

AmBank Group

Proposed acquisition of MBF Cards (M'sia) Sdn Bhd

10th July 2012

Agenda

- 1. Introduction***
- 2. Transaction overview***
- 3. Integrating the business***
- 4. Strategic rationale & conclusion***



Proposed acquisition strengthens acquiring and issuing business

Business to be acquired

- Acquisition of MBF Cards (M'sia) Sdn Bhd (“MBF Cards”), a wholly owned subsidiary of MBF Holdings Berhad (“MBfH”) ¹
- Comprises of card issuing, merchant acquiring and bill payment businesses under Visa and Mastercard licences
 - Largest non-bank backed credit card issuer
 - Top 3 merchant-in-force (>35,000) ²
- Equity ownership of 33.33% in Bonuskad Loyalty Sdn Bhd

Strategic fit

- Creates Top 3 merchants acquiring business with greater than 45,000 merchants-in-force
- Increases cards receivables to approximately RM2.3 billion
- Enlarged customer and merchant database for cross-selling
- Opportunity to tap on MBF Cards’ established corporate bill payees
- Leverage on combined network and additional products & services
- Efficiencies and cost synergies
- Access to Bonuslink database of 7 million

Considerations

- Total cash consideration of RM623.4 million³, with a goodwill of RM411.1 million
- Bank Negara Malaysia and MBfH’s shareholders’ approval required
- Completion expected before end 2012

¹ 51% directly owned by MBf Holdings Berhad and 49% through MBf Holdings Berhad’s wholly owned subsidiaries – Atox Cards Sdn Bhd (11.55%) and Jastura Sdn Bhd (37.45%)

² Source: MBF Cards

³ Subject to final adjustments

Transaction structure

Pre-transaction

MBf Holdings Berhad

51% direct + 49% indirect*

**MBF Cards (M'sia)
Sdn Bhd**

33.33%
Bonuskad Loyalty Sdn Bhd

100%
**MBf Discount Card Sdn
Bhd (dormant)**

100%
**MBf Card & Travel
Network Sdn Bhd (dormant)**

100%
**MBf Building Technology
Sdn Bhd**

*49% through MBf Holdings Berhad's wholly owned subsidiaries – Atox Cards Sdn Bhd (11.55%) and Jastura Sdn Bhd (37.45%)

Post transaction

AMMB Holdings Berhad

100%

**MBF Cards (M'sia)
Sdn Bhd**

33.33%

Bonuskad Loyalty Sdn Bhd

Key transaction highlights

Acquired by AMMB

- 100% equity of MBF Cards (M'sia) Sdn Bhd
- 33.33% equity of Bonuskad Loyalty Sdn Bhd
- Name and logo of "MBF Cards"
- Customer & Merchant base

Retained under MBf Holdings Berhad

To be disposed off to MBfH at the date of transfer

- MBf Discount Card Sdn Bhd
- MBf Card & Travel Network Sdn Bhd
- MBf Building Technology Sdn Bhd

MBF Cards: Established and attractive acquiring & issuing business

Financial Year Ended December MBF Cards (M'sia) Sdn Bhd (Company)	2010	2011
RM mil		
Total revenue ¹	256	266
Profit after tax	53	48
Total trade receivables (net)	527	593
Net assets ²	207	229
Key ratios (%)		
RWCR	31.7	31.0
ROE ³	24.9	21.8
ROA ⁴	6.5	5.4

Source: Audited financial statements, MBF Cards

1 Revenue plus other income

2 Does not include subsidiaries

3 ROE calculated as PAT over average equity

4 ROA calculated as PAT over average assets

- Largest non-bank backed credit card company in Malaysia
- Top 3 largest merchant-in-force
- Estimated Bonuslink cardholder base of 7 million and 3,000 merchants
- Extensive network of 27 branches, circa 1,000 total staff, strong presence in East Malaysia
- Governed under the Payment Systems Act 2003, regulatory oversight by BNM
- Strategic alliances formed with international and domestic partners

