We continue to focus on implementing people-intensive strategies during the year recognising that actions in managing our human resources are critical to be aligned with the competitive demands of the business and specifically supporting the Group’s Medium Term Agreements (“MTA”). Central to this is the need to provide distinctly superior customer service; develop new capabilities and employee commitment; pursue innovation and creative initiative and manage change through teamwork and cooperation. During the year such requirements needed to be delivered under an equally challenging environment of continuing to have the right type of people and numbers. This is crucial to support the Group’s Group operating plan (GOP) (while) while achieving and sustaining cost competitiveness and support operating structures which have been realigned. Appropriate development programs and specific initiatives were also introduced to support employee motivation.

Managing Change
Managing change: In the context of the agenda of continued business transformation within the Group, changes have occurred to transform business practices. The human resource implications of these strategies required changes in staffing needs and changing the way staff are managed. With these changes, emphasis was on recruiting needed talent (both in numbers and in changing skills required) and in the replacement of mismatching needs and retraining where necessary. From the business front the year saw demands made from the Markets business which required new skill sets to be brought into the organisation and the business developed during the year. The Retail business saw additional opening of ten new branches and the restructuring of the branches sales force.

Emphasis was also made on resourcing for the operational functions especially in Risk Management in areas of Market Risk, Credit Risk and Operational Risk and targeted recruitment continued as the Group benefited from the centralisation of such resources. With the new concept of Group Subsidiary, new positions were created within the Finance Organisation to cater for business decision partnering created within the Finance Organisation of Group Support, new positions were such resources. With the new concept Group benefited from the centralisation of and targeted recruitment continued as the focus on the core business and functional structures and the operating mode within the Group and allowed for specific emphasis of key deliverables by the sponsors of each business owner. This aligns with our aspiration to be a high performing organisation emphasising Group alignment as part of the key deliverables. This supports one of the key concepts of managing and maximising Group synergy within the area of performance. The framework is an integral part of the process to set the Group’s objectives and will continue to be reviewed to ensure that it fulfils a key feature of driving performance within the Group.

With a strong performance platform the objective is to create the following:

- Improve managerial planning and coordination by providing a framework for performance expectations and standards.
- Improve performance and communication. The emphasis is on having a mutual understanding of the job requirements and promoting on-going feedback on performance.
- Motivate performance and promote coaching by providing a framework for observing and coaching performance. Coaching emphasis would be to recognise success and/or provide constructive feedback.
- Provide professional growth and development with the aim of promoting career development. The focus was to align career development with the needs of AmBank Group.
- Provide fair and consistent treatment to all employees. This is to ensure that there is an objective and unbiased basis for evaluating performance.

By emphasising the above objectives, we want to not only create an understanding of the importance of performance management within the Group, but to inculcate a critical understanding amongst our employees of the relationship and link between expectations and results. Continuous communication to ensure that the HR initiatives that support the objectives are fully met will still be a major thrust.

The concept of force ranking employees was also introduced during the year to complement the performance management system. The objectives were as follows:

- To maximise managers’ ability to differentiate between levels of performance and use the full range of the performance scale;
- To ensure managers make informed judgment calls about the relative performance of their staff vis-à-vis the reference group and ensure that we can articulate what success is about within the organisation; and
- To make explicit links between reward and contribution i.e. ensuring high contributors receive differentiated rewards.

Reward And Recognition
During the year we implemented the Employee Share Option (“ESS”) Scheme to support the retaining of employees for their significant contribution to the success and growth of the Group and to encourage longer term value creation. The first award was a Short-Term Incentive (“STI”) Award which comprised a Scheme Shares which were offered to selected employees in recognition of their outstanding performance and contribution to the growth of Group. The second award was a Long Term Incentive (“LTI”) Award which comprised an Option and Scheme Shares. The LTI award gives our selected employees the opportunity to share in the success of the Group. The aim of these “term” incentives was two-fold i.e. rewarding good performance as well as employee retention. Within the Retail Banking incentive schemes were introduced at the branches and specific businesses to drive sales growth.

Talent And Succession Management
Building the talent pipeline and retaining our talent through the Talent & Succession Management (“TSM”) initiative continues to be a key focus. The TSM supports our need to achieve the Human Capital objectives of attracting, developing, motivating and retaining the best performing and talented employees. We continue to have a higher level of ownership and accountability by all stakeholders. We have identified key critical positions and the process of ensuring that the most qualified and capable people continue to be identified to fill such critical positions now and for the future is recognised as a part of ensuring that all the key HR initiatives and processes embed “talent” as part of the value chain. Building the bench strength in both technical and managerial areas will continue to be a key strategic thrust.

Human Capital will remain in the forefront of managements’ agenda as we seek ways to manage our people more effectively to gain competitive advantage. As the Group operates in a large and complex business which has marketplace impact but needs to be nimble, adaptive and innovative within its operating environment.