AMMB FY2012 RESULTS

AmBank Group achieves fifth consecutive year of record performance

Disciplined execution, proposed higher dividend

Key Performance Highlights:

Financial Results Financial Year Ended 31 March 2012 ("FY2012")

Profitability	**FY2012 (RM mil)**	**FY2012 vs FY2011**
Profit after tax ("PAT")	1,566.2	12.6% ↑
Profit after tax and minority interests ("PATMI")	1,510.8	12.5% ↑
Operating Performance Ratios	**FY2012**	**FY2012 vs FY2011**
ROE (post-tax)	14.1%	0.5% ↑
ROA (post-tax)	1.43%	0.04% ↑
EPS (basic)	50.5 sen	13.0% ↑
Cost to income ("CTI")	40.2%	0.3% ↓
Asset Quality	**FY2012**	
Gross impaired loans ratio	2.45%	
Allowance coverage	112.6%	
Lending and Deposit Ratios	**FY2012**	
Net lending[1] growth (vs FY2011)	6.4% ↑	
Current account savings account growth (vs FY2011)	25.9% ↑	
Loans to deposits ratio[2]	89.6%	
Capital Ratios	**FY2012**	**FY2012 vs FY2011**
Risk-weighted capital adequacy ratio ("RWCAR")	15.7%	1.3% ↑
Tier-1 capital adequacy ratio ("Tier-1 CAR")	11.3%	1.1% ↑

Notes : ↑ favourable ↓ unfavourable

AMMB Holdings Berhad ("AMMB" or "AmBank Group") achieved 12.5% PATMI growth to RM1,510.8 million for Financial Year Ended 31 March 2012 ("FY2012"), driven by faster non-interest income growth. This translates to a 14.1% return on equity (up 0.5%) and 50.5 sen earnings per share (up 13.0%). The Board recommends a final dividend of 13.5 sen.

[1] Includes Islamic loans sold with recourse
[2] Based on net loans including loans sold with recourse over customer deposits

Mr Ashok Ramamurthy, Group Managing Director, AMMB Holdings Berhad said, *"FY2012's improved results demonstrate the Group's disciplined execution of this year's priorities. In delivering **profitable growth and rebalancing**, we achieved our fifth consecutive year of record performance. Loans and deposits growth remained sound while credit quality continued to improve with lower allowances.*

*"We successfully grew **non-interest income** to now constitute 35% of total income, while **low cost deposits** (current account savings account) grew faster than industry for the fourth consecutive year.*

"We have continued to diversify and develop new business streams. Our foreign exchange and derivatives business now contribute about PAT of RM63 million, from a low start three years ago. We carved out Transaction Banking to focus on cash management and international trade and this has contributed higher recurring non-interest income. We've also commenced operations of the new Family Takaful business with Friends Life.

"In April 2012, AmG Insurance Berhad ("AmG") entered into a conditional sale and purchase agreement with Kurnia Asia Berhad for the proposed acquisition of 100% equity interest in Kurnia Insurans (Malaysia) Berhad. This acquisition complements our Medium Term Aspiration and strategic priorities to grow income from profitable segments. It is anticipated to accelerate the Group's focus to grow recurring non-interest income and provide cross-selling benefits.

*"In achieving **customer centricity**, we implemented retail customer segmentation programme and reorganised the retail structure around customers and financial solutions during the year. Products, solutions and strategic tie-ups were expanded with Western Union for foreign exchange remittances and AmBank-ANZ Get Set solution, the first of its kind in Malaysia that allows customers to pre-open ANZ bank accounts at any AmBank branches. We also signed a Business Principles Agreement with ANZ to complement our service offerings and network. "*

*"In recognition of our continuous focus in meeting our customers' needs, the Group was awarded the Enterprise eBusiness Excellence Award in the SHARE / GUIDE Association (Malaysia) (SGAM) ICT Awards 2011. This award recognises AmBank's commitment in providing improved, more secure and seamless eBanking experience for customers using internet / mobile banking service. Our contact centre remains among the top, testifying to AmBank Group's commitment in meeting and exceeding customers' expectations," said **Mr Ramamurthy**.*

Diversified divisional contributions via targeting more profitable segments

Full year divisional performance compared to FY2011:

Retail Banking: Improved asset quality main contributor to higher profits
PAT increased 3.3% to RM584.9 million from lower impairments, as the division's growth plan focused on good quality and profitable segments. Impairments were lower and asset quality continues to improve in response to risk-based pricing. Low cost deposits (current account and savings account) growth at 16.4% continued to outpace industry growth.

