

Notice of Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of AMMB Holdings Berhad (“the Company”) will be held at the Legend Grand Ballroom, Level 9, Legend Hotel Kuala Lumpur, Putra Place, 100 Jalan Putra, 50350 Kuala Lumpur on Wednesday, 26 September 2007 at 2.30 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon. (Resolution No. 1)
2. To approve a first and final dividend of 5.0% less tax for the financial year ended 31 March 2007. (Resolution No. 2)
3. To approve payment of Directors’ fees for the financial year ended 31 March 2007. (Resolution No. 3)
4. To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company’s Articles of Association:
 - (a) Y Bhg Tan Sri Dato’ Azman Hashim (Resolution No. 4)
 - (b) Y A Bhg Tun Mohammed Hanif Omar (Resolution No. 5)
 - (c) Y Bhg Tan Sri Datuk Clifford Francis Herbert (Resolution No. 6)
 - (d) Mr. Cheah Tek Kuang (Resolution No. 7)
5. To re-elect the following Directors who retire pursuant to Article 97 of the Company’s Articles of Association:
 - (a) Dr. Robert John Edgar (Resolution No. 8)
 - (b) Mr. Peter John Hodgson (Resolution No. 9)
 - (c) Mr. Owen James Wilson (Alternate Director to Dr. Robert John Edgar and Mr. Peter John Hodgson) (Resolution No. 10)
6. To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration. (Resolution No. 11)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

7. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

“THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per cent of the issued share capital of the Company for the time being.”

(Resolution No. 12)

8. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the first and final dividend of 5.0% less tax for the financial year ended 31 March 2007, if approved by the shareholders at the Sixteenth Annual General Meeting, will be paid on 19 October 2007 to shareholders whose names appear in the Record of Depositors on 4 October 2007.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 4 October 2007 in respect of ordinary transfers; and

- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

RAVINDRA KUMAR THAMBIMUTHU

(LS 0000902)

Group Company Secretary

Kuala Lumpur
4 September 2007

NOTES

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting.
- (5) **Explanatory Note on the Resolution No. 12**
 - **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
Ordinary resolution no. 12, if passed, will give the Directors of the Company, from the date of the General Meeting, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10 percent of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are Seeking Re-Election at the sixteenth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 89 of the Company's Article of Association and seeking re-election are as follows:

- Y Bhg Tan Sri Dato' Azman Hashim
- Y A Bhg Tun Mohammed Hanif Omar
- Y Bhg Tan Sri Datuk Clifford Francis Herbert
- Mr. Cheah Tek Kuang

The Directors who were appointed to the Board since the last Annual General Meeting, retiring pursuant to Article 97 of the Company's Articles of Association and seeking re-election are as follows:

- Dr. Robert John Edgar
- Mr. Peter John Hodgson
- Mr. Owen James Wilson (Alternate Director to Dr. Robert John Edgar and Mr. Peter John Hodgson)

The details of the seven Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors and their securities holdings in the Company and its subsidiaries are set out in the Shareholding and Warrant Holding Structures of this Annual Report.

Letter to Shareholders



The financial year that has just ended on 31 March 2007 marked another milestone in our efforts to position the AmBank Group for future growth.

Dear Shareholder,

After we had stabilised and recovered from the depths of the Asian financial crisis of 1997-98, seven years ago we took the decision to change the strategic direction of the AmBank Group. We shifted away from a significant dependence on higher risk business, including large corporate lending, towards lower risk, more sustainable retail lending business. In 2000, retail lending accounted for just 27.0% of total loans. Today, it accounts for approximately 68.1%.

We gained meaningful market share in all areas of business activities, that is, retail banking, commercial lending, investment banking and insurance products – a clear confirmation that our business model, post-reorganisation, from 2004 was working and our strategic initiatives gaining momentum.

Notwithstanding this progress, we had lost the confidence of many investors on two counts and it showed in our share price.

First, investors were concerned about the relatively higher than industry average non-performing loans (NPL) ratio.

Although we were making incremental progress and the NPL ratio was declining, this was not enough to recapture investor confidence. Accordingly, we took the fundamental decision to take a significant one-off prudent provisioning charge to build up the loan loss coverage for the long outstanding non-performing loans. Thus, the Group reported a marginal pre-tax profit of RM23.1 million, and a small net loss of RM203.8 million after tax and minority interests.

