

**Press
Release**

13 August 2008

AMMB Holdings Berhad – 1st Quarter Results to June 2008 PATMI growth of 12% to RM202.9 Million

**Financial Results First Quarter Financial Year Ending 31 March 2009
(Q1FY09 : period 1 April 2008 to 30 June 2008)**

Profitability	Change QoQ¹		
Profit before tax	RM 273.6 mil	down	18%
Profit after tax and minority interests	RM 202.9 mil	up	12%

Operating Performance Ratios	Change QoQ¹		
ROE (post-tax)	11.3%	down	3%
ROA (post-tax)	1.0%	down	0.2%
EPS (fully diluted)	29.6 sen	down	5%
Cost-Income Ratio	53.6%	up	11%

Growth, Lending and Deposit Ratios			
Net Lending Growth (annualized)	10.6%		
Customer Deposits Growth (annualized)	7.5%		
Low-Cost Deposits Composition	13.5%		

Asset Quality Ratios	Change YoY²		
Net NPL	3.3%	down	2.4%
Loan Loss Coverage	72.3%	up	11.3%

Capital Ratios			
Core Capital Ratio	8.7%		
Risk-Weighted Capital Ratio	14.3%		

Financial Highlights
<p>Profit after tax and minority interests recorded 12% growth QoQ1, due to:</p> <ul style="list-style-type: none"> Higher net interest income by RM63.8 million (+17.2%); Improved net provisions' charge at 0.4% (0.9% previously); and Minority interest buy-out in January 2008 following the privatization of AmInvestment Group Berhad. <p>Deposits grew at 7.5% YoY, with Group's core transactional deposits (savings and demand deposits) growth of 14%;</p> <ul style="list-style-type: none"> Low-cost deposits ratio improved by 80 bps3, to 13.5%. <p>Lending growth for June 2008 YoY2 was at 10.6%.</p> <p>Asset quality continued to exhibit improving trend YoY:</p> <ul style="list-style-type: none"> Net NPL ratio down to 3.3% from 5.7%; and Loan Loss Coverage ratio improved to 72.3% from 61.0%

Cost-income ratio went up by 11.4% QoQ due to lower revenues from trading activities. Expense growth will be managed at lower levels over the remainder of the financial year.

Notes :

¹ QoQ - Quarter 1 April 2008 to 30 June 2008 in comparison to quarter 1 April 2007 to 30 June 2007

² YoY - Position as at 30 June 2008 in comparison to position as at 30 June 2007

³ bps - basis points

AMMB Holdings Berhad ("AMMB" or the "Group") today announced a profit after tax and minority interests of RM202.9 million for the first quarter of financial year ending 31 March 2009 ("Q1FY09"), representing earnings per share of 29.6 sen (fully-diluted, annualised) and post-tax return on equity of 11.3%. Major contributors to Group's profits are the Retail and Business Banking Divisions.

Higher Profits to Shareholders

The Group's QoQ profit performance was spurred by growth in net interest income of +RM63.8 million (+17.2%) and lower loan loss provisions of RM106.6 million (-66.9%). Net interest margin ratio was higher at 2.98% due to income recoveries compared to 2.77% in the previous corresponding quarter.

Retail and Business Banking Divisions were the largest contributors to the Group's profits, reporting a combine post-tax profit of RM189.7 million. Investment Banking's profit after tax of RM41.1 million was impacted by the decline in equity and capital markets. The recent fuel subsidy cut resulted in sell-offs in the bond market, with AMMB recording negative income from trading and treasury activities of RM63.8 million. Insurance operations contributed a modest RM3.8 million to Group's profits due to adverse claims experience.

Accelerating Deposit Growth

Transactional customer deposits, comprising savings and current accounts, grew at 14% YoY to RM6.3 billion. Deposits mobilised from individuals accounted for 51% of total customer deposits. Total customer deposits registered growth of 7.5% YoY to RM47.1 billion, with retail deposits accounting for 53% of the Group's total funding.

