

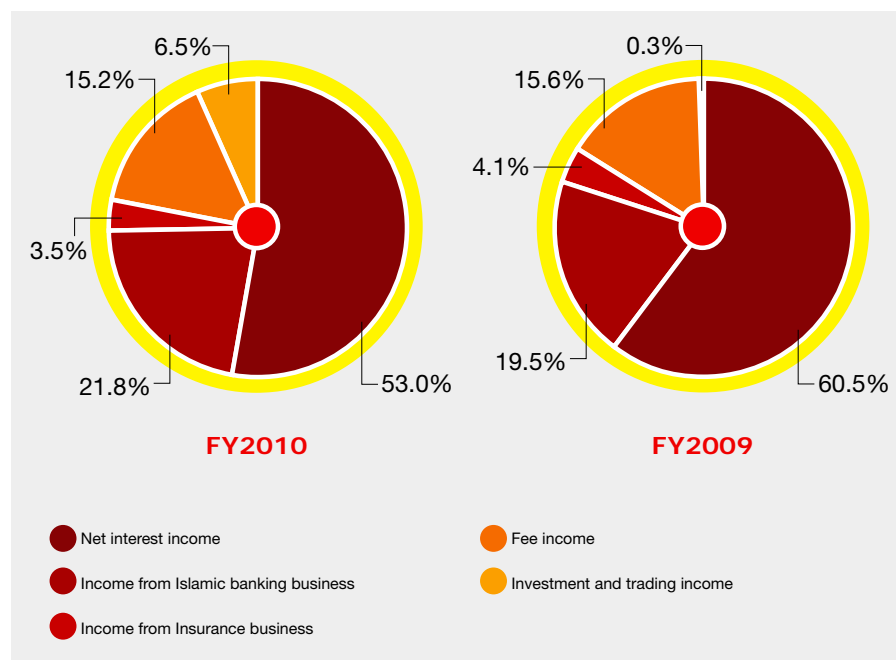
Group Financial Review

Management Discussion and Analysis of Financial Statements. A third consecutive year of record performance for the Group.

Simplified Income Statement

RM Million	FY2010	FY2009	+/-	
			RM Million	%
Net interest income	1,886.6	1,776.3	+110.3	+6.2
Net income from Islamic banking business	775.5	572.6	+202.9	+35.4
Net fund Income	2,662.1	2,348.9	+313.2	+13.3
Net income from insurance business	123.7	121.3	+2.3	+1.9
Other operating income	792.0	457.3	+334.6	+73.2
Share in results of jointly controlled company	(0.7)	(0.2)	-0.5	->100.0
Total income	3,577.0	2,927.4	+649.6	+22.2
Overheads	(1,501.4)	(1,268.8)	-232.6	-18.3
Operating profit	2,075.7	1,658.6	+417.1	+25.1
Allowance for losses on loans and financing	(568.9)	(344.2)	-224.7	-65.3
Other provisions	(26.4)	(34.8)	+8.4	+24.2
Impairment loss	(103.8)	(62.0)	-41.8	-67.3
Profit before taxation and zakat	1,376.7	1,217.6	+159.0	+13.1
Taxation and zakat	(334.1)	(339.4)	+5.3	+1.6
Profit after taxation	1,042.6	878.3	+164.4	+18.7
Minority interests	(34.0)	(17.4)	-16.6	-95.0
Profit after tax and minority interests	1,008.6	860.8	+147.8	+17.2

Composition of Income



INCOME STATEMENT

For FY2010, the Group registered strong growth in both pre-tax profit and profit after tax and minority interest ("PATMI"), amidst uncertainties in the global economic environment. It achieved a pre-tax profit of RM1,376.7 million (+13.1%), whilst PATMI increased by 17.2% to RM1,008.6 million, breaching the RM1 billion mark for the first time. Earnings per share (fully diluted) stood at 34.7 sen, compared to 31.6 sen for the preceding year.