Second, investors were concerned about our ability to compete and emerge as a dominant player in the wake of significant developments in the Malaysian financial services industry. These developments in 2006, included consolidation among local banks, liberalisation resulting in intense competition from foreign banks, new entrants in Islamic banking, and the emergence of 17 investment banks arising from the rationalisation of merchant banks and stockbroking firms.

In response to this challenge, we recognised the need to bring the Australia and New Zealand Banking Group Limited (ANZ) as our strategic partner, to enable us to create the Bank of Tomorrow, today.



Our Partnership with ANZ

The entry of ANZ as a strategic shareholder in the AmBank Group is by way of their purchase of 300 million ordinary shares in AMMB Holdings Berhad (AHB) from AmcorpGroup Berhad as well as the subscription of securities by its wholly-owned subsidiary, ANZ Funds Pty Limited, of the 163.9 million Converting Preference Shares issued by AHB and the RM575.0 million Exchangeable Bonds issued by AmBank (M) Berhad. This investment in the Company is ANZ's largest investment in Asia to date.

ANZ's specialisation, which reflects our aspirations of multi-niche strategy, is in Personal Banking and Wealth Management, Consumer Finance, Small to Medium-Sized Business, Mortgages, Asset Finance, Corporate Business and Investment Banking. With ANZ's specialisation and our expertise in, and knowledge of the Malaysian financial services industry, our aim is to continue to gain meaningful market share by offering a comprehensive range of innovative products and quality services, as well as increasing the scale of our already strong franchise in the country.

ANZ's entry as a shareholder will also see new appointments to the Board of Directors and the emergence of a stronger management team – who bring with them vast knowledge and experience in global best practices in banking and finance.

Share Price Performance

The market has rewarded the shareholders for the Group's proactive initiatives to address the above challenges. The share price of AHB's shares has risen from a low of RM2.35 as at 17 July, 2006 to a high of RM4.92 on 24 July, 2007, and nearly all the research houses have a "buy" call on the stock. Accordingly, the market capitalisation has risen from RM6.03 billion as at 31 March, 2006 to RM9.97 billion as at 27 July, 2007, making us the 23rd largest company by market capitalisation on Bursa Malaysia.

Our Financial Performance

The Group recorded a strong growth of 21.3% or RM311.7 million in operating profits to RM1,773.7 million for the financial year that has just ended on 31 March, 2007, reflecting the strong underlying growth momentum in the Malaysian economy. The results were achieved in an increasingly competitive environment, as banks engaged in price competition and creative marketing campaigns to gain higher market share, within a challenging economic environment with rising interest rates, higher oil prices, and heightened geopolitical risks.



Dr Robert John Edgar, Senior Managing Director, ANZ (left) and Tan Sri Dato' Azman Hashim, Chairman, AmBank Group (right) exchanging documents for the entry of ANZ as a strategic partner of AmBank Group, witnessed by the Prime Minister of Australia, John Howard.

The improved performance was mainly attributed to strong growth in retail lending, decline in non-performing loans, and increase in investment and trading income due to higher trading volumes and prices of shares on Bursa Malaysia.

With the development of more diversified and stable sources of revenue, the Group's non-interest income to total income ratio stood at 41.0%, and has been consistently above 30% for the last 3 years.

We continued to transform our cost structure through developing the right technology, and with the use of the Six Sigma methodology, reaped further improvements in customer service, whilst our processes become leaner and more competitive. The productivity improvements were evident in the decline in the non-interest expense to total income ratio to 44.2%, from 47.0% a year earlier.

Dividends and Capital Management

Despite the loss, the Board of Directors is recommending a first and final dividend payment of 5.0% less tax, a similar rate as FY2006. This will result in a payment of approximately RM78.8 million to shareholders.

In view of the strong capital ratio of 12.6% as at end-March 2007, we would continue to pay up to 25.0% of net profits of the Group annually as dividends.

Balance Sheet Growth

With our multiple delivery channels of Relationship Managers, 176 branches and 286 ATMs, the Group aspires to compete in markets where we believe we can add distinct value, be a meaningful player ranked among the best, and attain leadership position in key products, in each of these lines of businesses.

