AMMB 9MFY2012 RESULTS

PATMI up 14%, AMMB maintains its disciplined execution towards its Medium Term Aspiration

Key Performance Highlights:

Financial Results for 9-Months of Financial Year Ending 31 March 2012 (9MFY2012)

Profitability	**9MFY2012 (RM mil)**	**9MFY2012 vs 9MFY2011**
Profit after tax (PAT)	1,210.3	13.7% ↑
Profit after tax and minority interests (PATMI)	1,168.2	13.8% ↑
Operating Performance Ratios	**9MFY2012**	**9MFY2012 vs 9MFY2011**
ROE (post-tax)	14.6%	0.7% ↑
ROA (post-tax)	1.48%	0.05% ↑
EPS[1] (basic)	39.1 sen	14.3% ↑
Cost to income (CTI)	40.1%	0.6% ↓
Asset Quality	**9MFY2012**	
Gross impaired loans ratio	2.6%	
Allowance coverage	107.5%	
Lending and Deposit Ratios	**9MFY2012**	
Net lending[2] growth (vs 9MFY2011)	+6.6%	
Customer deposits[3] growth (vs 9MFY2011)	+7.2%	
Current account savings account growth (vs 9MFY2011)	+20.0%	
Loans to deposits ratio[4]	90.2%	
Capital Ratios	**9MFY2012**	**9MFY2012 vs 9MFY2011**
Risk-weighted capital adequacy ratio (RWCAR)	14.7%	-0.4% ↓
Tier-1 capital adequacy ratio (Tier-1 CAR)	10.3%	0.9% ↑

Notes : ↑ favourable ↓ unfavourable

AMMB Holdings Berhad (AMMB or AmBank Group) today reports a 9-Months of Financial Year Ending 31 March 2012 (9MFY2012) PATMI of RM1,168.2 million, 13.8% above the same period last year. ROE continued to improve and stood at 14.6%, whilst basic EPS was 39.1 sen, up 14.3%. Profit growth was mainly driven by steadily growing non-interest income and lower provisions.

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[1] Not annualised
[2] Includes Islamic loans sold with recourse
[3] Customer deposits Includes term funding and loans sold with recourse
[4] Based on net loans including loans sold with recourse over customer deposits

Mr Cheah Tek Kuang, Group Managing Director, AMMB Holdings Berhad, said, *"This is our 19th consecutive quarter of profit growth, reflecting AmBank Group's achievements towards delivering our Medium Term Aspiration (MTA). We continued to focus on growing sustainable non-interest income, CASA/deposits and loans targeting profitable and viable segments, as well as enhancing our customer service levels.*

"Net interest margin improved quarter on quarter (QoQ) while the non-retail segment drove loans growth. We continue to strategically grow our CASA (current account savings account), alongside diversifying our overall funding profile which includes stable funds such as senior notes, medium term notes and sukuk funding programmes.

"Our recent signing of a Business Principles Agreement with Australia and New Zealand Banking Group Limited (ANZ) will continue to further our International Connectivity agenda, allowing both partners to complement each others' service offerings and network. We are excited to be the only Malaysian bank with access to ANZ's regional distribution platform across 27 countries. At the same time, we are in the midst of a due diligence process to acquire a local general insurance company in conjunction with Insurance Australia Group, our strategic partner in General Insurance.

"Recently, AmInvestment Bank Berhad once again emerged at the top of RAM's Lead Managers' League Table for the period ended 31 December 2011, leading in all four categories; by Programme Value and Number of Issues for both conventional and sukuk issuance, anchoring our status as a premier investment bank."

Diversified divisional contributions

The Group's PATMI was underpinned by profit growth across most divisions. 9MFY2012 compared to 9MFY2011:

Retail Banking: Improved asset quality main contributor to higher profits
- PAT was RM433.6 million, up by 3.6%, mainly driven by lower impairments. Income growth was impacted by lower margins; whilst higher expenses were in part for medium term investments.

Business Banking: Better profit growth despite higher impairments
- PAT was RM158.9 million, up by 17.8%, with higher income growth of 20.5% from diversified growth in asset base and strong fee income growth.

