Press Release

11 August 2009

AMMB Holdings Berhad – 1st Quarter Results to June 2009
Record PATMI Growth of 27% to RM258.2 Million

Financial Results First Quarter of Financial Year Ending 31 March 2010 (FY2010)
(Q1FY10 : period 1 April 2009 to 30 June 2009)

Profitability		Change QoQ[1]	
Profit before tax	RM353.5 mil	fav	29.2%
Profit after tax and minority interests (PATMI)	RM258.2 mil	fav	27.3%

Operating Performance Ratios		Change QoQ	
ROE (post-tax)	13.1%	fav	1.8%
ROA (post-tax)	1.18%	fav	0.19%
EPS (basic per share) - annualised	37.9 sen	fav	27.3%
Cost-income ratio	39.1%	fav	6.5%

Growth, Lending and Deposit Ratios	
Net lending growth (YoY)	9.3%
Customer deposits growth (YoY)	21.3%
LD ratio	88.6%

Asset Quality Ratios		Change YoY[2]	
Net NPL	2.4%	fav	0.9%
Loan loss coverage	78.6%	fav	6.3%

Capital Ratios		Change YoY	
Core capital ratio	9.4%	fav	0.3%
Risk-weighted capital ratio	14.7%	unfav	0.2%

Legend :
Fav - favourable change
Unfav - unfavourable change

AMMB Holdings Berhad ("AHB" or "the Group") is pleased to announce a profit after tax and minority interests of RM258.2 million for the first quarter of its financial year ending 31 March 2010, up 27% over its previous corresponding quarter. This represents annualised earnings per share of 37.9 sen and post-tax return on equity of 13.1%.

Mr Cheah Tek Kuang, Group CEO and Managing Director of AHB, commented, "*The strong performance in Q1FY10 reflects the Group's sound and diversified business fundamentals. It has set the foundation to deliver on our FY2010 guidance.*"

"*The Group has strong capital positions to stay resilient and support business growth. We have also adopted prudent provisioning measures to combat potential credit deterioration in the quarters ahead due to economic contractions,*" **Mr Cheah** added.

Performance Highlights for Q1FY10 (vis-a-vis Q1FY09)

- Before tax, profit at RM353.5 million rose 29.2% over Q1FY09. Excluding one-off adjustments, profit after tax and minority interest for Q1FY10 was higher at RM263.7 million, compared to RM201.4 million previously.

  Investment Banking division was able to leverage its market leading positions and the recovery in capital markets to grow its quarterly profits by 163.9%. Better claims experience in the Assurance division led to a 332.5% improvement in its profit performance.

  Retail Banking remained the largest contributor to Group profits in absolute terms, sustaining its performance level as it increasingly focuses on preferred target segments. Business Banking contributed RM24.7 million profits whilst Relationship Banking and Regional Business generated RM20.0 million in profits.

  Higher revenue growth in the Group has improved the cost-income ratio to 39.1% currently.

- Q1FY10's annualised return on equity ("ROE") stood at 13.1%, 1.8% higher quarter-on-quarter. Return on assets ("ROA") registered 1.18%, compared to 0.99% previously. Earnings per share ("EPS") of 37.9 sen represents a 27.3% increase from previous 29.8 sen per share.

- Total assets at RM91.2 billion registered a 9.9% growth from June 2008. This reaffirms AmBank Group's position as one of the top five financial services group in Malaysia.

  Net loans and advances ended at RM58.0 billion, a 9.3% growth YoY comparable to system. Strategic focus and more concerted efforts resulted in customer deposits growing at 21.3% YoY. Consequentially the Group's LD ratio improved to 88.6% from 98.3% previously.

- Net non-performing loan ("NPL") ratio of 2.4% represents a 90 basis point improvement over previous quarter. Loan loss coverage ratio improved 6.3% to 78.6% in the same period.

- Tier 1 and risk-weighted capital adequacy ratios were 9.4% and 14.7% (higher than most peers). Total risk-weighted assets as at 30 June 2009 were RM65.2 billion.

Performance Highlights Q1FY10 (vis-a-vis financial year ended 31 March 2009)

- ROE for Q1FY10 of 13.1% represents a 1.4% improvement over its FY09 performance. EPS rose 19.9% from 31.6 to 37.9 sen per share over the same period.

- Total assets grew 1.5% in the three-month period, with notable increases in securities held-for-trading and available-for-sale, loans and life fund assets. Net loans and customer deposits increased RM1.0 billion and RM1.3 billion respectively in Q1FY10.

- Net NPL ratio further improved to 2.4% as at June 2009 from 2.6% as at 31 March 2009. Loan loss coverage improved to 78.6% from 75.1% over the same period.