Business Banking: Solid income and profit growth
PAT rose 27.2% to RM214.0 million, supported by diversified growth in assets and increased fee income. Impairments came higher due to a previously restructured loan.

Corporate & Institutional Banking: PAT up from income growth and lower impairments

PAT grew 26.8% to RM252.0 million, from expanding share-of-wallet in key segments. Impairments benefited from higher write-back in previous corresponding period and better loans profile.

Investment Banking: PAT up from strong capital and equity market activities

PAT expanded 30.1% to RM164.5 million from higher income in debt capital market (DCM), equity derivatives, funds management and private banking.

Markets: Solid performance, profits up from fixed income trading, improved foreign exchange and derivatives contributions

PAT surged 65.2% to RM296.2 million. Significant contributions came from fixed income trading, riding on favourable market conditions. Continued investments were made in enhancing human capital, foreign exchange and derivatives capabilities.

General Insurance: Strong profit growth underpinned by enhanced claims management

PAT rose 54.5% to RM93.1 million, underpinned by better underwriting profits and higher investment gains. Enhanced claims management process, restructuring and centralisation of claims operations resulted in improved claims ratio.

Life Assurance: Increasing support to Bancassurance and better performing agencies

PAT transferred to shareholders was RM42.5 million, down 31.2%, as new business model refinements are in progress to focus on Bancassurance and better performing agency force, and improve compliance and infrastructure platforms.

The performance of ***Transaction Banking*** and ***Islamic Banking*** is reflected within divisional outcomes. *Transaction Banking's* PAT increased 30.2% to RM140.0 million with gains in trade finance, cash management and deposits. *Islamic Banking's* PAT increased 43.4% to RM245.1 million driven by strong asset growth, and higher investment and trading income.

Faster non-interest income growth, lower cost-to-income ratio compared to industry peers notwithstanding on-going investments

Total income grew 7.8% to RM4,217.5 million spurred by higher non-interest income. Non-interest income grew 26.3% to RM1,477.8 million to now constitute 35% of total income (FY2011 : 30%). Significant gains came from trading and investment (up 85.7%), partly riding on favourable market conditions. Net interest income was RM2,739.7 million while net interest margin was 2.73%.

Cost-to-income ("CTI") ratio remained well contained at 40.2%. The Group continued to accelerate Medium Term Aspiration related investments, particularly in human capital and infrastructure, to support growth plans.

Faster loans growth trajectory in non-retail, asset quality continues to improve

Gross loans, including Islamic financing sold to Cagamas, rose 5.7% to RM77.7 billion supported by business and corporate loans growth. Business loans grew 14.9% to RM15.8 billion from a diversified asset base, while corporate and institutional loans expanded 13.5% to RM14.6 billion in line with growing share-of-wallet in key segments.

The Group's loans portfolio now reflects a greater mix of non-retail, Islamic and variable rate loans. Non-retail loans is now 40% of total loans (FY2011: 38%). Islamic loans represent 23% of the Group's total loans compared to 18% in FY2008 while variable rate loans rose 17% to now constitute 55% of total loans (FY2008: 38%).

Asset quality continued to improve with the adoption of improved risk disciplines over the past four years. Gross impaired loans decreased 88 bps to 2.45% since 'Day 1' adoption of FRS139. Loan loss charge was 11 bps lower than FY2011 at 0.56% while allowance coverage is at 112.6% (FY2011: 102.3%).