The growth in profits is mainly attributable to growth in net fund income coupled with higher contribution from investment and trading activities, partly offset by increase in allowances for losses on loans and financing.

TOTAL INCOME – REVENUE GROWTH

Revenue growth reflects the Group's strategy in trade-off between volumes versus pricing, focusing on profitable and viable business segments. It is founded on sustaining core business from existing customers, winning new customers through product innovation and superior service delivery, and diversifying into new income streams. To support revenue generation, the Group invested in operational improvement, delivery of quality experience and expansion of distribution channels.

The major components of revenue are net fund income (net interest income and net income from Islamic banking business), net income from insurance business and other operating income.

Net fund income: RM2,662.1 million (+13.3% or RM313.2 million)

- Net interest income and net income from Islamic banking business grew by RM110.3 million (+6.2%) and RM202.9 million (+35.4%) respectively. Collectively, they form the main source of revenue making up 74.8% (Net interest income: 53.0%, Income from Islamic banking business: 21.8%) of total income.

- Growth in net fund income was driven by an increase in net loans and financing (+RM7.5 billion or 13.1%). The growth in loans and financing was mainly driven by expansion in financing of mergers and acquisition activities, construction, non-residential properties and purchase of securities.

Other Operating Income: RM792.0 million (+73.2% or RM334.6 million)

Other operating income, which comprises mainly income from investment banking and trading activities as well as ancillary activities connected to the Group's lending activities, was buoyed by the emerging recovery in capital and stock markets.

For FY2010:

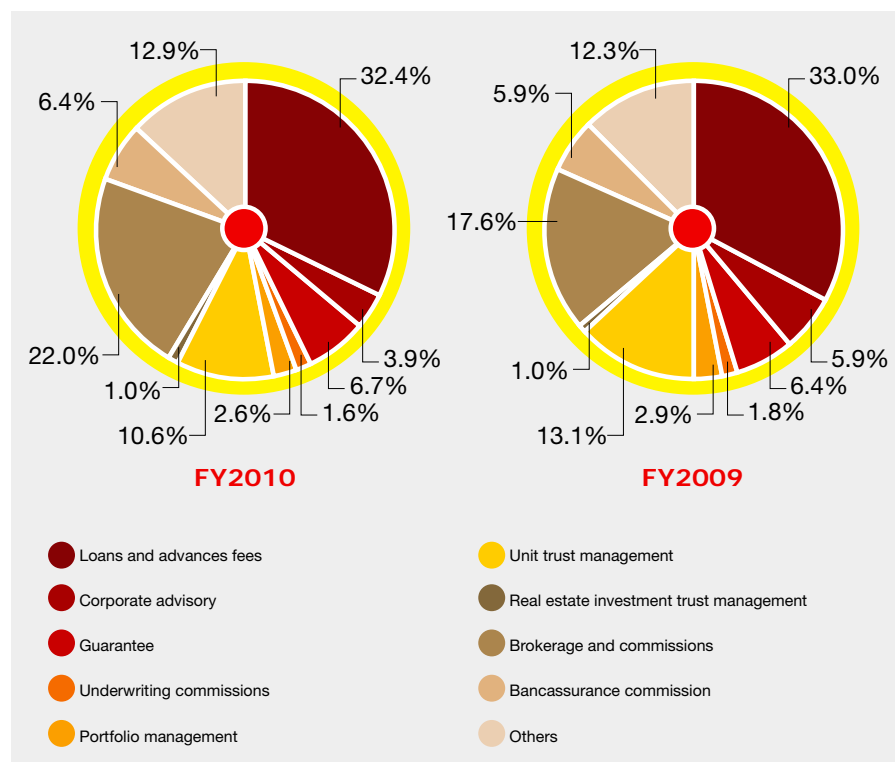
- Fee income increased by RM84.6 million (+18.5%) mainly attributable to higher brokerage income from the securities business, fees from loans and financing but mitigated by lower corporate advisory fees and unit trust management fees.
- Investment and trading activities recorded a higher contribution of RM230.4 million compared to income of RM9.6 million in the previous year. The emerging recovery in the domestic economy, capital and stock market conditions due to the adoption of fiscal stimulus programs, prudent monetary policy by the BNM and recovery in the regional export markets has resulted in trading and revaluation gains in the foreign exchange, derivatives, securities held for trading and available for sale portfolios.