Good Lending Growth, Focus on Viable Segments

The Group continues to pursue its strategy of rebalancing focus towards viable economic sectors and preferred target segments. Relationship Banking scored the highest lending growth of 45.7% with its business emphasis on project financing with government support, government-linked and multi national corporations.

Business Banking maintained a diversified growth of 13.7% in net loans, with its net NPL ratio (excluding loan rehabilitation) at a healthy 0.6%. The division will continue to focus on stable industries and customers with good track record for new loans growth, whilst maintaining lending relationship with and support to existing customers.

Retail Banking recorded moderate gross and net loans growth at 3.6%, in line with its strategy of delivering higher risk adjusted returns in target segments. Complementing this is its dynamic focus on volume versus price trade offs, and increasing asset quality enhancement measures.

Asset Quality Trend Improves, No Signs of Major Deterioration Yet

Under a sound risk, collections and recoveries management regime, the Group's asset quality ratios continued to move nearer towards industry averages. **Mr Cheah** stated, "*We anticipate some deterioration in asset quality in line with the overall banking industry in 2009, and have adopted more conservative pre-emptive provisioning in Q1FY10 but we are yet to see signs of any major systemic credit erosion.*"

In June 2009 new retail application credit scorecards have been rolled out to replace the first generation scorecards for better differentiation of borrowers' quality. New and enhanced non-retail rating models using probability-at-default, loss-given-default and exposure-at-default are scheduled for launch in 2010 to elevate predictive capability and risk evaluation.

Funding Profile and Deposits Growth Improves

In the three-month period of Q1FY10 AmBank Group grew deposits from government by 16.3%. Transactional customer deposits, comprising savings and current accounts, grew 10.1% to RM7.4 billion in the same period. Deposits growth is attributed to successful campaigns, introduction of new segment-based and repackaged products, cross-selling to Group's customer base, focus on cash management and payroll crediting facilities, and acquisition of main-bank customer relationships.

"*In addition, our enlarged branch network (currently the fourth largest) plays a pivotal role in deposits garnering. The Group's distribution footprint includes 187 commercial bank branches, 649 automated teller machines and 120 electronic banking centres nationwide. Of these, 253 ATM's are placed at 7-Eleven stores to accord customers with 24-hour and more secure banking convenience*," said **Mr Cheah**.

Strong Capital Position to Weather Less Benign Operating Conditions

The Group believes that maintaining high capital ratios are appropriate under the present economic conditions. The strong capital base positions the Group to absorb any potential losses arising from the current economic contractions. At the same time, it provides the access to sustain business growth and to invest for the eventual upturn in the economy.

Outlook in the Economy and Industry

"*There is increasing global optimism for revival of the world economies but risks linger*," **Mr Cheah** remarked. "*We anticipate recovery for Malaysia's trade dependent economy to begin in fourth quarter of fiscal 2009*."

AHB Facing Headwinds but Cautiously Optimistic

For financial year ending 31 March 2010, AHB Group's priorities are to maintain profitable growth and dynamic focus (on volume versus price trade offs and asset quality) via executing to our Medium Term Aspirations ("MTA"). "*Focus areas encompass income diversification, cost management, deposits growth and risk disciplines enhancement. Recovery in capital markets is a positive contributor to business growth. The Group continues to target operating efficiencies whilst investing for the medium term*," **Mr Cheah** said.

ANZ (Australia and New Zealand Banking Group), our strategic partner, continues to provide technical support and knowledge exchange. Its growing regional presence provides for further business growth opportunities. ANZ is one of the eleven AA rated banks globally, and listed as one of the twenty safest banks globally by Globe Finance Magazine (February 2009). Recently, ANZ Funds Pty Ltd (the wholly owned subsidiary of ANZ) has exercised the conversion of its RM575.0 million nominal value of 10-year unsecured subordinated exchangeable bonds into 194,915,254 new AHB shares at the exchange price of RM2.95 nominal value per share. ANZ's shareholding increases to 24.6% on an enlarged RM2,917,884,844 total issued and paid up share capital of AHB.

