

The offshore banking operations, undertaken by AmMerchant Bank Labuan Offshore Branch and AmInternational (L) Ltd (AMIL) in the Labuan International Offshore Financial Centre continued to focus on corporate advisory and treasury trading activities in both Ringgit-denominated financial instruments, as well as global fixed income and Islamic sovereign papers.

Further, in line with the initiative of the Labuan Offshore Financial Services Authority (LOFSA) to promote Labuan as an international Islamic financial hub in the region, AMIL had on 1 April 2005 established an Islamic banking window to solely undertake business based on Syariah principles.

AMIL was awarded the inaugural Most Outstanding Listing Sponsor for 2005 by the Labuan International Financial Exchange. Notable listings during the year include the primary listing of Sarawak International Inc's US\$800.0 million Guaranteed Notes Due 2015, and AMBB Capital (L) Ltd's US\$200.0 million Fixed-to-Floating Rate Step-up Non-cumulative Non-voting Perpetual Preference Shares, wherein AmMerchant Bank was also the Joint Lead Manager and Global Bookrunner.



We believe we can bring sound, strategic and innovative investment banking solutions to our vast spectrum of clients.

Funds Management Division

The funds management business comprises AmInvestment Services Berhad and AmInvestment Management Sdn Bhd which offers investment management, unit trust management and customised investment solutions for both retail and institutional clients. It presently manages 23 unit trust funds and various discretionary mandates.

The Group has now emerged as the second largest fund manager as at 31 March 2006, with RM10.2 billion of assets under management, with its market share rising by 2.2% to 13.8%. Total assets under management rose by RM3.3 billion during FY2006, due to the launch of new unit trust funds, the continued success of our Treasury Solutions and success in securing new institutional mandates. We are also ranked as the largest institutional fund manager with a market share of 17.1%.

In 2005 we received a number of accolades for the various unit trust funds under management.

- AmDynamic Bond was ranked by Standard & Poor's (S&P) as the Best Performing Fixed Income Fund, and in the Lipper Fund Table, it emerged as the best fund in the General Bond category.
- AmTotal Return was top in the Equity Asset Allocation Malaysian Flexible category in the S&P Table.
- AmIslamic Balanced was ranked third and top quartile in the Asset Allocation Islamic Neutral category (S&P) and fourth and top quartile in the Mixed Assets: Islamic category in the Lipper Fund Table.

AmMutual Funds Launches

Malaysia's First Global Islamic Equity Fund

The Funds Management Division (FMD) of AmInvestment Group on 25 April launched AmOasis Global Islamic Equity, the first global Islamic equity fund in Malaysia. This latest addition to the stable of funds known as AmMutual funds is available from AmBank as well as its other distribution channels.

AmOasis Global Islamic Equity invests into the Dublin-listed Crescent Global Equity Fund, which in turn invests in shares of Syariah-compliant companies across the globe in the US, Europe, and Asia. The Dublin-listed fund is managed by Oasis Crescent Capital (Pty) Ltd. Crescent Global Equity Fund has won prestigious global awards such as "Best Islamic Global Equity Fund 2005" at the Failaka Islamic Awards – Bahrain 2006, and the HH Sheikh Mohammed bin Rashid Al Maktoum Award: "Achievement in Islamic Finance" at the International Islamic Finance Forum – Dubai 2005.

The fund has an outstanding track record and gave a 5-year cumulative net return of 88% (as at the launch of AmOasis) to date since its inception in December 2000.

Oasis Crescent Capital (Pty) Ltd is part of the Oasis Group Holdings (Pty) Ltd. It has a strong investment track record as an investment manager with expertise in Syariah-compliant and conventional funds management. It was formed in June 1997 and manages over US\$3.5 billion in assets.

Tan Sri Dato' Azman Hashim, Chairman, AmBank Group, said, "We are very pleased to be working with Oasis Crescent Capital (Pty) Ltd, with its excellent track record. With the launch of AmOasis Global Islamic Equity, investors will be able to enjoy the combined benefits of investment into Syariah-compliant companies

across the world as well as diversification into offshore markets. We are also proud to manage this fund which will be the first global Islamic equity fund in Malaysia."

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



Tan Sri Dato' Azman Hashim (right) and Mr Mohammed Shaheen Ebrahim, Chairperson of the Oasis Group.

AmOasis Global Islamic Equity has a fund size of 200 million authorised units, and was available during the initial offer period at RM1 per unit with a minimum investment amount of RM1,000 and a minimum subsequent additional investment amount of RM500. The fund is being sold across the Funds Management Division's different distribution channels, namely AmBank's branches, unit trust agency channels, and approved Institutional Unit Trust Agents (IUTAs).

We continue to dominate the industry as the largest fixed income fund manager in Malaysia on the back of strong performance, increasing our market share further from 26.0% as at end-March 2005 to 29.1% as at end-March 2006. We are also ranked among the top five largest fund managers in the country for equities.

Product innovation is our engine of growth, and the market liberalisation in 2005, which allows unit trusts to be invested overseas has brought us new opportunities for global alliances. We have adopted an open architecture business model bringing in the “best of breed” global funds. We are focusing our in-house capabilities on regional (including domestic) equities and bonds, as well as global Islamic bonds, for distribution both locally and offshore.

During the year, we launched the first global property equities and REIT fund in Malaysia called the AmGlobal Property Equities Fund in October 2005, partnering Henderson Global Investors. This was followed by the first Islamic global equity fund in Malaysia called AmOasis Global Islamic Equity, partnering Oasis Group Holdings Limited, in April 2006.

Stockbroking

Throughout 2005, the equity market was affected by concerns over the implications of global developments, primarily high oil prices, domestic inflation and growth prospects. Market capitalisation declined by 3.7% to RM695.27 billion and the average daily turnover fell to 414 million units (2004: 435 million units), and the performance of the KLCI, closing the year as at December 2005 at 899.79 points, lagged that of the other major global and regional indices.



Arising from the lower volume of turnover and intensified competition from the four new foreign-owned securities firms that commenced operations during the year, AmSecurities reported a pretax profit of RM9.8 million (FY2005: RM43.8 million). In terms of market share, AmSecurities contributed close to 8.0% of the total turnover on Bursa Malaysia.

AmSecurities operates from a position of strength, with a capital adequacy ratio, measured by liquid capital against total risk requirement, standing at 13.7 times as at end-March 2006, well above the minimum requirement of 1.2 times.

With 295 remisiers and 63 dealers, AmSecurities continues to expand its retail and institutional business and client base through continued expansion of branch based broking.

Among the strategies and initiatives implemented during the year were promoting the use of electronic and mobile broking and establishment of automated execution and settlement. In addition, it is also integrating the operations in Kuala Lumpur, Singapore and Jakarta, so that it can better service its customers by providing access to secondary trading and execution in the regional markets.

Futures Broking

The exchange traded derivatives market remained active during the year, although trading volumes declined by 6.6% to 2.5 million contracts on Bursa Malaysia Derivatives. In terms of average daily volume, the financial futures contracts, especially the KLCI Futures and the 3-month KLIBOR futures continued to improve due to increased interests by financial institutions in taking hedging positions against anticipated interest rate hikes. The Crude Palm Oil Futures market continued to be active and accounted for 47.0% of the total volume transacted on Bursa Malaysia Derivatives in the year.

With the continued expansion of both its retail and institutional business, the market share of AmFutures has consistently remained above 25.0% of the trading volumes. Going forward with the implementation of the new trading platform by Bursa Malaysia, to enable retail investors to trade equity derivative products as well as single stock futures, we are confident of remaining competitive and further consolidating our market leadership.

Real Estate Investment Trusts

AmProperty Trust Management Berhad (AmProperty Trust) manages the AmFirst Property Trust, which is listed on Bursa Malaysia. The Net Asset Value of the Trust as at 31 December 2005 is RM196.7 million.

