

## Business Operations Review



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

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

- **Investment Banking**

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

- **Business Banking**

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

- **Retail Banking**

We continued to gain and retain customers, and grow a greater "wallet share" through expanded and improved customer service, by offering greater convenience and accessibility through our branch network and alternative delivery channels. The performance of Retail Banking was characterised by excellent loans growth and increased market share in key products.

- **Islamic Banking**

We posted remarkable growth during the year and also clinched major accolades as we capitalised on the growing demand for Islamic financial services. We also introduced award-winning global products.

- **Life and General Insurance**

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



## Investment Banking

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

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

### Debt Capital Markets

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

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

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

### ACCOLADES AND AWARDS WON IN 2006



#### Islamic Finance News Awards 2006

- Mudharabah Deal of the Year (KNM Capital Berhad)



#### The Asset Asian Country Awards 2006

- Best Debt House – Malaysia



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



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

## Group Treasury

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

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

Another significant development during the year was the continuous slide in the value of the United States Dollar, against the major currencies, including the Ringgit. The Group Treasury was able to capitalise on this development with the provision of viable solutions to enable its customers to mitigate the foreign exchange risk.

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

In tandem with the rapidly growing Islamic banking markets, the Islamic Treasury Unit too has now emerged as another key component, in managing the investment needs of our clients.

## Corporate Finance

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

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

Some of our more prominent deals were:

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



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

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

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

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

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

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

### Equity Derivatives

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

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

### Private Banking

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

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

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

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

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

### Offshore Banking

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

Amongst the major transactions completed during the year were:

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

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

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



## Funds Management Division

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

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

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



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

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

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

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

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

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

## Equities Trading

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

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

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

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

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

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



**AmInvestment Bank Group  
- Best Equity House**

### Futures Broking

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

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

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

### Trustee Services

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

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

### REITs Management

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

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



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

### Going Forward

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

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

## Business Banking

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

### SME Market

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

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

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

During the year, we:

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

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

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

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

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

### Bumiputera Market

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

## Cash Management and Transactional Banking

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

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

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

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

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

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

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

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



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

## Business Support

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

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

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

## FY2008 Priorities

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



## Retail Banking



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

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

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

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

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

### Customer Service Excellence

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

### Our Key Aspirations and Strategic Initiatives

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

## Customer Charter

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

## Reaching Out to Customers

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

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

## Service Quality Improvement

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

## Product Innovation

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

## Strong Sales Force

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

## Award Recognition

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

## Human Capital Development

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

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

## Going Forward

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

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

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

- Premier auto financier with 22.2% market share (based on purchase of transport vehicles)
- Focus on financing of national and foreign vehicle brands; new, used and reconditioned cars



- Conventional HP
- Islamic HP\*
- Conventional refinancing schemes
- Floor plan/floor stocking
- Stepped-up repayment schemes
- Floating-rate HP\*

\* First bank in Malaysia to offer Islamic HP and floating-rate HP loans

- 55 HP business centres nationwide
- Business alliance with vehicle companies and major franchise holders in Malaysia
- Relationship with over 4,000 auto dealers nationwide
- 176 branches nationwide

### MORTGAGE

- Sixth largest financier of housing loans amongst local banks, with 6.8% market share
- Focus on mid-to-high-end market segments for commercial housing loans, whilst maintaining presence in the low-end and statutory housing loan segment



- Home loan zero and non-zero entry cost
- Islamic home loan
- Home loan refinancing
- Home loan linked to current account
- Statutory housing loan
- Tabung Perumahan Ehsan and Tabung Perumahan Sabah
- Young Executive Scheme
- Commercial property and shoptlot loans

- Marketing sales officers based across seven regional business hubs in major cities nationwide
- 176 branches nationwide
- Strategic alliance with Sabah and Selangor state governments



### CREDIT CARDS

- Third largest credit card financier with 11.3% market share
- Focus on credit cards, prepaid cards and proprietary cards (for businesses)
- Strategic alliance with MBf Card Services



- Conventional credit cards (classic, gold, platinum)
- Islamic credit cards (classic, gold, platinum)
- NexG prepaid cards and co-branded cards
- Co-branded cards: Real Rewards Master card, Samsung Imagine Visa card
- Specialty cards: FIFA World Cup card

- Direct marketing sales personnel
- 176 branches nationwide
- 24-hour AmBank Contact Centre
- Merchant acquisition companies
- Outsourced vendors



**Business Strategies**

**Salient Highlights**

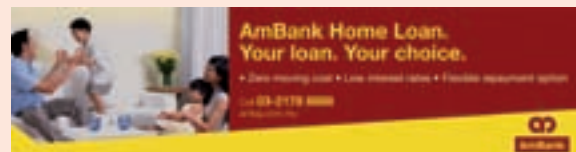
- Grow receivables balanced with improvement in asset quality
- Increase motor insurance penetration rate
- Expand floor plan/stock financing to dealers
- Speedy loan approval and fast disbursement