Low-cost deposits composition (savings and current accounts) has improved to 13.5%, from 12.7% in June 2007. Improvements made to delivering products and services based on customer segmentation, expanded retail footprints, cash management services and payroll crediting facilities underpinned the growth in current accounts.

Sustained Lending Growth with Business Banking recording 53.1%

Net loans registered growth of 10.6% YoY to RM53.0 billion. Business Banking Division chalked a record growth of 53.1% in its gross loans. Since last year, Business Banking has successfully diversified its presence throughout Malaysia by establishing business centres and increasing relationship managers. In the SME sphere alone, customer count has increased 30% from the previous year.

Retail Banking Division recorded a loans growth of 5.3%, mainly due to hire purchase / auto financing YoY growth of RM1.2 billion in an increasingly price rational market.

The Group will increase its focus on profitable segments particularly the financing of residential properties, passenger vehicles, and small and medium sized industries ("SME").

Asset Quality at its Record Best

Loan loss coverage has increased to 72.3% under a sound collections and recoveries management regime. Gross and net non-performing loans ("NPL") ratio improved to 6.0% and 3.3% respectively. New NPL's are trending down, aided by improved credit risk practices.

The management of NPL's and bad debts for Retail and Business Banking are centralized within the divisions for greater concerted effort and operations rationalization. The Group is in the midst of introducing second-generation behavioural risk scorecards. More advanced models such as the loss given default and probability of default tracking are also in the pipeline for the forthcoming 12 months.

Recent economic developments, notably the petrol price hike and rising inflation pressure, have not yet impacted the Group's asset quality. AmBank Group's Retail Collections outfit is well positioned to deal with the emerging challenging economic scenario, with its well distributed collection centres, dunning capabilities and collections frameworks.

Stronger Balance Sheet and Capital Position

As at 30 June 2008, the Group's total assets stood at RM83.1 billion, a 7.3% increase YoY. The Group's risk-weighted capital ratio improved to 14.3%, compared with 13.9% as at 30 June 2007. Total risk-weighted assets ("RWA") of RM67.0 billion at 30 June 2008 has incorporated RM4.3 billion of RWA equivalent for operational risks in compliance to Basel II requirements.

In our current well-capitalised position, the Group has decided to defer the issuance of its non-innovative hybrid tier one capital until market pricing returns to more acceptable levels. The Securities Commission approval for the issuance of this capital tranche will lapse this month, and the Group is currently in process of obtaining an extension.

Strategic Agenda

The Group's aspirations for the medium-term as initiated at end 2007 are three-pronged:

- Double FY2007 (financial year ended 31 March 2007) underlying net profit after tax by FY2011 and achieve 20% cumulative average profit growth
- Deliver return on equity (ROE) of 20% and cost to income ratio of 40%
- Attain top three market positions for our chosen business segments

The strategic initiatives developed over the last 12 months are even more relevant today amidst deteriorating global and domestic economic conditions. The Group is committed to achieving its strategic agenda, by unlocking and leveraging organic growth opportunities in the marketplace. However timeframes for delivering these outcomes may get pushed out given uncertain shorter term economic conditions.

"Since its roots in 1975, AMMB Group is now a well renowned financial services group in Malaysia, offering full suite of financial services and products, and providing good customer service. Moving on, we will leverage off the support, knowledge exchange and regional presence of Australia and New Zealand Banking Group Limited ("ANZ"), the Group's strategic partner, to drive superior profit growth," said Mr Cheah Tek Kuang, the Group CEO and Managing Director of AMMB.

Insurance Australia Group Limited ("IAG") comprises the Group's other strategic partner, with a 30% direct equity participation in AmAssurance's business.

Outlook

Recent key economic development particularly the petrol price hike has led to consumers and businesses taking more cautious stance in spending and expansion. Rising inflation reduces disposable income and spirals costs. In addition, economic downturn in the US has generated domino impact across world economies.