OPERATING EXPENSES

In a competitive environment, the Group needs to continuously strengthen its capabilities and address strategic issues whilst prudently manage its costs to ensure we operate efficiently. The cost-to-income ratio expresses the Group's expenses as a percentage of revenue and is one of the most widely used measures of efficiency in the banking industry.

In FY2010, the cost-to-income ratio improved to 42.0% (FY2009: 43.3%) sustained by higher income growth.

Fee Income



Overheads: RM1,501.4 million (+18.3% or RM232.6 million)

- Personnel expenses were RM149.4 million higher, attributable to recruitment of staff to support higher business volumes and expansion of branch network, coupled with the annual salary adjustments and bonuses as well as the cost of shares and options granted under the Group Executives' Share Scheme.
- Establishment expenses increased by RM53.2 million due to increase in depreciation, amortisation of computer software and higher computerisation costs from the rolling

out of new systems, installation of ATMs at 7-eleven stores and rentals from expansion of branch premises.

- Marketing expenses were RM12.0 million higher, largely due to higher sales commission and advertising and promotional expenses incurred.
- Administration expenses rose by RM18.0 million mainly attributable to professional services relating to projects undertaken to address the key strategic issues including spend management, customer segmentation and implementation of new derivatives system.

Operating Expenses

RM Million	FY2010	FY2009	+/-	
			RM Million	%
Personnel/staff	897.6	748.2	+149.4	+20.0
Establishment	323.7	270.6	+53.2	+19.6
Marketing and communication	149.5	137.5	+12.0	+8.7
Administration and general	130.5	112.4	+18.0	+16.0
Total	1,501.4	1,268.8	+232.6	+18.3

DEBT PROVISIONING CHARGE

The net debt provisioning charge rose by RM224.7 million (+65.3%) to RM568.9 million, arising from proactive provisioning to account for potential lag effects of recent economic downturn.

Net specific allowance for credit losses charged amounted to RM868.1 million, an increase of 31.5% while net bad debt recoveries was up RM30.2 million to RM399.7 million.

The stronger loans growth has also resulted in higher general provision charge of RM104.9 million, an increase of 95.9%.

IMPAIRMENT LOSS

Impairment loss increased by RM41.8 million (+67.3%) to RM103.8 million mainly due to RM27.2 million higher impairment charge on securities compared to last year, coupled with a write back last year, of RM17.0 million impairment on amount recoverable on asset backed securities following settlement.

BALANCE SHEET MANAGEMENT

As at 31 March 2010, the Group's total assets increased by RM6.6 billion (+7.3%) to RM96.5 billion vis-a-vis GDP contraction for full year December 2009 of -1.7%.

