For release: 8 February 2010 **Press Release**

AMMB Holdings Berhad – Delivers Record Results;
- **PATMI Growth of 13% to RM766.9 Million**
- **PATMI for 9-Month of FY2010 Higher than FY2008**

Financial Results 9-Month of Financial Year Ending 31 March 2010 (FY2010)

Profitability		Change 9Mo9M[1]	
Profit before tax	RM 1,067.9 mil	fav	13.1%
Profit after tax and minority interests ("PATMI")	RM 766.9 mil	fav	12.6%
Operating Performance Ratios		Change 9Mo9M	
ROE (post-tax)	11.9%	unfav	-0.5%
ROA (post-tax)	1.15%	fav	0.05%
EPS (basic per share) - annualised	35.4 sen	fav	6.6%
Cost-income ratio ("CTI")	40.8%	fav	3.0%
Growth, Lending and Deposit Ratios			
Net lending growth (YoY)	14.1%		
Customer deposits growth (YoY)	12.2%		
LD ratio	95.6%		
Asset Quality Ratios		Change YoY	
Net NPL	1.8%	fav	0.9%
Loan loss coverage	92.8%	fav	15.3%
Capital Ratios		Change YoY	
Core capital ratio	9.8%	fav	1.9%
Risk-weighted capital ratio	15.3%	fav	2.3%

Legend :
Fav - favourable change; Unfav - unfavourable change; "9MFY10" : period 1 April 2009 to 31 December 2009

AMMB Holdings Berhad ("AHB" or "the Group") continues on its strong profitable growth momentum and today announced its results for the nine months of financial year ending 31 March 2010, despite the difficult operating environment. The Group recorded a profit after tax and minority interests of RM 766.9 million, translating to an upside of 12.6% over the previous corresponding period. This represents annualised earnings per share of 35.4 sen and post-tax return on equity of 11.9%.

Adjusting for one-off impacts, AHB's underlying PATMI was RM 777.9 million, or 17.2% growth period-on-period. "*The Group's profit results were driven by higher revenues of 23.8% and better-than-expected net loans growth of 14.1% YoY, the latter in part due to strong growth in syndication and bridging finance loans. The strong 9MFY10 performance reflects AHB's sound and diversified business fundamentals, a disciplined approach to managing risks, and a strong focus on meeting banking customer expectations*," commented **Mr Cheah Tek Kuang**, Group CEO and Managing Director of AHB.

Mr Cheah added : *"With the 9MFY10 performance, AHB Group is well-placed to deliver a record full-year PATMI and continue to build on the profitable growth momentum towards achievement of the Group's Medium Term Aspirations."*

Performance Highlights for 9MFY10 (vis-a-vis 9MFY09)

- Before tax, profit at RM 1,067.9 million rose 13.1% over 9MFY09. Underlying contributions from all business divisions were sound, in spite of lower recoveries, impairment losses and higher general loan loss allowances.

  Investment Banking Division leveraged its market leading positions and deepening client relationships to grow profits by 220.6%, abetted by good recovery in capital market conditions and market reforms. In the life and general insurance businesses, diversified portfolio has supported income and profit growth of 67.8% on combined basis.

  Notwithstanding the adverse impacts of market conditions on provisions and recoveries, Retail and Business Banking delivered moderate profit growth of 6.3% and 7.7% respectively. Retail Banking remains the largest contributor to Group profits in absolute terms, and has maintained its focus on preferred and viable target segments through enhanced service commitment and product innovation.

  Cost-income ratio improved to 40.8%, driven by higher revenue growth. Composition of other operating income to total income stood at 31.2% for 9MFY10 compared to 20.8% in 9MFY09.

- 9MFY10's annualised return on equity ("ROE") registered 11.9%. Return on assets ("ROA") was higher at 1.15%, compared to 1.10% previously. Earnings per share ("EPS") of 35.4 sen represents a 6.6% increase from previous 33.2 sen per share.

- Total assets at RM 94.9 billion delivered a 9.7% growth YoY.

- AHB Group will continue to place strategic focus and concerted effort in growing customer deposits (+12.2% YoY). Tactical initiatives in Retail and Business segments have driven higher CASA (customer accounts and savings accounts) growth of 22.3%. Despite stronger loans growth in the recent two quarters of FY2010 due to higher levels of syndication and bridging facilities, LD ratio is sound at 95.6% and only marginally above December 2008.