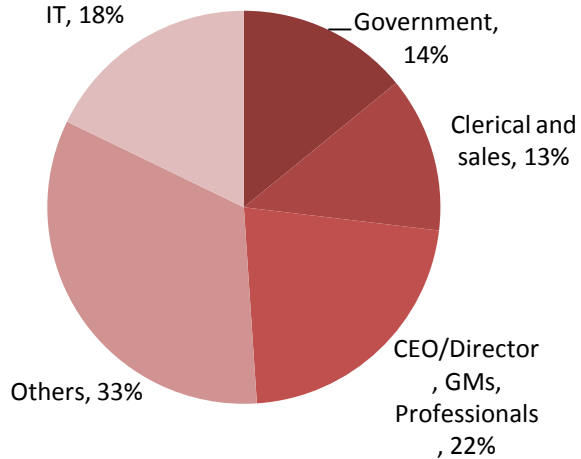
* As at 2011

Key Milestones

- **1987** First to be awarded licence to issue MasterCard credit cards
- **1998** Launched 1st loyalty program - *Bonuslink*
- **2001** Granted licence to issue Visa cards
- **2004** Selected by Visa to launch first 'contactless' Visa Wave Card
- **2006** BNM approval to commence its own LOC lending
- **2011** RAM reaffirms RM600 million CP/MTN rating of P1/A2

MBF Cards: Strong customer base in preferred segments

Cardmember profile by industry



- More than two thirds of cardmembers comprised of Gold, Platinum and World cardholders
- Approximately 60% of cardmembers are from matured/preferred category

Segment characteristics

Diverse mix of cardmembers and merchants

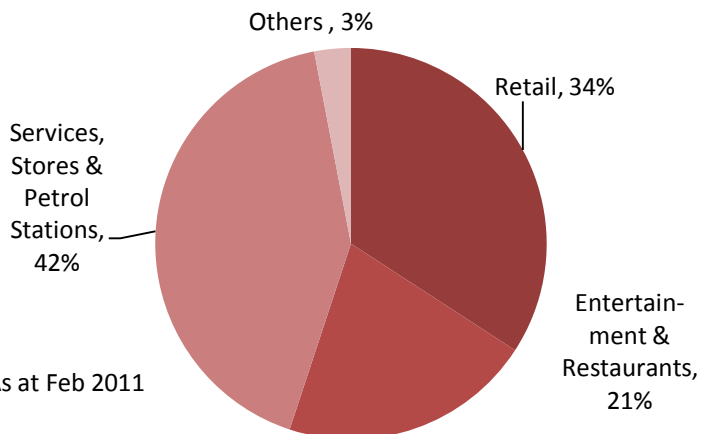
Large base of active and revolving cardmembers

Loyal base of long term tenure customers (46% >6 years)

Strong presence in East Malaysia (Kuching, Miri, Kota Kinabalu)

Potential benefits of 7 million customers from Bonuskad database and 3,000 merchants

Merchant by business type



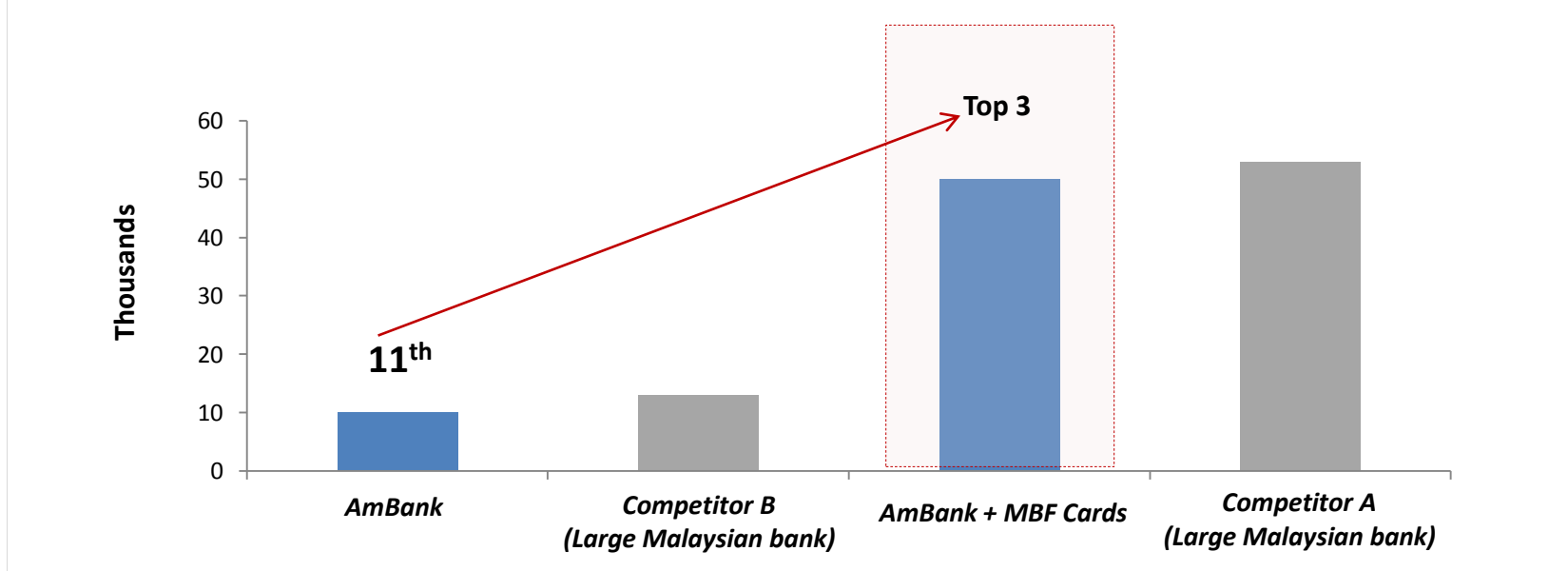
- Strong base in small to medium size merchants encompassing retail and consumer services industry
- Strong in-house merchant servicing team supporting the entire merchant base, including POS terminals and wireless GPRS terminals