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

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

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



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



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





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

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

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

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

**Salient Highlights**

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

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



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

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



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

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



## Market Position and Focus

## Products and Services

## Distribution Channel

## RETAIL DEPOSITS

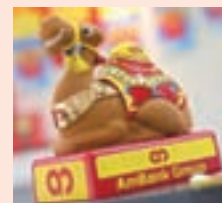
- Retail core deposits (savings, current account and fixed deposits) market share at 5.2%
- Fifth largest in terms of deposits from individuals amongst domestic banks
- Focus on growth of low-cost deposits (savings and demand deposits)



- Basic savings account
- Savings account – i
- AmGenius savings
- Savers G.a.n.g
- Basic current account
- Current account – i
- AmStar current account
- Conventional FD
- Mega FD
- Interest Plus FD
- AmQuantum FD
- Am50 Plus FD



- 176 branches nationwide
- Cross-selling of deposit products to existing and potential customer base of other Retail Banking products



## CHANNELS

- Sixth largest in terms of number of branches
- Pioneer in extended hour and weekend banking
- Focus on multi-channel experience and efficiency



- Interbank GIRO
- Foreign workers' remittance
- Telegraphic transfer
- Travellers cheque
- Demand draft
- Cashiers order
- Standing instruction
- Foreign cheque collection
- IPO subscription
- Bill payment
- Fund transfers

- 176 branches
- Extended hour banking: 20 branches
- Saturday banking: 40 branches
- Sunday banking: 59 branches
- Saturday and Sunday banking: 2 branches
- Internet banking
- Mobile banking
- Self-service machines
- 24-hour contact centre with voice recording
- 286 ATMs
- 65 electronic banking centres

**Business Strategies**

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

**Salient Highlights**

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



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



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





## Islamic Banking

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

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

### Shariah Committee

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

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

### Duties and Responsibilities of the Shariah Committee

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



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

### Investment Banking Activities

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

#### Islamic Finance News: I-REIT Deal of the Year

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

#### Islamic Finance News: Mudarabah Deal of the Year

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

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

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

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

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

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

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

### Retail and Business Banking Activities

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

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

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

### Marketing and Promotions

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

### Priorities for FY2008

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

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

AmIslamic Bank

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

At AmIslamic Bank, we provide a complete range of Shariah-compliant products and services to meet your personal and business needs. We are committed to serving you at all our AmIslamic and AmIslamic Bank Shared Branches nationwide.

## Insurance



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

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

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

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

### General Insurance

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

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

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

### Strategic Initiatives

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

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

### Life Business Performance

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

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

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

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

### Strategic Initiatives

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

#### 1. AmAssurance "The Power of One"

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



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

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

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

#### 3. AmTrustee Insurance Trust

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

#### 4. Al-Salihin Islamic Will Writing Services

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

### Customer Service

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

#### Customer Care Centre via 1 300 88 8800

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

#### Loyalty Gift for our Life Policyholders

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

#### 'We Care' Customer's Bulletin

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

### Priorities for FY2008

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

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



## Information Technology Systems, Group Information Systems

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

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

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

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

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

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

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

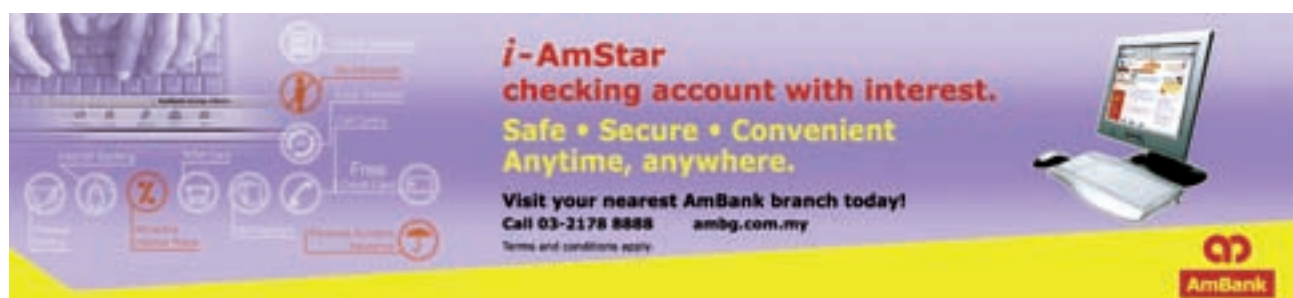
Risk management continues to be the main focal point of the Group in reducing economic capital and regulatory capital through effective data management and reporting proficiencies. The investment in this area provides an opportunity for the Group to enhance its risk management capabilities and to aid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