LOANS AND FINANCING

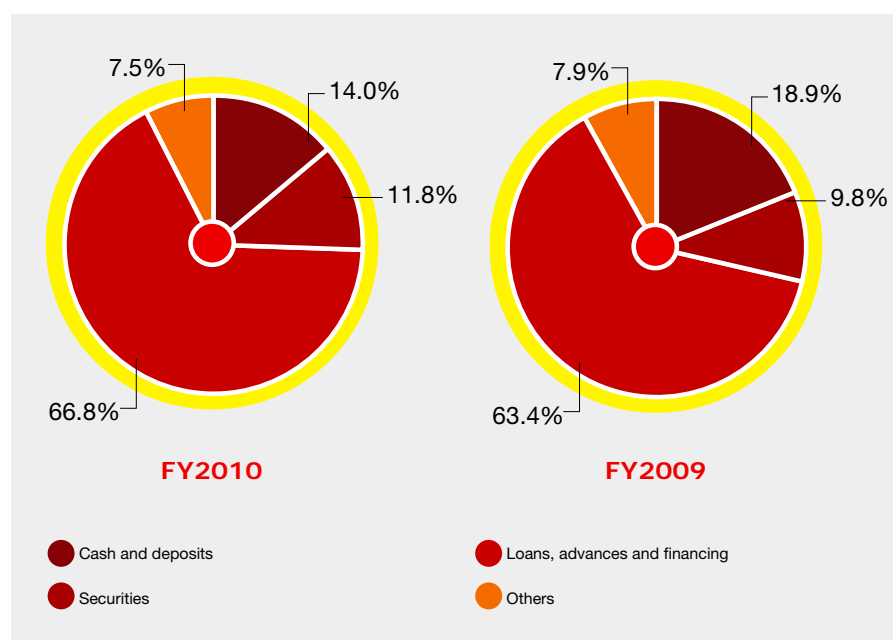
- The Group's net lending growth for FY2010 was 13.1%, up RM7.5 billion to reach RM64.4 billion compared to RM56.9 billion for the preceding year. The Group continued its strategy of rebalancing its loans portfolio to higher profitable segments. Specifically, retail lending focuses on preferred and viable segments which accords higher risk adjusted returns, business and SME lending focuses on stable growth sectors while corporate and institutional lending focuses on viable segments, project financing with government support, government-linked corporations and large multi-national corporations.

- The expansion in loans and advances was mainly attributed to strong loans demand in the corporate sector which

Debt Provisioning Charge

RM Million	FY2010	FY2009	FY2010 vs FY2009
Specific allowance - net	868.1	660.1	208.0
Recoveries of value impairment on loans sold to Danaharta	(4.4)	-	(4.4)
Bad debts recovered - net	(399.7)	(369.5)	(30.2)
	464.0	290.6	173.3
General allowance	104.9	53.6	51.4
Total	568.9	344.2	224.7

Asset Mix Analysis



Loans by Type of Customers

	FY2010		FY2009	
	RM Million	%	RM Million	%
Retail	40,402.4	61.0%	38,701.5	65.9%
SME	7,221.5	10.9%	6,693.8	11.4%
Corporate	17,547.8	26.5%	12,461.8	21.2%
Others	1,111.4	1.7%	911.8	1.6%
Total	66,283.1	100.0%	58,769.0	100.0%

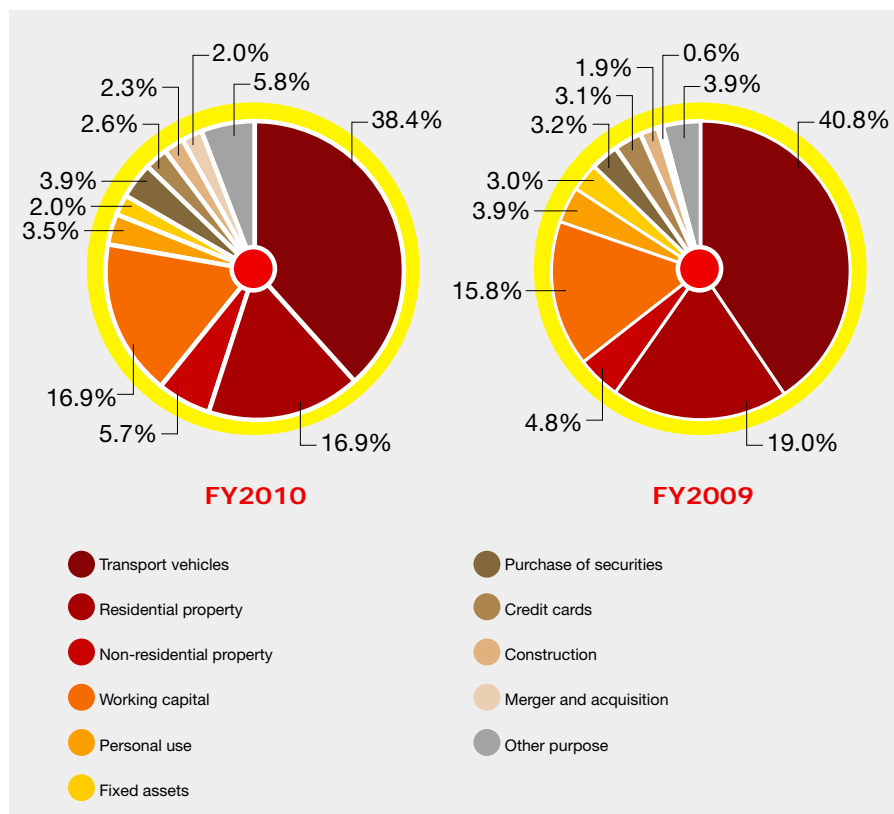
grew 40.8% to RM17.5 billion followed by lending to small and medium sized enterprise ("SME") growing by 7.9% buoyed by the Government's fiscal stimulus programs.