For its financial year ended 31 December 2005, the Trust recorded higher rental income due to renewal of tenancies at higher rental rates. However, its pre-tax profit declined to RM10.7 million, from RM12.4 million in the previous year, due to higher operating expenses arising from upgrading and renovation works, lower investment income, and the provisions set aside for diminution in value of quoted shares.

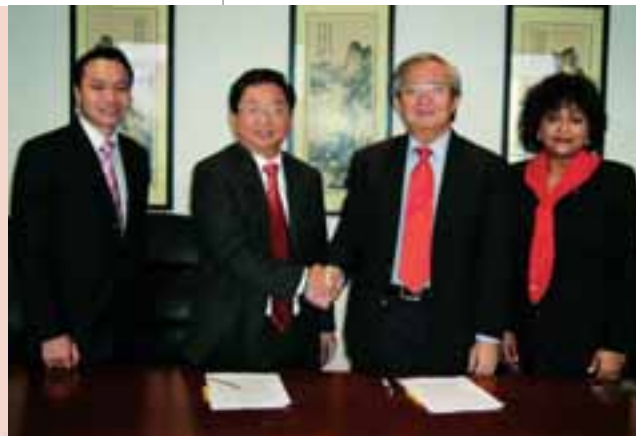
AmInvestment Group and ARA to Form JV Company to Manage REITs

AmInvestment Group entered into a Memorandum of Understanding (MOU) with ARA Private Equity Ltd (ARA) for the purpose of establishing a joint venture (JV) company to undertake the management of Real Estate Investment Trusts (REITs) to be listed on Bursa Malaysia. The signing was held in Singapore on 23 December 2005.

Pursuant to the MOU, AmInvestment Group and ARA will work together towards establishing a proposed joint venture company to act as the management company for such REITs. The proposed joint venture company is envisaged to be 70% held by AmInvestment Group while the remaining 30% will be by ARA.

ARA's track record and expertise in managing REITs successfully and AmInvestment Group's full range of investment banking services ranging from debt and equity capital markets, corporate advisory, treasury solutions, stock broking, and fund management will provide synergistic value to the proposed joint venture company and the REITs that it manages. ARA's contribution shall be the transfer of business and technical expertise in the management of REITs.

AmInvestment Group is the leader in the real estate investment trust asset class in Malaysia. AmMerchant Bank, a member of AmInvestment Group, listed the first property trust fund (the precursor of today's REIT), AmFirst Property Trust Fund, way back in 1999, which has been managed by AmProperty Trust Management Berhad



(l-r) Mr Thomas Kong (Manager, Business Development, ARA), Mr John Lim Hwee Chang (Group CEO, ARA), Mr Cheah Tek Kuang (Group Managing Director, AmBank Group), and Ms Poojita Rajadurai (Executive Director, AmMerchant Bank).

since the listing. As a result of AmInvestment Group's extensive experience in this asset class, AmMerchant Bank was selected as the Adviser and Senior Co-Lead Manager of the Starhill REIT, the largest REIT in Malaysia. AmMerchant Bank is also the Adviser and Sole Bookrunner for the listing of the UOA REIT and has a pipeline of major REITs in various property and asset classes to be listed on Bursa Malaysia, including the proposed Sungai Wang Plaza REIT and KPJ Hospital REIT.

Given the rapid growth of the REITs industry, the proposed joint venture company is envisaged to further enhance AmInvestment Group's and ARA's involvement and contribution to the development of REITs and real estate market in Malaysia and the region.

Effective 2005, the Real Estate Investment Trusts are exempted from income tax, and the Trust reported a net profit after tax of RM10.7 million (FY2004: RM9.2 million). Accordingly, the net earnings of the Trust also rose to 7.70 sen per unit, compared with 6.66 sen per unit previously.

As at end-December 2005, the occupancy rate in Bangunan AmBank Group was 94.3%, and tenancies representing approximately 53.0% of the net lettable area, were successfully renewed during the year at higher rental rates, ranging between RM4.00 psf and RM5.50 psf per month. The occupancy rate at the AmBank Group Leadership Centre, where rental rates range between RM2.00 psf and RM2.50 psf per month, was approximately 83.1%. The Trust properties generated an average net yield of 7.2% compared with the industry average of 6.0%.

Both Bangunan AmBank Group and the Leadership Centre were revalued by an independent valuer on 27 December 2005 for RM180.0 million (approximately RM500 psf) and RM19.0 million (RM329 psf)

respectively. Following the approval of the Securities Commission, the revaluation surplus of RM10.0 million has been incorporated into the Trust accounts as at 1 January 2006.

On 30 December 2005, the Trust entered into an agreement to acquire Menara Merais, a 22-storey office tower with three basement car parks located in Petaling Jaya, for a purchase consideration of RM57.0 million. The acquisition will be funded through borrowings, and is presently pending the approval of the Securities Commission.

For the financial year ended 31 December 2005, AmFirst Property Trust declared a gross distribution of 7.7 sen per unit. This represents an increase of approximately 2.7% over the previous year's distribution of 7.5 sen per unit. The Trust will continue with its intensive property management practices which include measures to control operational costs without affecting the quality of the building services to ensure that the properties of the Trust remain competitive in the market.

Going Forward

The Group has implemented strategies to enhance its regional investment banking operations, namely in Singapore and Indonesia. The enhancement of the Group's regional investment banking footprint will provide additional competitive advantages in terms of diversity and expanded reach in meeting challenges with global competitors.

The Group also believes that its strong fundamentals such as its leadership positions in various segments across the Malaysian capital markets, extensive capital market experience and expertise, culture of innovation, effective leadership and high operating efficiency will enable the Group to compete successfully in the investment banking industry.

BUSINESS AND RETAIL BANKING

1 June 2005 marked the dawn of an exciting era for the Group following the merger between the Group's finance company and commercial banking operations. As a result of the merger, the commercial bank, AmBank (M) Berhad, is now the sixth largest domestic commercial bank in the country in terms of total assets and the fourth largest in terms of gross loans portfolio.



The Bank considers the following to be its principal competitive strengths:

- Extensive and diversified retail banking business;
- Extensive and diversified distribution network;
- Ability to provide a wide range of product and services;
- Established and reputable brand name; and
- Important strategic alliances.

With the conversion of our “finance” branches into “bank” branches, we were finally able to offer our customers the traditional commercial banking over-the-counter services. In fact, one of our first initiatives was to transform our extensive nationwide branches network into Sales and Service Centres (SSC's), providing value-added services to our customers, in line with the Group's F.I.R.S.T brand values: Friendly, Innovative, Responsive, Simple and Trustworthy.

Business Banking

The major focus of the Business Banking Division was on its two core product offerings, i.e., lending to the Small and Medium sized Enterprise (SME) and transactional banking. These products, primarily aimed at growing fee income, includes trade finance and services, factoring commercial lending program and cash management services, which is the latest addition to the Division's list of services.

Transactional Banking

Trade financing and services increased to RM1.5 billion as at end-March 2006 compared to RM1.0 billion in end-March 2005, and correspondingly trade income rose 38.0% during the year to RM51.1 million.

Another positive impact from the growth in trade services transactions is the increased opportunities in financing customers' cross-border transactions, particularly export financing, thereby contributing to an increase in income from foreign exchange.

Factoring services served as a catalyst for the Division to form new relationships within the public sector. We have structured a lending program, which provides flexibility and speed for customers awarded with supplies and services contracts by government ministries and agencies. The package incorporates pre-shipment facilities, offering customers the ability to purchase the necessary materials to fulfill the requirements of the entire contract. The revenue from this program, though less significant at the initial stages of the launch, nevertheless has provided a modest contribution to our strategy of growing fee income.

As outlined in the 9th Malaysia Plan, substantial budget allocations have been made for infrastructure and maintenance works to boost the construction sector. The Bank has introduced a contract financing program, incorporating the issuance of performance and financial guarantees, for small and medium sized contractors that are awarded work contracts by the public sector.