As at Feb 2011

Source: MBF Cards

Combined: Creates Top 3 merchant acquiring business

Merchants-in-force (estimates)

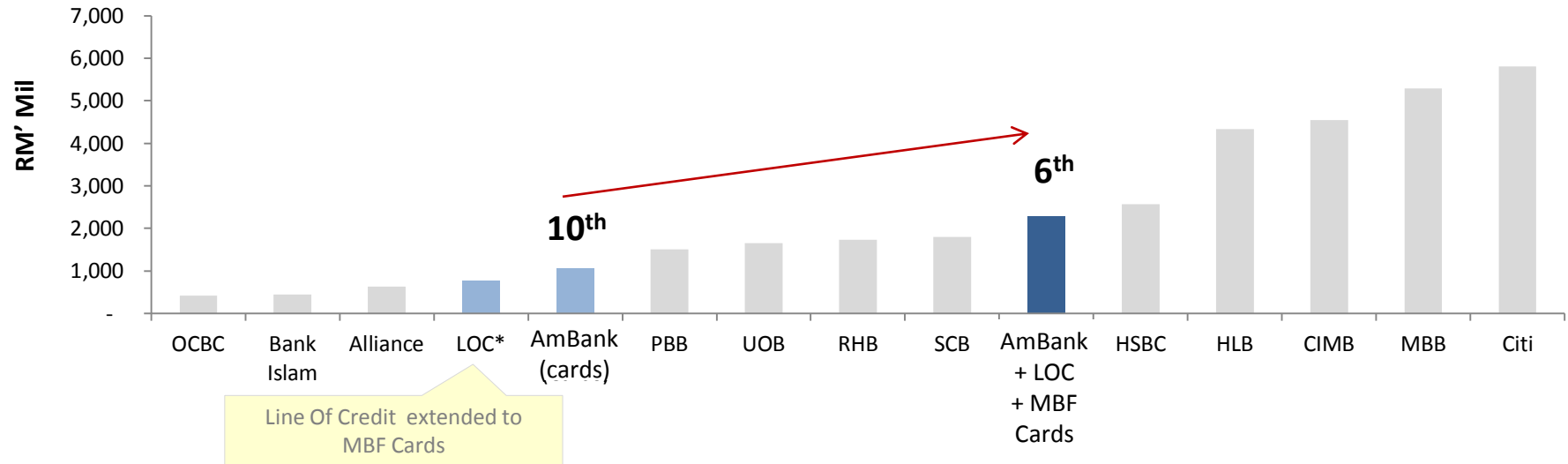


Source: MBF Cards & Internal research, as at December 2011

- Combined business improves market rank to Top 3
- Enlarged merchants-in-force by ~4.5x to greater than 45,000 (from 10,500) provides steady stream of non-interest income
- Extensive merchant network increases benefits and privileges
- Access to contactless technology (Paypass + Paywave under Mastercard & Visa)
- Acquiring licences include Mastercard, Visa, eDebit, Japan Credit Bureau & China Union Pay