- Despite the cut back on consumer spending in the beginning of the year as a result of the economic

uncertainties, loans to retail sector grew 4.4% to RM40.4 billion. The retail sector remains the core of the Group's lending, making up 61% of total loans by type of customers.

- The Group constantly monitors its portfolio for risk concentrations. Despite growing by 5%, lending for

Gross Loans - Economic Purposes



The Group's loan asset quality has improved significantly as indicated by:

- Total gross non performing loans ("NPL") have decreased by RM560.7 million (-23.1%) to RM1,865 million. The reduction of absolute level of NPLs through restructuring, rehabilitation, rescheduling and foreclosure remains a top priority of both the Group Loan Rehabilitation and Retail Collections Units.
- Net NPL ratio continues to trend downwards with further improvement to 1.5% from 2.6%, a year earlier.
- Loan loss coverage surged to 99.5% compared to 75.1% for the previous year.

SECURITIES

- Securities held for trading are acquired for purpose of benefitting from short term price movements or to lock in arbitrage profits. Securities held for trading increased 22.4% due to increased holdings of Malaysian Government Investment Certificates, Bank Negara Monetary Notes and Islamic corporate bonds.

purchase of transport vehicles has declined to 38.4% of total loans portfolio from 40.8%, the year before. This is in line with the strategy to rebalance the loans portfolio and to focus on higher profitable segments.

An indicator that our asset writing strategies and risk management policies and practices have taken effect is the improvement of the Group's loan asset quality.

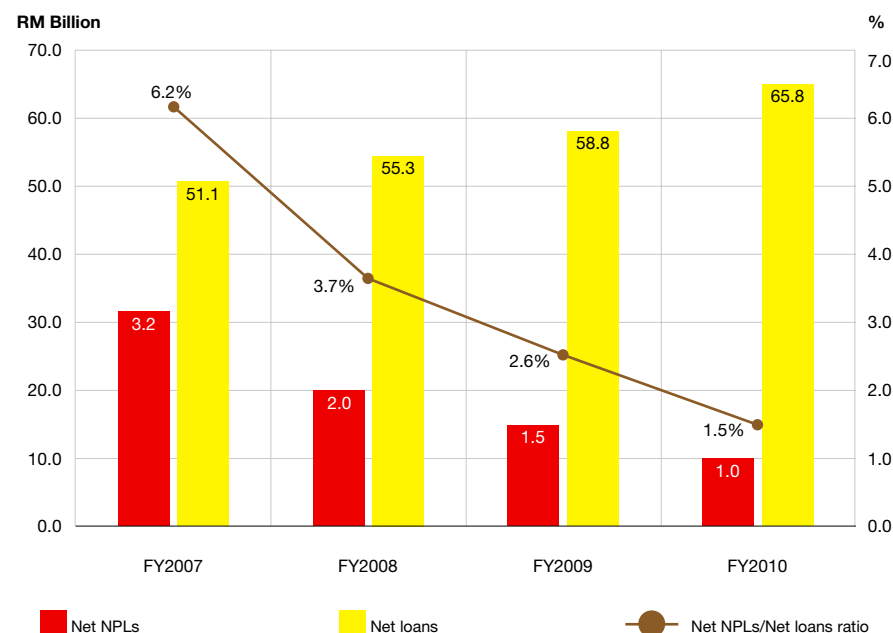
- Securities available for sale are acquired for yield and liquidity purposes. Securities available for sale expanded 37.2% mainly attributable to increases in money market securities and quoted securities.