In December 2005, the Division launched its cash management services, with online capabilities. Customers are able to enjoy a comprehensive package of product offerings, which includes payments, collections and liquidity management. The system enables us to mobilise more current account deposits from corporate clients, as well as to serve our customers better as we understand and identify their banking requirements based on statistic trends and the profiling of their operations.

SME Lending

In order to better serve our SME customers, we have established a network of five Regional Business Centres, situated in the Klang Valley, Penang, Johor Bahru, Kuching and Kota Kinabalu, complemented by 11 commercial business centres, strategically located throughout the country.

In FY2007, we shall be establishing commercial business centres at another five locations, to cover the industrial zones in the northern states of Kedah and to tap business opportunities along the east coast of Peninsula Malaysia as well as the areas around the oil fields of Bintulu, Sarawak. Coupled with the counter services provided by the Bank's branches, these business centres will be equipped with improved infrastructure to facilitate the processing of loans at a shorter turnaround time.

Apart from local regional growth, the Division has also established a trade service centre in Hong Kong. This centre enables the Division to handle end-to-end trade transactions originating from Malaysia, as well as capturing higher business volume and revenue from cross-border Asian and China trade.

The Bank is also enhancing its trade finance system, to provide speedy turnaround time and quality service to customers. Once completed, there will be integration of multiple systems such as the factoring and cash management systems, the loan system and the overdraft system, thus enhancing the operational efficiency of the Bank. Another system which has recently been implemented on 1 May 2006 is the Corporate Loan System.

In line with the Government's call for banks to provide full financial support to SMEs, we are establishing a new credit rating model, taking into consideration the distinctive qualities and unique operations of SMEs.

Our support to the SMEs must not be solely gauged by the amount of financing which we have disbursed. At the same time, we have teams of specialist Account Managers trained to focus on this sector and to customise our solutions to them.

AmBank Launches Cash Management Services



Y Bhg Dato' James
Lim Cheng Poh

AmBank (M) Berhad recently launched its new cash management services suite, AmBiz-CashPro, a tool guaranteed to enhance the efficiency and reduce costs of business customers in their day-to-day routine cash management tasks. It covers a full spectrum of activities such as receivables management, payables management, liquidity management, and corporate Internet banking.

AmBiz-CashPro combines the cash management capabilities (that are currently only fully available from foreign banks operating in Malaysia) with the broad coverage of AmBank's nationwide branch network. The suite was developed by Nucleus Software Export Ltd, and is powered by its Cash@Will system. Via AmBiz-CashPro, AmBank is the first local bank to provide a full cash management suite of products. There is also a strong focus on security to ensure safe and accurate transaction processing and communications between AmBank and its customers. Another plus is that there will be continual improvements

deployed in phases to introduce enhancements in the product's features and services.

Commenting on the launch, Y Bhg Dato' James Lim, Managing Director, Business Banking, AmBank (M) Berhad said, "This launch represents a new phase in AmBank's capabilities. With AmBiz-CashPro, AmBank truly lives up to its mission of being a premier financial services provider offering innovative products and services to our customers."

Over the course of the year, AmBank will be conducting a series of roadshows to showcase AmBiz-CashPro and to educate customers on the application and advantages of cash management.

"Education will be key. In today's environment, a lot of companies are saddled with the tedious and mundane activities related to transaction processing, for example, cheque payments preparation. Through AmBiz-CashPro, we are able to provide customers with not only a cost-effective solution to transaction processing, but also the ability to free up their resources to concentrate on core business activities such as sales and customer service," said Mr Andre Lee, Head of AmBank's Cash & Trade Services Management.

Retail Banking

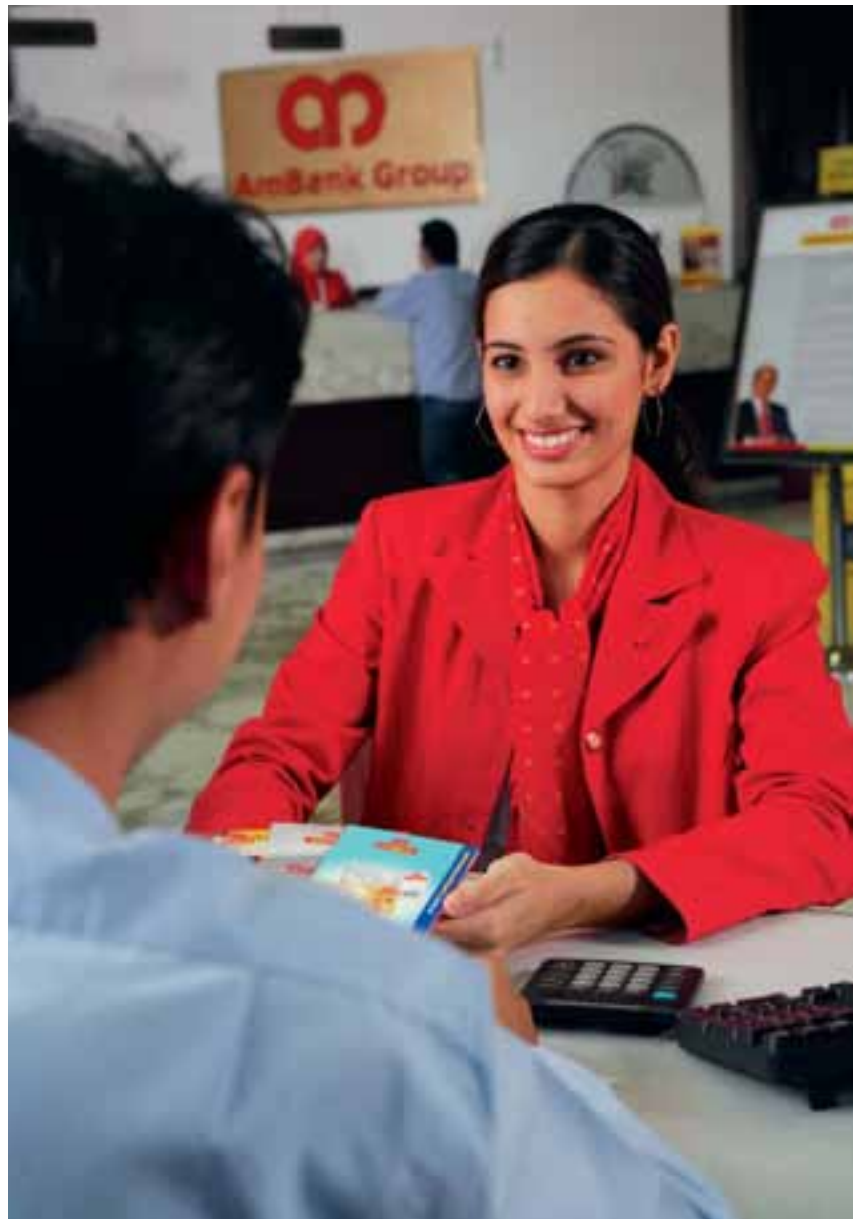
In our first financial year, as the retail banking division of AmBank (M) Berhad, we consolidated our market position and registered strong growth in revenue, profitability and loans. We maintained our leading position as the largest auto vehicle financier in the country, the second largest provider of personal financing loans, the third largest provider of credit cards financing, and continued to gain market share in mortgage loans.

To complement its network of 170 branches, the Bank continues to invest in modern technology to provide customers with added banking convenience and easier access via its alternative channels. The Bank has 233 automated teller machines (ATMs), 48 electronic banking channels (EBCs), a call centre and also offers mobile banking and Internet banking coverage.

The number of transactions performed using these alternative delivery channels has been on the rising trend. AmBank continues to pioneer extended banking hours and Sunday banking at selected nationwide branches, to offer customers greater convenience to conduct their banking transactions. We also continue to upgrade the product knowledge and skills of the 500 financial services agents and 120 personal bankers, who are responsible for marketing the retail consumer products.