- With disciplined focus on "targeted" lending, AHB Group has made significant progress to narrow gap with the system in terms of its asset quality. Net non-performing loan ("NPL") ratio of 1.8% represents a 98 basis point improvement over December 2008. Loan loss coverage ratio improved from 77.5% to 92.8% in the same period.

- Tier 1 ratio was at 9.8%, whilst risk-weighted capital adequacy of 15.3% was higher than most peers. Total risk-weighted assets as at 31 December 2009 were RM 70.6 billion, a 5.2% growth from December 2008.

Good Lending Growth, Continued Focus on Viable Segments

The Group continues to pursue its disciplined strategy of rebalancing focus towards viable economic sectors and preferred target segments. Corporate and Institutional Banking scored the highest lending growth of 108.5% driven by syndication and bridging facilities relating to government-linked and large multi-national corporations, project financing with government support and investment banking associated activities.

Business Banking chalked a diversified growth of 13.7% in net loans, with its net NPL ratio (excluding loan rehabilitation) at a healthy 0.6%. For new loans acquisition, the division will focus on industry segments with good growth momentum and customers with good track record, whilst maintaining lending relationship with and support to existing customers.

Retail Banking grew net loans at 2.8% reflecting the challenging economic conditions and irrational pricing in some segments. This is in line with our strategy of delivering higher risk adjusted returns in target profitable 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 Asset Quality Stresses

The impact of a weaker economy in 2008 / 2009 and global financial meltdown on the Malaysian banking system was somewhat moderate, with no significant stress on asset quality. Nonetheless, AHB Group has adopted more conservative provisioning in 9MFY10 to account for any major systemic credit erosion and potential lag effects of risky delinquencies.

Mr Cheah remarked : *"The Group has and will continue to invest significantly in new and enhanced risk models and infrastructure, with progressive roll out expected over the next year or so, aimed at elevating evaluation and predictive risk capabilities."* AHB Group also has in place sound collections and recoveries management disciplines.

Improved Deposits Growth, and Diversified Funding Profile

During 9MFY10, AmBank Group grew transactional customer deposits (CASA) by 21.8% to RM 8.2 billion.

The Group's deposits growth was driven well across all of divisions supported by new innovative acquisition of main-bank customer relationships, cross-selling to Group's customer base, focus on cash management and payroll crediting facilities, and successful campaigns.

Our strategy to enlarge our distribution footprint and branch network (currently the fourth largest domestic network) plays a pivotal role in deposits gathering. The Group's distribution footprint includes 189 commercial bank branches (with 2 dedicated Islamic bank branches), 745 automated teller machines and 129 electronic banking centres nationwide. Of these, a targeted 400 (installation completed: 342) ATM's are placed at 7-Eleven stores to accord customers with 24-hour and more secure banking convenience.

As part of our capital and balance sheet management program, emphasis is accorded to repositioning balance sheet for rising interest rates. A potential of up to 75 bps hike in overnight policy rate is anticipated between now and the financial year ending 31 March 2011.

Strong Capital Position to Leverage on Malaysia's Gradual Economic Recovery

The Group believes that maintaining high capital ratios will enable the Group to absorb any potential losses arising from the economic downturn, including any lag effects, and accelerating business growth as the economy recovers. Moving forward, policy discussions on the new BIS-Basel III pronouncements issued in December 2009 will intensify and is is anticipated that higher ordinary capital and liquidity requirements will entail from all financial institutions.

Outlook in the Economy and Industry

"*As we look at 2010, we are encouraged by the increasing global optimism for revival of world economies*," said **Mr Cheah**. "*However, by virtue of its trade and export dependency, we expect the recovery process in Malaysia to be gradual*." That said the financial sector has remained stable, benefiting from prudent monetary policies, fiscal stimulus and tightened surveillance by Central Bank. Growth in lending and risk-weighted assets is improving from government spend, global recovery prospects and stronger private consumption.

AHB Reiterates its Commitment to its Medium Term Aspirations

For FY2010, 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 enhanced risk disciplines. The Group continues to target operating efficiencies whilst investing for the medium term.