- Lending for purchase of transport vehicles and residential property together constitute 55.3% (FY2009: 59.8%) of total loans and represent the largest credit concentration, but the credit risk is effectively mitigated as the exposure is spread across a large number of retail borrowers.

ASSET QUALITY IMPROVEMENT

One of the key MTA targets is for the Group to achieve better than system asset quality ratio. To proactively reduce risk, the Group will continue to invest in new and enhanced risk models and infrastructure, with progressive roll out expected over the next few years, aimed at elevating evaluation and predictive risk capabilities.

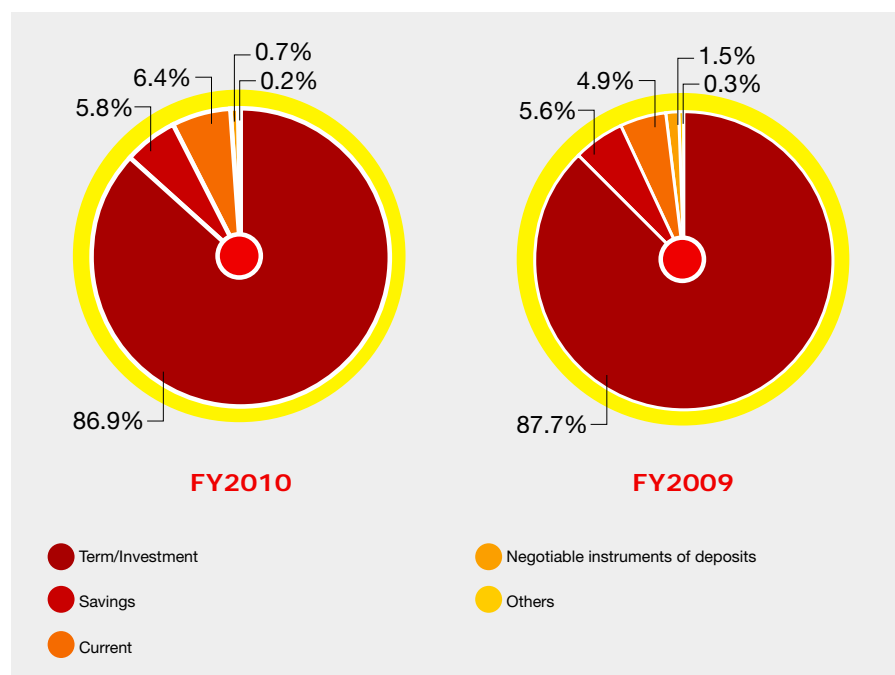
NPLs - 3 Months Classification



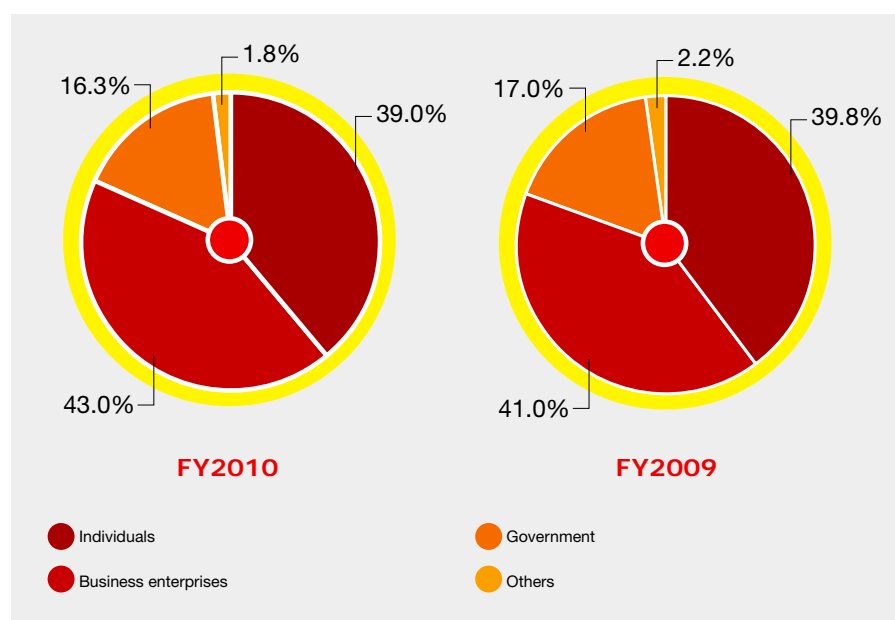
DEPOSITS

- The Group's primary source of funding is from customer deposits, comprising term/investment deposits, savings account deposits, current account deposits, and negotiable instruments of deposits. Other major sources of funds include shareholders' funds, interest bearing securities, interbank and other borrowings.
- Deposits from customers increased by RM4.7 billion (+7.4%) to RM68.9 billion as at 31 March 2010, as part of the Group's continued strategy of improving funding profile by placing higher emphasis on growth of current accounts and savings accounts ("CASA") and sticky deposits and lengthening duration.
- Term/Investment deposits continue to make up the majority of customer deposits by type constituting 86.9% (FY2009: 87.7%) of total customer deposits.