Corporate and Institutional Banking: PAT up from good income and lower impairments
- PAT was RM186.7 million, up 35.5%, reflecting good growth from a diversified loans portfolio and higher contributions from asset management. Impairments benefitted from higher write back on the back of better loans profile.

Investment Banking: PAT up from strong capital and equity market activities
- PAT was RM116.2 million, up 29.0%, with diversified income underpinned by good contributions from debt capital markets, equity derivatives, funds management and private banking.

Markets: PAT up from fixed income trading, improved foreign exchange and derivatives contributions
- PAT was RM235.1 million, up 51.3%, arising from higher contributions from fixed income trading, FX (foreign exchange) and derivatives.

General Insurance: Higher income and lower claims

- PAT was RM64.0 million, up 38.7%, on better underwriting profits and lower claims. General insurance fund assets were up by 10.2% whilst claim ratio continues to improve.

Life Assurance: Increasing support to Bancassurance and better performing agencies

- PAT transferred to shareholders was RM42.2 million, down 18.2%, pending stabilisation of business model refinements focusing on Bancassurance business growth initiatives, better performing agencies and infrastructure improvements.

Islamic Banking and Transaction Banking performances are reflected within divisional outcomes and represent 15.0% and 9.1% of the Group's PAT respectively.

Continued non-interest income growth momentum; lower net-interest margin but improving QoQ

Consistent with the Group's strategy to diversify income, non-interest income (in particular sustainable non-interest income as well as fee income) is driving AMMB's revenue performance, contributing 36% of total income in 9MFY2012, up from 22% in FY2009.

Net interest margin (NIM) stabilised and showed a QoQ improvement to 2.85% despite competitive pressures in the retail segment, mix effect of expanding non-retail loans portfolio and higher term funding cost, but 9MFY2012 NIM was lower at 2.74% compared to FY2011.

Cost-to-income ratio of 40.1% reflects ongoing investments made in human capital and infrastructure to support AMMB's medium term strategic plans, but remains well within the Group's MTA target.

Loan portfolio rebalancing continues

Gross loans, including Islamic financing sold to Cagamas, rose 6.2% to RM76.3 billion on the back of focused growth in targeted segments, in line with AMMB's strategic priorities to rebalance the composition of our loans portfolio.

Whilst the Group continued to focus retail lending on viable and profitable segments, non-retail lending expanded faster at 14.7% compared to retail loans growth of 1.6%, to now represent 38% of total lending. Non-retail lending was well diversified with business loans comprising 20.4% and corporate loans comprising 18.0% of total lending and growing at 15.3% and 16% respectively.

Islamic financing represents 22% of total loan portfolio compared to only 18% three years ago. Additionally, composition of variable rate loans continued expanding and now makes up 55% of AMMB's total portfolio.

Asset quality continues to improve

Gross impaired loans further improved 117 basis points (bps) to 2.64%, since 1 April 2010 upon adoption of FRS 139 in accordance with Bank Negara Malaysia's (BNM) transitional provision. Loan loss charge was 14 bps lower than FY2011 at 0.53% while allowance coverage was at 107.5%.

In December 2011, both AmBank (M) Berhad and AmInvestment Bank Berhad ratings were upgraded one-notch[5] to BBB+/A-2 with a stable outlook by Standard and Poor's (S&P) following a review under the rating agency's

[5] AmBank (M) Berhad and AmInvestment Bank Berhad upgraded to BBB+/A-2/Stable by S&P on 8 December 2011

revised ratings criteria which recognises the banks' overall performance in terms of business position, capital and earnings, risk position, funding and liquidity as well as potential extraordinary government support in the event of financial distress.

Strong deposits growth and improved stable funding

The Group continued to diversify its funding profile and improve its funding stability. Over 97.0% of assets are funded by deposits from customers (75.2%), shareholders' equity and debt capital (14.6%), and term funding and loans sold with recourse over one year (7.1%).

Senior notes and sukuk issuances, and loans sold with recourse to Cagamas have added significantly to our stable funds over the last two years. To-date, RM2.92 billion senior notes were in issuance as part of a RM7 billion Senior Notes programme and RM550 million senior sukuk were in issuance under a 30-year RM3 billion Senior Sukuk Musyarakah Programme. In addition, subordinated sukuk of RM600 million was raised in September 2011 as part of a RM2 billion Subordinated Sukuk Issuance Programme based on the Syariah Principles of Musyarakah.