Among the new products and services that were introduced during the year to meet changing customer needs were the variable rate hire purchase financing, housing loan refinancing scheme, deferred repayment housing loan, Real Rewards MasterCard, Platinum card, specialty Visa-Imagine card and AmGlobal Property Equities Fund.

During the year, a number of brand-building initiatives, such as campaigns and surveys on brand positioning, product development, customers / dealers satisfaction, data mining and cross-selling were



successfully implemented. In addition, we also established a service and quality improvement unit to spearhead customer relationship projects. The SMILE project, embracing Six Sigma principles, was piloted to significantly improve customer service.

During the financial year, retail lending expanded at a much faster rate, rising by 20.8%, to RM37.2 billion, whilst customer deposits increased by 11.4% to RM32.5 billion. Overall asset quality registered an improvement, with the net NPL ratio declining from 8.8% in FY2005 to 6.4%.

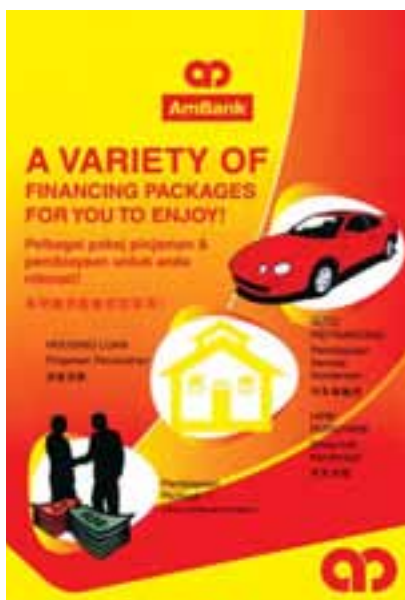


Hire Purchase

The Group maintained its key position as the largest financier of motor vehicles, with total loans outstanding rising to RM20.2 billion, translating into a market share of approximately 22.3%. The Bank disbursed new hire purchase loans totaling RM9.5 billion, an increase of 29.0% when compared to the previous year, due to the launch of various new car models, a low financing rate regime and an extensive auto dealer management program.

The Bank has implemented dealer incentive programs and loyalty campaigns, as well as half yearly dealer dialogue sessions, to strengthen its business relationships with its more than 3,200 auto dealers. The Bank has also forged strategic alliances with major vehicle distributors and auto dealers, including Auto Italia, DaimlerChrysler Malaysia, Hicomobil Kleeman, Honda, Naza Kia, Perodua, Proton and Toyota, and provided floor stocking and floor plan schemes to meet their working capital requirements.

We customised special financing schemes to complement the distributors' and auto dealers' marketing initiatives and actively participated in their roadshows, sales carnivals, and direct mailer sales promotion campaigns.



In June 2004, the Bank's hire purchase fulfillment department obtained the ISO 9001 accreditation from the Department of Standards Malaysia, the United Kingdom Accreditation Service and the Comité français d'accréditation. Since then, it has continued to streamline operating standards and requirements in the hire purchase processing, documentation, disbursement and customer service for improved efficiency.

In order to further reduce its credit processing time, the Bank has implemented an automated credit scoring system, which has been integrated with the Central Bank's Credit Bureau (CCRIS). This system allows for a quick and comprehensive check on borrowers' credit history, as well as enables the Bank to manage its credit risk more prudently.

With the amendments to the Hire Purchase Act, the Bank was the first to launch the variable-rate hire purchase financing scheme in October 2005. Our floor stocking and the newly introduced floor plan schemes remain popular amongst car dealers to finance their working capital requirements.

Meanwhile, our customers benefit from other services bundled into one financial package, including credit cards, personal insurance, investment products and overdraft facilities. The Bank provides extensive insurance, protection plans and other benefits via cross-selling of the insurance products.

As part of our contribution towards social awareness and consumer education program, the Bank publishes a monthly used and new car prices in The Star and The New Straits Times. Further, to assess the roadworthiness of hire purchase vehicles, the Bank also requires all used vehicles to undergo inspection by Pusat Pemeriksaan Kenderaan Berkomputer Sdn Bhd, the officially sanctioned vehicle inspection body in Malaysia.

In order to further consolidate our position as the prime car financier in Malaysia, the Bank continues to develop B2B and B2C loyalty via faster loan decision making processes and bundling of products with preferential rates.

Mortgage Loans

Despite the intense competition in the mortgage loan market segment, the Bank grew its mortgage portfolio to RM10.1 billion, or a market share of 6.6%. New housing loans approved during the year rose by 6.6% to RM3.3 billion. During the year, 49.0% of the new housing loans approved were for the purchase of the medium and high-end properties, as compared to 35.0% recorded previously.

The increase in loan approvals is attributed to the introduction of attractive mortgage loan packages, strategic-targeted marketing campaigns as well as close business relationships with established developers and real estate agents. The Bank actively participates in developers' project launches and major property exhibitions, such as the Malaysia Property Exhibition, organised by the Real Estate & Housing Developers' Association.

We work very closely with the key housing developers to tailor our mortgage loan packages to meet the needs of their property purchasers. This includes product bundling to incorporate credit cards, overdraft and insurance facilities to provide our customers with the benefits of total financing package experience.

One key marketing program launched was a 'Property Refinancing Campaign' initiated in collaboration with Samsung Malaysia Electronics Sdn Bhd. Under this campaign, premium audio-visual items were given away, such as the 42" Samsung Plasma TV for successful applications for loans amounting RM500,000 and above. The campaign proved to be successful and provided the opportunity to increase our penetration rate in the mid to high-end customer segment.



The Deferred Repayment scheme offered first-time house purchasers below 30 years of age an opportunity to purchase medium cost properties. Such customers would enjoy the flexible repayment option, whereby for the first two years after full drawdown they can service the interest on the credit facility, with principal repayment commencing only in the third year.

A national level sales conference was held in April 2005 as a platform to communicate the Bank's mortgage

business goals and objectives to the sales team and to commemorate results-proven achievement by the sales force. The Productivity Challenge Program II, i.e. a performance management program with clear performance metrics and incentive scheme to increase staff productivity, was re-launched in May 2005 as part of our efforts to strengthen marketing capabilities. Our sales personnel undergo regular comprehensive training and customer awareness programs to improve their selling skills.

We have improved on our processing system by revamping the credit application forms, and by having ongoing automation exercises and system enhancement initiatives, we have improved our backroom efficiency and turnaround time. The implementation of the Credit Scoring model and on-line credit checking with CCRIS on borrowers' credit worthiness assessment serve to improve loan decision making and asset quality.

In line with our customer friendly and corporate responsibility, we have consistently extended micro credit schemes to enable low income earners to own their homes. The Bank has a strategic alliance with the Selangor State government to provide low-cost housing loans, such as the Tabung Perumahan Ehsan facilities for the state government housing projects.

Notwithstanding the impending slower growth in selected segments of the property sector next year, AmBank is fully-gearred to grow its mortgage loans and market share. Our focus is on the high and medium cost development projects in strategic locations.

AmBank Launches Mortgage Refinancing Campaign

AmBank recently launched its Mortgage Refinancing Campaign on 26 October 2005 at Menara AmBank with the cooperation of Samsung Malaysia Electronics (SME) Sdn Bhd. Present at the launch ceremony was Erick Mohamed Azmi Mahmood, Managing Director, Retail Banking, AmBank (M) Berhad, and Mr Jimmy Tan, General Manager, Samsung Malaysia Electronics Sdn Bhd.

In his speech, Erick Mohamed Azmi said, "The Refinancing Campaign is aimed at 'new-to-bank' individual customers seeking refinancing facilities for residential and/or commercial properties. The promotion is available nationwide but is mainly targeted at properties located in major towns in the Klang Valley, Pulau Pinang, Johor, Ipoh, Seremban, Melaka, Kuantan, Kuching and Kota Kinabalu."