- Transactional customer deposits, comprising current accounts and savings accounts grew 11.3% and 38.2% respectively. In consequence, CASA proportion to total customer deposit grew to 12.2% (FY2009: 10.5%) reflecting ongoing efforts to grow low cost deposits by targeting business and corporate clients and mass affluent segments for retail.
- Deposits sourced from business enterprise grew by RM3.3 billion (+12.5%), driven by acquisition of main bank customer relationships as well as cash management and payroll crediting facilities. It continues to form the primary source of customer deposits, making up 43% (FY2009: 41%) of total customer deposits with retail deposits coming in next at 39.0% (FY2009: 39.8%).
- During the year, the Group launched a RM7.0 billion senior notes term funding program to diversify and improve its funding sources. As at 31 March 2010, the Group had issued RM1.42 billion of senior notes. Including the senior notes, the Group's adjusted customer deposits are RM70.3 billion, a 9.61% growth from FY2009.

Deposits from Customers - Type



Deposits from Customers - Source



- The Group has leveraged its growing distribution footprint and branch network to deliver good deposit growth. As at 31 March 2010, the Group's distribution network comprises 190 commercial bank branches (with 3 dedicated Islamic

bank branches), 787 automated teller machines and 137 electronic banking centres nationwide. Of these, 377 ATM's are placed at 7-Eleven stores to accord customers with 24-hour and more secure banking convenience.