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

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

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

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



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AmBank

## Building Our Future Human Capital, Today.

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

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

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

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

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

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



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

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

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

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

# Notables and Awards



### Sixth Asian Banker Excellence in Retail Financial Services Award 2007<sup>(12)</sup>

- Excellence in Automobile Lending Award (for Asia Pacific)



### Sixth Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2006 National Contact Centre Awards<sup>(3,4)</sup>

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



### FinanceAsia Country Awards for Achievement 2007

- Best Equity House



### Employee Provident Fund External Portfolio Managers Awards 2007<sup>(8,9)</sup>

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



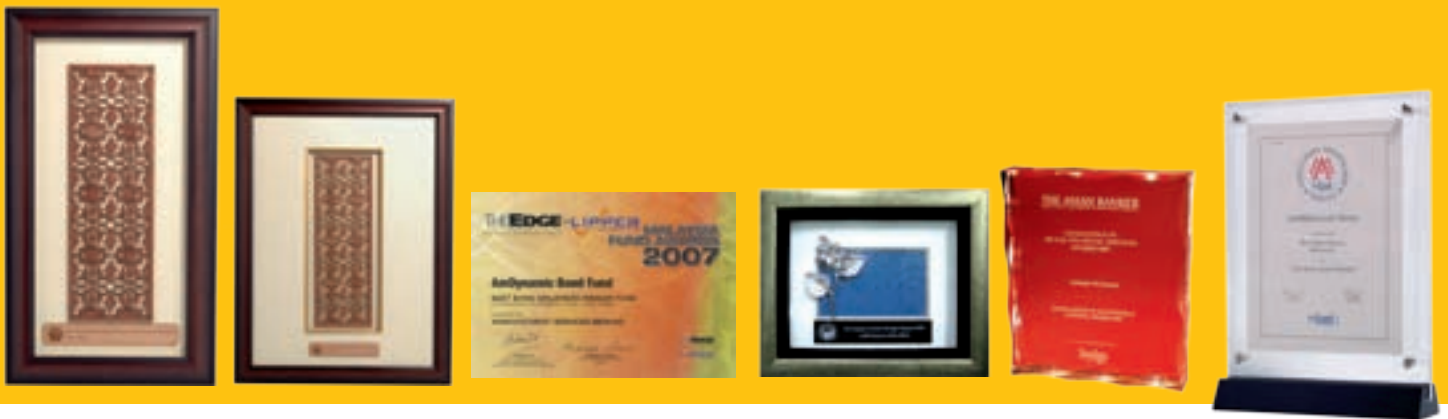
### The Star/Standard & Poor's Fund Awards 2007 Malaysia<sup>(7)</sup>

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



### The Edge-Lipper Malaysia Fund Awards 2007<sup>(10)</sup>

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



**Euromoney Private Banking Survey 2007**

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

**Islamic Finance News Deals of the Year 2006<sup>(5,6)</sup>**

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

**Palm & Lauric Oils Conference & Exhibition Price Outlook 2007/2008<sup>(11)</sup>**

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

**Malaysian Rating Corporation League Tables 2006**

- No. 1 (Islamic Issues)



**Bloomberg League Table for Malaysian IPOs (2006)**

- No. 1 in IPOs

**RAM League Awards<sup>(1,2)</sup>**

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

**The Asset Triple A Country Awards 2006<sup>(13)</sup>**

- Best Debt House in Malaysia

**3rd Asiamoney Structured Products Poll 2006**

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



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**NexG**<sup>™</sup>  
 PREPAID MASTERCARD<sup>®</sup>

**INTRODUCING AMBANK NexG<sup>™</sup>**  
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- ✕ **APPROVAL GUARANTEED.**
- ✕ **NO INCOME REQUIREMENT.**
- ✕ **NO BANK ACCOUNT NEEDED.**

- **Get it** at any AmBank/AmAssurance branches nationwide and  Klang Valley outlets
- **Use it** for online shopping or worldwide where MasterCard is accepted
- **Control it.** You decide how much to spend with a top up limit of up to RM10,000
- **Convenient Top Up** at over 5,000 locations nationwide (AmBank, AmAssurance<sup>®</sup>,  outlets) where you see the NexG Recharge logo
- **Reap the rewards.** Earn points each time you spend, plus get periodic e-coupon discounts and privileges
- **RM300 worth** of instant privileges and cash vouchers
- **Feel secure.** Protected by the same security network just like credit cards
- **FREE protection.** RM10,000 PA coverage upon registration\* 

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

To activate card, mail your registration form to  
 AmBank Card Centre, P.O. Box 12925, 50792 Kuala Lumpur or fax to 03-2164 0437.

For more information, call 03-2178 8888 or log on to [ambg.com.my](http://ambg.com.my)



# Trustworthiness



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