Mr Cheah commented, *"In light of uncertain market sentiments and tougher trading conditions, AMMB is well positioned today to weather global, regional and domestic volatilities. Over the past year, the Group has taken steps to strengthen its position, including sealing the strategic partnership collaboration with ANZ, privatizing the AmInvestment Group Berhad ("AIGB") and internal restructuring of business activities to facilitate business growth. As we forge ahead, AMMB will continue to build on its brand recognition to grow customer base and assets portfolio. Added emphasis will be given to harnessing low-cost deposits and improving the cost of funding framework. Despite a slower start to Q1 FY09 due to trading losses, we are comfortable with the market consensus profit estimates for FY2009"*.

Segment Performance and Business Highlights

Retail Banking Division registered 26% QoQ improvement in underlying profit after tax, driven by revenue growth and improved asset quality (lower provisions by 52%). Lending growth of 5% was recorded in June 2008 YoY, with non-performing loans level reducing by over 46% YoY. Net NPL ratio is currently at 3.1% (4.0% in June 2007). Retail Banking Division grew its low-cost deposits by 16% in June 2008 YoY.

In June 2008, Retail banking was honoured as the Automotive Finance Company of the Year (Malaysia) at the Frost & Sullivan ASEAN Automotive Awards. The recognition entrenches the Group's position as the prominent financier of passenger vehicles. In addition, we are the pioneer of weekend and extended banking hour concept in Malaysia. There are 59 branches operating on Sundays, 40 on Saturdays and 20 on extended hour on weekdays.

Business Banking Division delivered lending growth of 53% YoY, against a backdrop of reducing net non-performing loans level by 61%. Deposits in the Business Banking division grew at 33% YoY rate. SME lending has fuelled the income growth of 86% and profit after tax increase of 64% QoQ.

Business banking has inked new tie-ups with ANZ and its branches worldwide to generate higher trade finance and international remittance businesses. Its e-AmBiz (corporate internet banking) and AmBiz-CashPro (cash management structured solutions) recorded twofold increase in customers to over 1,500 in the past year. To facilitate speedier trade settlement, last year the Electronic Invoice Presentment and Payment was added to the cash management suite.

Investment Banking Division QoQ profit after tax decreased by 45%. Lower income was attributed to weak capital markets, declining stock market volumes and trading losses.

AmInvestment is currently the second largest funds management company, and was awarded the prestigious Edge-Lipper Malaysia Fund Awards for Best Bond Group and Best Bond Malaysia MYR Fund for AmDynamic Bond and AmBon Islam last year. Funds under Management size grew by 15% YoY.

AmInvestment managed the largest amount of initial public offering ("IPO") deals, and ranks second for equity and equity linked deals (based on January to June 2008 Bloomberg transaction volumes).

Assurance Division recorded YoY growth in life and general business assets size by 21% and 13% respectively. The division experienced profitability decline of 75% QoQ, due to the increase in expenses by 36% (due to adverse claims experience). Initiatives are in place to improve productivity via increase in new and renewal businesses, new branch and service strategies, and cost control.

AmAssurance ranks as the second and fifth largest in motor and general insurance respectively. It is the first company in Malaysia to launch the road tax disc advertisement, featuring emergency and AmAssurance contact points for customers' ease of reference. Other new products introduced include AmEdu Package, AmHospitality, AmSMI F&B, AmDaily Cash and AmVacation. AmAssurance has a joint venture with Perodua to promote AmAuto Extended Warranty for all new Perodua car purchases.

Notes :

4 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.

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

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AMMB Holdings Berhad - Performance Snapshot

RM'million	Headline Results		Underlying Results	
	Q1FY09	Change6	Q1FY09	Change6;
Income	779.2	- 6.3%	739.2	- 7.9%
Expenses	417.7	+19.0%	417.7	+20.6%
Profit before Provisions	361.6	-24.8%	321.5	-29.5%

Provisions	88.0	-39.8%	88.0	-39.8%
Profit before Tax	273.6	-18.3%	233.6	-24.6%
Profit after Tax	204.1	-11.6%	174.1	-18.0%
Profit after Tax and Minority Interests	202.9	+12.0%	172.8	-16.9%
Cost-Income Ratio	53.6%	+11.4%	56.5%	+13.3%

Note:

6 Comparison to the financial results of Q1FY09 is made against Q1FY08 (first quarter financial year ended 31 March 2008).