During the year:

- Total assets increased by RM6.2 billion or 8.6% to RM78.6 billion.
- Total customer deposits mobilised rose by 8.9% or RM3.5 billion to RM42.4 billion.
- Net loans and advances expanded by 6.1% or RM2.8 billion to RM47.6 billion, with loans growth being mainly driven by higher disbursements of hire-purchase, residential mortgages and credit card financing.
- The Group continued to strengthen its leadership position in retail banking, as the largest financier of motor vehicles, and gained market share in both the mortgage lending and the credit cards financing market.
- In Investment Banking, the Group continued to maintain its position, amongst the top three, in equity fund

raising and corporate bond originations and funds management. In particular, the Funds Management Division registered a sharp increase of RM4.24 billion or 41.49% in assets under management to close the year at RM14.46 billion, due to the popularity of its innovative global feeder funds.

- The risk weighted capital ratio has further improved to 14.1% with the completion of the RM1,075 million capital injection by ANZ in May, 2007. With total risk weighted assets standing at RM62.1 billion, the capital funds are sufficient to support further asset growth of RM48.6 billion.

Improving Asset Quality

The net non-performing loans ratio on a three-month classification basis registered a sharp drop to 6.2% as compared to 9.6% recorded in the previous year. Arising from the intensified rehabilitation and recovery efforts under a centralised Group Loans Rehabilitation Unit and the Retail Collections Unit, the net non-performing loans outstanding declined from RM4.6 billion to RM3.2 billion as at 31 March 2007.

Lower Funding Costs

After operating for nearly 30 years as a finance company, with restrictions on taking demand deposits and offering a full suite of financing products to the SME and commercial customers, we recognise that our long term competitive strength rests with making exponential progress in mobilising low cost deposits.

During the year, the Group's total low cost deposits, comprising of savings and demand deposits, rose by RM824 million or 18.3% to RM5.32 billion to account for 12.6% of total funding, a ratio that has been targeted to be significantly improved to narrow the gap with the industry average of 31.9%.

Two major innovative marketing campaigns were launched during the year, the 'AmBank Mad Gold Rush' and the 'Towering FD' promotion, which resulted in a significant increase in the Group's deposit base. This was complemented with the rollout of the Cash Management services, 'AmBiz-CashPro' which has signed up more than 650 customers or companies within its first year of operations.



The CCAM 2006 National Contact Centre Awards.



L-R: Mr Cheah Tek Kuang, Group Managing Director, AmBank Group, YBhg Dato' Ooi Sang Kuang, Deputy Governor, Bank Negara Malaysia and Mikio Kashiwagi, Treasurer, Asian Development Bank, at the Document Exchange Ceremony for the Asian Development Bank RM500 million bond issue.

Customer Service

It is always a challenge for a bank or any other large organisation to change its approach to customer service, and successfully realise this goal. To be customer-focused involves thinking very differently, and starting with our Customer F.I.R.S.T. campaign and armed with the Six Sigma methodology, we embarked on our journey to improve customer service at the branches and other business operations. So far the results are encouraging, and AmBank became the first Malaysian bank to win the "Best Contact Centre" Awards for customer satisfaction at the 6th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2006 National Contact Centre Awards held in August 2006.

The Group will continue to commit significant resources in our pursuit to improve standards of customer service, as excellent customer service is key for the AmBank Group to stay ahead in an intensely competitive financial services industry.

Market Recognition

Good performance does not go unnoticed. Our emphasis on research and development and culture of innovation has once again enabled the Group to win a number of accolades and awards during the year:

- AmBank (M) Berhad won the Excellence in Automobile Lending Award at the Sixth Asian Banker Excellence in Retail Financial Services Award, for its outstanding performance in 2006, in building business franchises that are sustainable, competitive and profitable.
- The Group's Funds Management division swept the "Best Overall Fixed Income Portfolio Manager" and "Best Three-Year Realised Returns Fixed Income Manager" accolades under the Employees Provident Fund's External Portfolio Managers Awards.