Strong deposits growth and improved stable funding

Greater emphasis was placed to improve the Group's funding stability, maturity gap and liquidity ratios during the year. Low cost deposits ("CASA") continued to grow faster than industry at 25.9%. Customer deposits, including term funding and loans sold with recourse, rose 3.9% to RM84.4 billion, bringing loans to deposit ratio ("LDR") to 89.6%.

AMMB's funding strategy is supplemented by senior notes issuances, subordinated sukuk and medium term notes. 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. Both are rated AA3 by Ratings Agency Malaysia ("RAM"). In addition, RM800 million of subordinated sukuk have been raised to-date, as part of a RM2 billion Subordinated Sukuk Musyarakah Programme. The Group has recently obtained the approval of the Securities Commission to raise another RM2 billion senior medium term notes and/or subordinated medium term notes.

Efficient capital levels, well positioned for BNM's Basel III and target payouts

AMMB's capital management approach is to maintain a solid capital base to support the development of its businesses, meet regulatory capital requirements and maintain good credit ratings. The Group's capital management plan encompasses optimisation of capital profile and buffer, enhancing scenario modelling, streamlining corporate structure, developing dynamic dividend policy, proactively manage Basel III requirements and assessing internal capital adequacy.

Risk weighted capital adequacy ratio ("RWCAR") was 15.7% (up 1.3%) and tier-1 capital adequacy at 11.3% (up 1.1%), both above the minimum regulatory requirements.

The Board has recommended a 40% dividend payout for FY2012, comprising an interim dividend of 6.6 sen, paid in December 2011, and a final dividend of 13.5 sen for shareholders' approval.

Outlook and priorities

In 2012, Malaysia's economic growth is expected to remain resilient, driven by domestic demand and private investment expansion. Incentives and plans announced under the 2012 Budget are likely to encourage private consumption. The Group expects gross domestic product to experience growth of 4 – 5% in 2012, but several risks such as the Euro debt crisis and lower exports remain.

In the Malaysian banking industry, the rollout and implementation of projects under the Economic Transformation Programme will continue to support lending and capital market activities. However, new responsible lending guidelines will moderate consumer loans demand. We anticipate banks to adapt to the changes but margins will still be impacted by ongoing competition for loans and deposits.

AmBank Group aims to aggressively invest, optimize and leverage connectivity to deliver growth over the next three to five years. **Mr Ramamurthy** said, "*For financial year 2013, the Group is guided by four strategic themes towards achieving our Medium Term Aspiration,* ***to be Malaysia's Preferred Banking Group with International Connectivity****.*

"Firstly, ***accelerate growth and business mix changes****. Strategic initiatives involve execution of Retail Banking reshaping programme and growth in main bank relationship, aggressively grow Transaction Banking and Markets businesses, and enhance focus on AmLife transformation, complemented by AmTakaful.*

"International Connectivity remains a key agenda to the Group. Plans are underway to uplift Australia and New Zealand Banking Group International Connectivity. Meanwhile, the Group will aggressively invest in growth, productivity and infrastructure to support our Medium Term Aspirations.

"Secondly, ***strengthen customer centricity and connectivity*** *through execution of programme to strengthen brand positioning in affluent segments, developing core 'customer centric' capabilities across the Group, as well as centralising functions and automation to improve customer experience.*

"Thirdly, ***increase productivity and efficiency****, and continue building 'outperformance culture' via retaining and attracting best talents.*

"Lastly, ***acquire and integrate*** *to deliver synergies in general insurance business with the strategic objective of being amongst the largest domestic insurers and market leader in motor insurance."*

"FY2012 was a year of improved performance, consolidation and new business expansion for us. We anticipate the domestic economic growth to sustain but recognise that there are some challenges ahead and will need to adapt. As the new Group Managing Director appointed six weeks ago, I remain optimistic about our MTA and we will pick up the pace to deliver sustainable profitability and value to our shareholders, customers and business partners," concluded **Mr Ramamurthy**.

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