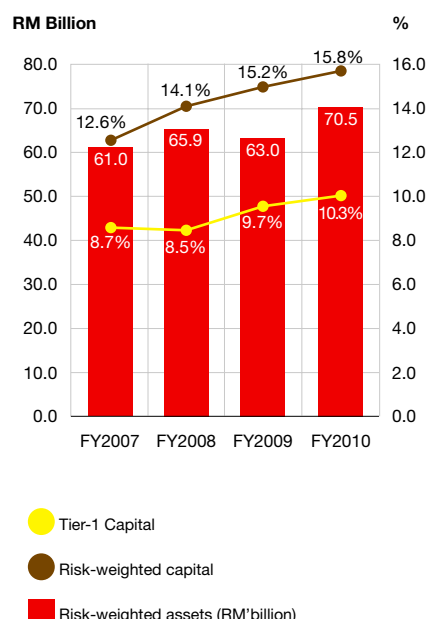
STRONGER CAPITAL LEVELS

Our capital levels continue to strengthen, with the Group's aggregated risk weighted capital ratio as at 31 March 2010 at 15.8% (FY2009:15.2%) and Tier-1 capital ratio of 10.3% (FY2009:9.7%).

During the year, the Group's capital position was further strengthened by:

- Issuance of the Seventh Tranche Medium Term Notes ("MTN") totaling RM97.8 million under a RM2.0 billion nominal value MTN program. The MTNs issued qualifies as Tier-2 capital under the capital adequacy

Capital Ratios



framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by BNM.

- Issuance of RM485 million Innovative Tier-1 Capital Securities ("IT1CS") under a RM500 million IT1CS program. The IT1CS issuance is structured in accordance with BNM's guidelines on the Risk Weighted Capital Adequacy Framework. The IT1CS ranked pari passu with other Tier-1 securities.

CREDIT RATINGS

Reflecting the improvement in financial performance, the various rating agencies had upgraded the credit ratings of the principal subsidiaries, AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmIslamic Bank Berhad ("AmIslamic").

- RAM has upgraded AmBank's RM2.0 billion Medium Term Notes Program to A1/Stable, RM500 million Innovative Tier-1 Capital Securities Program to A2/Stable whilst the long-term rating of AmBank's RM1.0 billion Negotiable Instruments of Deposits was also upgraded to AA3/Stable.
- Both AmBank's Non-Cumulative Perpetual Capital Securities ("NCPCS") and Subordinated Notes ("Sub-Notes") issued by its wholly-owned subsidiary, AmPremier Capital Berhad ("AmPremier"), which together constitute the Stapled Securities, has been upgraded with a long-term rating of A2/Stable.

- AmBank's RM7.0 billion Senior Notes Issuance Program ("SNP") has been assigned a long term rating of AA3/Stable by RAM.

- The Tier-1 Hybrid Securities of USD200.0 million issued by AmBank has been rerated to B2/Stable by Moody's Investor Services, upgraded to BB+ by Fitch whilst reaffirmed at BB by Standard & Poor's Ratings Services.

CONCLUSION

Reflecting the better financial performance in FY2010, the Directors are recommending a dividend payment of 10.5%, up 2.5% compared to gross dividend of 8% for FY2009, comprising:

- gross dividend of 4.4% less tax
- single tier dividend of 6.1%

The Group aspires to be Malaysia's top four banking group with international connectivity as measured by customer satisfaction, sound financial performances and well diversified and sustainable growth. With the strong performance achieved, the Group is confident of maintaining its performance momentum for the coming financial year with the execution of the Medium Term Aspirations ("MTA") and strategic themes.

Credit Ratings

Rating Agencies	AmBank (M) Berhad		AmInvestment Bank Berhad		AmIslamic Bank Berhad	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Rating Agency Malaysia Berhad ("RAM")	AA3	P1/Stable	AA3	P1/Stable	AA3	P1/Stable
Malaysian Rating Corporation Bhd ("MARC")	NR	NR	AA-	MARC-1/Positive	NR	NR
Standard & Poor's Rating Services ("S&P")	BBB-	A-3/Positive	BBB-	A-3/Positive	NR	NR
Capital Intelligence Ltd	BBB-	A3/Positive	NR	NR	NR	NR
Fitch Ratings Ltd ("Fitch")	BBB	F3/Stable	BBB	F3/Stable	NR	NR
Moody's Investors Service ("Moody's")	Baa2	P-3/Stable	NR	NR	NR	NR

NR : Not Rated