The campaign commenced on 26 October 2005 and ends on 31 January 2006. Customers who refinance with AmBank for a minimum term loan amount of RM150,000 are entitled to attractive gifts from Samsung ranging from the Home Theatre System, the 32" SlimFit HDTV, to the 42" Plasma TV. Best of all,

customers with higher term loan amounts of above RM500,000 are given the flexibility to choose from a variety of Samsung gifts.

Erick Azmi added, "This exciting offer will appeal to many as it is pooled at a very attractive low interest rate. It comes with great perks and benefits such as full zero-entry cost, high margin of finance, overdraft facility, daily interest computation, flexible repayment options, redraw facility, and much more. As a gesture of appreciation to its existing customers, AmBank has also invited its depositors, cardholders and free-purchase borrowers without a mortgage facility with the bank to refinance and take advantage of the great benefits offered by the package."

With this latest promotion, AmBank is confident of making further in-roads into the affluent mid- to high-end customer segments as well as attracting over RM100 million of new loans, which will contribute toward total new loans of over RM2 billion for the financial year ending 31 March 2006.



Mr Jimmy Tan (left) and Erick Mohamed Azmi Mahmood (right) officially launch the campaign.



Credit Cards and Line-of-Credit (LOC)

Despite the intense competition, AmBank charted an impressive growth of 23.2% with cards-in-circulation rising to 446,000 cards as at March 2006. Outstanding credit cards receivables and card spend recorded equally strong growth of 29.7% and 22.1% respectively. The growth was attributed to creative promotional campaigns and our commitment to superior customer service.

The Bank launched several new innovative cards, such as the prestigious Platinum card, targeting the high net worth individuals, whilst the Visa Imagine card was for the younger customers. The Visa-Imagine Card provides attractive financing packages for the purchase of Samsung hi-tech products.

AmBank’s array of card offerings is packaged to provide lifestyle themes, with the latest card being the FIFA World Cup card, targeting ardent football fans.

We also embarked on an aggressive advertising campaign to promote our balance transfer, easy payment and flexi payment schemes. Apart from that, we have also launched our innovative QuickCash program, where cash is easily and conveniently available via phone, fax, e-mail and sms channels, a first in the card payment industry. In addition, we expanded our alliances with major retailers to increase our merchant acquisition rate.

In conjunction with the nationwide Mega Sale carnival in August 2005, various promotions were held in collaboration with MasterCard to encourage card utilisation and take-up rate. As part of our efforts to build a loyal clientele, contests are continuously organised for cardholders, whilst the AmBonus points system rewards customers based on their spending. Holiday promotions devised with tour operators, such as the Hong Kong Disneyland travel packages, also boosted card spend.

The strategic alliance between AmBank and MBf Cards (M) Sdn Bhd has proven to be equally successful. MBf Cards receivables size stood at RM1.4 billion, with cards-in-circulation of 506,000. Aggregating AmBank and



MBf Cards receivables financing, total credit receivables outstanding rose by 11.3% to RM2.2 billion, placing AmBank as the third largest credit card financier in the industry.

With the full implementation of EMV (Europay, MasterCard and Visa International Service Association) in May 2005, there has been a significant reduction in card frauds. The recent integration of credit scoring system to CCRIS provides on-line credit checking facility and has started to translate into improved loan decision making process and faster processing turnaround time.

In FY 2007, the initiatives to grow our card business include issuance of corporate cards, prepaid cards, proprietary cards and co-branded cards. The Group is well-positioned to grow its card base through cross-selling activities and active data mining of its customer database. Our vision is to achieve recognition as the leader in the payments market landscape in Malaysia inspired by changing consumer needs.



Personal Financing

Personal financing is offered by the Bank through its tie-ups with Government co-operatives. The portfolio expanded by 44.0% to RM1.1 billion as at March 2006, placing AmBank second in the industry with a market share of approximately 6.5%.

The marketing promotion campaigns included bonanza gifts for the festive seasons, alliances with Tabung Haji for travel packages for Umrah, the “Fly with AirAsia” campaign which rewards customers with subsidised flight vouchers as well as a strategic tie-up for the financing of MODENAS motorcycles. Our Islamic personal financing product, the Personal Financing-i, provides customers with enhanced features of the automatic reducing term insurance coverage.

Moving forward, the Bank will continue to enhance its business relationships with government-linked corporations and develop pre-approved packages that are tailor-made for individual institution co-operatives.



Asset Financing & Small Business

Asset Financing & Small Business (AFSB) primarily provides financing products to SMEs, including industrial hire purchase, term loans, commercial property loan, block discounting, loans funded by BNM, loans backed by Credit Guarantee Corporation (CGC), loans under Bumiputra Development Unit (BDU) and CGC direct access guarantee schemes. With active promotion of the BNM-funded and CGC-guaranteed loan schemes, which are intended to assist SMEs in accessing cheaper loan financing, the total receivables have risen to RM2.0 billion.

The growth in the portfolio is attributed to strong strategic alliances forged with machinery dealers and suppliers. At present, one third of our total loans are to enterprises in the manufacturing sector, with the remaining to the agriculture, construction, transport, wholesale and retail sectors.

During the year, we enhanced our products to include overdraft facilities to facilitate cash-flow management of our SME customers. We also launched the AmBiz Cash Plan, a program lending scheme targeting the new automotive dealers. The BDU focuses on marketing and lending to the Bumiputera entrepreneurs.

In FY2007, the Bank will continue to expand its industrial equipment refinancing scheme and business coverage to include petrol dealer associations, business and trade associations and Bumiputera contractors and manufacturers.

Consumer Sales

The Consumer Sales business unit of the Bank offers bancassurance products comprising investment products in the form of fixed income, equity unit trusts and insurance products (including MRTA, life, general and auto insurance).



In January 2006, the Consumer Sales Unit marketed the AmGlobal Property Equities Fund, whereby AmBank became the first domestic bank to offer retail customers the opportunity to invest in global property securities. In order to offer customers the choice of the best unit trust products, the Bank also acts as an agent for the sale of third party funds from other unit trust management companies such as Hwang DBS, TA Unit Trust, ING, Prudential and OSK-UOB.

The Bank also launched a nationwide MegaFD campaign in July 2005, whereby customers were given rebates to purchase digital cameras at subsidised prices. Sales of our single and regular premium life insurance products have also registered strong growth. We now have personal bankers at the major branches to provide financial planning services and a full suite of investment products to our customers.

In FY2007, to further broaden its range of services, the Consumer Sales Unit will continue to expand its alliances with the unit trust and insurance companies.

Deposits

The remodeling of our branches into Sales and Service Centres (SSCs) has provided a new platform to increase our deposit base.

Furthermore, the introduction of cash management services in early 2006 has translated to higher opening of demand deposit accounts by business enterprises and corporations.

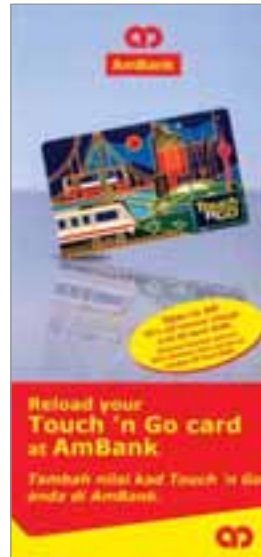
In FY2007, we are embarking on aggressive marketing campaigns and rolling out new products to mobilise low-cost deposits, specifically savings and demand deposits.

Channels

Branch Network

During the year, we continued the remodelling of the branches network, balancing focus between sales and service, improving customer banking experience, and maximising operational efficiency by optimising backroom operations through outsourcing to reduce operational costs. The infrastructure at the branches is being progressively upgraded to enable the provision of extended remittance services including Rentas, SWIFT, local and foreign currency demand drafts. The Queue Management System has been installed to improve efficiency.