"*The Group remains committed to delivering value to its shareholders, customers and other stakeholders. In spite of disciplined execution, current economic conditions will inevitably elongate the timeframe for achievement of our medium term aspirations*," added **Mr Cheah Tek Kuang**. "*Executing to our medium term aspirations around profitable growth, diversification and portfolio rebalancing, has provided the Group with resilience and head-start advantage in the current financial year."*

For analyst enquiries, contact :	For media enquiries, contact :
Ganesh Kumar Nadarajah Head of Group Investor Relations Tel : 603 – 2036 1435 Email : ganesh-kumar@ambankgroup.com Website : http://www.ambankgroup.com	Syed Anuar Syed Ali Head of Group Public Affairs Tel : 603 – 2036 1703 Email : sasa@ambankgroup.com

Annexure :

AMMB Holdings Berhad – Performance Snapshot

RM'million	Headline Results Q1FY10	Headline Results Change	Underlying[4] Results Q1FY10	Underlying[4] Results Change
Income	888.1	+ 30.7%	888.7	+ 30.7%
Expenses	352.3	+ 10.9%	343.6	+ 8.1%
Profit before Provisions	535.7	+ 48.2%	545.1	+ 50.6%
Provisions	182.2	+107.2%	182.2	+107.2%
Profit before Tax	353.5	+ 29.2%	362.9	+ 32.5%
Profit after Tax	265.5	+ 30.0%	268.5	+ 32.5%
Profit after Tax and Minority Interests	258.2	+ 27.3%	263.7	+ 30.9%
Cost-Income Ratio	39.1%	- 6.5%	38.0%	- 7.5%

Notes :

1 QoQ – Quarter 1 April 2009 to 30 June 2009 (Q1FY10) in comparison to quarter 1 April 2008 to 30 June 2008 (Q1FY09).

2 YoY - Position as at 30 June 2009 in comparison to position as at 30 June 2008.

3 One-off adjustments comprise impacts on financial performance arising from changes to accounting and provisioning policies, differences between accounting and economic hedges, prior period catch ups, strategic investments and divestments, and tax and regulatory regime.

4 Underlying performance refers to the financial performance adjusted for one off impacts.

<u>Segment Performance Highlights</u> :

A) Retail Banking Division:

- Registered 6.4% QoQ improvement in income underpinned by focus on profitable segments and risk based pricing. Cost-income ratio ("CTI") improved to 36.1% (from 37.3% previously), whilst profit after tax was flat due to lower recoveries.
  - Net lending growth was 3.6%.
  - Net NPL ratio and loan loss coverage of 3.1% and 62.7% respectively maintained at June 2008 levels.
  - Deposits growth rate of 8.3%, with CASA (current accounts savings accounts) growth at 18.2%.

- Aspirations pivot around establishing business in profitable segments and building scalable growth, via;
  - increased focus on select markets and product portfolios, streamlining distribution channels and strengthening risk frameworks;
  - improved convenience and customer service; and
  - building infrastructure to deliver operational efficiency and performance.

B) Business Banking Division:

- Post-tax profit was 30.8% lower with 18.9% lower income and 12.4% higher provisions (both attributed to lower recoveries).
  - Lending growth sustained at 13.7% despite decline in export and import market, with good client relationships in SME and trade.
  - Net NPL ratio and loan loss coverage healthy at 0.6% and 174.2% respectively.
  - Cash management and transactional banking facilitated the 58.9% pa growth in customer deposits, with CASA chalking 13.4% growth.

- Strategic focus continues to be on building businesses in stable industries whilst diversifying into fee income and increasing deposits. Business Banking's tactical agenda is to manage expectations of existing business relationships, monitor conduct of customers' accounts and exercise vigilance in reviewing feasibility of business plans and credit track record of new facility applications.

C) Investment Banking Division:

- Market leading positions and recovery in capital markets have resulted in Investment Banking growing its income by 70.4% and profits by 163.9% QoQ. With expense increase being tightly managed, divisional CTI ratio has improved to 30.5%.
- The division will continue to strengthen priority relationships and core expertise to protect market presence and leadership positions in advisory, funds management and broking.
- Disciplined approach to underwriting and balance sheet asset quality will be undertaken whilst repositioning the business to take advantage of the economic revival.

D) Relationship Banking and Regional Business Division:

- Profit before provisions were higher by 24.5% with improved CTI ratio at 36.5%, but post-tax profit 23.7% lower QoQ mainly due to absence of recoveries in the quarter.
- Divisional aspiration is to deepen and expand corporate and institutional banking relationships, and increase contribution from international businesses.
- Strategy in this financial year is to focus on further diversification of income sources.

E) Assurance Division:

- Assurance achieved strong income growth of 41.6% QoQ from higher premiums underpinned by enhanced agency network and focus on product bundling and cross selling. Coupled with better claims experience, cost-income ratio has improved to 54.3% with profit after tax rising 332.5%.
  - YoY growth in life and general insurance assets were 25.3% and 4.6% respectively.
- Life insurance segment will continue its focus on improving capital efficiency and ALM practices, and sales and operating efficiencies via enhanced core system and channel management.
- In the general insurance segment, focus is on enhancements to customer segmentation analytics for motor business, developing alternative channels for non-motor business, rationalising branch operating model and centralising work processes.