Customer deposits[6] grew 7.2% to RM82.2 billion as the Group continues to leverage on multiple distribution channels aligned to demographics. This comprises a nationwide footprint of 190 branches, including three AmIslamic branches, 50 life assurance/general insurance offices and 14 business/investment banking offices. We strive to deliver excellent customer service and were the pioneer of extended banking hours and weekend banking, which is well accepted by our customers. To provide customers greater access and convenience, the Group has 146 electronic banking centres in addition to internet and mobile banking services and 834 automatic teller machines including machines strategically located at neighbourhood 7-Eleven convenience stores nationwide.

Capital levels positioned for BNM's Basel III guidelines and target payouts

AMMB's risk weighted capital adequacy ratio at 14.7% and tier-1 capital adequacy ratio at 10.3% are positioned for BNM's Basel III guidelines and target payouts. The Group's MTA dividend payout target is set at 40 – 50%.

The Group continues to refine its Capital Management Plan which encompasses optimising capital profile and buffer, enhancing scenario modelling, streamlining corporate structure, developing a dynamic dividend policy, proactively managing Basel III requirements and an internal capital adequacy assessment process (ICAAP).

International connectivity and customer centricity

AMMB anticipates new growth opportunities and will place greater emphasis on leveraging the Group's international connectivity through the Group's strategic partnership with ANZ following the finalisation of the bilateral free trade pact between Australia and Malaysia in 2012.

"Our international connectivity agenda has continued to gain good momentum. Notable initiatives include the collaboration with ANZ to develop our FX, interest rate and commodities derivatives business. From a zero start, our FX and rates businesses have contributed approximately RM51 million PATMI in 9MFY2012. We have made good progress with active utilisation and good remittance flows since the launch of AmBank-ANZ Get Set solutions. With the recent signing of a Business Principles Agreement with ANZ, AMMB is uniquely positioned to provide innovative solutions to our clients leveraging on ANZ's network across 27 countries.

[6] Customer deposits Includes term funding and loans sold with recourse

"We will similarly leverage on our strategic partners in the insurance space, namely Insurance Australia Group Limited (general insurance) and Friends Life Limited (life assurance)," added **Mr. Cheah**.

AMMB's strategic partnerships with global partners have added value in the Group's customer centricity focus as well in terms of expertise transfer on customer relationship management, product development and distribution network management. The Group will continue to drive customer segmentation via establishing more attractive segment based solutions for retail bank targeted market segment, and strengthen account planning for the non-retail segment.

Outlook and priorities

The Group expects Malaysia's gross domestic product growth to be approximately 5.2% for 2011 and moderate to about 4.0% for 2012, with growth led by the implementation of the Economic Transformation Programme (ETP) projects, as well as more favourable labour market conditions. Industry loans growth has remained resilient, and interest rates are expected to remain at current levels in the short term.

In December 2011, BNM released the Financial Sector Blueprint which sets the direction for the sector over the coming 10 years for a stronger and more dynamic financial market. The Blueprint provides recommendations on increasing the contribution of the financial sector to the Malaysian economy, enhancing regional and international financial linkages, safeguarding the stability of the financial system, and providing key enablers for development of the financial system. AMMB will be cognisant of these recommendations and align the Group's strategies to play a significant role in realising the Blueprint.

"*Given the persistent global headwinds, the Group remains cautious in the short term as we continue on our journey towards achieving FY2012 targets, as aligned to our Medium Term Aspiration to become Malaysia's Preferred Banking Group with International Connectivity.*

"The recent commencement of AmFamily Takaful Berhad's business also marks a new growth opportunity for AmBank Group, given the low market penetration rate for family takaful business in Malaysia. Working together with Friends Life, we endeavour to establish AmFamily Takaful Berhad as 'the trusted family takaful operator of choice for all Malaysians'.

"We will continue with our disciplined execution of strategic priorities but remain cautious of short term downside risks," concluded **Mr Cheah**.

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