Moving into FY2007, customer service excellence remains the major priority. Extended working hours on weekdays and weekends, at high traffic locations has enabled us to provide greater banking convenience for our customers.



eChannel

The eChannels, comprising Self Service machines (ATM, CDM and CQM) at Electronic Banking Centres, Internet Banking, a 24-hour Contact Centre and Mobile Banking are some of the services that have been developed to provide better service to out customers. In order to promote greater awareness of these services and usage of these facilities as well as operating cost per transaction, campaigns and nationwide roadshows were conducted at branches and strategic locations.

Currently, approximately 44% of customers' transactions at EBC branches are conducted via eChannels. The Internet Banking allows customers to perform selected transactions over the Internet including bill payment, account balance enquiry and online funds transfer.

During the year, the Group has formed a strategic alliance with Touch 'n Go, which enables the public to reload their Touch 'n Go Card at AmBank's Cash Deposit Machines. By 2006, 60 EBCs will be fitted with Touch 'n Go reload facilities.

The Bank's 140-seat Contact Centre operates 24 hours a day, enabling customers to access financial products and services over the telephone via Interactive Voice Response (IVR) and Customer Service Executives (CSE). Customers can check their account balances and transaction history, transfer funds and obtain insurance services, make credit card and loan repayments and subscribe to new services.



The Contact Centre is fully equipped with automated self-service support technology, predictive auto dialer, multi-channel integration and automated service request tracking.

Meanwhile, the Mobile Banking service allows customers to perform certain banking transactions using the SMS function, including reloading prepaid mobile telephone accounts and making balance enquiries. The Bank intends to increase its Mobile Banking service provision to include more bill payment services and auto payroll/claims alert.

In addition, the Bank has partnerships with over 45 major corporations including utilities, clubs and telecommunication providers, to enable its customers to transact or pay their bills via the use of either Internet Banking or ATM. The Bank continuously expands the partnership arrangement to better serve its customers.

In maintaining our position as Malaysia's premier financial services group, we constantly strive to be innovators in an industry that demands us to find new and creative products and services for our customers.

AmMobile Banking Provides Maxis Customers Top-Up and Banking Account Inquiry Services Via SMS



With AmBank Group's AmMobile Banking service, Maxis' Hotlink prepaid customers can now top-up their airtime value automatically via Short Message Service (SMS). This hassle-free and secure SMS Top-Up service is a collaboration between Maxis and AmBank Group to enable customers to reload their airtime on the move. This frees customers from the need to look for a retail outlet that sells reload coupons. The top-up denominations are currently available in RM30, RM50 and RM100. With AmMobile Banking service, Maxis' customers holding a savings or current account with AmBank Group are also able to check their bank account balance via SMS.

To enjoy this value added service, Maxis customers can now easily register at any of 184 AmBank and AmFinance branches nationwide or by calling the 24-hour Call Centre at 03-2612 6888. Once they have registered for the service, customers need

A handshake to seal the deal – Enche Mohamed Azmi Mohamed, Head of Retail Banking, AmBank Group (left), and Mr Lee Lay Han, Senior General Manager, Head of Channel Distribution and Customer Services, Maxis, at a brief ceremony at Bangunan AmFinance, Jalan Yap Kwan Seng on 15 January 2006 to commemorate the collaboration.

only send an SMS by typing TUP, the top-up denomination, followed by the Mobile PIN number, and send it to 32033. Upon receiving the request, the integrated AmMobile Banking system will check the customer's account and within 30 seconds the customer's airtime access will be updated. Customers will also be notified of their successful top-up via SMS.

A secure systems technology is used to ensure safe data transaction. Pre-registration safeguards account information, and all transactions require the Mobile PIN known only to the user. The technology partners for this project are QuickNet Com Sdn Bhd together with MCM Consulting Sdn Bhd.

The AmMobile Banking service is available everyday from 6 am to 12 midnight. For further enquiries or information, Maxis customers can contact 1-300-820-120 or call the 24-hour AmDirect Call Centre at 03-2612 6888.

ISLAMIC BANKING

During the year, revenue from the Group's Islamic banking business chartered encouraging growth, with pre-tax profit rising by 59.8% to RM148.3 million, whilst total assets expanded to RM9.4 billion as at end-March 2006. Total loans and financing reported at RM6.5 billion, accounted for 69.2% of total assets due to the continued strong demand for financing for motor vehicles and housing. Islamic banking has proven itself to be an increasingly important component of the Group's business activities.

Going forward, the Group's Islamic business would be driven by AmIslamic Bank Berhad (AmIslamic), which commenced operations on 1 May 2006 as a full-fledged Islamic bank, with shareholders' funds of approximately RM1.0 billion. The total Islamic banking assets of RM8.5 billion, were vested by AmBank into AmIslamic Bank, pursuant to a High Court Order.

AmIslamic Bank, with a universal banking licence, offers a complete range of innovative commercial and investment banking services, to meet the needs of different customer groups and demands. The Bank has also introduced its own logo and website - 'amislamicbank.com.my'.

The Bank's Syariah Committee members, include three distinguished scholars:

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



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

Investment Banking Activities

In 2005, AmMerchant Bank successfully completed 10 transactions, with issuance value of up to RM10.4 billion in the primary debt markets, for corporate clients involved in the Utilities, Finance and Trading/Services industries. AmMerchant won numerous domestic and international accolades in 2005:

- **Project Finance International Awards 2005**
Bond Deal of the Year in Asia Pacific for Kapar Energy Ventures RM3.4 billion BaIDS.
- **The Asset Asian Country Awards 2005**
Best Deal in Malaysia for Jimah Energy Ventures RM6.1 billion Islamic Financing transaction.
- **FinanceAsia Achievement Awards 2005**
Best Islamic Finance Deal for Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage Backed Sukuk Musyarakah.

- **KLIFF 2005 Islamic Banking Award for 'Most Innovative Islamic Financial Product'**

RM80.0 million Mudharabah Bonds for PG Municipal Assets Berhad.

- **Asiamoney Domestic Awards 2005**

Best Bond House (over 80% were Islamic issues).

- **Rating Agency Malaysia (RAM) League Tables**

Topped Lead Manager's League Table for Sukuk Issues 2005 for most number of Islamic Securities issues.

The Mudharabah Bonds for PG Municipal Assets Berhad, was the first parallel Mudharabah or profit-sharing arrangement in the country, as well as first Municipal bonds issue, backed by tax assessments for industrial properties collected by a local government authority.



AmMerchant receives two FinanceAsia Achievement Awards: Mr Cheah Teck Kuang (left) receiving one of the two awards from Mr Siddiq Bazarwala.

The most outstanding deal of the year was the RM6.0 billion Islamic securities issued by Jimah Energy Ventures, comprising RM4.8 billion Senior Istisna' MTNs and RM1.0 billion Bai' Inah MTNs issuances by Jimah Energy Ventures Sdn Bhd and Special Power Vehicle Berhad, respectively. This landmark transaction marked several new firsts, not just for the financing of independent power plants. It was also the largest Islamic securities issue of 2005 and was the first floating rate Islamic securities in Malaysia.

Other notable Islamic transactions arranged by AmMerchant during the year included DRB-HICOM's RM1.0 billion Islamic Securities comprising BaIDS and Mudharabah Commercial Papers/Medium Term Notes Programmes and Antara Steel's RM500.0 million BaIDS.

Another successful initiative was the launch of the first Islamic global equity fund in Malaysia called AmOasis Global Islamic Equity, partnering Oasis Group Holdings Limited, in April 2006 provides investors an opportunity to invest offshore in Syariah-compliant funds.

Retail and Business Banking Activities

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

- Al-Tasliif Free-For-Life Credit Card campaign was re-launched in April 2005, together with a new balance transfer programme.
- Quick Cash, a profit-free cash advance facility for three months. With a minimum request of RM1,000, the AmBank cardholders enjoyed a 0% easy payment plan for a period of 6 months. The campaign offered cardholders multiple hassle-free channels to request the service; either via the AmBank Contact Centre, SMS, e-mail or via fax sent to the AmBank Contact Centre.
- Basic Current Account-i and Basic Savings Account-i, based on the Wadiah principle.
- Cash Line Facility-i, a Murabahah-based overdraft credit facility
- Direct Access Guarantee-i (DAGS-i), a Syariah-based financing facility specially tailored for SMEs, in collaboration with the Credit Guarantee Corporation Malaysia Berhad.