ANZ (Australia and New Zealand Banking Group), our strategic partner, continues to provide technical support in strategic management, risk management, financial management, distribution channel management, deposits business and FX & derivatives. ANZ is one of the eleven AA rated banks worldwide. In the insurance sphere, our partnerships with Insurance Australia Group Ltd and Friends Provident Fund PLC bring about knowledge exchange in general and life insurances respectively.

The Group remains steadfast in delivering value to its shareholders and meeting the banking needs of its customers. *"In spite of disciplined execution and improving business outlook, more stringent BIS-Basel III capital requirements will inevitably delay the timeframe for full achievement of our MTA*," noted **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 2009 and we remain confident of further profitable growth in 2010."*

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Annexure / Supplementary Details :

AMMB Holdings Berhad – Performance Snapshot

	Headline Results	
RM'million	**9MFY10**	**Change**
Income	2,670.0	+ 23.8%
Expenses	1,089.9	+ 15.5%
Profit before Provisions	1,580.0	+ 30.3%
Provisions	512.2	+ 91.2%
Profit before Tax	1,067.9	+ 13.1%
Profit after Tax	791.5	+ 14.3%
Profit after Tax and Minority Interests	766.9	+ 12.6%
Cost-Income Ratio	40.8%	- 3.0%

Notes :

[1] 9Mo9M : 9 months of 1 April 2009 to 31 December 2009 in comparison to 1 April 2008 to 31 December 2008 (9MFY09 : 9 months of financial year ended 31 March 2009 – FY2009)

Segment Performance Highlights :

A) Retail Banking Division:

- In meeting the banking needs of its customers, the aspirations pivot around establishing business in profitable segments and building scalable growth, via :
  - improved convenience and customer service;
  - increased focus on select markets and product portfolios, streamlining distribution channels and strengthening risk frameworks; and
  - upgraded infrastructure to deliver operational efficiency and performance.

- Higher profit before provisions of 9.8% attributed to income growth from focus on profitable segments and risk based pricing. However, lower recoveries and higher provisions from adverse economic conditions have resulted in lower profit before tax growth of 6.4%.
  - CTI relatively stable at 36.9%.
  - Net lending growth was 2.8%.
  - Net NPL and loan loss coverage ratios better at 2.6% and 72.3%.
  - Deposits growth rate of 4.2%, with CASA growth at 20.7%.

B) Business Banking Division:

- Deepen client relationship with a strategic focus on stable industries whilst diversifying into fee income and increasing deposits. 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 new customers' facilities.

- Post tax profits up by 7.7%, driven by lower provisions.
  - Net lending growth picked up at 13.7% despite less benign export and import market, with good client relationships in SME and trade.
  - Net NPL ratio and loan loss coverage healthy at 0.6% and 189.4% respectively.
  - Cash management and transactional banking facilitated the 65.1% pa growth in customer deposits, with CASA picking up momentum at 32.8% growth.

C) Investment Banking Division:

- Investment Banking will continue to strengthen priority relationships and core expertise to protect market presence and leadership positions in advisory, funds management and broking.
- Market leading positions, capital markets recovery and stock market bulls have resulted in the division growing its income by 64.2% and profits by 220.6% 9Mo9M. With expense increase being tightly managed, divisional CTI ratio has improved to 45.8%.
- Disciplined approach to underwriting and balance sheet asset quality will be undertaken whilst repositioning the business to take advantage of the economic revival.

D) Corporate and Institutional Banking Division:

- Divisional aspiration is to deepen and expand corporate and institutional banking relationships, and increase contribution from international businesses.
- Diversified portfolio has contributed to 34.2% higher income across business segments. Nevertheless, higher general provisions on larger loan base (+108.5% growth YoY) resulted in a 7.2% profit reduction.
  - CTI improved to 30.7%.
- Strategy in this financial year is to focus on further diversification of income sources.

E) Assurance Businesses:

- Assurance businesses achieved strong profit growth of 68.0% 9Mo9M from higher premiums underpinned by enhanced agency network, higher customer service levels and focus on product bundling and cross selling.
  - Life insurance fund assets grew 19.1% YoY.
  - General insurance fund assets grew 11.9% on year.

- Life Insurance Division 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 Division, 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.