Combined: Increased cards base and full control over LOC* business

Card receivables



Source: Company Financials 31 December 2011 (except Citibank 30 September 2011)

* Line of Credit ("LOC") is a unique arrangement whereby AmBank provides financing (LOC) to MBF Cards' cardholders, which expires in mid 2017

- Strengthens our market position at #6 in terms of cards receivables
- Combined cards receivables of RM2.3 billion
- Removes current limitations in the LOC business model, allowing AmBank card brand to be used and giving greater control over marketing and card positioning
- Opportunity to leverage extensive corporate bill payee channels through Call & Pay and Click & Pay
- Cardmembers and Bonuslink databases provide significant growth and cross selling opportunities
- Higher level of rollover of account balances, translates into higher interest income

MBF Cards has strategic alliances with international & domestic partners

MBF Existing Cards' Partners	Potential benefits
Japan Credit Bureau (“JCB”) – acquiring business <i>Commenced 2007</i>	<ul style="list-style-type: none"> • 52 million JCB cards in circulation (“CIC”) worldwide • Acceptance of JCB cards at MBF Card’s merchants
MEPS Sdn Bhd – e-debit card acquiring <i>Commenced 2007</i>	<ul style="list-style-type: none"> • Enables use of cards at MBFC’s terminals • 16.6 million chip-based cards in circulation
Bonuskad Loyalty Sdn Bhd <i>Commenced 1998</i>	<ul style="list-style-type: none"> • Partnership with other market leaders to issue Bonuslink loyalty points • 7 million customers database • Largest multi-party loyalty programme in Malaysia
Smart Partnership Programme Oriental Capital Assurance / MAA Takaful Berhad / AmLife Insurance Berhad / Kurnia Insurans Berhad	<ul style="list-style-type: none"> • Loyalty programme • Provides insurance coverage to MBF Card’s cardmembers • Other value-added benefits and savings to cardmembers
China UnionPay Co. Ltd (“CUP”) – acquiring business <i>Commenced 2010</i>	<ul style="list-style-type: none"> • National bankcard association in China, 1.95 billion CIC worldwide • Capitalise on growing spending power of tourists from China

Source: MBF Cards

Recap on Retail Banking's aspirations

Fits into Retail Banking strategic priorities and aspirations

AmBank Group's Vision

As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

Retail Banking's Aspiration

Develop a liability-led business, grow assets in targeted segments and expand wealth management

Retail Banking Strategic Priorities

Grow deposits

Grow quality assets with better returns

Diversify retail income

Customer centricity

Stronger market position & customer value proposition

Business case driven by improved profitability, scale and growth opportunities

Profitability

Attractive ROE business

- Higher interest income from issuing business and minimal capital requirement for non-credit merchant business, scale and synergistic benefits to follow

Full control over LOC interest

- Enables more prominent AmBank card brand positioning, control over marketing and stronger ability to manage run-offs
- 'Protects' AmBank's interest in the LOC which expires in mid 2017

Scale

Enlarged issuance business & merchant network

- Sizeable issuance business: higher level of account balance rollovers
- Extensive merchant network increases benefits and privileges

Economies of scale

- Cost reductions from scale, e.g. marketing, operations & headcount integration
- Improving effectiveness of acquisition campaigns
- Tap into cheaper funds / low funding costs

Growth

Enhanced customer base

- Immediate access to enlarged customer base for cross selling opportunities
- Potential opportunity to access the Bonuslink cardholder base and merchant pool

CASA growth

- Potential for MBF Cards merchants to maintain current and transactional accounts

Conclusion

- 1 In line with AmBank Group's Vision and strategic priorities**
 - Targeted growth from profitable segments
 - Accelerate growth from recurring non-interest income
 - Provides for CASA growth and cross-selling opportunities
- 2 Creates Top 3 merchant acquiring business and strengthens issuing business**
 - Increased and diversified customer base and reach
 - Enlarged and complimentary merchant force
 - Access to scale and synergistic benefits
- 3 Leverage on combined network and additional products & services**
- 4 Funded by internal funds & borrowings, and EPS accretive within 12 – 18 months from acquisition**

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