Marketing and Promotions

The Group also played a key role in supporting Bank Negara Malaysia's efforts to promote greater awareness and knowledge of Islamic banking activities amongst the public through participation in the nationwide Islamic Banking and Takaful Roadshow 2005, as well as in various conferences and expositions.

We also entered into a Memorandum of Understanding with the International Islamic University of Malaysia in October 2005, for co-operation to promote Islamic banking, research and development of new products as well as providing in-house training to the AmBank Group staff on Islamic banking and finance.

The future looks set to hold many opportunities and AmIslamic Bank will be at the forefront to chart a new phase for the Group's expansion through the opening of dedicated marketing centres throughout the country, and introduction of innovative products and services to meet our customers' needs.

INSURANCE



The results reflect our focus on building stronger customer relationships to better align our products, services and distribution networks with our customer needs.

For the financial year ended 31 March 2006, AmAssurance achieved a commendable 72.0% growth in pretax profit to RM55.6 million, compared to RM32.3 million in the previous year.

The key to the significant growth was strong gross premium growth of 11.0%, outpacing the industry's growth rate of 7.0%, better claims experience and product bundling of the insurance products with the Group's retail business. The premiums from the general insurance business constituted 56.0% of the total premium income. Total assets grew at 19.0% in tandem with the business growth to stand at RM1.8 billion (FY2005: RM1.5 billion).

With the insurance business being a key priority in the Group's wealth management strategy, AmAssurance continues to increase its market share in both the life and general insurance industry. AmAssurance is now ranked fifth and eighth respectively, in the general and life insurance industry in terms of new business premiums.

Another exciting development was the acquisition in March 2006, of a 30.0% shareholding in the company by the Insurance Australia Group Limited (IAG), the largest general insurance company in Australia. We are confident that this strategic partnership will enable AmAssurance to capitalise on new business opportunities and leverage on IAG's expertise and skills.

General Insurance

The general business recorded a gross premium of RM438.2 million, registering more than 12.0% growth, for the fourth consecutive year. Motor premiums, rose by 13.0% to RM347.8 million, to account for more than 44.6% of the total business volume generated. This further raised the market share of AmAssurance in motor premiums in the industry to 8.2% as at end-December, 2005, and positioned it as the second largest motor insurance underwriter in the country.

The business registered an underwriting surplus of RM32.3 million, compared to RM9.4 million in the previous year, due to the 13.0% growth in motor insurance premiums, as well as the lower claims experience. The claims ratio declined to 63.0%, compared to 67.0% in the previous year.





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Service 1™. Our Promise.



Life Insurance Business

The life insurance business similarly sustained its growth momentum, registering an overall gross premium growth of 9.0% to RM341 million, with new business premium rising by 6.0%. Meanwhile, bancassurance has developed into a major business channel accounting for 46.0% of the gross premium income, at par with the contribution from the agency force. The life policyholders' fund (inclusive of the investment linked funds) grew by 23.0% and has surpassed RM1 billion (FY2005: RM819 million).

Meeting Customer Requirements

Although insurance is our core business, we believe that we are in effect selling a service, and hence our continued emphasis on the concept of excellent customer service. Our original tagline '**Service 1st, Our Promise**' introduced in 2004, has now been modified to '**Warm and Friendly Service, The Malaysian Way**' to reflect the Malaysian touch in the way we deliver service to our valued customers. The tagline is prominently displayed on billboards across the country and all our staff are continuously being trained and encouraged to provide the highest level of service.

Acknowledging the importance of remaining 'customer-focused', AmAssurance has achieved a key milestone with the establishment of its very first 'Contact Centre'. With this new infrastructure, customers are able to enjoy greater convenience when dealing with AmAssurance. In addition to servicing, the Contact Centre is also positioned as a revenue-generating direct marketing channel which complements our extensive network of branches and agents.

A number of successful initiatives were launched during the period to improve our services.

New Products Launched

AmVision20	• 20-year Endowment Dividend Plan
AmVarsity	• Child Education Endowment Plan, expiring at age 21
AmCash Guarantee 21	• 21-year Endowment Dividend Plan
AmGen3+	• Participating Whole Life product, expiring at age 85
AmSpecial Gift Plus	• 25-year Endowment Dividend Plan
Eduplan	• Participating Endowment Policy
AmSecure	• Participating Endowment Policy
Am3G+	• Participating Whole Life Policy

• Composite Insurance System

AmAssurance is presently installing a core composite insurance system. The system provides a single integrated platform to serve the policyholders, agents and other intermediaries. Costing over RM20 million, it is positioned to improve customer service and efficiency, reduce turnaround-time and provide opportunities to cross-sell products in the Group.

• AmAlert

In line with our mission '**To provide insurance service to customers as simply and conveniently as possible**', AmAssurance had launched AmAlert, a mobile service that allows customers to send via SMS, enquiries pertaining to their policies, products and services offered by the Company. Upon receiving such SMS, we shall respond within a guaranteed time of 20 minutes.

• AmRecovery

As part of our efforts to curb vehicle theft, AmAssurance had launched the AmRecovery vehicle security system incorporating a tracking device and recovery services programme in July 2005, together with a third party vendor. The programme aims to offer vehicle protection along with compensation for loss of the use of the vehicle resulting from theft.

• 'We Care' Customer's Bulletin

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

AmAssurance is well on track to underwrite gross premiums of more than RM1 billion in FY2007:

- By leveraging on the Group's extensive retail banking franchise;
- Through our commitment to excellence in customer service, supported by 6,565 agents, of which 3,731 are life insurance agents; and
- By leveraging on the support provided by our new shareholder, IAG, in terms of new processes and risk management capabilities.



INFORMATION TECHNOLOGY SYSTEMS

The Group continued to exploit technology to provide better service to customers and to improve and streamline its processes for higher productivity and efficiency.



The Group capitalises on Information & Communication Technology (ICT) as a business enabler to promote innovative, effective, and efficient use of technology for a competitive edge.

IT capital expenditure for FY2006 focused on improving capabilities in the area of Retail and Commercial Banking, Islamic Banking, Investment Banking and Group Treasury. Almost 60% of the capital expenditure incurred was focused on corporate lending and retail business. Continuous investment on financial management and risk management were equally important to enable seamless services to our customers and also to meet compliance with regulatory requirements.

The Group is looking at a comprehensive, integrated and advanced risk management system to reduce the Group's economic capital and regulatory capital through efficient data management and reporting. The system also provides a unique opportunity for the Group to enhance and upgrade its risk management practices, policies and technology so that credit risk, market risk and operational risk can be managed holistically.

To support new business and service delivery capabilities, emphasis was also given to the overall IT infrastructure of the Group with focus on data storage and network communication to accommodate business growth. In addition, the Group Information Services (IS) constantly monitors and ensure technology infrastructure such as PCs, printers and other IT peripherals are kept current.



In the area of disaster recovery, Group IS continues to perform two 'live' tests annually to ensure systems readiness for any eventuality and to support faster business resumption.

The Group is also constantly evaluating new capabilities and enhancement of the alternative channels such as mobile and Internet banking services, to complement the different distribution channels for customers. With the increase of online banking access through the Internet, Group IS is constantly monitoring and upgrading the overall security of our systems to protect customers' confidentiality and privacy.

Retail and Commercial Banking

The consolidation of IT systems infrastructure for retail and commercial banking has enabled operational efficiency and provided easier customer reach.

Retail Banking has initiated the deployment of centralised front-end service delivery systems to cater for the needs of the increased customer base and provide more user-friendly customer interactions.