- AmInvestment Bank also won the award for "Fixed Income MYR - 3 Years" and "Bond Malaysia MYR - 3 Years" under the Star/Standard & Poor's Fund Awards 2007 and The Edge-Lipper Malaysia Fund Awards 2007 respectively for AmDynamic Bond's outstanding performance in 2006.
- The Group's Private Banking services won the "Best Private Banking Services Overall in Malaysia" and "Best Local Private Bank in Malaysia" awards respectively under the Euromoney Private Banking Survey 2007.
- AmInvestment Bank was also awarded the 'I-REIT Deal of the Year' for the Al-'Aqar KPJ REIT and the 'Mudarah Deal of the Year' for the RM300 million KNM Capital deal respectively by Islamic Finance News.
- AmInvestment Bank was also ranked as the Best Debt House in Malaysia under The Asset Triple A Country Awards.

Universal Banking Model

The recent regulatory changes in the investment banking framework, the entry of new global players from the Middle East, the adoption of the universal banking model by the major banking institutions, as well as the rising competition from non-bank financial entities have also redefined the boundaries of the financial sector. The business environment will be dominated by increased liberalisation and deregulation.

As recently as mid-2005, many of the domestic financial services groups operated largely as separate entities, each with its own corporate identity, business focus, clients and operations. But today, with the adoption of the universal banking model, these financial services groups are adopting a common corporate identity and logo, a collective approach across entities within their group, as well as closely integrated operations.

The universal banking model has been successfully adopted by financial institutions globally. Fueled by the belief that financial institutions must cater to all customers, from the large corporations to the smallest retail customer, universal banks offer solutions which serve all their financial needs. This state of play will lead to more intense competition, not only amongst the local banking groups, but with the large global players.

These challenges are very real and hence, there is a need for the Group to reassess its ability to compete effectively going forward, as well as to identify the ingredients for future growth. New regulations introduced recently as part of the investment banking framework, on lending activities, underwriting of debt instruments and equities as well as proprietary trading, will limit the Group's ability to underwrite larger corporate deals due to its smaller capital base, relative to that of the commercial banks.

In view of these challenges, the Company had in June 2007 proposed to privatise its 51% owned subsidiary, AmInvestment Group Berhad (AIGB), through a scheme of arrangement involving AIGB cancelling 49% of its existing paid-up share capital, which is not held by AHB. Accordingly, the minority shareholders of AIGB would receive RM 3.70 per AIGB share.

The total cash consideration of RM2.39 billion to be paid by the Company for the Proposed AIGB Privatisation will be funded from the proceeds of:

- The proposed rights issue of up to 326,887,241 new shares, on the basis of one (1) new share for every eight (8) existing shares and every eight (8) Converting Preference Shares in the Company at an issue price of RM3.40 per share; and
- Taking bridging loans of up to RM1.42 billion. This bridging loan would be repaid from the implementation of the internal Group corporate reorganisation.

The privatisation of AIGB will enable the Group to embark on the next stage of corporate reorganisation as we see opportunities in the universal banking model to build synergies between Corporate and Institutional Banking, Investment Banking and other businesses.

In addition, it provides us an opportunity to reposition the Group as a collection of specialised businesses, where people are empowered to make more decisions, to assume greater responsibilities, and have greater flexibility to meet the requirements of their customers.

Talent Management

While improving financial performance is critical to our ability to attract capital, retaining experienced staff and changing the culture is critical to creating our future. Accordingly, we have made large investments to strengthen the capabilities of our people through structured training and a Talent Management Programme.

We also continue to reorganise business divisions and improve our infrastructure and the way we work, keeping in mind the increasing size and complexity of our business. Our culture also encourages and rewards staff for their commitment, creativity and teamwork in responding rapidly to changes in customer needs and the market place.

Serving the Community

We commend our staff for their efforts in serving the communities in which the Group operates. During the year, the Group continued to play its part in the development of our community and the progress of the country with its monetary and non-monetary support to various charitable, educational and cultural programmes. Many of our Directors and senior staff are also actively involved in the Councils of many national voluntary and charitable organisations.

Economic Outlook and Prospects for 2007/2008

Despite a moderating U.S. economy, the global economy will continue to stay robust in 2007/2008, well supported with the buoyancy of activities in China and India, coupled with more sustained expansion in Japan. Against this backdrop, Malaysia's exports are expected to remain healthy, aided by booming commodity prices.