The Business Banking segment is currently realigning resources and placing increasing focus on key business areas like Corporate and Islamic Loans, Cash Management and Trade Finance. These areas are increasingly leveraging on Internet technologies to complement the traditional business touch and improve business growth.

The new Corporate Loan system caters to Conventional and Islamic corporate facilities in multi-currency and increases accessibility to Corporate Loan products and services group-wide. The streamlined corporate lending operational policies and procedures allow the Group to aggressively grow corporate lending business and better manage the quality of assets.

The Cash Management system captures operating accounts which promotes better understanding of customers' cash flows and financial position thus creates opportunities to cross-sell other products and services.

Islamic Banking

In line with the overall Group initiatives on Islamic Banking, the focus for Islamic Banking is to capitalise on existing channels and technology infrastructure to increase business growth.

Investment Banking/ Group Treasury

The technology strategy is to align with overall Investment Banking and Group Treasury business objectives. Primary focus is to enhance IT systems for Treasury Derivatives, Funds Management and Securities trading.

The Treasury Derivatives system upgrade enables complete operational control, seamless processing for all deal structures and robust analytics for valuation and risk management.

The upgrade of the Funds Management system is to provide multi-currency capabilities and

overseas investments, in line with the recent liberalisation by BNM of offshore investments.

The Securities Trading Division is implementing a New Electronic and Client Ordering system for Direct Market Access trading to deliver efficient trading for clients and promotes cross-border trading activities.

Insurance

AmAssurance is aggressively focusing on the implementation of a new fully-integrated Composite Insurance system for both Life and General Divisions. The new system enables provision of customer experience, profitability and single customer view across both Life and General insurance.

AmAssurance also plans to aggressively grow its insurance business through cross-selling, expert advisory and product variations with easy access to the system throughout the Group for business referrals and follow ups. Turnaround time of retrieving information is shorter hence prompt and efficient service to customers.



HUMAN RESOURCES

Human capital will always be an integral component of sustainable competitive advantage in the banking and financial services industry.

To be among the top players in the industry, the Group recognises the need for a skilled, flexible and committed work force that forms the stepping stones to efficient and innovative management, as well as the importance of retaining developed talent. We believe that the availability of the right people to take on new opportunities and challenges will propel us to further success and excellence in our services and products offered.

To achieve our goals, the Group has rolled out several initiatives during the year.

Developing Leaders for the Future

The Group's efforts in developing its human capital have been centred along attracting, integrating and retaining the "right" people to support its business goals and strategies. As the need for specialised and diversified talents increases, efforts are directed at projecting and planning for future talent requirements as well as fulfilling current talent needs.

Learning and development activities that build and support the core competencies of our people have been put in place to propel our business strategies. Various technical and behavioral training programmes are conducted to enable our people to realise their highest potential and to commit to performance. In addition to proficiency training, staff innovation and creativity is emphasised to equip them with further ability to respond promptly to market demands and competition.

Managing and Rewarding Performance

The Group adopts a performance-driven culture whereby rewards and recognition are linked to individual, team and corporate performance. Remuneration programmes are designed with direct connection to business results. The Performance Management framework aligns individual performances to organisational goals. The framework allows the individuals to set expectations for performance based on organisational goals, two-way managing of performance and recognition of performance via rewards based on achievement of goals.

Training Programmes



Our passion is for people. In a business that is about service, they are the key to success because service is ultimately about building our relationships and then maintaining and nurturing them.



Reaffirming Our Commitment to Clients

In line with our theme, “Customer F.I.R.S.T.”, our employees are encouraged to embrace the brand values wholeheartedly and enthusiastically offer better customer service. Our commitment towards providing excellent service is embedded in the Group’s Shared Values, training programmes as well as internal and external customer campaigns. In our pursuit to deliver service excellence, we believe in collaborating with our clients to evaluate their growing needs and to provide them with superior business solutions. The Group will continuously focus on better human capital practices to achieve greater heights of business growth and recognition.



45th AmBank Group induction at Awana Genting Highlands held in May 2006.

Our success and goals will not be possible without a dedicated, driven and proactive management team. Their skills and ability to execute growth strategy will help the Group to face future challenges with full confidence.

ENVIRONMENTAL CONSCIOUSNESS

The AmBank Group recognises the importance of environmental preservation. The Group’s conservation and environmental protection objectives are reflected in its continuous sponsoring of the Dromedary Camels of Zoo Negara Malaysia, efforts of which have commenced since the 1980s. The Group also donates to the World Wildlife Fund for Nature as well as supports the cleanliness programmes organised by local authorities.

In addition, the Group actively promotes recycling practices and the reutilisation of resources. Recycling of disposed paper is encouraged Group-wide, whilst wastage of paper is minimised where possible with the effective use of infrastructure and alternative communication mediums available. Apart from that, the recycling of empty ink cartridges and other obsolete computer equipment is carried out to minimise the impact on the environment.

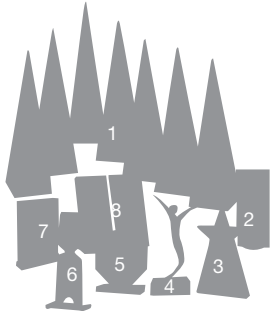


We also encourage our customers to use alternative delivery channels such as ATMs and Internet banking to reduce the usage of paper.

Furthermore, the credit risk policy of the Group is structured to ensure that lending to relevant sectors require adherence to environment regulations, such as environment impact studies.

Notables and Awards

AmlInvestment Group



RAM League Awards ⁽¹⁾

- No. 1 – Lead Manager Award 2005 (Number of Deals)
- No. 1 – Lead Manager Award 2005 (Issue Value)
- No. 1 – Lead Manager Award, Islamic 2005 (Number of Deals)
- No. 3 – Lead Manager Award, Islamic 2005 (Issue Value)
- Blueprint Award – New Islamic Benchmark Deal (PG Municipal Assets Berhad)
- Blueprint Award – New Islamic Benchmark Deal (Cagamas MBS Berhad)
- Blueprint Award – New Benchmark Bond (Jimah Energy Ventures Sdn Bhd & Special Power Vehicle Berhad)





FinanceAsia Country Awards 2005 ⁽²⁾

- Best Malaysian Bond House

Asiamoney Awards 2005 ⁽³⁾

- Best Domestic Bond House – Malaysia

The Star/Standard & Poor's Investment Fund Awards ⁽⁴⁾

- Winner, Fixed Income MYR 1-Year Category (AmDynamic Bond Fund)

ProjectFinance



Euromoney Project Finance Awards 2005 ⁽⁵⁾

- Asia Pacific Deal of the Year (Jimah Energy Ventures: Joint Lead Arranger and Primary Subscriber to fund the construction cost of 1,400 MW coal-fired power plant)

Deloitte Consulting Malaysia and International Institute of Islamic Finance (IIIF Inc)/ Islamic Banking Awards, Kuala Lumpur Islamic Finance Forum 2005 ⁽⁶⁾

- Most Innovative Islamic Financial Product (Parallel Mudharabah)

Triple A The Asset Asian Country Awards 2005 ⁽⁷⁾

- Best Deal of the Year in Malaysia (Jimah Energy Ventures RM6.1 billion Islamic financing)



Bloomberg

FinanceAsia 2005 Annual Achievement Awards ⁽⁸⁾

- Best Malaysia Deal
- Best Domestic Securitisation/ Best Islamic Finance Deal (Both for Cagamas RM2.05 billion RMBS, World's First Rated Islamic RMBS)

Project Finance International Awards 2005

- Bond Deal of the Year – Asia Pacific (Jimah Energy Ventures RM6.1 billion Islamic financing)

Bloomberg Malaysia M&A League Table – Completed Deals for 2005

- Top Adviser (By Market Share and Number of Deals)



Malaysian Rating Corporation League Tables

- No. 1 (Number of Issues)
- No. 2 (Issue Value)

The Edge Awards 2005

- Best Deal – Corporate Finance (Jimah Energy Ventures)

3rd Asiamoney Structured Products Poll

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