With the on-going implementation of construction projects outlined under the 9th Malaysia Plan and the resilience of the services sector, the Malaysian economy is projected to see sustained growth at 5.9%. The banking sector is expected to remain robust on the back of favourable macroeconomic conditions, with strong capitalisation and continuous improvement in asset quality. In an environment of abundant liquidity, capital market activities, both debt and equities are expected to be robust, whilst the active promotion of Islamic financing by the Government and the growing demand for Syariah-compliant securities from local and international investors, will continue to provide an impetus for more Islamic capital market issues.



Business Times, 22 June 2007

Our Priorities in Financial Year 2008

The Group's priorities for the financial year ending 31 March 2008 are:

- Achieve sustainable and profitable growth by building a balanced strategic business portfolio mix of investment banking, retail and commercial banking and insurance business.

In this regard, profitability will be achieved via a multi-pronged approach – focused growth, synergy of businesses, cost restructuring and prudent portfolio management, as well as enriching our suite of products to meet the changing demands and requirements of customers.

In particular, there will be increased emphasis on expanding the Group's market share in the SME business segment, by sharpening our value proposition to the customers and leveraging on the

core competencies and expertise as well as excellent customer relationship management.

- Improve overall asset quality, with further reduction in the net non-performing loans ratio, and concurrently, strengthen risk management systems, processes and practices in line with Basel II standards.

At the AmBank Group, we have not interpreted the Basel II Accord solely as regulatory standards and requirements, but rather the foundation for enriching risk management practices to build competitive advantage that will strengthen the delivery of our business strategy, and facilitate more informed decision-making.

- Creating a true deposit business by mobilising more demand and savings deposits from retail, corporate and institutional clients, through innovative marketing campaigns.
- Implementation of a change management programme to integrate the best practices of the ANZ Banking Group and to leverage on the strengths and opportunities of this strategic partnership.

The Group Programme Management Office (PMO) that is being established will play a pivotal role in driving and managing this integration. The PMO will also take a holistic view and prioritise projects that would have the biggest impact on revenue growth. It will also perform a control role for all projects with the aim to optimise the investment spend budget by leveraging synergies across businesses to maximise resource allocation opportunities.

We remain focused on our priorities as the next stage of our growth will be based to a far greater extent on growing our revenue and the sustainability of our customer base. We foresee that the next twelve months will remain very challenging as we prepare ourselves to compete with other foreign financial institutions in view of the on-going liberalisation of the financial services industry.

We are confident that with our entrenched leadership position in various customer and product segments,


extensive market experience and expertise, effective leadership and considerable brand equity, coupled with our recent strategic partnership with the ANZ Banking Group, we should be able to forge ahead.

A Word Of Appreciation

Our progress over the years would not have been possible without the trust and partnership of our clients, the commitment, dedication and integrity of our staff, the guidance of Bank Negara Malaysia, the Securities Commission and Bursa Malaysia Securities Berhad, and most importantly the long standing support of our shareholders.

I would like to take this opportunity to welcome three new directors who have been appointed to the Board of Directors of the Company on 15 August 2007: Dr. Robert John Edgar and Mr. Peter John Hodgson as non-independent directors; and Mr. Owen James Wilson as their alternate director. I would also like to convey my gratitude to Puan Shalina binti Azman, who has recently resigned as a director of the Company effective 31 May 2007, for her services to the Board.

I thank all of you for helping to make this year a success. As we set our course for the future, we remain excited about the opportunities, and we believe we now have the foundation to take the AmBank Group to the next level for shareholders, staff, customers and the community by reinventing the way we do business.

Yours sincerely,


Tan Sri Dato' Azman Hashim
Non-Executive Chairman

Kuala Lumpur
15 August 2007



AmBank MAD'GOLD RUSH

Win 1kg of Gold to live your golden fantasies

Open an account with us to win Gold Prizes. Every RM2,000 gives you a chance. So the more you save with us, the more opportunity to win.

Grand Prize 1kg Gold	9 Consolation Prizes 20g Gold	100 Monthly Prizes 2.5g Gold
-------------------------	----------------------------------	---------------------------------

[Hurry! Contest ends 31 March 2007]

Discount vouchers from  and  with every RM2,000 deposited.

For more details, visit www.ambank.com.my or call 1-800-88-8888

AmBank